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Nowhere to Run ... Nowhere to Hide: Trademark Holders Reign Supreme in Panavision Int'l, L.P. v. Toeppen.

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NOTE

NOWHERE TO RUN ...
NOWHERE TO HIDE:
TRADEMARK HOLDERS
REIGN SUPREME IN
PANAVISION INT'L, L.P.
v. TOEPPEN

I. INTRODUCTION

The Internet is viewed as "a worldwide network of computers that enables individuals and organizations to share information." In order for the Internet to operate as a communications medium for its users, every computer linked to the Internet must have a numeric address that can be identified and located by other users. The numeric Internet address functions like a street address or a telephone number and enables other computers on the network to locate and route messages to that address. The numeric address is assigned an alphabetical counterpart referred to as a "domain name" because

3. See id. at 687. The Internet numeric address is called an IP (i.e. Internet Protocol) address and is expressed numerically, e.g., 820.81.1111.37.
users can more easily remember an Internet address by a name.\textsuperscript{4}

A domain name is the simplest way to locate a web site.\textsuperscript{5} Users looking for a particular site who do not know the site’s domain name can use an Internet “search engine” much like using a phone book to find a person’s phone number.\textsuperscript{6} Individuals and companies prefer to have a recognizable domain name so that users can more easily find their web sites. An entity’s domain name often includes its own name or a recognizable, abbreviated form of its name.\textsuperscript{7} For example, typing \texttt{www.ibm.com} into a web browser is the quickest, easiest, and most reliable way to find IBM’s web page because merely typing “IBM” into an Internet search engine is likely to turn up not only the page sought, but several thousand others as well.\textsuperscript{8}

No two domains can have the same name, for the same reason that no two telephone lines can have the same number. A problem arises from the fact that all of the companies around the world must register their domain name within a limited number of top-level domain categories.\textsuperscript{9} Therefore, there is a limited choice of domain names. Since the establishment of the Internet, conflicts have arisen regarding trademark law and

\textsuperscript{4} Typically, e-mail addresses on the Internet are routed using addresses having a form such as \texttt{juiz@hotmail.com}. The part of the address after the “@” sign is the domain name. The domain name is a unique identifier, which designates a set of computers on the Internet, at which the specific address receives and sends e-mail messages. See id.

\textsuperscript{5} See Panavision II, 141 F.3d at 1319.

\textsuperscript{6} To do this, the user types in a key word search, and the search will locate all of the web sites containing the key word. Key word searches can yield hundreds of web sites. Reno v. American Civil Liberties Union, 521 U.S. 844, 852 (1997).

\textsuperscript{7} \textit{E.g.}, \texttt{ibm.com} is IBM’s domain name. See \url{http://www.ibm.com}.

\textsuperscript{8} See Katherine C. Sheehan, \textit{Predicting the Future: Personal Jurisdiction for the Twenty-First Century}, 66 UNIV. CIN. L. REV. 385 (Winter 1998). Search engines search the Internet using “key words” selected by the searching party. A key word search will typically produce a list of web sites that use the key words. The length and success of this process is dependent upon the searching party’s ability to deduce the correct key word or words and the number of other web sites that use the same key words.

\textsuperscript{9} Domain names typically are comprised of an abbreviation, name or acronym, followed by a period and one of five world-wide generic top level domain categories (\texttt{.com} for commercial entities, \texttt{.edu} for educational institutions, \texttt{.org} for non-profit organizations, \texttt{.gov} for government entities, and \texttt{.net} for Internet providers) or country code domains (such as \texttt{.ca} for Canada or \texttt{.au} for Australia). See generally, \url{www.internic.net}. 

\url{http://digitalcommons.law.ggu.edu/ggulrev/vol29/iss1/5}
the use of similar, or the same, domain names by more than one person. These disputes surface mainly when a trademark owner challenges the right of a domain name holder to use a name identical to its registered trademark.

Panavision, a Delaware corporation that is involved with the motion picture industry, holds registered trademarks to the name "Panavision." In December 1995, Panavision sought to register the Internet domain name of Panavision.com with Network Solutions, Inc. (NSI). NSI would not register the domain name to Panavision because an individual, Dennis Toeppen, previously established a web site using Panavision's trademark as his domain name.

Panavision sent Toeppen a cease and desist letter ordering him to stop using its registered trademark as a domain name. Toeppen offered to settle the matter by selling Panavision the domain name for $13,000. Concluding Toeppen was a "cyber pirate," Panavision refused to settle. Instead, Panavision

10. See Feinberg and Craycroft, supra note 2, at 666.
11. See id. Trademark rights typically are recognized in a narrow class of goods. Different companies therefore may hold similar marks in different industries. For example, "Delta" is the trade name used by an airline and the manufacturer of household faucets. If Delta Airlines selected the domain name delta.com it would block the faucet manufacturer from using its trade name as its domain name, but would not have committed trademark infringement. See, e.g., The Emerging Law of the Internet, LEGAL & BUSINESS ASPECTS OF THE INTERNET (Law Journal Seminars, San Francisco, CA) Nov. 5-6, 1998, at 421.
12. See Panavision II, 141 F.3d at 1319.
13. See id.
14. See id.
15. A cease and desist letter is an order of an administrative agency or court prohibiting a person or business firm from continuing a particular course of conduct. E.g. The Federal Trade Commission may order a business to cease and desist from misbranding or misadvertising its products. BLACK'S LAW DICTIONARY 223 (6th ed. 1990).
16. See Panavision II, 141 F.3d at 1319.
17. See id. The facts further stated that "Toeppen responded by mail to Panavision in California, stating he had the right to use the name Panavision.com on the Internet as his domain name. Additionally, Toeppen stated that if Panavision agreed to his offer, he would not acquire any other Internet addresses, which are alleged by Panavision Corporation to be its property." See id.
18. A "cyber pirate" or "cybersquatter" is someone who registers a domain name that includes a registered trademark of someone else, and who attempts to extract payment for relinquishing the domain name to the trademark holder. Hearst Corp. v. Goldberger, No. 96 Civ. 3620, 1997 WL 97097 at 18-19 (S.D.N.Y. 1997). See also Internatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D.Ill. 1996). Panavision is not the first
proceeded to file an action against Toeppen in Federal Court in California. On appeal from the court's grant of summary judgment, the United States Court of Appeals for the Ninth Circuit in *Panavision International v. Toeppen*\(^{19}\) addressed the unsettled area of Internet personal jurisdiction. The court found personal jurisdiction existed in a decision that conflicted with the Circuit's own precedent as well as decisions of other circuits.

Part II of this note discusses the procedural history of *Panavision*. Part III surveys the evolving application of personal jurisdiction in the various courts as applied to the Internet through minimum contacts and the *Calder* "effects test."\(^{20}\) Part IV outlines the Ninth Circuit's analysis of personal jurisdiction in *Panavision*. Part V critiques the Ninth Circuit's analysis, focusing particularly on several flaws in the court's reasoning. Part VI summarizes the effect that the decision in *Panavision* will have on future suits involving the Internet.

II. FACTS AND PROCEDURAL HISTORY

*Panavision* is a Delaware limited partnership with its principal place of business in Los Angeles, California.\(^{21}\) *Panavision* owns the federally registered trademark "Panavision" which it corporation to sue Toeppen for trademark infringement regarding this same activity. In December of 1995, Toeppen applied to register the domain name "www.intermatic.com" with NSI. Soon after, Intermatic attempted to register the same domain name ("intermatic.com") but was prevented from doing so by Toeppen's prior registration. Intermatic brought federal and state trademark actions against Toeppen for his registration of its trademark as his domain name. Intermatic is a Delaware corporation with its principal place of business in Spring Grove, Illinois. To obtain jurisdiction over Toeppen, Intermatic brought its suit in the United States District Court for the Northern District of Illinois. The District Court described Toeppen as a cybersquatter and enjoined Toeppen's use of "intermatic.com." See also American Standard v. Toeppen *** (E.D. Ill. 1996). The United States District Court for the Eastern District of Illinois enjoined Toeppen from using a domain name in *American Standard*. American Standard brought suit against Toeppen for trademark infringement arising from Toeppen's acquisition of the "americanstandard.com" domain name. American Standard moved for a preliminary injunction and perhaps recognizing the inevitable, Toeppen consented to its entry.

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19. 141 F.3d 1316 (9th Cir. 1998).
uses in connection with its motion picture and television camera business.22

Dennis Toeppen (Toeppen), the defendant, is an individual residing in Illinois.23 Toeppen owns the website “panavision.com.”24 In December 1995, Toeppen applied for registration of the Internet domain name “panavision.com” and Network Solutions, Inc. (NSI) registered the domain name.25

NSI registers domain names on a “first come, first served” basis and does not and is not required to conduct any form of investigation into whether a specific domain name sought by a registrant violates the intellectual property rights of a third party.26 Although NSI does not make an independent determination of an applicant’s right to use a domain name, NSI does require applicants to make certain representations and warranties.27

On May 7, 1996, Panavision, whose principal place of business is in California, filed a federal trademark infringement action against Toeppen in the United States District Court for the Central District of California.28 Panavision claimed that

22. See id.
23. See id.
24. See id.
25. See id. at 619.
26. See Feinberg and Craycroft, supra note 2 at 669. The National Science Foundation solicited bids for and entered into Cooperative Agreements with several companies to administer the Internet on behalf of the U.S. Government for the benefit of the public. The National Science Foundation awarded a Cooperative Agreement to Network Solutions, Inc. (NSI) pursuant to 31 U.S.C. § 6305, and NSI has performed domain name registration services since April 1, 1993. Under its initial five year contract to provide registration services, which has been extended beyond 1998, NSI assigns domain names ending on the letters “.com”, “.edu”, “.net”, “.org”, and “.gov”. See id.
27. See Panavision I, 938 F. Supp. at 619. In order to register a domain name, NSI requires an applicant to agree that (1) the applicant’s statements in the application are true and the applicant has the right to use the requested domain name, (2) the use or registration of the domain name does not interfere with or infringe the rights of any third party with respect to trademark, service mark, trade name, company name or any other intellectual property right, and (3) the applicant is not seeking to use the domain name for any unlawful purpose, including tortious interference with contract or prospective business advantage, unfair competition, injuring the reputation of another, or for the purpose of confusing or misleading a person, whether natural or incorporated. See id.
28. See id.
Toeppen had diluted its trademark in violation of the Federal Trademark Dilution Act of 1995.  

Toeppen filed a motion to dismiss the complaint for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2). Toeppen alleged that the district court lacked personal jurisdiction because he resided in Illinois and the allegations in the complaint arose from his activities in Illinois. The district court denied Toeppen's motion. The court then granted summary judgment in favor of Panavision. Toeppen appealed the district court decision to the Ninth Circuit.

III. BACKGROUND

A. THE FRAMEWORK FOR EXERCISING PERSONAL JURISDICTION

American jurisprudence has consistently required that before a court can adjudicate a case, the court must not only have

29. See id. More formally known as Section 43(c) of the Lanham Act, the Dilution Act provides that the owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark. 15 U.S.C.A. § 1125(c). The statute defines “dilution” as the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception. See 15 U.S.C.A. § 1127.

30. Fed. R. Civ. P. 12(b)(2). The rule provides:

Every defense, in law or fact, to a claim for relief in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion ... (2) lack of jurisdiction over the person.

Id.


32. See id. at 623. “The district court [found that Toeppen met] the due process requirements for personal jurisdiction. Therefore, the court [denied Toeppen’s] motion to quash the summons and dismiss for lack of personal jurisdiction.” Id.

33. See Panavision II, 141 F.3d at 1318.

34. See id. Toeppen claimed that “the district court erred in exercising personal jurisdiction over him because any contact he had with California was insignificant, emanating solely from his registration of domain names on the Internet, which he did in Illinois.” Id.
subject matter jurisdiction over the claim, but also personal jurisdiction over the parties. The courts are governed by State long-arm statutes and the Due Process Clause of the Fourteenth Amendment to decide when a state may exercise personal jurisdiction over a nonresident defendant. State long-arm statutes often determine whether a court can exercise personal jurisdiction over a nonresident defendant. Most states have drafted long-arm statutes to extend personal jurisdiction beyond their borders. In California, the long-arm statute is coextensive with the Due Process Clause of the United States Constitution.

1. Constitutional Limits of Personal Jurisdiction

Personal jurisdiction may be based on either general jurisdiction or specific jurisdiction. General jurisdiction exists when a defendant is domiciled in the forum state or his activities in the forum state are "substantial" or "continuous and systematic." If the defendant's contacts with the forum state are insufficient to establish general jurisdiction a court can still exert specific jurisdiction if the defendant's activities in the forum are sufficient to establish jurisdiction for the purposes of the litigation.

Due Process requires that for a court to exercise specific jurisdiction, the defendant must have sufficient minimum con-
tacts with the forum state. Courts use the three factors of the minimum contacts test, based on *International Shoe Co. v. Washington* and its progeny, to determine whether the exercise of specific personal jurisdiction over a nonresident defendant is proper. First, the defendant must have sufficient "minimum contacts" with the forum state. Second, the claim asserted against the defendant must arise out of or be sufficiently related to those contacts. Third, the exercise of jurisdiction must be reasonable.

44. 326 U.S. 310 (1945).
45. See, e.g., *International Shoe*, 326 U.S. at 316 (a party foreign to a state may be sued if the party has "certain minimum contacts with the state such that maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'"); *Hansen v. Denckla*, 357 U.S. 235, 253 (1958) (the minimum contacts test requires that "there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws."); *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 295 (1980) ("foreseeability alone has never been a sufficient benchmark for personal jurisdiction under the Due Process Clause"); *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476-77 (1985) (there are five factors to consider when determining whether assertion of jurisdiction is fundamentally fair: (1) the burden on the defendant; (2) the forum state's interest in adjudicating the dispute; (3) the plaintiff's interest in obtaining convenient and effective relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and (5) the shared interests the several states have in furthering fundamental substantive social policies.); *Asahi Metal Indus. Co. v. Superior Court*, 480 U.S. 102, 108-113 (1987) (the mere act of placing a product into the stream of commerce is insufficient to fulfill the minimum contacts requirement).
46. See *World-Wide Volkswagen*, 444 U.S. at 291-92 (citing *International Shoe*, 326 U.S. at 316). For a defendant to have sufficient minimum contacts with the forum state, a court must consider whether the defendant purposefully directed his conduct toward the forum state. *See Burger King*, 471 U.S. at 475. This requirement "protects defendants from being forced to answer for their actions in a foreign jurisdiction based on 'random, fortuitous or attenuated' contacts." *Id.* The purposeful availment prong of the test necessitates that the defendant's conduct and connection with the forum state must be foreseeable so that the defendant reasonably anticipates being haled into court. *See Burger King*, 471 U.S. at 474-75.
47. *See Burger King*, 471 U.S. at 475. The defendant's actions must create a substantial connection with the forum state for the claim asserted against the defendant to arise out of or be sufficiently related to his contacts with the forum state. *See id.* When a defendant deliberately engages in significant activities within the forum state, or creates continuing obligations between himself and the residents of the forum, he has availed himself of the privilege of conducting business in the forum. *See id.* at 474-75. In this situation, it is not unreasonable to require the defendant to submit to the burdens of litigation in the forum state. *See id.* at 475-76.
2. Calder v. Jones and the "Effects Test"

In tort cases, a court may find purposeful availment based on the effects of an act when those effects are felt in the forum state.\(^49\) The United States Supreme Court in *Calder v. Jones*\(^50\) established that personal jurisdiction may be based upon "(1) intentional actions (2) expressly aimed at the forum state (3) causing harm, the brunt of which is suffered, and which the defendant knows is likely to be suffered, in the forum state."\(^51\) This "effects test" is applied in cases involving intentional acts aimed at the forum state.

In *Calder*, a California resident sued two Florida employees of the National Enquirer for defamatory statements they printed about the plaintiff.\(^52\) The Court held that the focal point of the article, and the harm suffered, was in California, the place where the plaintiff's professional reputation was harmed.\(^53\) The Court concluded that the defendants should have anticipated being haled into court in California because the "effects" of their tortious actions were felt in California, the place where the plaintiff's professional reputation as an entertainer was injured.\(^54\)

Courts have applied the Supreme Court's reasoning in *Calder* to defamation cases involving other forms of communications.
tion, such as mail, telephone and television. For example, in Wallace v Herron, the United States Court of Appeals for the Seventh Circuit limited the use of the Calder effects test as a means to exercise jurisdiction over a nonresident defendant.

In this case, Rod Wallace, an Indiana resident, sued a California professional corporation and three California attorneys in Indiana for malicious prosecution. The district court dismissed the case for lack of personal jurisdiction. On appeal, Wallace argued that the decision in Calder was analogous to his situation as he felt the effects of the malicious prosecution in Indiana. Therefore, the court should exercise personal jurisdiction over the defendant based on the Calder effects test. However, the Seventh Circuit concluded that “the plaintiff's reliance on Calder was misplaced.” The Seventh Circuit ruled that “the key to Calder is that the effects of an alleged intentional tort are to be assessed as part of the analysis of the defendant’s relevant contacts with the forum.” The court found that effects alone did not end the analysis. Furthermore, the Seventh Circuit determined that if it accepted Wallace's argument that mere effects of an intentional tort gave rise to per-

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55. See e.g., Fallang v. Hickey, 40 Ohio St. 3d 106 (1988); Brown v. Flowers Idus., Inc., 888 F.2d 328 (5th Cir. 1982); Casano v. WDSU-TV, 464 F.2d 3 (5th Cir. 1972).

56. 778 F.2d 391 (7th Cir. 1985).

57. See id. at 392. Wallace's malicious-prosecution suit is based upon a prior lawsuit in California. In the prior lawsuit, Donna and Willis Seeley sued several parties including Wallace.

58. See id.

59. See id. at 394.

60. See id.

61. Wallace, 778 F.2d at 394. (“We do not believe the Supreme Court in Calder was saying that any plaintiff may hale any defendant into court in the plaintiff's home state, where the defendant has no contacts, merely by asserting that the defendant has committed an intentional tort against the plaintiff”).

62. Id. at 395. The Seventh Circuit held that: the defendant's contact with Indiana were significantly more attenuated than the Calder defendant's contacts with California. California was the focal point both of the story and any harm suffered. The harm was uniquely related to California because the injury was primarily the result of the publication of the story to other California residents. Unlike the Calder defendants, the Wallace defendants took no action that created the necessary connection with Indiana for them to reasonably anticipate being haled into court there.

63. See id.
In Casualty Assurance Risk Insurance Brokerage Co. v. Dillon\textsuperscript{65} the Ninth Circuit applied the Calder effects test in reviewing the exercise of personal jurisdiction over an out of state defendant. Medical Liability Purchasing Group (MLPG)\textsuperscript{66} attempted to do business in Indiana by qualifying as an Indiana purchasing group offering medical malpractice insurance to health care providers.\textsuperscript{67} Casualty Assurance Risk Insurance Brokerage Company (CARIB), which is incorporated under the laws of Guam, was MLPG's only insurance carrier and had never been licensed in Indiana nor any other state.\textsuperscript{68} The Indiana Attorney General ordered MPLG and CARIB to cease activities in Indiana because MLPG was not registered as a purchasing group there.\textsuperscript{69} When the companies refused to comply, the Indiana Insurance Commissioner, John Dillon, contacted the Guam Insurance Commissioner to obtain information about CARIB.\textsuperscript{70}

\textsuperscript{64} See id. The court wrote:
If, for example, an Indiana plaintiff sued a California defendant in an Indiana court under an intentional tort theory, the California defendant would be required to come to Indiana and defend the suit to protect himself, no matter how groundless or frivolous the suit might be. The 'effects test' is merely another way of assessing the defendant's relevant contacts with the forum state. The defendant must still purposefully avail himself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws. The forum State cannot hale the defendant into court solely as a result of random, fortuitous or attenuated contacts.

\textsuperscript{65} See Casualty Assurance Risk Insurance Brokerage Co. v. Dillon, 976 F.2d 596 (9th Cir. 1992).

\textsuperscript{66} See id. at 598. Medical Liability Purchasing Group is closely related to Casualty Assurance Risk Insurance Brokerage Company (CARIB). MLPG's checking account requires the signature of a CARIB vice-president. Additionally, CARIB employees in the Washington, D.C. office receive and open all of MLPG's mail and handle all of MLPG's phone inquiries.

\textsuperscript{67} See id. at 598.

\textsuperscript{68} See id.

\textsuperscript{69} See id.

\textsuperscript{70} See Casualty Assurance, 976 F.2d at 598. This limited correspondence is the only contact Dillon has had with Guam. Subsequently, the Attorney General filed for an injunction in the United States District Court for the Southern District of Indiana. See id.
The Attorney General filed for an injunction in the United States District Court for the Southern District of Indiana, and in June 1989, the court enjoined MLPG's activities. Shortly thereafter, Dillon mailed letters informing healthcare providers in Indiana that CARIB's purchasing group activities were enjoined and CARIB's Certificate of Authority was revoked. As a result of this letter, CARIB filed a tort action against John Dillon in the United States District Court for the District of Guam.

CARIB argued that the Guam court could exercise personal jurisdiction over Dillon because his actions provided sufficient minimum contacts within Guam since his allegedly tortious conduct of mailing the letter affected CARIB's business in Guam. CARIB essentially argued that the "effects" of the alleged libel were felt by the Guam business and jurisdiction, therefore, existed wherever the business resides. The district court dismissed CARIB's complaint, holding that exercising jurisdiction over Dillon would violate the Due Process Clause of the United States Constitution.

The Ninth Circuit affirmed the dismissal. The Ninth Circuit held that purposeful availment required more than just a finding that an alleged tort had effects in the forum state. Unlike the defendant's actions in Calder, the Ninth Circuit found that Dillon's act of mailing a single letter in Indiana did not establish contact with Guam because he had no intention

71. See id. "MPLG was ordered by the court to provide Dillon with the names and addresses of all healthcare providers they had solicited for business." Dillon was ordered by the court to send a letter to those healthcare providers to inform them of the injunction. Id.
72. See id. The letter was never sent to or circulated on Guam because CARIB had not solicited any business on Guam. Id.
73. See id. at 597.
74. See id. at 599. According to CARIB, minimum contacts existed because damage to their business was a foreseeable effect of the letter sent by Dillon. CARIB relied primarily upon Calder to support its argument that jurisdiction exists wherever the effects of libel are felt.
75. See Casualty Assurance, 976 F.2d at 601.
76. See id. at 598.
77. See id.
78. See id.
that the letter would be widely circulated in the forum jurisdiction.\textsuperscript{79}

The courts have also applied the effects test analysis to defamation cases involving the Internet. In \textit{California Software, Inc. v. Reliability Research, Inc.} the United States District Court for the Central District of California exercised personal jurisdiction over a nonresident defendant who delivered defamatory statements through the Internet.\textsuperscript{80} To determine whether personal jurisdiction in California was appropriate, the court relied on the reasoning in \textit{Calder}, focusing on where the harm from the defamatory statements occurred.\textsuperscript{81} The court exercised personal jurisdiction over the defendant in California because the plaintiff, a California corporation, "felt the brunt of the harm from the defendant's out-of-state acts in California."\textsuperscript{82}

\textit{In Conseco, Inc. v. Hickerson,}\textsuperscript{83} an Indiana Appeals Court applied the same personal jurisdiction analysis to another defamation case involving the Internet. Hickerson, a resident of Texas, published a web site that mentioned Conseco, Inc.\textsuperscript{84} Conseco brought a suit based upon Hickerson's use of Conseco's trademarked name "Conseco, Inc." in the text of his web site.\textsuperscript{85}

After reviewing prior Internet jurisdiction cases in which courts had applied the effects test, the \textit{Conseco} court found that

\begin{itemize}
\item \textsuperscript{79} See id. at 600.
\item \textsuperscript{80} See California Software, Inc. v. Reliability Research, Inc., 631 F. Supp. 1356 (C.D. Cal. 1986). California Software and Reliability Research disagreed over the ownership of a software package. During the dispute, Reliability Research communicated with several of California Software's prospective customers through the Internet informing them of the dispute and that they would sue any of California Software's sublicensees for damages if it won. See id.
\item \textsuperscript{81} See id. at 1361.
\item \textsuperscript{82} See id. at 1363.
\item \textsuperscript{83} See Conseco, Inc. v. Hickerson, 698 N.E.2d 816 (Ind. Ct. App. 1998).
\item \textsuperscript{84} See id. at 817. Hickerson advertised on his site that he was wanted information concerning fraud or other evidence of unfair treatment by Conseco. Hickerson explained that he sought this information to aid in a lawsuit he had filed against Conseco. Hickerson's web site included a "mail-to" link enabling the user to send Hickerson e-mail to aid in the gathering of information. See id.
\item \textsuperscript{85} See id. ("Conseco filed suit against Hickerson on December 12, 1997, in Indiana, alleging trademark dilution and infringement, commercial disparagement, defamation, and tortious interference with contractual relationships").
\end{itemize}
those decisions did not rely solely on the effects test to find personal jurisdiction, but rather also looked to additional contacts with the forum that supported the exercise of jurisdiction.\textsuperscript{86} The court then concluded that it was not appropriate to apply the effects test at all in deciding Internet jurisdiction where the defendant is a corporation.\textsuperscript{87} The court explained, "the 'effects test' does not apply with the same force to a corporation as it does to an individual because a corporation's harm is generally not located in a particular geographic location as an individual's harm would be."\textsuperscript{88} The court ultimately found that Hickerson's discussion of Conseco in his web site, without any other contacts, was not a minimum contact sufficient to allow Indiana to exercise personal jurisdiction over him.\textsuperscript{89}

\section*{B. Personal Jurisdiction Meets the Internet}

Initially, courts were hesitant to expand their authority into the vast world of cyberspace, and therefore, they tended to conclude that the exercise of personal jurisdiction with respect to Internet users was unreasonable.\textsuperscript{90} The courts expressed a fear of rampant litigation if they adopted an "open-door" approach in Internet lawsuits.\textsuperscript{91}

However, an Ohio court, in \textit{CompuServe v. Patterson}, used a nonresident defendant's Internet contacts to establish personal jurisdiction.

\textsuperscript{86} See id. at 819. The \textit{Conseco} court reviewed the decisions of EDIAS Software Int'l v. BASIS Int'l, Ltd., 947 F. Supp. 413 (D. Ariz. 1996); Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); and Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414 (9th Cir. 1997). \textit{Id.}

\textsuperscript{87} See \textit{Conseco}, 698 N.E. 2d at 819. The court reasoned that the "effects test" is inappropriate in cases involving national and International corporations and the Internet. \textit{Id.}

\textsuperscript{88} \textit{Id.}

\textsuperscript{89} See id. at 820. The Court of Appeals determined that: Hickerson's only contact with Indiana was his discussion of Conseco in his web site. Hickerson did not direct any advertising, send any e-mails or letters, or make any phone calls to Indiana. In addition, Hickerson had never physically visited or resided in Indiana. Hickerson simply did not purposefully avail himself of the benefits and protections of Indiana law. \textit{Id.}


jurisdiction over the out-of-state resident. CompuServe was an Ohio corporation that provided access to its computer network through the Internet. Patterson lived in Texas and had no contact with Ohio except through his modem on the Internet. Patterson entered into an agreement with CompuServe whereby he could distribute his software programs to other Internet users using CompuServe's network. Patterson eventually became disgruntled when CompuServe began to market its own comparable program. CompuServe eventually filed suit in the District Court for the Southern District of Ohio, alleging that the agreement was made and performed in Ohio, the product's locus was in its server in Columbus, Ohio, and thus Patterson had sufficient contacts with the forum state. Although ultimately reversed by the United States Court of Appeals for the Sixth Circuit, the district court held that Patterson's contacts with Ohio were not sufficient to establish that he had purposefully availed himself of the laws of Ohio. The court found Patterson's Internet contacts with Ohio were too tenuous to establish jurisdiction and the district court simply acknowledged that to hold otherwise would be unfair.

93. See id. at 3.
94. See id.
95. See CompuServe, Inc. v. Patterson, 89 F.3d 1257, 1261 (6th Cir. 1996). Patterson and CompuServe entered into a user Agreement which provided that: "The CompuServe information service ... consists of computing and information service and software, information and other content provided by CompuServe Inc. In addition, third parties provide information, software, and other content ... which may be accessed over the Service." Id.
96. See id. at 1261. This lawsuit arose out of certain software which Patterson claims to have developed, and which is entitled "WinNav," "Windows Navigator," and "FlashPoint Windows Navigator." Sometime in late 1993, CompuServe announced to its users that it had developed, and would soon be releasing, a Windows version of a program to be entitled "CompuServe Navigator." As a result of this announcement, Patterson advised CompuServe of his claim to a common law trademark in the names "WinNav," "Windows Navigator," and "Flashpoint Windows Navigator," and suggested that if CompuServe released its software, it would be violating his trademark rights. Id.
97. See id. at 1260.
98. See infra, part III.D.1 for discussion of the Sixth Circuit's decision.
99. See id.
100. See id.
In a similar case, a district court in Florida refused to exert personal jurisdiction over the out of state defendant in Pres-Kap, Inc. v. System One, Direct Access, Inc. System-One's server computers provided information to Pres-Kap for an airline and travel reservation service. When a dispute arose over the performance of the server computer, System One filed suit in its home state of Florida. The Florida Appellate Court held that exercising personal jurisdiction over Pres-Kap was improper because the computer contact was insufficient to make jurisdiction reasonable. Furthermore, the court noted that exerting personal jurisdiction over Pres-Kap would be unfair.

C. COURTS BEGIN TO EXERT JURISDICTION IN CYBERSPACE

1. Inset Systems, Inc. v. Instruction Set, Inc.

In the case of Inset Systems, Inc. v. Instruction Set, Inc., the District Court for the District of Connecticut found that sufficient contacts existed to establish personal jurisdiction over an out of state company. Inset Systems, located in Connecticut, developed and marketed computer software. Instruction Set, located in Massachusetts, provided computer technology and support to organizations. Inset Systems registered the name “Inset” as its trademark. Subsequently, Instruction Set obtained the name “Inset.com” as its Internet domain address. Inset Systems brought suit against Instruc-

102. See id. at 1352.
103. See id. at 1351.
104. See id. at 1353. This result would subject individuals to litigation in courts located in the home state of distant corporations.
106. See Inset, 937 F. Supp at 162.
107. See id. at 162.
108. See id.
109. See id. at 163.
110. See id.
In deciding to exercise personal jurisdiction over Instruction Set, the district court applied a minimum contacts analysis that focused on whether Instruction Set could reasonably anticipate being hailed into court in Connecticut.\textsuperscript{112} Even though Instruction Set did not have employees or offices in Connecticut, nor did it conduct business in the state on a regular basis, the court established jurisdiction through Instruction Set's Internet access sites in Connecticut.\textsuperscript{113} Since the Massachusetts corporation had purposefully availed itself of the privilege of doing business in Connecticut, primarily through its toll-free number in its Internet advertisements, the court concluded it could reasonably anticipate having to defend a lawsuit there.\textsuperscript{114}

2. \textit{Maritz, Inc. v. CyberGold, Inc.}

The United States District Court for the Eastern District of Missouri, in \textit{Maritz, Inc. v. CyberGold, Inc.},\textsuperscript{115} also chose to assert personal jurisdiction based on a company's use of the Internet. CyberGold operated an Internet server in California, which allowed users to sign onto a mailing list to receive advertisements.\textsuperscript{116} Maritz, a Missouri corporation, owned the trade-
mark rights to “CyberGold” and filed suit claiming trademark infringement and unfair competition. 117

The Missouri court held that it could properly exercise jurisdiction over CyberGold based on CyberGold’s advertisements over the Internet. 118 The court concluded that Missouri’s long-arm statute 119 allowed jurisdiction over CyberGold because Maritz had suffered economic harm and injury in the state of Missouri as a result of CyberGold’s activities in Missouri. 120

Thus, these courts, as well as others, had used Internet activities to subject defendants to personal jurisdiction not only in their home state but potentially in all fifty states. Most courts, however, were uncomfortable with the notion that an individual could be subjected to personal jurisdiction in any state simply by placing information on the Internet. Therefore, several courts have taken a different approach to deciding when a nonresident defendant can be subjected to out of state personal jurisdiction through his or her activities on the Internet.

D. STRIVING FOR CONSISTENCY: INTERNET PERSONAL JURISDICTION THROUGH MINIMUM CONTACTS

In the past two years, the approaches to jurisdiction implemented by courts have demonstrated a more reasoned analysis and greater consistency. Several courts have applied a minimum contacts analysis to a defendant’s Internet activities to determine if personal jurisdiction can be exercised.

117. See id. at 1329-30. Maritz asserts that CyberGold’s web site acts as a statewide advertisement for CyberGold’s forthcoming service, and through its website, CyberGold is actively soliciting customers from Missouri.
118. See id. at 1330. The web site was not operational; it merely promoted the upcoming service to be provided.
119. See id. at 1330-31. Missouri’s long-arm statute allows the exercise of jurisdiction over nonresidents to the extent permissible under the Due Process Clause of the United States Constitution.
120. See Maritz, 947 F. Supp. at 1331. The court held that CyberGold, through its website, has consciously decided to transmit advertising information to all Internet users, knowing that such information will be transmitted globally. Thus, CyberGold’s contacts were of such quality and nature that they favored the exercise of personal jurisdiction.
I. CompuServe v. Patterson

In CompuServe, Inc. v. Patterson, the United States Court of Appeals for the Sixth Circuit reversed the District Court's rejection of personal jurisdiction based on the defendant's Internet activities. In so doing, the Sixth Circuit joined the current trend in which the courts more closely examine the question of personal jurisdiction by viewing the defendant's Internet activities in the context of sufficient minimum contacts with the forum state.

Patterson, from his home in Texas, entered into an on-line "Shareware Registration Agreement" with CompuServe, an Ohio corporation, to market his software. The Sixth Circuit determined that Patterson's relationship with CompuServe as a software provider and marketer was a crucial indicator that Patterson had knowingly reached out to CompuServe's Ohio home and benefited from CompuServe's handling of his software and fees.

The Sixth Circuit focused on whether Patterson's contacts with Ohio, where the computer network service was headquar-

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121. See CompuServe, Inc. v. Patterson, 89 F.3d 1257 (6th Cir. 1996). "The district court held that the electronic links between the defendant Patterson, who is a Texan, and Ohio, where CompuServe is headquartered, were 'too tenuous to support the exercise of personal jurisdiction.'" Id. at 1259-60.


123. CompuServe, 89 F.3d at 1261. The court stated:
From 1991 through 1994, Patterson electronically transmitted 32 master software files to CompuServe. These files were stored in CompuServe's system in Ohio, and they were displayed in different services for CompuServe subscribers, who could download them into their own computers and, if they chose to do so, pay for them. Patterson also advertised his software on the CompuServe system, and he indicated a price term in at least one advertisement.

Id.

124. See id. at 1264. The court wrote:
[Patterson] subscribed to CompuServe, and then he entered into the Shareware Registration Agreement when he loaded his software onto the CompuServe system for others to use. Once Patterson had done these two things, he was on notice that he had made contracts, to be governed by Ohio law, with an Ohio-based company. Moreover, [Patterson] initiated the events that led to the filing of this suit by making demands of CompuServe via electronic and regular mail messages.

Id.
tered, were substantial. Beyond finding that Patterson intentionally reached out from Texas to Ohio by subscribing to CompuServe, the Sixth Circuit emphasized that Patterson had originated and maintained his contacts with CompuServe. The Sixth Circuit also determined that Ohio's exercise of its jurisdiction was reasonable because, although defending the suit in Ohio would be burdensome to Patterson, he voluntarily placed his software on CompuServe's Ohio based system.

In determining whether Patterson's electronic contacts with the forum were sufficient to support personal jurisdiction, the court applied a three-pronged test similar to the test established by International Shoe. The court found that all three prongs of the constitutional test were met in CompuServe. The court also pointed out, however, that any one of these contacts alone would probably be insufficient to support jurisdiction. For example, the act of merely entering into the online contract with CompuServe would not constitute sufficient minimum contacts with Ohio. Furthermore, the court stated that "Patterson's injection of his software into the stream of commerce without more, would be, at best, a dubious ground for jurisdiction." However, because Patterson deliberately did both, the

125. See id. The Sixth Circuit believes it is the quality of the contacts, and not the number or status, that determines whether they amount to purposeful availing. See id. at 1265.
126. See id. at 1266.
127. See CompuServe, 89 F.3d at 1266. The Sixth Circuit focused on Patterson's repeated use of electronic and regular mail for messages to CompuServe and the posting of a message on one of CompuServe's electronic forums. Id.
128. See id. at 1267. Someone like Patterson who employs a computer network service like CompuServe to market a product can reasonably expect disputes with that service to yield lawsuits in the service's home state. See id. at 1268. Since Patterson chose to transmit his product from Texas to CompuServe's system in Ohio, the Sixth Circuit concluded that Patterson purposefully availed himself of the privilege of doing business in Ohio. See id. at 1264.
129. See id. at 1263. The Ninth Circuit uses a three part test for specific jurisdiction: (1) the nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out of or results from the defendant's forum-related activities; and (3) exercise of jurisdiction must be reasonable.
130. See CompuServe, 89 F.3d at 1267.
131. See id. at 1265.
132. Id. (citing Asahi Metal Indus. Co. v. Superior Court, 480 U.S. 102, 112 (1987)).
Sixth Circuit found the contacts sufficient to assert jurisdiction.\textsuperscript{133}

2. \textit{Bensusan Restaurant Corp. v. King}

The United States District Court for the Southern District of New York, in \textit{Bensusan Restaurant Corp. v. King},\textsuperscript{134} also developed a framework to determine how to properly exercise jurisdiction.

Bensusan operated the “The Blue Note” jazz club in New York and owned all rights, title, and interest in the federally registered mark “The Blue Note.”\textsuperscript{135} King was the owner and operator of “The Blue Note” club in Columbia, Missouri.\textsuperscript{136} King posted a site on the Internet to promote his club using the words “The Blue Note” on it.\textsuperscript{137}

The United States District Court for the Southern District of New York focused on whether the creation of a web site accompanied by a telephone number to order the advertised product was an offer to sell to residents in the forum state.\textsuperscript{138}

\begin{itemize}
  \item \textsuperscript{133} See CompuServe, 89 F.3d at 1265. The court wrote: We find support for our conclusion in the Ohio Supreme Court case of \textit{U.S. Sprint Communications Co., L.P. v. Mr. K's Foods, Inc.}, 624 N.E. 2d 1048, 1052-54 (1994). In that case, the court held that a foreign corporation 'transacted business' in Ohio, and thus was subject to personal jurisdiction, where it frequently made long-distance telephone calls to Ohio to sell its products, had distribution facilities in Ohio for its products, and shipped goods to Ohio for sale. Similarly, Patterson frequently contacted Ohio to sell his computer software over CompuServe's Ohio-based system. Patterson repeatedly sent his 'goods' to CompuServe in Ohio for their sale. CompuServe, in effect, acted as Patterson's distributor, albeit electronically, and not physically.
  \item \textsuperscript{134} See \textit{Bensusan Restaurant Corp. v. King}, 937 F. Supp. 295 (S.D.N.Y. 1996).
  \item \textsuperscript{135} See \textit{id.} at 297.
  \item \textsuperscript{136} See \textit{id.}
  \item \textsuperscript{137} See \textit{id.} (“This web site, which is located on a computer server in Missouri, allegedly contains a logo that is substantially similar to the logo utilized by Bensusan. It contains general information about the club in Missouri as well as a calendar of events and ticketing information”).
  \item \textsuperscript{138} See \textit{id.} at 299. The Second Circuit has held that trademark infringement occurs "where the passing off occurs, i.e., where the deceived customer buys the defendant's product in the belief that he is buying the plaintiff's." Using this standard, courts have found that "an offering for sale of even one copy of an infringing product in New York, even if no sale results, is sufficient to vest a court with jurisdiction over
Distinguishing the defendant's action in Bensusan from the defendant's conduct in CompuServe, the district court determined that it could not exercise personal jurisdiction over King.\(^{139}\) Whereas, in CompuServe, Patterson specifically targeted Ohio by subscribing to CompuServe, King had done nothing to purposefully avail himself of the benefits of New York.\(^{140}\) Similar to placing a product into the stream of commerce, creating a web site may be felt nationwide, or even world wide, but without more, it was not an act purposefully directed toward a particular forum state.\(^{141}\) Even assuming that the user was confused about the relationship of the Missouri club to the one in New York, the court reasoned that such an act of infringement would have occurred in Missouri, not New York.\(^{142}\)

In affirming the district court's order, the United States Court of Appeals for the Second Circuit held that the assertion of jurisdiction would violate due process.\(^{143}\) The Second Circuit acknowledged the need for a flexible application of the traditional standards for establishing jurisdiction when addressing

the alleged infringer.\(^{\text{Id.}}\) (quoting Vanity Fair Mills, Inc. v. T. Eaton CO., 234 F.2d 633, 639 (2d Cir. 1956)).

139. See Bensusan, 937 F. Supp at 301. The court focused on the fact that it takes several affirmative steps by the New York residents to obtain access to the web site and to use the information there. Furthermore, the mere fact that a person can gain information on the allegedly infringing product is not the equivalent of a person advertising, promoting, selling or otherwise making an effort to target its product in New York. See id. at 299.

140. See id. at 301. Patterson purposefully availed himself of the benefits of Ohio by entering into an agreement to sell his software over the Internet, by advertising through the service, and selling his software to CompuServe in Ohio. "King, like numerous others, simply created a web site and permitted anyone who could find it to access it." Id.


142. See Bensusan, 937 F.Supp at 299.

143. See id. at 301. The district court determined that King did not direct any contacts towards New York, did not have any contact with New York, and he did not intend to avail himself of any of New York's benefits. See id.
issues concerning the Internet. However, the traditional minimum contacts requirement could not be brushed aside.

3. **Hearst Corp. v. Goldberger**

The court in *Hearst Corp. v. Goldberger* relied on the *Bagley* court's reasoning to define when to exercise personal jurisdiction over Internet activities. Goldberger developed a computer network to provide legal support services to individual attorneys. Hearst, publisher of "Esquire" magazine, argued that Goldberger's domain name "Esqwire.com" infringed on its trademark.

The United States District Court for the Southern District of New York held that the personal jurisdiction issue must be resolved by analogy to existing, non-Internet case law. In considering the nature and quality of Goldberger's contacts, the court noted that Goldberger's web site was not targeted at the

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144. See id. at 299. The U.S. Court of Appeals for the Second Circuit stated that "although we realize that attempting to apply established trademark law in the fast-developing world of the Internet is somewhat like trying to board a moving bus, we believe that well-established doctrines of personal jurisdiction law [apply]." Id.


146. See id. at *3. Goldberger's idea was to create an electronic law office infrastructure network that would provide individual attorneys, via computer, with legal support services equivalent to those available to lawyers in large law firms.

147. See id. The complaint alleges that Hearst's "Esquire" and "Esq" marks have acquired tremendous secondary meaning and that those marks are inherently distinctive, nonfunctional, strong and famous marks entitled to a very broad scope of protection. Id.

148. See *Hearst*, 1997 WL 97097 at *7. The relevant portion of the New York long-arm statute requires that the non-domiciliary defendant transact business in the state and the cause of action must arise out of such a transaction for jurisdiction to lie in New York. See id. at *9. New York "long-arm" jurisdiction is codified in CPLR § 302 (a) which provides:

As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any nondomiciliary ... who in person or through an agent: (1) transacts any business within the state or contracts anywhere to supply goods or services in the state; or (2) commits a tortious act within the state, or (3) commits a tortious act without the state causing injury to person or property within the state ... if he (i) regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered, in the state, or (ii) expects or should reasonably expect the act to have consequences in the state and derives substantial revenue from interstate or international commerce.

*Id.*
residents of New York or of any other particular state. Therefore, the court found that Goldberger’s contacts with New York residents by e-mail were insufficient to establish jurisdiction.


The Ninth Circuit, in Cybersell, Inc. v. Cybersell, Inc., further defined the meaning of the purposeful availment prong of personal jurisdiction in an Internet case. In Cybersell, an Arizona corporation (hereafter “Cybersell.AZ”) that held a registered service mark for the name “Cybersell,” brought suit against a Florida corporation (hereafter “Cybersell.FL”). The Florida corporation maintained a website with the word “Cybersell” and the phrase “Welcome to Cybersell!” at the top of its site.

The Ninth Circuit affirmed the Arizona District Court’s ruling that the use of an allegedly infringing service mark on a passive web site did not result in sufficient contacts with the forum state to support personal jurisdiction. The Ninth Cir-

149. See id. at *11. The court referred to previous instances which held that advertisements directed towards the New York market and the use of an 800 number were insufficient to satisfy the transaction of business requirement. See Diskin v. Starck, 538 F. Supp. 877, 880 (E.D.N.Y. 1982).
150. See Hearst, 1997 WL 97097 at *8. The court compared the transmittal of e-mail messages to the act of sending a single letter or engaging in a telephone conversation. Because the Web enables easy world-wide access, allowing computer interaction via the web to supply sufficient contacts to establish jurisdiction would eviscerate the personal jurisdiction requirement as it currently exists. See id. at *12.
151. See Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414 (9th Cir. 1997).
152. See Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1320 (9th Cir. 1998).
153. The term service mark means any word, name symbol, or device or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, to the programs, may advertise the goods of the sponsor. See 15 U.S.C.A. § 1127.
154. See Cybersell, 130 F.3d at 415. Cybersell.AZ filed suit alleging that Cybersell FL’s use of “Cybersell” on its web page gave rise to trademark infringement, unfair competition and fraud.
155. See id.
156. See id. at 420.
circuit reasoned that simply maintaining a web site, accessible to Arizona residents, did not qualify as "purposeful activity" invoking the benefits and protections of Arizona.\(^{157}\)

In striving to consistently apply personal jurisdiction to Internet disputes, the courts have required "something more" than mere maintenance of a web site to indicate that the defendant purposefully directed his activity in a substantial way to the forum state.\(^{158}\)

IV. NINTH CIRCUIT'S ANALYSIS IN PANAVISION

Within this historical context, the Ninth Circuit considered whether the district court's exercise of personal jurisdiction over Toeppen satisfied the requirements of Due Process.\(^{159}\) The court began its analysis with California's long-arm statute which permits a court to exercise personal jurisdiction over a defendant to the extent permitted by the Due Process Clause of the United States Constitution.\(^{160}\)

The court next noted that personal jurisdiction may be based on either general or specific jurisdiction.\(^{161}\) The Ninth Circuit agreed with the district court's conclusion that the California court lacked general jurisdiction over Toeppen. Therefore, the Ninth Circuit applied the three-part test to determine whether the district court had properly exercised specific per-

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157. *See id.* at 419. The court explained:
   All that the Florida company did was post an essentially passive home page on the web, using the name 'Cybersell,' which the Arizona company was in the process of registering as a federal service mark. While there is no question that anyone, anywhere could access that home page and thereby learn about the services offered, we cannot see how from that fact alone it can be inferred that the Florida company deliberately directed its merchandising efforts toward Arizona residents.

158. *See id.* at 418. The Ninth Circuit concluded that "no court has ever held before that an Internet advertisement alone is sufficient to subject a party to jurisdiction in another state." *Id.*

159. *See Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1320 (9th Cir. 1998).

160. *CAL. CIV. PROC. CODE § 410.10* (West 1997) ("Section 410.10 permits California courts to exercise judicial jurisdiction on any basis not inconsistent with the state or federal constitutions").

161. *See Panavision II*, 141 F.3d at 1320.
This three-part test includes:

(1) the nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out of or results from the defendant's forum-related activities; and (3) exercise of jurisdiction must be reasonable.

In its analysis of the personal availment requirement of specific jurisdiction, the Ninth Circuit reviewed precedent from other circuits to determine how to exercise personal jurisdiction in cyberspace.

The Ninth Circuit adopted the district court's reasoning that Toeppen aimed his allegedly infringing acts at Panavision to cause Panavision harm in California, its principal place of business. Therefore, the Ninth Circuit concluded that the district court's exercise of personal jurisdiction was proper because Toeppen's out of state activities were intended to, and did, have harmful effects in California.

162. See id.
163. See id.
164. See id. See also Cybersell, 130 F.3d at 419-20. Having recently discussed the personal availment aspect of personal jurisdiction in a case involving the Internet, the Ninth Circuit relied on its precedent in Cybersell. See id. In reaching a decision in Cybersell, the Ninth Circuit reviewed cases from other circuits regarding how personal jurisdiction should be exercised in cyberspace. See id. at 418; CompuServe v. Patterson, 89 F.3d 1257 (6th Cir. 1996).
165. See Panavision II, 141 F.3d at 1322. The court noted: Toeppen knew Panavision would likely suffer harm there because, although at all relevant times Panavision was a Delaware limited partnership, its principal place of business was in California, and the heart of the theatrical motion picture and television industry is located there.
166. See id. at 1321. The Ninth Circuit analogizes the harm to Panavision as similar to the harm to the Indianapolis Colts football team in Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd. Partnership, 34 F.3d 410 (7th Cir. 1994). There, the Indianapolis Colts brought a trademark infringement action in the district court in Indiana against the Canadian Football League's new team, the Baltimore CFL Colts. The Seventh Circuit held that the Baltimore CFL Colts team was subject to
The Ninth Circuit admitted "at the very least, this action is more akin to a tort claim than a contract claim."167 Therefore, the Ninth Circuit stated that a tort analysis provided the proper analytical framework.168 By characterizing the infringement activities as a tort aimed at California, the court established that a California court had personal jurisdiction over the defendant under the Calder effects test.169 Although Toeppen's web site was merely passive, as was King's web site in Bensusan, the Ninth Circuit distinguished Toeppen's conduct from King's activities on the basis that King's web site was for a lawful business not directed at any particular forum.170 According to the court, Toeppen, on the other hand, was a "cybersquatter," aiming his scam at Panavision in California.171

personal jurisdiction in Indiana even though its only activity directed toward Indiana was the broadcast of its games on nationwide cable television. Because the Indianapolis Colts used their trademarks in Indiana, any infringement of those marks would create an injury which would be felt mainly in Indiana, and this, coupled with the defendant's "entry" into the state by the television broadcasts, was sufficient for the exercise of personal jurisdiction. Id.

167. See Panavision I, 938 F. Supp at 621. The district court cites Ziegler, 64 F.3d at 474, which holds that a 42 U.S.C.A. § 1983 claim is more akin to a tort claim than a contract claim and used the effects test to analyze the purposeful availment prong of the jurisdiction test. (citing Ziegler, 64 F.3d at 474. Holding that a 42 U.S.C.A. § 1983 claim [for deprivation of a constitutional right] is more akin to a tort claim than a contract claim and using the effects test to analyze the purposeful availment prong of the jurisdiction test.).

168. See id.

169. See id. In a tort setting, Calder established that personal jurisdiction may be predicated on (1) intentional actions (2) expressly aimed at the forum state (3) causing harm, the brunt of which is suffered and which the defendant knows is likely to be suffered in the forum state. Toeppen allegedly registered Panavision's trademarks as domain names with the knowledge that the names belonged to Panavision with the intent to interfere with Panavision's business. Toeppen expressly aimed his conduct at California. Finally, Toeppen has harmed Panavision, the brunt of which Panavision has borne in California, which Toeppen likely knew would happen because Panavision's principal place of business is in California. The court concluded that Toeppen did not engage in "untargeted negligence" but has "expressly aimed" his tortious activities at California. Id.


171. See id. The district court concluded that Toeppen was not conducting a business, but instead running a scam directed specifically at Panavision in California.
A. GENERAL JURISDICTION

Toeppen is domiciled in Illinois. The Ninth Circuit upheld the district court's ruling that Toeppen's activities in California were not substantial nor continuous and systematic. Pointing out that courts have uniformly rejected Internet activity as a basis for general personal jurisdiction when there is a lack of systematic or continuous and substantial activities within the forum state, the Ninth Circuit affirmed the decision that exercising general jurisdiction over Toeppen in California was not proper.

B. SPECIFIC JURISDICTION

The Ninth Circuit next applied the three-part test to determine whether the district court properly exercised specific jurisdiction over Toeppen. First, Toeppen had to have completed “some act or consummate[d] some transaction with the forum or perform[ed] some act by which he purposefully avail[ed] himself of the privilege of conducting activities in the forum state, thereby invoking the benefits and privileges of its laws.” Second, Panavision's claim “must arise out of or result from Toeppen's forum-related activity.” Third, the court's “exercise of jurisdiction must be reasonable.”

Purposeful availment can be satisfied if the defendant takes deliberate action toward the forum state. Finding that Toeppen knew Panavision would likely suffer harm in California, the Ninth Circuit upheld the district court's finding that Toeppen's conduct was deliberate and was akin to an intentional tort.

172. See Panavision I, 938 F.Supp at 620. The district court found that Toeppen was in California only twice in 1996.
173. See Panavision II, 141 F.3d at 1320.
174. See id.
175. Id.
176. See id.
177. See id.
178. See Panavision II, 141 F.3d at 1320
179. See id. at 1321. The district court stated that:
Therefore, the Ninth Circuit concluded that Panavision’s claims arose out of Toeppen’s California related conduct. The court concluded that, “but for” Toeppen’s conduct directed toward Panavision in California, Panavision would not have been injured and the suit would not have been brought. Thus, Toeppen had purposefully availed himself of the privileges of the state of California.

The Ninth Circuit placed the burden on Toeppen to establish that other considerations rendered jurisdiction unreasonable since he had purposefully directed his activities at California. The court examined the seven factors established in Burger King to conclude the exercise of personal jurisdiction was reasonable.

Panavision’s allegations may be summarized as follows: Panavision and Panaflex are valuable trademarks associated with Panavision’s business. A domain name is the primary way businesses are located on the Internet. The registration of its trademarks as domain names is valuable to Panavision because it allows Internet users who are familiar with the trademarks to easily search the Internet, locate Panavision’s web site, and review any information that Panavision has posted. Toeppen identified Panavision as a business whose trademarks were not registered as domain names. Toeppen then registered Panavision’s trademarks as his own domain names. Toeppen registered Panavision’s trademarks because he believed that Panavision would eventually decide to create its own web address using its trademarks, that Panavision would discover that Toeppen had previously registered the trademarks as domain names, and that Panavision would pay Toeppen to relinquish his domain registrations rather than incur the expense and delay inherent in suing him.

Panavision I, 938 F. Supp. at 621.

180. See Panavision II, 141 F.3d at 1322.

181. See id.

182. See id. See Core-Vent v. Nobel Industries, 11 F.3d 1482, 1487 (9th Cir. 1993) ("[W]here a defendant who purposefully has directed his activities at forum residents seeks to defeat jurisdiction, he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable").

183. See Panavision II, 141 F.3d at 1323. In Burger King, the Supreme Court established the following factors: (1) the extent of a defendant’s purposeful interjection, (2) the burden on the defendant in defending in the forum state, (3) the extent of conflict with the sovereignty of the defendant’s state, (4) the forum state’s interest in adjudicating the dispute, (5) the most judicial resolution of the controversy, (6) the importance of the forum state to the plaintiff’s interest in convenient and effective relief, and (7) the existence of an alternative forum.

Burger King v. Rudewicz, 471 U.S. 462, 476-77 (1985). Because of the inherent and necessary flexibility of the “fair play and substantial justice” standard, it is difficult to provide an exhaustive list of possible factors affecting a court’s determination of fairness in a personal jurisdiction dispute. A fairly complete list of factors recurrently
First, the Ninth Circuit considered the extent of Toeppen’s purposeful interjection. As a result of aiming his acts at Panavision in California, and knowing that it would likely injure Panavision in California, in addition to demanding $13,000 to release his registration of “Panavision.com,” the Ninth Circuit concluded that Toeppen sufficiently interjected his activities into California.

Second, the Ninth Circuit considered the burden that would be placed upon Toeppen if he had to defend against Panavision’s claims in California. The inconvenience to Toeppen must amount to a deprivation of due process in order to overcome the court’s decision to exercise jurisdiction. The Ninth Circuit affirmed and restated the district court’s ruling that “in this era of fax machines and discount air travel,” requiring Toeppen to litigate in California was not unreasonable.

Third, the Ninth Circuit considered the extent to which the district court’s exercise of jurisdiction in California would conflict with the sovereignty of Illinois, Toeppen’s state of domicile. The Ninth Circuit concluded that a sovereignty conflict is not of concern in this case because the federal analysis would be the same in either California or Illinois.


184. See Panavision II, 141 F.3d at 1323.
185. See id.
186. See id.
187. See id at 1323. The Ninth Circuit decided that the burden on Toeppen as an individual living in Illinois to litigate in California was significant. However, the inconvenience was not so great as to deprive him of due process. See id. (citing Caruth v. Int’l Psychoanalytical Ass’n, 69 F.3d 126, 128-29 (9th Cir. 1995)).
188. See Panavision I, 938 F. Supp. at 822 (quoting Sher v. Johnson, 911 F.2d 1357, 1365 (9th Cir. 1990)).
189. See Panavision II, 141 F.3d at 1323 (citing Core-Vent, 11 F.3d at 1489).
190. See id.
Fourth, the Ninth Circuit considered the forum state's interest in adjudicating the dispute. California maintains a strong interest in providing an effective means of redress for its residents who are tortiously injured. Since Panavision's principal place of business is in California, the Ninth Circuit concluded that this factor weighed in Panavision's favor.

Fifth, the Ninth Circuit considered the most efficient judicial resolution of the controversy. The efficient resolution factor focuses on the location of the evidence and witnesses. The Ninth Circuit concluded again that the modern advances in communication and transportation render this factor of little weight. With the limited amount of evidence and few potential witnesses, this factor in this case was likely neutral.

Sixth, the Ninth Circuit considered the importance of the forum to Panavision's interest in convenient and effective relief. The Ninth Circuit gave little weight to Panavision's inconvenience if it had to go outside California to gain relief. The court determined that while it may be more costly and inconvenient for Panavision to seek relief in another state, this burden is relatively slight. Thus, this factor weighed slightly against the California district court exerting jurisdiction over Toeppen.

The allegations in support of Panavision's state law claim and those in support of its federal claim under the Trademark Dilution Act require the same analysis. The federal analysis would be the same in either Illinois or California. The exercise of jurisdiction by a federal court in California does not implicate sovereignty concerns of Illinois.

Id.

191. See id.
192. See id. (quoting Gordy v. Daily News, L.P., 95 F.3d 829, 836 (9th Cir. 1996)).
193. See Panavision II, 141 F.3d at 1323.
194. See id. (citing Caruth, 59 F.3d at 129).
195. See id. (citing Caruth, 59 F.3d at 129).
196. See Panavision II, 141 F.3d at 1323-24.
197. See id. at 1323. A plaintiff is entitled to convenient and effective relief. See id. at 1324 (citing Ziegler, 64 F.3d at 476).
198. See id.
199. See id. The Ninth Circuit refers to Ziegler, 64 F.3d at 476. (“The Ninth Circuit rules that while a California corporation would be inconvenienced by having to litigate in Florida, ‘neither the Supreme Court nor our court has given much weight to inconvenience to the plaintiff.’”)
200. See Panavision II, 141 F.3d at 1324.
Lastly, the Ninth Circuit considered the existence of an alternative forum. Illinois was an alternative forum that would not place an unreasonable burden on Panavision. Although the court found that it may be more costly and inconvenient for Panavision to litigate in Illinois, this was still not an unreasonable burden. Therefore, this factor weighed in favor of Toeppen.

In balancing the Burger King factors, the Ninth Circuit concluded that, even though some of the factors weighed in Toeppen's favor, he failed to present a compelling case that the district court's exercise of personal jurisdiction in California was unreasonable. In conclusion, the Ninth Circuit ruled that all of the requirements were satisfied for the district court to exercise specific, personal jurisdiction over Toeppen.

V. CRITIQUE

The Ninth Circuit concluded that the district court's exercise of personal jurisdiction over Toeppen was proper because Toeppen's out of state activities intentionally caused harmful effects in California. The court acknowledged, however, that simply registering another's trademark as a domain name and posting a web site on the Internet would be insufficient to subject a nonresident defendant to jurisdiction.

In Bensusan and Cybersell, the courts would not assert jurisdiction over the nonresident defendant in a trademark ac-

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201. See id. at 1323.
202. See id.
203. See id. at 1324.
204. See id.
205. See Panavision II, 141 F.3d at 1324. The Ninth Circuit ruled that the following factors weighed in Toeppen's favor: (1) convenient and effective relief for plaintiff, and (2) alternative forum.
206. See id.
207. See id.
208. See Panavision Int'l, L.P. v. Toeppen, 938 F. Supp. 616, 619 (C.D. Ca. 1996). By claiming Toeppen's activities were analogous to a tort aimed at California, the Panavision district court applied the Calder effects test to gain jurisdiction over him.
209. See Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 418 (9th Cir. 1997). See also Tefal, S.A. v. Products International Co., 529 F.2d at 496 (a cause of action for trademark infringement arises where the passing off occurs).
In contrast, however, the courts in Inset Systems, Maritz, and Panavision established personal jurisdiction over the nonresident defendants at the plaintiff's primary place of business based on contacts quite similar to Bensusan and Cybersell. These inconsistencies must be reconciled.

A. THE NINTH CIRCUIT IGNORED ITS HOLDING IN CYBERSELL

First, the Ninth Circuit's application of the Calder effects test, to establish personal jurisdiction, is in direct conflict with its previous decision in Cybersell. In Cybersell, the Ninth Circuit noted that the effects test cannot be applied with the same force to a corporation as it does to an individual. This is because a corporation generally cannot suffer harm in a particular geographic location, to the same extent as an individual does. In Panavision, however, the Ninth Circuit concluded that Toeppen's conduct was directed at California even though Panavision, an international corporation, was the victim of his acts. To say that Toeppen's conduct was felt in California and gave rise to personal jurisdiction over him there was not a proper result of the Calder effects test.

To rectify this apparent contradiction and justify exercising jurisdiction over Toeppen, the Ninth Circuit relied on its reasoning in Core-Vent, holding that Calder does not preclude a determination that a corporation suffers the brunt of harm in


212. See Bensusan, 937 F. Supp. at 301. In Cybersell, the Ninth Circuit held that Cybersell FL's contacts are insufficient to establish purposeful availment:

We decline to go further solely on the footing that Cybersell AZ has alleged trademark infringement over the Internet by Cybersell FL's use of the registered name 'Cybersell' on an essentially passive web page advertisement. Otherwise, every complaint arising out of alleged trademark infringement on the Internet would automatically result in personal jurisdiction wherever the plaintiff's principal place of business is located. That would not comport with traditional notions of what qualifies as purposeful activity invoking the benefits and protections of the forum state.

Cybersell, 130 F.3d at 4.

213. See Cybersell, 130 F.3d at 420 (citing Core-Vent Corp. v. Nobel Industries AB, 11 F.3d 1482, 1486 (9th Cir. 1993).
its principal place of business. However, the Ninth Circuit did not apply this analysis in *Cybersell* on the basis that *Cybersell* did nothing more than register the domain name and advertise over the Internet.

B. THE NINTH CIRCUIT PLACED INORDINATE WEIGHT ON THE EFFECTS TEST ANALYSIS

By exercising personal jurisdiction over Toeppen through the *Calder* effects test, the Ninth Circuit also placed itself in conflict with the Seventh Circuit's reasoning in *Wallace*. In that case, the Seventh Circuit found that *Calder* did not hold that "any plaintiff may hale any defendant into court in the plaintiff's home state, where the defendant has no contacts, merely by asserting that the defendant has committed an intentional tort against the plaintiff." The Seventh Circuit held that the effects test was not meant to be a substitution for minimum contacts; it was merely another way of assessing the defendant's relevant contacts with the forum state.

214. See *Panavision II*, 141 F.3d at 1322, n. 2 (citing Core-Vent, 11 F.3d at 1487). Other circuits have implicitly applied *Calder* in cases with corporate plaintiffs to determine where the brunt of the harm is felt. *See, e.g.,* First American First v. National Ass'n of Bank Women, 802 F.2d 1511, 1517 (4th Cir. 1986); Blue Ridge Bank v. Veri­banc, Inc., 755 F.2d 371 (4th Cir. 1985); Paccar Int'l, Inc. v. Commercial Bank of Kuwait, 757 F.2d 1058, 1064 (9th Cir. 1985).

215. See *Panavision II*, 141 F.3d at 1321. "In each case where personal jurisdiction was exercised, there had been 'something more' to indicate that the defendant purposefully directed his activity in a substantial way to the forum state. *Cybersell* had not done this."

216. See *Wallace v. Herron*, 778 F.2d 391, 394 (7th Cir. 1985). The plaintiff in *Wallace* argued that Ninth Circuit precedent in *Panavision* should be followed whereby the Ninth Circuit concluded that since Toeppen allegedly committed an intentional tort, he should reasonably anticipate being haled into court in California. However, the Seventh Circuit in *Wallace* concluded that the plaintiff's reliance on *Calder* was misplaced. *Id.*

217. See *id.*

218. See *id.* at 395. The court stated:

The defendant must still purposefully avail himself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws. The forum state cannot hale the defendant into court solely as a result of random, fortuitous or attenuated contacts. The key to *Calder* is that the effects of an alleged intentional tort are to be assessed as part of the analysis of the defendant's relevant contacts with the forum.

*Id.*
The Ninth Circuit, by affirming personal jurisdiction over Toeppen pursuant to the effects test, weakened the traditional minimum contacts analysis that required a defendant to purposefully avail himself of the benefits of the forum state. In *Panavision*, the Ninth Circuit in essence based jurisdiction solely on the district court's finding that Toeppen's conduct was akin to a tort. The effects test should, as the Seventh Circuit has held, be a part of the personal jurisdiction analysis, not the sole element.

C. Basing Personal Jurisdiction on the Fact That the Defendant is a Cybersquatter Creates a Slippery Slope

The Ninth Circuit's decision in *Panavision* rested heavily on the finding that Toeppen was a "cyber-squatter."219 This finding was based on the fact that Toeppen had registered many domain names, several of which consisted of registered trademarks, and that he asked for money when Panavision wanted to acquire the domain name.220 However, as a subsequent case, *K.C.P.L. v. Nash*,221 held that if a defendant registers a limited number of domain names, and the majority are not registered trademarks of others, the defendant is not a "cyber-pirate."222

Apparently, the definition of what actions rise to the level of a "cyber-squatter" becomes quite important because, under the Ninth Circuit's application of the *Calder* effects test, a defendant who commits an intentional tort is almost automatically subject to the jurisdiction of the court in a corporation's home state. Unfortunately, the Ninth Circuit did not create a clear definition in *Panavision*. Although Toeppen had a facially legitimate reason for the registration of the "panavision.com"

220. *See Panavision* II, 141 F.3d at 1319.
222. *See K.C.P.L. v. Nash*, 1998 WL 823657 at *8 (S.D.N.Y. 1998). While Toeppen did not demonstrate his domain name "Panavision.com" had any connection to a legitimate business, Nash did provide an affidavit the "reaction.com" was connected to his efforts to create a legitimate business. *See id.* Nash claims he invested "hundreds and hundreds of hours of labor" to create a web site in connection with his domain name "reaction.com" to create an information service. *Id.* at *2.
domain name, he was still subjected to having to defend himself in a far away state.\textsuperscript{223} The court's decision in \textit{Panavision} begs the question of when does a person register too many domain names so that he or she is subject to being haled into court wherever these domain names cause injury.\textsuperscript{224} Basing jurisdiction on such as unclear standard could subject innocent web site creators to unfairly having to defend themselves in far off fora, which in turn could stifle Internet creativity.

D. A DEFENDANT MUST PURPOSEFULLY AVAL HIMSELF OF CONDUCTING ACTIVITIES WITHIN THE FORUM STATE

Courts require a defendant to purposefully avail himself of the activities within the forum state to ensure that a defendant will not be haled into a jurisdiction solely as a result of the unilateral activity of another party or a third person.\textsuperscript{225} Again, the "something more" required to assert jurisdiction over a defendant is confused by the conflicting decision in \textit{Panavision}.

By simply responding to a contact initiated by an Internet user in California, Toeppen was neither advertising in the forum state nor evidencing an intent to serve a market in that state.\textsuperscript{226} Similarly, the fortuitous occurrence that Panavision's

\textsuperscript{223} \textit{Panavision} is also distinguishable from \textit{Intermatic} and \textit{American Standard}. Here, Toeppen does have a nexus between his web site and the "panavision.com" domain name. In both of the previous suits against Toeppen, he did not have a "legitimate" nexus between the domain names and his intended use of the domain name on the Internet. However, both the district court and the Ninth Circuit did not discuss Toeppen's web site that displays aerial views of Pana, Illinois. His web site may not have been created with the good faith intentions that Toeppen purports, but it is facially innocent purpose should be enough to prevent the district court from haling him into court in a far away state.

\textsuperscript{224} The \textit{K.C.P.L.} court also focuses in the fact that many of the domain names registered by Toeppen are famous marks. \textit{See K.C.P.L.}, 1998 WL 823657 at *8. Even though Nash demanded money in return for the rights to his domain names, the \textit{K.C.P.L.} court held that his actions were distinguishable from Toeppen's conduct because Toeppen registered famous marks, while Nash did not. \textit{See id.} Evidently a defendant may register "non-famous" trademarks and not be labeled as a "cyber pirate." The focus of the \textit{Calder} effects test is to analyze the defendant's intent; therefore, the magnitude of the defendant's conduct should be irrelevant.


\textsuperscript{226} \textit{See Resolution Trust Corp. v. First of America Bank}, 796 F. Supp 1333, 1336 (C.D. Cal. 1992); \textit{See also} \textit{Burger King}, 471 U.S. at 474 (jurisdiction over defendant cannot rely on plaintiff's unilateral actions).
primary place of business is located in California, without more, should not serve as the basis for making Toeppen answer in California. Furthermore, Panavision’s unilateral actions in contacting Toeppen, and trying to bring the domain name registration to California, does not constitute a basis for jurisdiction in that state.227

In addition, the foreseeability of causing injury in another state alone should not be a sufficient benchmark for exercising personal jurisdiction.228 Instead, a defendant must purposely avail himself of the privilege of conducting activities within the forum state.229 Regardless, absent evidence that Toeppen would or could have transferred the “panavision.com” domain name only to Panavision, the plaintiff has not shown that Toeppen likely knew the injury would occur in California, thus the effects test is inapplicable.230 The Ninth Circuit did not provide reasoning to establish the basis that Toeppen’s registration of the domain name was “aimed at the forum state.”231

227. See Hanson v. Denckla, 357 U.S. at 253. The Court stated:
The unilateral activity of those who claim some relationship with a nonresident defendant cannot satisfy the requirement of contact with the forum state. The application of this rule will vary with the quality and nature of the defendant’s activity, but it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws.

228. See Burger King, 471 U.S. at 474 (“Although it has been argued that foreseeability of causing injury in another state should be sufficient to establish such contacts there when policy considerations so require, the Court has consistently held that this kind of foreseeability is not a ‘sufficient benchmark’ for exercising personal jurisdiction”).

229. See id.

230. In trademark law, the same mark may be registered for several different classes of goods. For example, the “Delta” mark is registered to Delta Airlines and Delta Faucet Company for different classes of goods. An individual that registers the “Delta” mark as a domain name would not be able to foresee which company would bring suit to retain the domain name.

231. See Panavision Int’l, L.P. v. Toeppen, 938 F. Supp. at 621. The district court assumed the truth of Panavision’s allegations for purposes of deciding the summary judgment motion. Many Fortune 500 companies do not have domain names that identically match their trademark name. The list of Fortune 500 companies and their respective domain names can be found at http://www.glgc.com/f500.html.
It would be fundamentally unfair to hale a defendant into court in a state where he or she had no reason to foresee ever having to defend oneself there.

Recognizing that anyone could access the Florida Cybersell web site, the Cybersell court stated that it could not see how it could infer that the Cybersell (Florida corporation) purposefully directed its efforts towards Arizona.\(^\text{222}\) The court in Panavision could have drawn an equally reasonable inference that anyone in any state could access the site and, even if Toeppen was a cybersquatter, that Toeppen could have sold his registrations to anyone willing to acquire them.\(^\text{233}\) Toeppen was entitled to the inference that he could have held the name or transferred it to some entity other than Panavision.

VI. CONCLUSION

In Panavision, the Ninth Circuit, unfortunately, added to the confusing state of the law regarding personal jurisdiction in the Internet context. The court affirmed the exercise of personal jurisdiction over an out of state defendant who merely registered a domain name using a forum state corporation's

A list of several examples where the company name does not exactly match their trademark name is:

<table>
<thead>
<tr>
<th>Company</th>
<th>Domain Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors</td>
<td>gm.com</td>
</tr>
<tr>
<td>Philip Morris</td>
<td>pm.com</td>
</tr>
<tr>
<td>Proctor &amp; Gamble</td>
<td>pg.com</td>
</tr>
<tr>
<td>Hewlett-Packard</td>
<td>hp.com</td>
</tr>
<tr>
<td>United Technologies</td>
<td>utc.com</td>
</tr>
<tr>
<td>International Paper</td>
<td>ipaper.com</td>
</tr>
<tr>
<td>American Stores</td>
<td>amstr.com</td>
</tr>
<tr>
<td>Toys ‘R’ Us</td>
<td>tru.com</td>
</tr>
<tr>
<td>Bank of Boston Corp.</td>
<td>bkb.com</td>
</tr>
<tr>
<td>General Dynamics</td>
<td>gdeb.com</td>
</tr>
</tbody>
</table>

These Fortune 500 companies, such as Hewlett-Packard and General Motors, are presumably not "injured" or losing sales because potential customers can not find them on the Internet since their web site domain names are not identical with their corporate names.

222. See Cybersell, 130 F.3d at 419 ("While there is no question that anyone, anywhere could access that home page and thereby learn about the services offered, we cannot see how from that fact alone it can be inferred that Cybersell.FL deliberately directed its merchandising efforts toward Arizona residents").

233. For example, retail agents associated with the trademark owners, critics of the trademark owners or to others for whom the trademark might have some vanity value.
trademark. His use of this domain name had a facially reasonable purpose, yet the court found that the harmful effects caused by this act on a nationwide corporation, were such that this individual should be forced to defend himself several thousand miles from his home state.

This decision contradicted the Ninth Circuit’s own precedent; that the effects test has questionable weight when applied to corporations. It also went against the holdings of other circuits, which point out that the effects test should not be an end in itself, but rather only a means to further examine the traditional minimum contacts analysis.

In addition, basing personal jurisdiction on the defendant’s status as a cyber pirate cannot be acceptable since this status is not clearly defined. Such a distinction also has the potential to subject innocent website creators who inadvertently use trademarked words as domain names to defending themselves in far off forums.

Finally, the Ninth Circuit’s decision goes against many decisions that found that merely putting an item into the stream of commerce was not sufficient to create personal jurisdiction. In the Cyberworld of the Internet, creating potentially universal personal jurisdiction in any forum for those who create web sites, and who provide the information that feeds the “Information Superhighway,” could have a chilling effect on Internet creativity and utility. Free exchange of information requires that people feel free to participate without having to defend their actions in far off places. The Ninth Circuit’s decision in Panavision could have an unintended effect of limiting Internet discussion to those voices holding registered trademarks, at the expense of losing the input of innovative individuals who cannot afford to travel thousands of miles to defend themselves.

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