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Poking Along in the Fast Lane on the Information Super Highway: Territorial-Based Jurisprudence in a Technological World

Brian E. Daughdrill

I. INTRODUCTION

When Icarus slipped the surly bonds of Earth for the boundless expanses of heaven, he suffered the limitation of wings made of wax. Every school child knows the story of how, enamored with the power and freedom of soaring with the gods, Icarus flew closer and closer to the sun until its heat melted the wax and he fell into the sea.1 Though he had

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1. The Icarian Sea is named after this mythological event.
transcended the territorial boundaries of Earth, he was limited by the man-created materials with which he escaped.

Today, Icarian adventurers slipping the bonds of a world defined by territories and countries via their departure into cyberspace suffer a similar limitation: The laws under which they make their escape were propounded and fossilized when every action of man could be defined by the real estate on which he existed. Personal jurisdictional analysis, conflict of laws, and trademark infringement all suffer from this earthly constraint, and Internet users must heed the cries of Daedalus\(^2\) to be mindful of the jurisdictional limits that bound the boundless heavens. Whether posting a website or choosing a domain name, careful thought must be given to the market to be reached if the modern-day Icarus does not want to have his technological wings clipped by a court in a foreign jurisdiction to which he had no desire to submit.

Commercial adventurers must be acutely aware of flying “too close to the sun” because the law regarding commercial websites is particularly fractious with few courts completely agreeing on what constitutes sufficient commercial activity so as to justify the assertion of personal jurisdiction. Because a finding of personal jurisdiction so often resolves what law a court will apply, the unwary traveler faces both jurisdiction under a foreign court and judgment under that court’s laws.

This Article will briefly review the evolution of jurisdictional analysis via Internet contacts and then analyze the two distinct tests that have evolved to evaluate Internet-based forum contacts with particular focus given to an area increasingly taking center stage in Internet jurisprudence—trademark infringement.\(^3\) Finally, this Article will look at established conflict-of-laws approaches and examine a basic flaw in those approaches given the transnational disputes now coming before courts.

II. THE INTERNET

The Internet is a conglomeration of networked computers spanning almost 150 countries and every continent. The Internet was an outgrowth of a military network, ARPANET, begun in the late 1960s to enable defense contractors, the military, and institutions performing defense-related research to communicate over redundant channels.

\(^2\) Icarus’ father was imprisoned on the Isle of Crete by King Minos. Legend holds that he built the wings for himself and his son because King Minos controlled the land and the sea. As they took flight he cautioned his son to fly neither too low lest the dampness bring him down nor too high lest the sun melt the wax. His son, as so often is the case, did not heed his father’s warnings.

\(^3\) It is ironic that a “review of the evolution” means case law that is less than five years old and “modern” case law is case law from January 2000 and forward.
Thus, the Internet has evolved into “a unique and wholly new medium of worldwide human communication.”4 Accessed by computers that range in power from primitive, monochromatic home computers to advanced super computers acting as host computers, the Internet connects people from every walk of life.5 Participants in this “cyber world” typically access the Internet through affiliation with either a commercial host, a business, or a university. America Online, Inc., a commercial host, reports more than 25 million subscribers,6 and it is estimated that the overall number of Internet users exceeds 200 million.7

A variety of informational and commercial communication is available via the Internet.8 Individuals exist on the Internet through screen names that are, essentially, complete cyber-identities. No authoritative information about the addressee is generally available, and the party may well “use an e-mail ‘alias’ or anonymous remailer.”9 This anonymity encourages mischief: “[T]he caution ordinarily exercised in face-to-face real space tends to recede in the world of anonymity and solitude that one finds in front of computer terminals.”10 Although e-mail addresses are typically characterized as anonymous with no geographical information, this author previously has suggested that even the electronic address provides some geographical information in much the same fashion a nondescript box at a United States Post Office still identifies the town or region to which the mail is directed.11 Though the user may remain anonymous, his host server cannot remain unknown, and parties responding to e-mail know, or at least could know, the geographic location of the main “post office”—AOL.com is located in Virginia and Earthlink.com in California and Atlanta. The server becomes the “cyber-domicile”12 of the Internet user. Adjudication under

5. See Matthew Oetker, Personal Jurisdiction and the Internet, 47 DRAKE L. REV. 613, 620 (1999).
12. See, e.g., Burnstein, supra note 10, at 97.
this proposition could well lead to an admiralty-type issue, flags (or in this case servers) of convenience picked because of the favorable laws of the forum of the server. This result is not unheard of in the United States; one need look no further than Delaware and Florida, which are frequently picked as states of incorporation because of their favorable laws.

Methods of communication via the Internet include the above-discussed e-mail, one-on-one real time communication through chat rooms, distributed message databases such as listservs, and website publication. Most information from websites is transmitted "without human intervention" via "packet switching" protocol. A user basically accesses files maintained in a remote host server. Once requested, these files are broken into packets that are individually transmitted to the user's computer through either the same pathway of computers or through many different connections depending on the level of "traffic" on the Internet. Once downloaded, these packets are reassembled into recognizable form.

Of the utmost importance in any Internet analysis is the recognition that a web page does not lurk in cyberspace waiting to pounce on an unsuspecting user. Rather, the user must type the document's address into her computer to retrieve it. Websites with infringing material are not broadcast into a user's computer unbidden. Likewise, websites, unlike national publications to which the Internet is so often compared, are not already distributed to the forum. They do not exist in the forum, absent the site's server or secondary server being located within the forum, until they are dragged there by the user. The user generally must seek them out and must deliberately request that they be downloaded to her computer. This affirmative act singularly distinguishes the Internet from all case law relating to personal jurisdiction via publication in traditional print media, and close judicial scrutiny of Internet contacts is necessary to avoid offending Due Process:

13. See id.
15. Id. at 832.
16. Id.
17. A web page is essentially an electronic document or series of documents that exist on one or more servers in remote geographical locations. Id. at 836.
18. See id. at 837. The author acknowledges that traps exist when surfing the web. These so-called "blind links," or links that prevent the user's return to the previous website and instead cycle the user through different pages of the entrapping website, have only recently made their way into case law and not in terms of the assertion of personal jurisdiction. YourNetDating, LLC v. Mitchell, 88 F. Supp. 2d 870, 871 (N.D. Ill. 2000).
While the Internet allows businesses to engage in international communication and commerce, those businesses ... remain "entitled to the protection of the Due Process Clause, which mandates that potential defendants be able 'to structure their primary conduct with some minimum assurance as to where the conduct will and will not render them liable.'"

Similar to the above-described web/print publication distinction overlooked in traditional jurisdictional analysis is the use of open listservs or systems that require no human intervention to accept the e-mail address of a registrant. Unlike closed listservs, which more closely resemble traditional mailing lists in which a human moderator determines which addresses are accepted, open systems register the incoming e-mail address automatically. This automatic, nondiscriminatory contact is simply not a valid basis for the proper assertion of personal jurisdiction: "'[P]ersonal jurisdiction surely cannot be based solely on the ability of [users] to access the defendants' websites, for this does not by itself show any persistent course of conduct by the defendants in the [forum]." Careful judicial screening of Internet contacts is required to prevent our computers from subjecting us to the jurisdiction of a court in a forum with which only our computer has had a relationship. Some courts have glossed over this distinction. Other courts, at least, are mindful of the admonition: "We do not believe that the advent of advanced technology, say, as with the Internet, should vitiate long-held and inviolate principles of federal court jurisdiction."
III. PERSONAL JURISDICTION AND THE INTERNET

Whether general or specific, the assertion of personal jurisdiction by a court is based on deliberate conduct by the foreign defendant over whom the court is attempting to exercise jurisdiction. For general personal jurisdiction to exist, the defendant’s contacts with the forum must be continuous and "so substantial and of such a nature as to justify suit against it on causes of action arising from dealings entirely distinct from those activities." Specific jurisdiction, in contrast, is claim-specific, depending upon whether the foreign defendant has purposefully availed himself of conducting beneficial activities within a forum so that it is not unreasonable for the defendant to expect to be amenable to suit arising out of those specific contacts.

Though long fractured over what constitutes "purposeful availment," courts appear to be in agreement that mere negligence, even recklessness, as to forum activities is not enough. Foreign defendants must take some affirmative step to avail themselves purposefully of the benefits and protections of the forum’s laws. In early Internet cases, courts confused the availability of websites with presence in the forum and readily found jurisdiction. In Inset Systems, Inc. v. Instruction Set, Inc., the court compared a website to catalogs distributed in the forum and found that defendant “demonstrated its readiness to initiate telephone solicitation of Connecticut customers.” Later courts refined this analysis and developed two distinct tests—the “sliding scale” test and the “effects test”—to discern “purposeful availment.”

A. Sliding Scale—Marketing to the Forum

Though not announced with the fanfare of an opinion of the United States Supreme Court, an opinion announced by a district court in Pennsylvania has resounded with nearly the same force as a United States Supreme Court decree. Adopted to some extent by virtually every

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26. See id. at 319.
28. See id. at 112 (“[A]wareness that the stream of commerce may or will sweep the product into the forum State does not convert the mere act of placing the product into the stream into an act purposefully directed toward the forum.”).
29. Id.
31. Id. at 165 (quoting Welen Eng’g Co. v. Tomar Elecs., 672 F. Supp. 659, 664 (D. Conn. 1987)).
court that has addressed the assertion of personal jurisdiction via Internet contacts, the sliding scale test is the foundation of nearly every Internet jurisdictional analysis.\textsuperscript{33}

At one end of the scale are situations in which the defendant "clearly does business over the Internet[,] ... enters into contracts with residents of a foreign jurisdiction," and knowingly and purposefully transmits files over the Internet.\textsuperscript{34} On the opposite end of the scale are sites that are termed "passive websites," ones that do little more than post information accessible to users in a foreign jurisdiction.\textsuperscript{35} The middle of the scale, the area that has spawned the largest amount of litigation, encompasses "interactive [w]ebsites where the user can exchange information with the host," typically through an exchange of e-mails or other information not directly resulting in a commercial transaction.\textsuperscript{36} Of critical importance is the precise language used by the court in asserting personal jurisdiction wherein the court in \textit{Inset Systems, Inc.} looked at "the level of interactivity and the commercial nature of the exchange of information."\textsuperscript{37} \textquote{[T]he critical issue for the court to analyze is the nature and quality of commercial activity conducted by an entity over the Internet in the forum state.}\textsuperscript{38}

\textbf{B. Clarifying "Interactive" Websites}

Though initially blurred with the fully commercial end of the scale by courts addressing the middle area, courts today are much more precise in analyzing what constitutes "interactive." Mere ability to exchange e-mail with a user generally no longer will cause a website to be defined as interactive.\textsuperscript{39} Posting a printable order form that the user must then mail or fax to the website creator using traditional methods is not sufficient to trigger personal jurisdiction.\textsuperscript{40} Posting a toll-free number on the website, once held sufficient,\textsuperscript{41} is no longer.\textsuperscript{42} Even displayed

\begin{itemize}
\item[33.] \textit{See generally id.}
\item[34.] \textit{Id.} at 1124.
\item[35.] \textit{Id.}
\item[36.] \textit{Id.}
\item[37.] \textit{Id.} (emphasis added).
\item[39.] \textit{But see Blumenthal v. Drudge}, 992 F. Supp. 44 (D. D.C. 1998) (holding the website was interactive because it was available 24 hours a day in the District and allowed users to e-mail the publisher).
\item[40.] \textit{See Mink v. AAAA Dev., LLC}, 190 F.3d 333, 336-37 (5th Cir. 1999); Berthold Types Ltd. \textit{v. European Mikrograf Corp.}, 102 F. Supp. 2d 928, 932 (N.D. Ill. 2000).
\item[41.] \textit{See Inset Sys., Inc.}, 937 F. Supp. at 165.
\item[42.] \textit{See Mink}, 190 F.3d at 337.
\end{itemize}
intent eventually to have the capacity to take online orders is no longer sufficient when there is no evidence that this capacity actually has been used.\textsuperscript{43}

Several recent cases illustrate the trend to scrutinize more closely "the commercial nature of the exchange of information" and the greater level of sophistication exhibited by courts now confronted with the assertion of jurisdiction via Internet contacts.\textsuperscript{44}

In \textit{Uncle Sam's Safari Outfitters, Inc. v. Uncle Sam's Army Navy Outfitters-Manhattan, Inc.},\textsuperscript{45} the District Court for the Eastern District of Missouri carefully analyzed both what the website was capable of and what the website actually did.\textsuperscript{46} Uncle Sam's Safari Outfitters, a Missouri sporting goods store, brought suit in Missouri against a New York competitor for trademark infringement via the New York competitor's website. The New York entity moved to dismiss, claiming the court lacked personal jurisdiction.\textsuperscript{47} The court agreed but granted a transfer of venue rather than a dismissal.\textsuperscript{48} The court implicitly labeled its previous holding in \textit{Maritz v. Cybergold, Inc.}\textsuperscript{49} as a more liberal imposition of jurisdiction and refused to find jurisdiction on facts quite similar to the facts it previously held sufficient in \textit{Maritz}.\textsuperscript{50}

In analyzing the New York defendant's contacts, the court found that (1) defendant established a website featuring its retail name; (2) the website was then currently under construction and no customer could place online orders at that time; (3) the website currently provided a toll-free telephone number; (4) the website allowed viewing of merchandise that could then be ordered over the provided number; (5) there had been a total of seven telephone orders generated by the website, all from customers within New York; and (6) the defendant had, since the inception of litigation, placed a disclaimer on the website stating that

\textsuperscript{43} See \textit{Uncle Sam's Safari Outfitters, Inc.}, 96 F. Supp. 2d at 922-23 (declining jurisdiction when the site was not yet operational but granting motion to transfer); \textit{but see Maritz v. Cybergold, Inc.}, 947 F. Supp. 1328, 1331 (E.D. Mo. 1996) (holding anticipation of full commercial capacity was sufficient).

\textsuperscript{44} 96 F. Supp. 2d at 923.

\textsuperscript{45} 96 F. Supp. 2d 919 (E.D. Mo. 2000).

\textsuperscript{46} \textit{Id.} at 922-25.

\textsuperscript{47} \textit{Id.} at 920.

\textsuperscript{48} \textit{Id.} at 925.

\textsuperscript{49} 947 F. Supp. 1328 (E.D. Mo. 1996).

\textsuperscript{50} 96 F. Supp. at 921. ("Other circuits have taken a conservative view on imposing jurisdiction by virtue of a web site.").

\textsuperscript{51} \textit{Id.} at 925. The court did distinguish \textit{Maritz}, stating that in \textit{Maritz} defendant had transmitted information into Missouri approximately 131 times. \textit{Id.} at 924.
the merchandise was not available for sale to customers in Missouri.52 The court held those facts were simply not sufficient to justify the assertion of personal jurisdiction.63

The District Court for the Northern District of Illinois similarly refused to find jurisdiction on what was, arguably, a very interactive website. In Berthold Types Ltd. v. European Mikrograf Corp.,54 a typeface marketer in Illinois sued a German corporation, its president, and its American distributor for counterfeiting, trademark infringement, false designation of origin, and deceptive trade and business practice. The German corporation and its president moved to dismiss for lack of personal jurisdiction.55 The court carefully reviewed defendants' Internet-based contacts and held that, despite what previously would have been called rampant interactivity, the contacts were insufficient for the assertion of either general or specific jurisdiction.56

European Mikrograf's website provided customers with the ability to download and print a document entitled "Software Update Service Agreement," which then could be submitted via "snail" mail or facsimile to the national dealership in the user's country of origin. Taking that step allowed the user to download files from the website that contained updates of defendants' software. The website also provided a feedback forum for users to post suggestions to improve the software, a support site including an FAQ section, a downloadable addendum to the software manual, downloadable news briefs on the corporation's activities, and an e-mail link to contact the German corporation.57 Despite this level of interactivity, the court correctly focused on the "commercial nature of the exchange of information" and concluded that the German entity made "no commercial response to customer's submissions."58 The court further rejected Berthold's argument that defendant "targeted" Illinois,59 holding the regular commercial activities of defendant did not demonstrate an effort to "specifically target" Illinois customers.60

52. Id. at 923 (discounting the import of the disclaimer because actions are measured at the point of commencement of the suit).
53. Id. at 925.
54. 102 F. Supp. 2d 928 (N.D. Ill. 2000).
55. Id. at 929.
56. Id. at 934.
57. Id. at 930.
58. Id. at 933.
59. For a more thorough discussion of the "targeting" or "effects" test, see Section II(C) infra.
60. 102 F. Supp. 2d at 933; but see Publications Int'l Ltd., 121 F. Supp. 2d at 1182-83 (finding a website that allowed the user to order a catalogue was on the commercial end of the scale even though the user could not order merchandise from the website).
This analysis can be carried too far. An example of over-analysis of web activity is found in a New Jersey District Court case. In *Amberson Holdings LLC v. Westside Story Newspaper*, the court shrugged off the analysis of the decision in *CompuServe, Inc. v. Patterson* and held that posting a website on a New Jersey server, along with regularly transmitting electronic files to that server, was insufficient to justify the imposition of personal jurisdiction for trademark infringement in New Jersey.

In *Amberson Holdings* the copyright holder of the musical *Westside Story* sued a California domiciliary for its publication of a weekly newspaper and its registration of the domain name “westsidestory.com” with a New Jersey host server. The court granted the Californian’s motion to dismiss, holding the contact with the New Jersey host server amounted to little more than a contract that, by itself, was insufficient to trigger personal jurisdiction. The court refused to assert jurisdiction despite evidence that defendant (1) maintained a contractual relationship with a New Jersey server; (2) represented that the data making up the website was physically located in New Jersey; (3) affirmatively arranged for that forum-based server to respond to all requests for access to the website; (4) continuously communicated and interacted with visitors to the website; and (5) regularly transmitted electronic files into New Jersey to establish and update the website.

The court, in its effort to follow the court in *Mink v. AAAA Development LLC* that followed the court in *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.* (“Zippo”), appeared to ignore the precedent on which the sliding scale was constructed. In *Zippo* the court held that on one end of the sliding scale were those defendants who “clearly conduct business over the Internet” involving the “knowing and repeated transmission of computer files over the Internet.” The court in *Zippo* specifically cited *CompuServe, Inc. v. Patterson*, in which a Texas defendant entered into an agreement with Ohio-based CompuServe and

62. 89 F.3d 1257 (6th Cir. 1996). This case is considered one of the “ancient” Internet cases.
63. 110 F. Supp. 2d at 335-37.
64. Id. at 333.
65. Id. at 337.
66. Id. at 335-37.
67. 130 F.3d 333 (5th Cir. 1999).
69. 110 F. Supp. 2d at 333-37.
70. 962 F. Supp. at 1124.
71. 89 F.3d 1257 (6th Cir. 1996).
repeatedly transmitted files to the Ohio-based server. The court in *CompuServe, Inc.* noted that defendant entered into an ongoing relationship with an Ohio-based company, sent software there for a three-year period, and intended to continue the relationship. Under those facts, the court in *CompuServe, Inc.* held, and the court in *Zippo* agreed, via its approving citation, that the assertion of personal jurisdiction was proper. Though the facts are distinguishable in that defendant in *CompuServe, Inc.* was involved in litigation with the host server, whereas in *Amberson Holdings* the suit was by the infringed party, those facts do not explain the result. It was the act of transmitting the infringing material to the New Jersey server, not the contract, that triggered the cause of action.

Despite the similarities in the case before it and the anchor case for the standard from *Zippo*, the court in *Amberson Holdings* refused to look at the repeated transmission of infringing files into New Jersey. It instead held the use of the server was a mere contract with the forum insufficient to trigger personal jurisdiction. In what amounted to a complete abandonment of Internet precedent, the court stated, "It is unreasonable that by utilizing a New Jersey server, defendants' [sic] should have foreseen being haled into a New Jersey federal court." This ultra-conservative decision, though a positive one for website operators, has not been tested; given its August 2000 publication, it remains to be seen whether other courts will follow this lead.

C. Effects Test—Aiming at the Forum

A second school of thought has developed in Internet personal jurisdiction jurisprudence, apparently designed to overcome the compartmentalized, commercialized focus of the sliding scale. First propounded by the Supreme Court in *Calder v. Jones*, the so-called "effects test" is now used to overcome Internet activity that, though otherwise insufficient to sustain the assertion of personal jurisdiction on the sliding scale, purposefully availed itself of the forum by deliberately aiming the intentional misconduct at a forum plaintiff.

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72. *Id.* at 1260-61.
73. *Id.* at 1261.
74. 952 F. Supp. at 1124 (citing *CompuServe, Inc.*, 89 F.3d at 1264-66). It was the *CompuServe, Inc.* wharf to which the court in *Zippo* tied one end of its sliding-scale ship.
75. 110 F. Supp. 2d at 336.
76. *Id.*
77. *Id.* at 337.
In Calder the Court dealt with an extraterritorial tort aimed at the forum that caused injury to resident plaintiff. The Court held that when defendant "knew [the act] would have a potentially devastating impact upon the [forum plaintiff]," defendant "must 'reasonably anticipate being haled into court'" in the forum. Of critical importance in that analysis was the prelitigation presence within the forum of the National Enquirer, which is distributed to all fifty states. Unlike a website that might or might not have been accessed in the forum, the National Enquirer was regularly, deliberately sent to the forum (as well as the other forty-nine states).

Based on conduct that knowingly or reasonably could be expected to cause injury within the forum, the effects test is primarily focused on the "distinction between intentional and negligent wrongdoing for purposes of assessing minimum contacts." "Where intentional misconduct is at issue, the wrongdoer should reasonably anticipate being called to answer for its conduct wherever the results of that conduct are felt." The effects test is normally "associated with allegations relating to intentional torts."

The test has been used in Internet cases when intentional or knowing Internet activity is targeted at a forum resident with knowledge that the activity will harm the resident in the forum. The effects test's particular appeal is that it does not require a commercial connection to the forum and appears to satisfy its "prelitigation forum contact" with mere web presence. It should not be used for innocent domain name infringement or infringing marks.

An example of innocent or negligent infringement illustrates this principle. In Search Force, Inc. v. DataForce International, Inc., an Indiana personnel recruitment corporation sued a Florida competitor, DataForce, in an Indiana district court for trademark infringement.

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79. Id. at 789.
80. Id. at 790 (quoting World-Wide Volkswagen Corp., 444 U.S. at 297).
81. Id. at 784.
83. Id. (quoting Simon v. Philip Morris, Inc., 86 F. Supp. 2d 95, 132 (E.D. N.Y. 2000)).
84. Id. (quoting Simon, 86 F. Supp. at 132).
85. Id. at 785-86 (quoting EFCO Corp. v. Aluma Sys., USA, Inc., 983 F. Supp. 816, 821 (S.D. Iowa 1997)).
86. See Bailey v. Turbine Design, Inc., 86 F. Supp. 2d 790, 796 (W.D. Tenn. 2000) (citing Panavision Int'l, LP v. Toeppen, 141 F.3d 1316, 1321 (9th Cir. 1998)).
87. See Millenium Enters., Inc., 33 F. Supp. 2d at 920 (holding the middle area of the sliding scale from the court in Zippo needed further refinement to encompass deliberate action purposefully directed at residents of the forum).
Search Force had conducted its services under the mark “DataForce” since 1990 and registered its mark in 1999. DataForce was incorporated in 1992 and conducted its services under the name “DataForce International.” DataForce’s sole contact with Indiana, other than its website, was a 1998 advertisement for a position available in Indiana. In 1999, alleging that the Florida corporation’s activity had caused confusion in the marketplace, Search Force brought suit in Indiana, and DataForce moved to dismiss for lack of personal jurisdiction.\(^8\)

In addressing personal jurisdiction via Internet contacts, the court held that “the defendant’s conduct [must be] evaluated to determine if there is ‘something more’ to indicate that the defendant purposefully (albeit electronically) directed his activity in a substantial way to the forum.”\(^9\) The “something more” must include activity that makes the infringement “particularized to the forum state beyond the mere fact that the forum state is the plaintiff’s principal place of business.”\(^9\) The court refused to find personal jurisdiction proper because the marketplace confusion alleged by Search Force was not particularized to Indiana nor specifically (intentionally) aimed at the forum.\(^9\)

Contrast Search Force with Panavision International LP v. Toeppen,\(^9\) cited by the court in Search Force, when the effects test was utilized to find personal jurisdiction.\(^9\) Panavision brought suit against Toeppen for cyberpiracy\(^9\) after Panavision attempted to register its name as a domain name. Upon discovering that “Panavision” was not available because Toeppen had registered it (as well as over a hundred other names including Delta, Neiman Marcus, Eddie Bauer, and Lufthansa), Panavision’s counsel sent a cease and desist letter to Toeppen. Toeppen responded by offering both to sell the name to Panavision and to agree “not [to] acquire any other Internet addresses which are alleged by Panavision Corporation to be its property.”\(^9\)

The court of appeals affirmed the district court’s finding of personal jurisdiction based on the effects test, holding the purposeful availment requirement is satisfied under the effects test.\(^9\) The court stated that in the event of an intentional tort a corporation suffers the brunt of

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89. Id. at 772-74.
90. Id. at 777 (quoting Panavision Int’l LP, 141 F.3d at 1321).
91. Id. (citing Cybersell, Inc., 130 F.3d at 419-20).
92. Id. at 780.
93. 141 F.3d 1316 (9th Cir. 1998).
94. Id. at 1321-22.
95. This action was brought prior to the enactment of the Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d) (1999).
96. 141 F.3d at 1319.
97. Id. at 1322.
harm in its principal place of business, which in this case is California, and that Toeppen's intentional conduct designed to extort a buy-off from Panavision injured Panavision in California "as he knew it likely would."98

Between the two ends of the effects test—negligent or unintentional tortious activity insufficient to justify assertion of jurisdiction and deliberate cybersquatting or defamation—lies a middle ground that, like the middle area of the sliding scale announced by the court in Zippo, must be administered carefully. Although most courts have been judicious with its use, the "sexiness" of the effects test or, perhaps, the mere ease of application makes it an easy intellectual detour from the thoughtful jurisprudence necessary to comport existing precedent with the new technology. General commercial activity does not rise to the deliberate, targeted level, as noted by the court in Berthold Types Ltd., because the element of intent is missing.99 The court in Berthold Types Ltd. eschewed the pitfall of confusing purposeful availment necessary to sustain jurisdiction using the effects test with purposefully directed commercial activity.100 By avoiding that trap, the court kept the effects test of Calder judiciously limited to intentional misconduct when the second prong of the jurisdictional test—reasonable anticipation that one's activities will result in being haled before a forum's court—is clearly satisfied.101 Other courts have landed their decisions on both sides of this issue.102

In Millennium Enterprises, Inc. v. Millennium Music, LP103 an Oregon music retailer brought an action in Oregon against a South Carolina retailer for trademark infringement.104 The court thoroughly

98. Id.
99. See 102 F. Supp. 2d at 933.
100. Id.
101. The author has previously criticized the effects test from Calder as not complying with the technological differences between the Internet and national publications already present within a forum. See Daughdrill, supra note 11, at 925. To the extent the test is strictly limited in its application to situations wherein there is specific, intentional Internet misconduct otherwise unreachable under the sliding scale analysis, such as cybersquatting and knowing publication of intentionally defamatory material, in conjunction with prelitigation commercial contact, its use may rightly reflect what should be a reasonable expectation of being haled into court in the forum at which the intentional act was aimed. If courts use the test as an easy way out or to avoid the more sifting analysis required by the extremely fact-sensitive sliding scale, the objection stands.
104. Id. at 909.
INTERNET LAW

analyzed case law on Internet personal jurisdiction and concluded the assertion of jurisdiction was improper. Specifically rejecting the holding from *Maritz*, the court in *Millennium Enterprises* stated that the court in *Maritz* "did not examine whether any resident of the forum actually had signed the mailing list or received information from the defendant." The court instead based its finding of jurisdiction on the fact that the website could "'presumably includ[e] many residents of [the forum].'"106

The court in *Millennium Enterprises* blasted presumptions like this, holding that "'[i]f such potentialities along [sic] were sufficient to confer personal jurisdiction over a foreign defendant, any foreign corporation with the potential to reach to do business with [forum] consumers by telephone, television or mail would be subject to suit in [the forum].'"107 Thus, the court declined to adopt such a broad view of personal jurisdiction.108 Although the court found that defendant's website was arguably commercial because compact discs could be purchased directly over the Internet, the lack of showing of an actual forum purchase109 relegated the site into the middle category of "interactive" when a showing of "something more" is required.110 While it was foreseeable that an Oregon resident might someday purchase a compact disc from defendant, "foreseeability alone cannot serve as the constitutional benchmark for personal jurisdiction."111

"The foreseeability that is critical to due process analysis is not the mere likelihood that a product will find its way into the forum state. Rather, it is that the defendant's conduct and connections with the forum state are such that he should reasonably anticipate being haled into court there."112

Contrast *Euromarket Designs, Inc. v. Crate & Barrel Ltd.*,114 in which an Illinois-based retailer of housewares sued an Irish retailer of the same products in an Illinois district court alleging infringement of

105. *Id.* at 913-24.
106. *Id.* at 917 (emphasis added).
108. *Id.* at 918 (quoting *E-Data Corp. v. Micropatent Corp.*, 989 F. Supp. 173, 177 (D. Conn. 1997)) (emphasis added).
109. *Id.* at 924.
110. For a complete discussion of an "actual forum purchase," see the discussion of same under the analysis for *Euromarket Designs, Inc. v. Crate & Barrel Ltd.*, 96 F. Supp. 2d 824 (N.D. Ill. 2000).
111. 33 F. Supp. at 921.
112. *Id.*
113. *Id.* (quoting *World-Wide Volkswagen Corp.*, 444 U.S. at 297).
114. 96 F. Supp. 2d 824 (N.D. Ill. 2000).
Euromarket's thirty-five-plus-year use of the trademark "Crate&Barrel." Plaintiff maintained a website and alleged that defendant's maintenance of a website with a virtually identical domain name was a deliberate attempt to infringe on plaintiff's mark. Goods priced in United States dollars could be viewed and purchased over defendant's website. Shipping and billing addresses were to be entered into preset formats that were unique to United States mailing addresses.

After the commencement of the suit, a disclaimer, "Goods sold only in the Republic of Ireland," was added to the opening page of the website, and the prices were changed to Irish pounds. However, the court noted that the United States remained an option in a pull-down menu for the entry of shipping and billing information.

In reviewing defendant's motion to dismiss for lack of personal jurisdiction, the court properly noted that the "mere maintenance of an Internet website is not sufficient activity to exercise general jurisdiction." The court then focused its attention on specific jurisdiction and appropriately held, albeit with some imprecise language, that specific personal jurisdiction was proper. The court noted that defendant regularly attended trade shows in Illinois, maintained contacts with suppliers in Illinois (in fact, defendant maintained many of the same suppliers as those used by plaintiff), and made at least one sale to an Illinois resident.

Although the court properly decided the case based on defendant's cumulative Internet and non-Internet forum contacts, the language used by the court in Euromarket Designs is problematic and will be moreso when taken out of context in future cases. The court reviewed the effects doctrine and held that defendant "allegedly registered an Illinois company's mark as its domain name and deliberately designed

115. Id.
118. 96 F. Supp. 2d at 829.
119. Id.
120. Id.
121. Id. at 833.
122. Id.
123. Id. at 829.
an Internet website using an Illinois company's mark [and] intentionally
designed the website to be interactive.”

Though the court held defendant deliberately designed its site to
infringe the well-known “Crate&Barrel” mark, naked infringement
is not at the same level of wrongful conduct as cybersquatting or
intentional defamation absent evidence that the infringement is a
deliberate attempt to use a plaintiff’s goodwill, and it may well stand at
the boundary of what constitutes intentional misconduct sufficient to
trigger the effects test. More concerning is the finding of intentional,
tortious conduct necessary to support using the effects test based on the
intent of designing the website to be interactive. This is simply not
the intent required to justify the use of the effects test, and excerpting
this language in future briefs before other courts will undoubtedly occur.
If this language stands, all websites would subject their makers to
personal jurisdiction under this specific misapplication of the effects test.

The court further took a position other courts have not embraced by
accepting the one demonstrated sale to an Illinois resident. As
noted by the court, the contact was instigated by plaintiff as part of
preparing for litigation. Compare Millennium Enterprises when the
only sale to the Oregon area by the South Carolina defendant was
instigated by the law firm of a friend of plaintiff’s counsel. Similarly,
in Standard Knitting, Ltd. v. Outside Design, Inc., the court
found the only sale of the infringing product within the forum occurred
at the instigation of the Canadian plaintiff’s lawyers who chose to
litigate in Pennsylvania. Finally, in Hockerson-Halberstadt, Inc. v.
CostCo Wholesale Corp., the court refused to find contact when the
sole contact to the forum was initiated by plaintiff’s attorney. In all
three instances the contact was discounted.

The effects test has gained popularity because it allows a court more
latitude to reach website operators not otherwise subject to personal
jurisdiction via the sliding-scale standard. To the extent its use is
tightly limited to (1) directed, intentional conduct that is (2) focused on
the forum, its use might survive constitutional muster. Some degree of

125. 96 F. Supp. 2d at 836.
126. Id.
127. Id.
128. Id. at 829.
129. Id.
130. 33 F. Supp. 2d at 909.
132. Id. at *3.
134. Id. at 742-44.
prelitigation forum contact, similar to the prelitigation presence in *Calder*, is necessary, and the presence should indicate commercial intent to enter the forum, not mere cyber presence. Absent this judicial restraint, the unfettered use of the effects test will subject parties to jurisdiction in every forum wherein their alleged misconduct is felt.

IV. NEW FRONTIERS IN INTERNET ADJUDICATION

A. Personal Jurisdiction and New Technology

Numerous areas of Internet interactivity have yet to be addressed by any court, or perhaps, by any brief to any court. One new technology is the omnipresent use of cookies, miniature data files transmitted by the website into the user's computer, and whether this will trigger personal jurisdiction. Certainly the use of this technology will ultimately figure in the analysis.

Used by website operators to track site usage, these cookies allow the server to identify individual user data so that when the user revisits a site, the server can recognize the user as a previous visitor and display sites/advertising that caters to the user's previously disclosed tastes. Virtually undiscussed by any court, these cookies remain on the users' computers even after they log off the site. DoubleClick, before adverse publicity about the plan sent its stock into a free fall, planned to use the information gained from cookies along with nonanonymous logon information to complete marketing profiles on its users. Regardless, a website's use of cookies could well be argued to meet the analysis from *CompuServe* as those files are clearly knowingly and repeatedly transmitted over the Internet to users' computers for commercial purposes of the website host. Though the argument would stretch personal jurisdiction, even a passive website that employs these files would be argued to be availing itself of the forum.

Similarly unaddressed is whether a user's visit to a website constitutes purposeful availment of the forum of that website. Like the analysis above, this matter will almost never be an issue in a contracts setting.

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137. Putnam Pit, Inc. v. City of Cookeville, 23 F. Supp. 2d 822 (M.D. Tenn. 1998), *rev'd in part* 221 F.3d 884 (6th Cir. 2000) (recognizing that cookie files were not property of the city and that a person cannot use an Open Records Request to access the file containing these "miniature cookie files").
138. The DoubleClick website <http://www.doubleclick.net>.
because forum selection clauses are in most commercial contracts.\textsuperscript{139} However, in the tort setting, it remains to be seen what results will be obtained as courts address noncontract-type Internet activities. The case law that is available generally involves hacking, but it is illustrative of the analysis to come as Internet usage continues to increase. Some of the torts individuals may wreak upon websites or other individuals include stealing e-mail, hacking computer systems, and stealing domain names.\textsuperscript{140}

A court in the Northern District of Georgia had no problem finding specific personal jurisdiction when the defendant allegedly "[electronically access(ed] the plaintiff's computer system in Georgia, chang[ed] passwords, cop[ied] computer files containing proprietary information, and delet[ed] files in an attempt to conceal their illegal entry into the plaintiff's computer system."\textsuperscript{141} The court specifically stated that defendants "'should not be permitted to take advantage of modern technology' via the Internet or other electronic means to 'escape traditional notions of jurisdiction.'"\textsuperscript{142} Although defendants' actions would apparently have satisfied the effects test described in Section III(C) of this Article, it remains to be seen whether that test is adopted for the standard of individual conduct aimed at foreign websites.

B. Conflict of Law in Cyberspace

Like so much of the jurisprudence facing Icarian adventurers departing into cyberspace, what law a court will apply once it decides it has jurisdiction is also traditionally determined by a system of laws based on defined, known boundaries. "Intellectual property laws are territorial and therefore, necessarily at odds with the global nature of the Internet."\textsuperscript{143}

"The main objectives of choice of law are (1) to achieve 'maximum fairness to the parties' and (2) to achieve 'effective implementation and

\textsuperscript{139} See Caspi v. Microsoft Network, 732 A.2d 528, 532 (N.J. Super. Ct. App. Div. 1999) (holding that a forum selection clause in an online member agreement is binding just as it would have been in a written agreement).

\textsuperscript{140} See Universal City Studios, Inc. v. Reimerdes, 111 F. Supp. 2d 294, 308 (S.D.N.Y. 2000) (referring to The Hacker Quarterly, a magazine with articles on how to accomplish various Internet torts); YourNetDating, LLC, 88 F. Supp. 2d at 870-71, concerning a former employee who hacked his former employer's website to divert customers to a porn site.


\textsuperscript{142} Id. (quoting Cybersell, Inc., 130 F.3d at 419).

\textsuperscript{143} Ben Goodger, Cyberspace—Evaluating What Laws to Follow and How to Limit the Risk of Unintentionally Violating Foreign Laws, 564 PLI/Pat 321, 324 (1999).
coordination of state or country policies.” The synthesis of traditional law and Internet law, particularly in the trademark arena, will become more fractious as more courts confront international disputes. Whether the jurisdiction adheres to the very traditional lex loci approach to conflict of law or to the “most-significant relationship” test, the odds of subjecting foreign defendants to sets of laws that they neither planned for nor understand have vastly increased in an Internet age. Due Process demands no less vigilance in this arena because once a court has decided that a defendant has purposefully availed himself of the benefits and protections of the laws of the jurisdiction, it is too easy a step to judge him under those laws. This judicial bootstrapping not only will have foreign defendants trying to discern what territories wherein they might be haled before a judge, but will also have them trying to conduct their activities under both their systems of law and the foreign jurisdiction’s law.

1. Lex Loci—Traditional Analysis in Trademark. Most countries follow lex loci delicti in tort, though they are split as to whether the place of the act or the place of the harm is used to determine applicable law. An act of trademark infringement derives from tort law and is thus viewed under lex loci delicti, not the lex loci of the contract. The act occurs when the sale of the infringing product occurs, though the injury arguably occurs where the infringed party is located. When the infringement is the posting of an infringing mark, the act is committed where the website is created or maintained. Although the infringing mark may be viewed everywhere, this fact does not mean that the infringement occurs everywhere. Though generally inapplicable in a dispute between two United States citizens litigating a simple trademark infringement in federal court where federal law applies, this analysis is applicable in disputes with

144. Burnstein, supra note 10, at 88.
145. Georgia is just such a forum.
146. RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145 (1971).
149. Id. (citing LSI Ind., Inc. v. Hubbell Lighting, Inc., 64 F. Supp. 2d 705, 708 (S.D. Ohio 1999)).
150. See Panavision Int’l, LP, 141 F.3d at 1322.
152. Id. (citing Citigroup, Inc. v. City Holding Co., 97 F. Supp. 2d 549, 567 (S.D.N.Y. 2000)).
foreign defendants and disputes not involving federal law between domestic parties.

Simply identifying what conflict of law analysis a forum employs is not sufficient to determine what law will apply. Under *lex loci delicti*, the location of the tort applies, but a question arises as to which aspect of the tort applies. Most fora, including Georgia, determine the *loci* by determining where the cause of action arose, which is where the injury itself or the last thing necessary to sustain the claim occurred. In an injury-based traditional analysis, "[i]t is the place where the injury sustained was suffered rather than the place where the act was committed." When the injury is to a forum plaintiff, this analysis will almost always result in the forum’s law being applied. "Because there is no single answer to this choice of law problem, the forum will likely apply its own law to the dispute." A defamed individual suffers the most harm in his community, and as identified above, a corporation whose trademark is infringed suffers the greatest harm in its principal place of business. Thus, a Georgia corporation whose mark is infringed by a Taiwanese corporation will suffer its greatest harm in Georgia, as well as the United States. Therefore, Georgia and United States law will apply.

However, this rigid result, to the extent that it attempts to foist United States law on a foreign defendant’s foreign activities, does not comport with the admonitions of almost fifty years of international trademark jurisprudence. In *Vanity Fair Mills, Inc. v. T. Eaton Co.*, an American (Pennsylvanian) manufacturer brought suit against a Canadian manufacturer in New York. The Canadian defendant had its principal office in Toronto, Ontario, but it also had an office in the Southern District of New York. The Canadian entity had a validly registered Canadian trademark that infringed on the American corporation’s mark. Vanity Fair Mills brought suit to enjoin the Canadian’s use of the mark both domestically and in Canada.

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154. *Id.* (citing 15A C.J.S. Conflict of Laws § 12(2)(b) (1967)).
156. *See Panavision Int’l Ltd.*, 141 F.3d at 1322.
157. 234 F.2d 633 (2d Cir. 1956). This case is a virtual primer on international trademark disputes.
158. *Id.* at 636-38.
The court stated that the result sought, extraterritorial application of American law, "is contrary to usual conflict-of-laws principles." The "exercise of such power is fraught with possibilities of discord and conflict with the authorities of another country." The court found plaintiff's assertion of the International Convention for the Protection of Industrial Property, a compact between member countries, does not give extraterritorial application to member's laws. Rather, it binds the members to enforce their laws equally between foreign and domestic parties within their own territories. While the court could address United States actions of a foreign defendant and even enjoin the same, the court held that it should not reach a determination of the validity of the foreign mark within the confines of the foreign territory.

2. Significant Relationships—A Slightly Better Approach. In response to the rigidity of the Restatement (First) of Conflicts' lex loci approach, the Second Restatement was introduced to consider the place of the injury, the place where the conduct causing the injury occurred, the place of domicile, and the place where the parties' relationship is centered. These contacts were evaluated under weighted factors to define the forum with which there was the most significant relationship. A court employing this system must consider: (1) the needs of the interstate or international system; (2) the relevant policies of the forum; (3) the relevant policies of the interested states or territories; (4) the expectations of the parties; (5) the state policies underlying the particular laws; (6) the certainty and uniformity of result in applying a given law; and (7) the ease in determining and applying the law. Because so many of the contacts under which jurisdiction becomes proper are identical to the contacts that are evaluated to determine which law applies under the most significant relationship test, a finding of jurisdiction frequently results in the forum court's application of its own law. Although a foreign defendant has a greater chance of obtaining judgment under its own laws under the most significant relationship, this approach does not resolve the problem identified in

159. Id. at 638.
160. Id. at 647.
162. 234 F.2d at 640.
163. Id. at 646.
165. Id. § 6(2).
166. See id.
Section IV(A) of this Article, namely the extraterritorial application of United States law to a foreign defendant.

Regardless of which choice of law analysis a court employs, the end result often puts defendants in the untenable position of both defending in jurisdictions to which they did not voluntarily submit and deciphering laws they have never confronted before. Given the current state of technology, which has not found a filter that can operate from the website to prevent the access of users in certain territories or countries, \(^{166}\) fairness, if not judicial discretion, mandates that the website operators not be held to standards not present within their domicile.

A very recent example of this problem demonstrates the conundrum facing the website operators. On November 20, 2000, a French judge, Judge Jean Jacques Gomez, gave Yahoo! three months to find a way to prevent French users from accessing pages that feature Nazi memorabilia. \(^{166}\) Although Yahoo! had removed the offending material from its French site, the judge further ordered that French users not be able to access the material on the United States or United Kingdom sites, which a French user can affirmatively hunt down and access. \(^{169}\) Yahoo! maintains that a complete barrier to these sites concerning Nazis would be virtually impossible without completely blocking all historical works about the Second World War.

V. CONCLUSION

Cyberspace offers a unique capacity to unite the world and to escape the isolationism courts have staunchly maintained. However, jurisprudence developed under a world defined by arbitrary lines imposed on a map must evolve in a world interconnected by networked individuals and businesses lest it "melt the wax from our wings." Though courts have made great strides in understanding the Internet and better classifying Internet contacts, the technological evolution is still outpacing the law. Nevertheless, frustration with the inability of the law to keep pace will not sanction the use of a test designed solely for deliberate, intentionally tortious conduct, and the effects test must be judicially limited to that narrow field. The sliding-scale standard, as refined by

\(^{166}\) Filters are available to the users who may obtain these programs designed to screen website packets as they download and prevent certain websites with objectionable language or terms. Examples of these, NetNanny and NetSafe, are installed by the user. This technology will not work for the website that has no reference word with which to screen potential users.


\(^{169}\) See id.
the court in *Millennium Enterprises* and other cases, is a very workable standard to the extent the court's admonition is heeded to consider not potentialities alone; instead actual (albeit electronic) forum contact must be required.  

As more international disputes arise, choice-of-law analysis will almost certainly have to move from *lex loci* to some significant relationship test, though it remains to be seen whether the Restatement (Second) of Conflicts will have to be further revised.  

What remains to be determined is which will evolve faster: Whether technology can move to satisfy territorial-based law (i.e., filters), or whether the law can evolve to comport with the technological realities that exist today.

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170. 33 F. Supp. 2d at 918.