

Intentional Infringement of Copyright with Knowledge of Copyright Owner's Forum Supports Claim of Personal Jurisdiction

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The U.S. Court of Appeals for the Ninth Circuit, reversing a district court decision, held that an Arkansas retail company was subject to personal jurisdiction in Washington even though the only contact with that state was a claim of willful infringement of a copyright held by a Washington corporation. *Washington Shoe Company v. A-Z Sporting Goods, Inc.*, Case Nos. 11-35166, 11-35206 (9th Cir., Dec. 17, 2012) (Bybee, J.).

Plaintiff Washington Shoe, a Washington corporation that manufactures footwear, became aware that its customer, retailer A-Z Sporting Goods, offered for sale certain boots that infringed the designs of those manufactured by Washington Shoe. After receiving multiple cease-and-desist letters from Washington Shoe, A-Z removed the allegedly infringing boots (which it purchased from China) from its store and sold off the remaining inventory to a thrift store. Washington Shoe brought suit in federal court in Washington State for copyright infringement, among other claims. A-Z moved to dismiss the case for lack of personal jurisdiction and the district court granted A-Z's motion. Washington Shoe appealed.

The issue on appeal was whether non-resident defendant, A-Z, satisfied the first prong of the minimum contacts test, namely, whether it purposefully availed itself of the benefits and protections of the state of Washington or whether it purposefully directed its activities at the state of Washington. The 9th Circuit applied the "purposeful direction" or "effects" test from the 1989 U.S. Supreme Court case of *Calder v. Jones*, which allows courts to exercise personal jurisdiction over a defendant that engages in an intentional act, aimed at the forum state that causes harm in the forum state.

Considering these elements in connection with Washington Shoe's willful copyright infringement claim, the 9th Circuit concluded that A-Z committed an "intentional act" within the meaning of *Calder* by purchasing the allegedly infringing boots from China, selling the boots at the same store where A-Z sold Washington Shoe footwear and selling off its inventory of boots to a thrift store despite receiving Washington Shoe's cease-and-desist letters. Second, the 9th Circuit reasoned that A-Z's actions were aimed at the forum state because A-Z knew that its intentional acts would impact Washington Shoe's copyright by virtue of the cease and desist letters it had received and A-Z knew, or should have known, that Washington Shoe is a Washington company. Finally, the Court held that economic harm to the forum state was foreseeable because it is the principal place of

business of the copyright holder.

Based on the foregoing, the 9th Circuit held that the district court erred in dismissing the action based on lack of personal jurisdiction; it reversed and remanded.

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