

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DESKTOP TECHNOLOGIES, INC.,	:	
a Pennsylvania Corporation,	:	
	:	CIVIL ACTION
Plaintiff,	:	
	:	NO. 98-5029
v.	:	
	:	
COLORWORKS REPRODUCTION &	:	
DESIGN, INC., a Canadian Company,	:	
	:	
Defendant.	:	

MEMORANDUM

Buckwalter, J.

February 24, 1999

Plaintiff Desktop Technologies, Inc. filed a two count complaint against Defendant Colorworks Reproduction & Design, Inc. alleging trademark infringement under the Lanham Act, 15 U.S.C. §§ 1051-1127, and state law unfair competition. Defendant has moved to dismiss for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2). For the reasons discussed below, Defendant's motion is **GRANTED**.

I. BACKGROUND

Plaintiff is a corporation organized under the laws of Pennsylvania with its principal place of business in Boyertown, Pennsylvania. See Compl. ¶ 4. Defendant is a corporation organized under the laws of Canada with its principal place of business in Vancouver, British Columbia. See id. ¶ 5. Defendant contends, and Plaintiff does not contest, that its business is carried out exclusively in the British Columbia lower mainland and that Defendant has not transacted any business, provided any services, contracted to provide any

services, earned any income, or entered into any contracts in Pennsylvania. See Benton Aff. ¶ 4 (attached to Def.'s Mem.).

The general nature of the parties' businesses are the same: both companies prepare and print color reproductions. See Compl. ¶ 6. Plaintiff is the owner of a U.S. trademark, COLORWORKS, which was registered in the United States on June 4, 1996. See Compl. ¶ 8. Defendant is the owner of the trademark, "ColorWorks," which was registered in Canada on March 25, 1997. See id. ¶ 9; see also Benton Aff. ¶ 9.

Since August 21, 1995, Defendant has operated a web site on the Internet with the domain name of "colorworks.com."¹ See Benton Aff. ¶ 9. Defendant's web site is accessible to all Internet users, including those in Pennsylvania at <http://www.colorworks.com>. See Pl.'s Mem. (Exhibit B thereto). In its complaint, Plaintiff alleges that Defendant's use of the word "ColorWorks" as its domain name on the Internet infringes Plaintiff's trademark rights and enables Defendant to compete unfairly with Plaintiff in the United States. See Compl. ¶¶ 10, 20.

Defendant's web site contains information about the company, advertisements about the company, and employment opportunities at the company. See Pl.'s Mem. (Exhibit B thereto). The site specifically states that it services clients in British Columbia, Alberta, and Yukon. It lists its local telephone and facsimile numbers, and provides an order form and instructions for entering orders. The site also allows a reader to send a message via e-mail and to exchange files via Internet File Transfer Protocol ("FTP"). However, the site indicates that Defendant does not conduct sales, accept orders, or receive payments through its web site. The

¹ Defendant has registered this domain name with Internet Solutions, Inc. Once a domain is registered to one user, it may not be used by another.

site also indicates that receiving a file via Internet FTP or an e-mail is not a sales transaction and does not constitute placing an order. To place an order, a reader can print up a copy of the fax order form, complete the form, and fax it to Defendant. Notably, the order form cannot be completed on-line. See id.

II. STANDARD OF REVIEW

When a defendant raises the defense of the court's lack of personal jurisdiction, the burden falls upon the plaintiff to come forward with sufficient facts to establish that jurisdiction is proper. See Mellon Bank (East) PSFS, N.A. v. Farino, 960 F.2d 1217, 1223 (3d Cir.). The plaintiff meets this burden by making a prima facie showing of "sufficient contacts between the defendant and the forum state." Id. (citing Provident Nat. Bank v. California Fed. Sav. & Loan Ass'n., 819 F.2d 434 (3d Cir. 1987)).

III. DISCUSSION

Under Federal Rule of Civil Procedure 4(e), this Court may exercise personal jurisdiction over non-resident defendants to the extent permitted by Pennsylvania's long-arm statute. Pennsylvania exercises jurisdiction over non-residents to the fullest extent allowed under the Due Process Clause of the Fourteenth Amendment of the Constitution. See 42 Pa. Cons. Stat. Ann. § 5322(b). The constitutional limitations on the exercise of personal jurisdiction differ depending upon whether a court seeks to exercise general or specific jurisdiction over a non-resident defendant. See Mellon, 960 F.2d at 1221. General jurisdiction permits a court to exercise personal jurisdiction over a non-resident for non-forum related activities when the defendant has engaged in "systematic and continuous" activities in the forum state. See Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 414-16 (1984). In the absence

of general jurisdiction, specific jurisdiction permits a court to exercise personal jurisdiction over a non-resident defendant for forum-related activities where the “relationship between the defendant and the forum falls within the ‘minimum contacts’ framework” of International Shoe Co. v. Washington, 326 U.S. 310 (1945), and its progeny. Mellon, 960 F.2d at 1221.

I. General Jurisdiction

Under Pennsylvania’s long-arm statute, its courts have general jurisdiction over a foreign corporation if the corporation conducts “a continuous and systematic part of its general business within this Commonwealth.” 42 Pa. Cons. Stat. Ann. § 5301(a)(2)(iii) (West 1981 & Rev. Supp. 1998). Reading this statutory provision in conjunction with the Fourteenth Amendment’s due process requirements, it is clear that this Court may only exercise jurisdiction over Defendant if it has “certain minimum contacts with [Pennsylvania] such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’” International Shoe Co., 326 U.S. at 316. Defendant’s contacts with Pennsylvania must suggest that it could “reasonably anticipate being haled into court” here. World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297 (1980). The “continuous and systematic” test is rigorous, and is “not an easy one to meet.” Surgical Laser Tech., Inc. v. C.R. Bard, Inc., 921 F. Supp. 281, 284 (E.D. Pa. 1996). To meet its burden of demonstrating general personal jurisdiction, Plaintiff must prove that Defendant’s Pennsylvania contacts are more than “minimal;” those contacts must be “extensive and persuasive.” Reliance Steel Prod. Co. v. Watson, Ess, Marshall & Enggas, 675 F.2d 587, 589 (3d Cir. 1982).

In analyzing a defendant’s contacts through the use of the Internet, the probability that personal jurisdiction may be constitutionally exercised is “directly proportionate to the

nature and quality of commercial activity that an entity conducts over the Internet.” Grutkowski v. Steamboat Lake Guides & Outfitters, Inc., No. CIV.A. 98-1453, 1998 WL 962042, at *3 (E.D. Pa. Dec. 28, 1998) (quoting Blackburn v. Walker Oriental Rug Galleries, Inc., 999 F. Supp. 636, 638 (E.D. Pa. 1998)). Courts have established three categories of Internet contacts, each with its own standards governing the propriety of personal jurisdiction based on those contacts. See Blackburn, 999 F. Supp. at 639. As explained in Blackburn:

The first type of contact is when the defendant clearly does business over the Internet. If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper. The second type of contact occurs when a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Website. The third type of contact involves the posting of information or advertisements on an Internet Web Site which is accessible to users in foreign jurisdictions. Personal jurisdiction is not exercised for this type of contact because a finding of jurisdiction ... based on an Internet web site would mean that there would be nationwide (indeed worldwide) personal jurisdiction over anyone and everyone who establishes an Internet web site. Such nationwide jurisdiction is not consistent with personal jurisdiction case law.

Id. (citations and quotations omitted).

The nature of Defendant’s contacts with this District falls into the third category, which consists of a passive web site. Defendant’s web site contains information describing the various services it offers, and contains several pages of advertisements and employment opportunities at Colorworks. Thus, the interactivity of Defendant’s web site is plainly limited to exchanging files with Defendant via Internet FTP or e-mail. The web site also indicates that receiving a file via Internet FTP or e-mail does not constitute an order or sale; the site does not permit a reader to place an order over the Internet and thus, does not permit Defendant to

“transact business” over the Internet. See Grutkowski, 1998 WL 962042, at *4. Instead, the site specifically directs the reader to print out a copy of the fax order form provided and to fax it into Defendant to place an order. Defendant will not begin working on the order until it has verified the order by telephone.

Defendant’s web site is tantamount to a passive advertisement. Though commercial in nature, Plaintiff has failed to establish that Defendant has maintained either systematic or continuous contacts necessary to establish general personal jurisdiction. The Internet FTP and the e-mail links are the only interactive elements of these pages. The Internet FTP is merely a system which allows a user to transfer a file to Defendant via the Internet. The e-mail links are, as stated by the court in Grutkowski, “the electronic equivalents of advertisements’ response cards” and are insufficient to make these pages more than advertisements. 1998 WL 962042, at *5 (holding that an e-mail link was insufficient to establish personal jurisdiction). Because advertising on the Internet is similar to advertising in national publications, and advertising in national publications is not a basis for asserting personal jurisdiction, see Gehling v. St. George’s School of Medicine 773 F.2d 539, 542 (3d Cir. 1985), this Court finds that Defendant’s Internet advertisements do not subject Defendant to general personal jurisdiction in Pennsylvania, see Grutkowski, 1998 WL 962042, at *5 (citing Weber v. Jolly Hotels, 977 F. Supp. 327, 333 (D.N.J. 1997)).

II. Specific Jurisdiction

As there is no general personal jurisdiction over Defendant under the facts of this case, if personal jurisdiction exists, it must be specific. “Specific jurisdiction is invoked when the cause of action arises from the defendant’s forum related activities . . . ‘such that the

defendant should reasonably anticipate being haled into court there.” Verotex Certainteed Corp. v. Consolidated Fiber Glass Prods. Co., 75 F.3d 147, 151 (3d Cir. 1996) (citations omitted). To establish specific jurisdiction, “the plaintiff must show that the defendant has constitutionally sufficient ‘minimum contacts’ with the forum.” IMO Industries, Inc. v. Kiekert AG, 155 F.3d 254, 259 (3d Cir. 1998). In applying the minimum contacts standard, it is clear that a “defendant will not be haled into a jurisdiction solely as a result of ‘random,’ fortuitous,’ or ‘attenuated’ contacts.” Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985). Rather, the plaintiff must establish that the defendant “purposefully availed itself” of the privilege of conducting activities within the forum. Hanson v. Denckla, 357 U.S. 235, 253 (1958).

The likelihood that personal jurisdiction can be constitutionally exercised is directly proportionate to the nature and quality of commercial activity that an entity conducts over the Internet. See Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 (W.D. Pa. 1997). This sliding scale approach is similar to the approach used to determine whether general jurisdiction can be exercised. At one end of the spectrum are situations where a defendant clearly does business over the Internet. If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper. See id. At the opposite end are situations where a defendant has simply posted information on a web site which is accessible to users in foreign jurisdictions. Thus, “[a] passive Web site that does little more than make information available to those who are interested in it is not grounds for the exercise [of] personal jurisdiction.” Id. The middle ground is occupied by interactive web sites where a user can exchange information with the host computer. See id. In these cases, the exercise of

jurisdiction is determined by examining the level of interactivity and the commercial nature of the exchange of information that occurs on the web site. See id.

Because the parties have agreed that Defendant's business is carried out exclusively in the British Columbia lower mainland, any claim that this Court has specific jurisdiction over Defendant must be based on the allegation that Defendant's domain name, colorworks.com, and its web site infringe Plaintiff's trademark in Pennsylvania and that Defendant's web site can be accessed in Pennsylvania. Upon review of recent cases that have addressed the issue of whether a forum can exercise specific jurisdiction over a non-resident defendant based upon a claim that the defendant's web site or domain name infringes the trademark rights of a resident plaintiff, a basic principal emerges:

[S]imply registering someone else's trademark as a domain name and posting a web site on the Internet is not sufficient to subject a party domiciled in one state to jurisdiction in another . . . [T]here must be "something more" to demonstrate that the defendant directed his activity towards the forum state.

Panavision Int'l, L.P. v. Toepfen, 141 F.3d 1316, 1322 (9th Cir. 1998) (citation omitted); accord Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 418 (9th Cir. 1997); CFO's 2 Go, Inc. v. CFO 2 Go, Inc., No. C. 97-4676, 1998 U.S. Dist. LEXIS 8886, at *8-9 (N.D. Cal. June 5, 1998); American Network, Inc. v. Access Am./Connect Atlanta, Inc., 975 F. Supp. 494, 498 (S.D.N.Y. 1997). Thus, publication of a page on the web, without more, is not an act by which a party purposefully avails itself of the privilege of conducting business in the forum state. See e.g., Cybersell, Inc., 130 F.3d at 418 (finding that the district court lacked jurisdiction over defendant despite the fact that the web site invited visitors to e-mail the defendant).

The level of interactivity in this case is insufficient to justify exercising specific personal jurisdiction over Defendant. Courts have repeatedly recognized that there must be “something more” than simply registering someone else’s trademark as a domain name and posting a web site on the Internet to demonstrate that the defendant directed its activity towards the forum state. See, e.g., Panavision Int’l., 141 F.3d at 1322. In Zippo Mfg. Co., the court characterized the litigation as a “doing business over the Internet case” and found that the defendant had “done more than advertise on the Internet in Pennsylvania.” 952 F. Supp. at 1125. The fact that defendant had sold passwords to approximately 3,000 subscribers in Pennsylvania and entered into seven contracts with Internet access providers to furnish its services to its customers in Pennsylvania constituted purposeful availment of doing business in Pennsylvania. See id. In the present case, which this Court characterizes as an Internet advertising case, Plaintiff has failed to prove that Defendant purposefully availed itself of the privilege of conducting business in Pennsylvania.

Defendant’s Internet presence and e-mail link are its only contacts with Pennsylvania. As established earlier, Defendant maintains the web site to advertise and post information about its services and employment opportunities. The web site does not exist for the purpose of entering into contracts with customers outside of Canada or for the purpose of attracting customers from Pennsylvania. Instead, its web site specifically states that it is servicing clients in British Columbia, Alberta and Yukon. Defendant has never entered into any contracts in Pennsylvania, made sales or earned income in Pennsylvania, or sent messages over the Internet to users in Pennsylvania. While visitors to the web site are able to exchange information over the web site via Internet FTP and e-mail, receiving a file through Internet FTP

or an e-mail does not constitute placing an order. Thus, while Defendant is exchanging information over the Internet, it is not doing business over the Internet with residents of Pennsylvania. Accordingly, this Court finds that Defendant's registration of "ColorWorks" as a domain name and posting a web site on the Internet are insufficient to subject Defendant to specific personal jurisdiction in Pennsylvania.

III. CONCLUSION

For the foregoing reasons, Defendant's motion pursuant to Federal Rule of Civil Procedure 12(b)(2) is **GRANTED**. An appropriate order follows.

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DESKTOP TECHNOLOGIES, INC.,	:	
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Plaintiff,	:	
	:	NO. 98-5029
v.	:	
	:	
COLORWORKS REPRODUCTION &	:	
DESIGN, INC., a Canadian Corporation	:	
	:	
Defendant.	:	

ORDER

AND NOW this 24th day of February, 1999, upon consideration of Defendant Colorworks Reproduction & Design, Inc.'s Motion to Dismiss for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2) (Docket No. 3), Plaintiff Desktop Technologies, Inc.'s Answer (Docket No. 5), and Defendant's Reply (Docket No. 6), it is hereby **ORDERED** that Defendant's motion is **GRANTED**.

BY THE COURT:

RONALD L. BUCKWALTER, J.