

No. 20-16214

**IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

AYLA, LLC,

Plaintiff-Appellant,

v.

ALYA SKIN PTY. LTD.,

Defendant-Appellee.

On Appeal from the United States District Court
for the Northern District of California
No. 4:19-cv-00679-HSG
Hon. Haywood S. Gilliam, Jr.

APPELLANT'S OPENING BRIEF

Gregory R. Smith (CA SBN 44038)
Bridget A. Smith (CA SBN 253548)
Jason C. Linger (CA SBN 323031)
Colette E. Woo (CA SBN 330213)
LOWENSTEIN & WEATHERWAX LLP
1880 Century Park East Suite 815
Los Angeles, CA 90067
(310) 307-4500

Attorneys for Appellant Ayla, LLC

CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1, counsel for Appellant Ayla, LLC certifies that Ayla, LLC does not have a parent corporation, and no publicly held corporation holds 10% or more of Ayla, LLC's stock.

Date: September 25, 2020

Respectfully submitted,

/s/ Gregory R. Smith

Gregory R. Smith

LOWENSTEIN & WEATHERWAX LLP

1880 Century Park East Suite 815

Los Angeles, CA 90067

(310) 307-4500

Attorney for Appellant Ayla, LLC

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JURISDICTIONAL STATEMENT

This is an appeal from an action for trademark infringement under 15 U.S.C. § 1114, trademark infringement and false designation of origin under 15 U.S.C. § 1125(a), unfair competition under California Business & Professions Code §§ 17200, *et seq.*, and California common law unfair competition. [Complaint ¶ 1, Excerpts of Record (“ER”) 121.]

The district court had subject matter jurisdiction as to the claims that relate to trademark infringement and false designation of origin pursuant to 15 U.S.C. §§ 1116 and 1121(a), and pursuant to 28 U.S.C. §§ 1331 and 1338, as these claims arise under the laws of the United States. The district court had supplemental jurisdiction with respect to claims arising under state statutory and common law pursuant to 28 U.S.C. §§ 1338(b) and 1367(a) because the state law claims are so related to the federal claims that they form part of the same case or controversy and derive from a common nucleus of operative facts. The district court had personal jurisdiction over defendant Alya Skin Pty. Ltd. pursuant to Federal Rule of Civil Procedure 4(k)(2).

On November 13, 2019, the district court entered its final order in favor of defendant Alya dismissing the action on the ground that plaintiff Ayla, LLC, had “not shown that Defendant [Alya] had sufficient contacts within California or the

United States” for the exercise of personal jurisdiction. [Order Granting Def.’s Mot. to Dismiss for Lack of Personal Jurisdiction, ER 1-11.]

Plaintiff Ayla timely noticed its appeal on December 12, 2019. This Court “exercise[s] jurisdiction over appeals from final decisions of the district court pursuant to 28 U.S.C. § 1291.” *Williams v. Yamaha Motor Co., Ltd.*, 851 F.3d 1015, 1020 (9th Cir. 2017).

STATEMENT OF THE ISSUE

Whether the district court for the Northern District of California erred in holding that it did not have personal jurisdiction over defendant Alya Skin Pty. Ltd., pursuant to Federal Rule of Civil Procedure 4(k)(2).

CONSTITUTIONAL AND REGULATORY AUTHORITIES

Pursuant to Ninth Circuit Rule 28-2.7, Appellant Ayla, LLC, hereby provides pertinent constitutional provisions and rules with appropriate citation.

Federal Rule of Civil Procedure 4(k)(2) provides:

Federal Claim Outside State-Court Jurisdiction. For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.

The Fifth Amendment to the United States Constitution provides, in relevant part:

No person shall ... be deprived of life, liberty, or property, without due process of law.

Pertinent statutes and treaties cited herein are set forth verbatim in the Addendum filed herewith.

STATEMENT OF THE CASE

Plaintiff Ayla, LLC (hereinafter “Ayla”), a Delaware limited liability company, is a San Francisco-based beauty brand. [Complaint ¶ 6, ER 122.] Ayla owns various U.S. trademark registrations for the mark AYLA®. [*Id.* ¶¶ 8-11, ER 123.] Defendant Alya Skin Pty. Ltd. (hereinafter “Alya”), an Australian proprietary limited company, is an Australia-based beauty brand. On February 6, 2019, plaintiff Ayla filed its complaint against defendant Alya, alleging that, since early 2018, Alya has wrongfully used the confusingly similar ALYA and ALYA SKIN marks in the labeling, advertising, marketing, promotion, and sale of Alya’s beauty products in the United States. [*Id.* ¶¶ 13-17, ER 124.] The complaint states claims for relief for trademark infringement under 15 U.S.C. § 1114, false designation of origin under 15 U.S.C. § 1125(a), unfair competition under California Business & Professions Code §§ 17200, *et seq.*, and for California common law unfair competition. [*Id.* ¶ 1, ER 121.] The complaint alleges that the district court has subject matter jurisdiction over the claims that relate to trademark infringement and false designation of origin pursuant to 15 U.S.C. §§ 1116 and/or 1121(a), and also pursuant to 28 U.S.C. §§ 1331 and 1338. The complaint alleges

that the district court has supplemental jurisdiction over the claims that arise under state statutory and common law pursuant to 28 U.S.C. §§ 1338(b) and 1367(a) because the state law claims are related to the federal claims and derive from common facts. [*Id.* ¶ 2, ER 121.] Plaintiff Ayla’s complaint sought to enjoin defendant Alya’s use of the ALYA and ALYA Skin marks as well as damages. [*Id.* “Prayer for Relief,” ER 130-32.]

On June 7, 2019, Alya filed a motion to dismiss for lack of personal jurisdiction, “either general or specific ... and that exercise of such jurisdiction would not be reasonable under the standards promulgated by the Ninth Circuit and the U.S. Supreme Court.” [Def.’s Notice of Mot. to Dismiss, ER 119.] Plaintiff Ayla, invoking both California’s long-arm statute and Federal Rule of Civil Procedure 4(k)(2), argued that Alya “is subject to personal jurisdiction in this Court due to the extent of its contacts with California and the U.S.” [Pl.’s Opp’n to Mot. to Dismiss at 5:16-17, ER 97 & 18:13-23:7, ER 99-104.]

The parties filed memoranda of points and authorities and declarations. Although defendant Alya objected to certain of the evidence presented by plaintiff Ayla [Def.’s Obj. and Resp. to Supp. Rosenbaum Decl., ER 18-19], none of those objections were ruled upon, and thus none were granted.

The district court held that it did not have personal jurisdiction under California’s long-arm statute because of insufficient contacts with the State of

California, and that its contacts were also insufficient to establish national jurisdiction under Rule 4(k)(2).¹ Accordingly, the court granted Alya's motion to dismiss for lack of personal jurisdiction. [Order Granting Def.'s Mot. to Dismiss, ER 5-11.]

Because the greater includes the lesser (the United States includes California), this appeal, without in any way conceding the correctness of the district court's ruling under California's long-arm statute, is premised solely on Rule 4(k)(2).

STATEMENT OF THE FACTS

Plaintiff Ayla, a Delaware limited liability company founded in 2011, is a San Francisco-based beauty brand and retail business devoted to health, wellness, and beauty products. It owns a website at aylabeauty.com that offers a large selection of specialized skin, body, and hair-care products, including Ayla's own AYLA® branded beauty products. Ayla also operates an Instagram account and a

¹ The district court, urging "cautious application" of Rule 4(k)(2), cited *Holland Am. Line Inc. v. Wärtsilä N. Am., Inc.*, 485 F.3d 450, 462 (9th Cir. 2007), for the proposition "that the Ninth Circuit has never countenanced jurisdiction under Rule 4(k)(2)." [Order Granting Def.'s Mot. to Dismiss at 10:13-17, ER 10.] The suggestion that the Ninth Circuit somehow disfavors Rule 4(k)(2), and rigorously avoids its application, is incorrect. This circuit has found jurisdiction under Rule 4(k)(2) as a matter of course where appropriate. *See, e.g., Hydentra HLP Int. Ltd. v. Sagan Ltd.*, 783 F. App'x. 663 (9th Cir. 2019); *Universal Music MBG NA, LLC v. Quantum Music Works, Inc.*, 769 F. App'x. 445 (9th Cir. 2019).

Facebook profile. In 2013, Ayla opened a retail store in San Francisco. Ayla owns by assignment U.S. Trademark Registration Nos. 5,033,091, 4,306,854, and 4,851,473 for the AYLA® Mark. [Complaint ¶¶ 6-12, ER 122-24.]

Defendant Alya is an Australian proprietary limited company with its principal place of business in Victoria, Australia. It advertises, promotes, and sells its skin care and beauty products in the United States and elsewhere under the marks ALYA and ALYA SKIN. Plaintiff Ayla alleges that the marks ALYA and ALYA SKIN are confusingly similar to the AYLA® Mark. [Complaint ¶¶ 7, 15, 17-19, ER 122, 124-26.]

Defendant Alya was founded in May 2018. [Def.'s Hachem Decl. ¶ 3, ER 106.] It sells its products online. [*Id.* ¶¶ 8-9, ER 107.] In its third week of operation it was already making more than \$50,000 in revenue *each week*. [Pl.'s Initial Rosenbaum Decl. ¶ 19, ER 49 & Ex. 17, ER 77.] By August 2018, having been in business less than four months, it had made \$1 million in revenues. [*Id.* ¶¶ 18, 21, ER 48-49 & Exs. 16, 19, ER 72, 82.] By June 2019, having been in business 14 months, it had grossed \$7 million in revenue. [*Id.* ¶¶ 17, 19, ER 48-49 & Exs. 17, 18, ER 75, 79.] Alya admits that about ten percent of its total sales are

made to Americans in America. [Def.’s Hachem Decl. ¶ 10, ER 107.] Ten percent of \$7 million would be about \$700,000.²

Defendant Alya’s only worldwide distribution center, operated by a third party with which it has contracted, is located in Idaho. [Def.’s Barbas Decl. ¶ 21, ER 35.] It uses this American distribution center for shipments to all of its American buyers in America, as well as “to fulfill all of its shipments outside of Australia and New Zealand.” [*Id.*] It has even used this distribution center for shipments back to Australia, because “it [has] presented a significantly cheaper fulfilment option than available locally.” [*Id.*] It uses the Idaho distribution center to “save costs.” [*Id.*] Alya’s products obviously must be shipped by Alya to the Idaho center, then shipped from that center for worldwide distribution, including to Americans. Product returns are also made to the Idaho center. [Pl.’s Macare Decl. ¶ 11, ER 85 & Ex. 5, ER 92.]

Defendant Alya sells its products online, in America and elsewhere, via its website [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 57], its Instagram page [Pl.’s Supp. Rosenbaum Decl. ¶ 5, ER 22-23 & Ex. 3, ER 26], its Facebook

² Mr. Hachem, in his declaration cited in the text, declares that “less than 10% of its [Alya’s] sales have been to the United States.” We use the term “Americans” to encompass this category, without regard to whether the sales are made to American citizens or residents, as no such information is available. We also note that, taken in context, “less than 10%” means close to or approximately 10%. Defendant Alya submitted no evidence to suggest otherwise.

page [Pl.’s Initial Rosenbaum Decl. ¶ 5, ER 47 & Ex. 3, ER 63-64], and through Amazon [Pl.’s Macare Decl. ¶ 17, ER 86-87]. On its Instagram page, Alya emphasizes in the largest print on the page “**ATTENTION** USA BABES WE NOW ACCEPT afterpay” and “Attention USA US Babes! Shop now, pay later in 4 interest free instalments using Afterpay!” [Pl.’s Supp. Rosenbaum Decl. ¶ 6, ER 23 & Ex. 4, ER 28 (capitalization, bolding, and italics in original).] The Instagram page also states that “Afterpay available in AU US NZ GB.” [*Id.* ¶ 5, ER 22-23 & Ex. 3, ER 26.]³ Alya emphasizes on its website that “Shipping is FREE and TRACKED,” “We use USPS and DHL to deliver our parcels to USA,” “Shipping within USA takes between 2-4 days,” and “Shipping outside of USA, AUS and NZ takes between 5-10 business days.” [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 57 (capitalization in original).] On its Facebook page, it has promoted “**BLACK FRIDAY SALE**” in large black print [*id.* ¶ 5, ER 47 & Ex. 3, ER 63 (capitalization and bolding in original)] with a “SHOP NOW” image [*id.* ¶ 5, ER 47 & Ex. 3, ER 64 (capitalization in original)]. “Black Friday” denotes the Friday after the American Thanksgiving holiday and is a major shopping day in America. “Black Friday sales and advertisements primarily target U.S. consumers.” [Pl.’s Kennedy Decl. ¶ 4, ER 94.]

³ Wherever the site says “Shop now,” that means click here to purchase.

Alya’s website is interactive. It not only asks the buyer to “shop now” [*e.g.*, Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 52], but also asks for the buyer’s email address in order to “sign up” [*id.* ¶ 3, ER 47 & Ex. 1, ER 58] and “keep in touch” so the buyer will “[g]et access to exclusive deals [and] new product launches” [*id.* ¶ 3, ER 47 & Ex. 1, ER 56]. When an order is placed on Alya’s website, a confirmation is sent by support@alyaskin.com. [Pl.’s Macare Decl. ¶ 2, ER 84 & Ex. 4, ER 89.] Alya’s Facebook page similarly has a place to click to “Shop here.” [Pl.’s Initial Rosenbaum Decl. ¶ 5, ER 47 & Ex. 3, ER 64.] Alya’s Facebook page also allows its customers to “Like,” “Comment,” and “Share” on Alya’s posts. [*Id.* ¶ 5, ER 47 & Ex. 3, ER 63.]

In addition, Alya petitioned for, and obtained, product safety certification from the United States Food and Drug Administration (hereinafter “FDA”) [Def.’s Reply Mem. at 4:19-22, ER 40; Pl.’s Initial Rosenbaum Decl. ¶ 18, ER 48 & Ex. 16, ER 73.] Its products have been featured in American magazines such as Vogue and Teen Vogue. [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 54-55.] Alya even filed an application for an American trademark. [*Id.* ¶ 2, ER 47 & Ex. 2, ER 60-61.]

SUMMARY OF THE ARGUMENT

Plaintiff Ayla’s basis for asserting personal jurisdiction over defendant Alya is Federal Rule of Civil Procedure 4(k)(2).

Rule 4(k)(2) has three requirements: (1) the claim must arise under federal law; (2) the defendant must not be subject to the personal jurisdiction of any of the 50 states; and (3) the federal court's exercise of personal jurisdiction must comport with due process.

Due process requires that the defendant have certain minimum contacts with the forum—America—such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.

For a court to exercise personal jurisdiction over a nonresident defendant consistent with due process, that defendant must have “certain minimum contacts” with the relevant forum “such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.”

CollegeSource, Inc. v. AcademyOne, Inc., 653 F.3d 1066, 1073-74 (9th Cir. 2011) (quoting *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)).

The Ninth Circuit has established a three-prong test for analyzing a claim of specific personal jurisdiction: (1) the claim must arise out of or relate to the defendant's forum activities; (2) the defendant's activities must represent a purposeful availment of the privilege of conducting activities in the forum, thus invoking the benefits and protections of the forum's laws; and (3) the exercise of jurisdiction must be reasonable. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004); *see also Glencore Grain Rotterdam B.V. v. Shivnath Rai Harnarain Co.*, 284 F.3d 1114, 1123 (9th Cir. 2002). The plaintiff has the

burden of establishing the first two prongs. When that has been accomplished, the defendant has the “heavy burden” of making a “compelling” showing that the exercise of jurisdiction would be unreasonable. *Ballard v. Savage*, 65 F.3d 1495, 1500 (9th Cir. 1995) (citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477 (1985)).

In determining that final prong, whether exercising jurisdiction would be unreasonable, the Ninth Circuit considers and weighs the seven so-called *Burger King* factors: (1) the extent of the defendant’s purposeful injection into the forum state’s affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of the conflict with the sovereignty of the defendant’s state; (4) the forum state’s interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff’s interest in convenient and effective relief; and (7) the existence of an alternative forum. *Burger King*, 471 U.S. at 476-77; *CollegeSource*, 653 F.3d at 1079 (citing *Dole Food Co., Inc. v. Watts*, 303 F.3d 1104, 1114 (9th Cir. 2002)); *see also Taubler v. Giraud*, 655 F.2d 991, 994 (9th Cir. 1981).

Of the three requirements of Rule 4(k)(2), defendant Alya has disputed only its third element, that is, the requirement of due process. The resolution of this disputed element requires application of the Ninth Circuit’s three-pronged inquiry described above. Alya has also disputed each of the seven *Burger King* factors,

which are the factors the Ninth Circuit weighs in determining whether the exercise of jurisdiction is reasonable (the third prong of the Ninth Circuit's minimum contacts inquiry).

In the pages that follow, we will demonstrate that each of the required elements for specific personal jurisdiction has been met.

Defendant Alya has purposefully availed itself of the privilege of conducting activities in the United States, plaintiff Ayla's claims for trademark infringement arise out of and result from Alya's USA-related activities, and the exercise of jurisdiction in an American court is reasonable.

Alya makes approximately ten percent of its sales to Americans in America; those sales all infringe plaintiff Ayla's trademark. [Def.'s Hachem Decl. ¶ 10, ER 107.] Alya ships its infringing product to its distribution center in Idaho and has contracted with that center to distribute its infringing product throughout America. It also ships its products from that center throughout the world. [Def.'s Barbas Decl. ¶ 21, ER 35.] Indeed, it is Alya's only distribution center for every nation in the world except Australia and New Zealand. [*Id.*] It is also the sole Alya facility for receiving returns with respect to its worldwide deliveries. [Pl.'s Macare Decl. ¶ 11, ER 85 & Ex. 5, ER 92.]

Defendant Alya has taken full advantage of American infrastructure and the American legal system. It has contracted with its only worldwide distribution

center in Idaho precisely because of the economies and protections offered to it by American law and the American infrastructure, including its legal system, transportation network, delivery services, and reliable employee resources. It has obtained the benefits of safety certification of its products (what it calls being “FDA approved”) from the FDA—obviously an American agency—to promote its infringing sales in America. [Pl.’s Initial Rosenbaum Decl. ¶ 18, ER 48 & Ex. 16, ER 73.] It has aimed its advertising explicitly at Americans (for example with the eye-catching language “*ATTENTION* USA BABES”). [Pl.’s Supp. Rosenbaum Decl. ¶ 6, ER 23 & Ex. 4, ER 28 (capitalization, bolding, and italics in original).] It has even sought its own trademark protection in America from the U.S. Patent and Trademark Office (“USPTO”). [Pl.’s Initial Rosenbaum Decl. ¶ 2, ER 47 & Ex. 2, ER 60-61.]

Having inserted itself into the American market by making 10% of its sales in America, all of which infringe Ayla’s trademark; established its worldwide distribution center in America; taken advantage of America’s laws and utilized America’s infrastructure (its roads, its legal safeguards, and its transportation facilities precisely because of the advantages that infrastructure affords) in distributing its infringing goods in America; directed the advertising of its infringing goods to Americans; sought and obtained the benefits of an FDA safety certification, an obvious contact with the United States the aim of which is to

enhance the stature of its commercial dealings within the United States; and even sought an American trademark for its infringing mark, it is wholly unreasonable for Alya to assert that it has not purposefully availed itself of the privilege of conducting activities in the United States, or that plaintiff Ayla's claims for trademark infringement do not arise out of and result from defendant Alya's USA-related activities, or that its contacts with America are not sufficient to meet the requirements of due process as articulated in *Burger King*.

Notwithstanding that the exercise of jurisdiction in an American court is clearly reasonable, defendant Alya asserts that plaintiff Ayla, an American company with its principal place of business in America, should be required to litigate nearly half-way around the world in Australia its claims for infringement in America of its American trademark, a claim governed solely by American law, even though it is Alya that has inserted itself into, and taken full advantage of, the American market and American infrastructure while infringing an American trademark in America.

Moreover, Australian courts are ill-equipped to consider this action. This case relates to defendant Alya's infringement of plaintiff Ayla's American trademark in America. Trademarks are territorial; they have no significance, and provide no protection, except in the jurisdiction that has granted them. This, of course, is why defendant Alya sought its own American trademark, seeking to

protect its mark in America. Because trademarks are territorial, they are subject only to the laws of the jurisdiction that has granted them. No court in Australia can reasonably be called upon to enforce plaintiff Ayla's American trademark in America. It is only an American court—not an Australian one—that can effectively adjudicate and award injunctive relief and damages for infringement of Ayla's American trademark in America. Ayla can only effectively vindicate its rights in America. To bar it from doing so would be to set a dangerous precedent allowing foreign companies—even those that have established their primary worldwide distribution center in America and whose marketing is directly aimed at Americans—to significantly exploit the American market through the internet with trademark-infringing products with no meaningful recourse anywhere in the world.

STANDARD OF REVIEW

This Court “review[s] de novo the district court’s determination that it does not have personal jurisdiction.” *Pebble Beach v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006); *see also CollegeSource*, 653 F.3d at 1073; *Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d 1218, 1223 (9th Cir. 2011). While “the plaintiff bears the burden of demonstrating that jurisdiction is proper ... [w]here the defendant’s motion is based on written materials rather than an evidentiary hearing, ‘the plaintiff need only make a prima facie showing of jurisdictional facts to withstand

the motion to dismiss.”” *CollegeSource*, 653 F.3d at 1073 (quoting *Brayton Purcell LLP v. Recordon & Recordon*, 606 F.3d 1124, 1127 (9th Cir. 2010.)).

The court “accept[s] as true” the plaintiff’s “uncontroverted allegations, and resolve[s] in its favor factual conflicts contained in the parties’ filings.” *Glencore*, 284 F.3d at 1119; *Walden v. Fiore*, 571 U.S. 277, 281 n.2 (2014) (“[W]e take [the plaintiff’s] factual allegations as true”).

ARGUMENT

I. Federal Rule Of Civil Procedure 4(k)(2) Provides A Three-Part Test For Personal Jurisdiction.

Federal Rule of Civil Procedure 4(k)(2) provides:

For a claim that arises under federal law, serving a summons ... establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.

This nationwide jurisdictional provision was added to the Federal Rules of Civil Procedure by amendment in 1993. Previously, a non-resident defendant who did not have “minimum contacts” with any individual state sufficient to support exercise of jurisdiction, but did have sufficient contacts with the United States as a whole, could escape jurisdiction in all fifty states. “Rule 4(k)(2) was adopted to

ensure that federal claims will have a U.S. forum if sufficient national contacts exist.” *Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d 1403, 1414 (Fed. Cir. 2009).⁴

Rule 4(k)(2) has three elements, each of which is satisfied here. First, Ayla’s claim for infringement of a U.S. trademark arises under the federal Lanham Act, 15 U.S.C. § 1114(1).⁵ Second, Alya does not concede jurisdiction in any court of any of the fifty states. *Holland Am. Line*, 485 F.3d at 461 (“so long as the defendant does not concede to jurisdiction in another state, a court may use 4(k)(2) to confer jurisdiction”).⁶

Defendant Alya relies solely on the third requirement in resisting jurisdiction, arguing that jurisdiction is inconsistent with the due process clause of

⁴ “Under the former rule, a problem was presented when the defendant was a non-resident of the United States having contacts with the United States sufficient to justify the application of United States law and to satisfy federal standards of forum selection, but having insufficient contact with any single state to support jurisdiction” Fed. R. Civ. P. 4(k)(2) advisory committee’s note to 1993 amendment.

⁵ 15 U.S.C. § 1114(1) provides that “[a]ny person who shall, without the consent of the registrant ... use in commerce any ... colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services or in connection with which such use is likely to cause confusion ... shall be liable in a civil action by the registrant for the remedies hereafter provided.” The remedies include profits, damages, costs, and attorney fees (15 U.S.C. § 1117(a)) as well as injunctive relief (15 U.S.C. § 1116(a)).

⁶ As counsel for defendant Alya stated during oral argument, “So, no, Your Honor, we did not volunteer any other [forum] – we don’t know of any other forum besides Australia.” [Tr. of Proceedings at 11:19-20, ER 31.]

the United States Constitution. [Def.'s Reply Mem. at 13:1-15:12, ER 43-45.]

The Supreme Court has taught that constitutional due process is satisfied if the defendant has “certain minimum contacts” with the forum “such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’” *Int’l Shoe*, 326 U.S. at 316.⁷

Under Rule 4(k)(2), the forum is the entire United States. *Glencore*, 284 F.3d at 1126 (“the United States serves as the relevant forum for a minimum contacts analysis”).

II. The Ninth Circuit Has A Three-Part Test To Determine Whether The Exercise Of Specific Personal Jurisdiction Is Consistent With Constitutionally Required Due Process.

There are two bases for exercising personal jurisdiction: specific and general. Ayla relies on specific jurisdiction under Federal Rule of Civil Procedure 4(k)(2).

[A] federal court may obtain ... specific ... jurisdiction over [a foreign defendant]. A court exercises specific jurisdiction where the claim arises out of or has a substantial connection to the defendant’s contacts with the forum.

⁷ “Due process ... does not require substantial contacts. It requires minimum contacts and that, in the balance of things, imposition of jurisdiction shall be fair.” *Taubler*, 655 F.2d at 996. While it is only minimum contacts that are required, here there are, in fact, substantial contacts.

Glencore, 284 F.3d at 1123.⁸

The Ninth Circuit has a three-part test to determine whether exercising specific jurisdiction is consistent with due process requirements:

Our circuit applies a three-part test to evaluate the propriety of exercising specific jurisdiction: (1) whether the defendant purposefully availed himself of the privilege of conducting activities in the forum, (2) whether the claim arises out of or results from the defendant's forum-related activities, and (3) whether the exercise of jurisdiction is reasonable.

Glencore, 284 F.3d at 1123 (citing *Myers v. Bennett Law Offices*, 238 F.3d 1068, 1072 (9th Cir. 2001)). The plaintiff “bears the burden of satisfying the first two prongs.” *CollegeSource*, 653 F.3d at 1076 (citing *Sher v. Johnson*, 911 F.2d 1357, 1361 (9th Cir. 1990)). “If [the plaintiff] does so, the burden then shifts to [the defendant] to set forth a ‘compelling case’ that the exercise of jurisdiction would not be reasonable.” *Id.* (citing *Burger King*, 471 U.S. at 476-78); *see also Ballard*, 65 F.3d at 1500 (noting that the defendant must “‘present a *compelling case* ... [that] jurisdiction [is] unreasonable’” (emphasis in original), and the defendant has a “heavy burden of rebutting the strong presumption in favor of jurisdiction”) (quoting *Burger King*, 471 U.S. at 477, for first proposition and citing *Sher*, 911

⁸ By contrast, a “defendant whose contacts are substantial, continuous, and systematic is subject to a court’s general jurisdiction even if the suit concerns matters not arising out of his contacts with the forum.” *Glencore*, 284 F.3d at 1123.

F.2d at 1364, for the second proposition). Plaintiff Ayla has satisfied the first two prongs; defendant Alya has failed to make any meaningful showing, let alone a compelling one, for the third prong as to which it carries a “heavy burden” to present a “compelling case.”

A. Ninth Circuit Prongs One And Two: Plaintiff Ayla Has Demonstrated That Defendant Alya Has Purposefully Availed Itself Of The Privilege Of Conducting Activities In America, And Plaintiff’s Claim Arises Out Of Or Relates To That Conduct.

“The first prong of the specific jurisdiction test refers to both purposeful availment and purposeful direction.” *CollegeSource*, 653 F.3d at 1076. The second prong requires that the claim “arises out of or results from the defendant’s forum related activities.” *Id.*

“[I]n cases involving tortious conduct,” the Ninth Circuit “most often employ[s] a purposeful direction analysis.” *CollegeSource*, 653 F.3d at 1076 (citing *Schwarzenegger*, 374 F.3d at 802). “[W]e typically inquire whether a defendant ‘purposefully directs his activities’ at the ... forum in which the defendant’s actions were felt, whether or not the actions themselves occurred within the forum.” *CollegeSource*, 653 F.3d at 1077 (quoting *Yahoo! Inc. v. La Ligue Contre Le Racisme*, 433 F.3d 1199, 1206 (9th Cir. 2006) (en banc)).

The Ninth Circuit describes this as the “effects” test, which “requires that the defendant allegedly must have (1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm that the defendant knows is likely to be

suffered in the forum state.” *CollegeSource*, 653 F.3d at 1077 (quoting *Brayton Purcell*, 606 F.3d at 1128). “The express aiming requirement ... is satisfied when the defendant is alleged to have engaged in wrongful conduct targeted at a plaintiff whom the defendant knows to be a resident of the forum state.” *CollegeSource*, 653 F.3d at 1077 (internal quotation marks and citations omitted). “Actions directed at a forum resident expected to cause harm in the forum constitute purposeful injection.” *Id.* at 1080. “[T]he purposeful availment prong of the personal jurisdiction analysis can be met if a defendant’s ‘intentional conduct [in the foreign state was] calculated to cause injury to [the plaintiff] in [the forum state].’” *Myers*, 238 F.3d at 1072 (all brackets, except for first brackets, in original) (quoting *Calder v. Jones*, 465 U.S. 783, 791 (1984)). The “purposeful availment” requirement is intended to “ensure[] that a defendant will not be haled into a jurisdiction solely as a result of ‘random,’ ‘fortuitous,’ or ‘attenuated’ contacts.” *Burger King*, 471 U.S. at 475.⁹

⁹ In its district court briefs, Alya ignored that about 10% of its global sales were made to America, choosing instead to focus on the 2% of global sales made specifically to California. The few cases Alya relied upon in the district court for its argument that this 2% was somehow by definition *de minimis*, no matter its dollar value, were with one exception district court cases. [Def.’s Initial Mem. at 8:4-13, ER 111; Def.’s Reply Mem. at 3:9-18, ER 39.] The only exception was *Boschetto v. Hansing*, 539 F.3d 1011 (9th Cir. 2008), a case that underscores the meaning of “random,” “fortuitous,” and “attenuated.” *Boschetto* involved a single purchase of a used automobile at auction.

Here, Alya has committed a plethora of intentional acts “expressly aimed” at the American market, and Alya’s claims “arise out of” those intentional acts. *See Myers*, 238 F.3d at 1072. Defendant Alya knows that Alya is an American entity with its only brick-and-mortar store in America (in San Francisco). [Pl.’s Initial Rosenbaum Decl. ¶ 6, ER 47 & Ex. 4, ER 66-68.] It knows that its trademark-infringing activity is harming an American entity in America, and it has certainly known this at least since it received the first cease and desist letter from Alya on May 4, 2018, sent nine months before the present litigation was filed. [*Id.*] *See CollegeSource*, 653 F.3d at 1077 (The “‘effects’ test ... focuses on the forum in which the defendant’s actions were felt, whether or not the actions themselves occurred within the forum.”) (citing *Yahoo!*, 433 F.3d at 1206).

A showing that a defendant purposefully directed his conduct toward a forum state ... usually consists of evidence of the defendant’s actions outside the forum state that are directed at the forum, *such as the distribution in the forum state of goods originated elsewhere.*

Schwarzenegger, 374 F.3d at 803 (emphasis added); *accord Burger King*, 471 U.S. at 473 (citing *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 774 (1984)) (favorably noting that a “publisher who distributes magazines in a distant State may fairly be held accountable in that forum for damages resulting therefrom, an allegedly defamatory story” published outside the State).

This is precisely the situation here. Alya “distribut[es] in the forum state ... [infringing] goods originated elsewhere,” and has contracted with an Idaho

distribution center—to which Alya obviously sends its product—to deliver its infringing product to buyers throughout America and to receive returns. [Def.’s Barbas Decl. ¶ 21, ER 35; Pl.’s Macare Decl. ¶ 17, ER 86-87.] Plaintiff Ayla’s claims arise out of that distribution.

On its website, www.alyaskin.com, defendant Alya promotes its infringing product with references explicitly aimed at Americans such as “We use USPS and DHL to deliver our parcels to USA” and “Shipping within USA takes 2-4 days”). [Pl.’s Initial Rosenbaum Decl., ¶ 3, ER 47 & Ex. 1, ER 57.] On its Instagram account, Alya emphasizes its American audience and customers with eye-catching statements such as “**ATTENTION** USA BABES WE NOW ACCEPT afterpay” (capitalization, bolding, and italics in original) and “Attention USA US Babes! Shop now, pay later in 4 interest free instalments,” while the account notes that “Afterpay [is] Available in ... US” [Pl.’s Supp. Rosenbaum Decl. ¶¶ 5, 6, ER 22-23 & Exs. 3, 4, ER 26, 28] On its Facebook page, defendant Alya has promoted Black Friday sales. All of this promotion has paid off: ten percent of its total sales (\$7 million by June 2019) are made to Americans, and Ayla’s claim for trademark infringement “arises out of or results from” those infringing American sales. [Pl.’s Initial Rosenbaum Decl. ¶¶ 19-20, ER 49 & Exs. 17, 18, ER 75, 79.]

The fact that Alya’s business is web-based, rather than a traditional brick-and-mortar store, does not change the already plain conclusion that Ayla has

purposefully directed its conduct toward the United States. Alya’s website is not only aimed at Americans, but it is also interactive, meaning that “commercial activity” can be “conducted” over that site. *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 417 (9th Cir. 1997).¹⁰ Commercial activity also can be conducted via its Facebook and Instagram pages as well as through Amazon. “Courts that have addressed interactive sites have looked to the ‘level of interactivity and commercial nature of the exchange of information that occurs on the Web site’ to determine if sufficient contacts exist to warrant the exercise of jurisdiction.” *Id.* at 418 (citing *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997)).¹¹

¹⁰ “[A]n essentially passive” site, where one simply advertises a product, is not considered to be “purposefully [directing one’s] activity in a substantial way to the forum state.” *Cybersell*, 130 F.3d at 419.

¹¹ In *Zippo*, the district court explained that “where a defendant clearly does business over the Internet ... [by] enter[ing] into contracts with residents of a foreign jurisdiction ... personal jurisdiction is proper.” *Zippo*, 952 F. Supp. at 1124. This court in *Cybersell* approvingly cited *Zippo*, noting at 130 F.3d at 418 that the court in *Zippo* found “purposeful availment based on [the defendant’s] interactive web site and contracts with 3000 individuals.” In the present case, Alya has made some \$700,000 of sales to American consumers of beauty products in its first 14 months of existence. If an average sale were even \$100, that would be 7,000 sales, each one constituting a contract. Alya’s products are generally priced in the range of about \$20 to \$70. [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 51-53.]

Courts have also looked at whether a defendant has “take[n] steps to limit access to its website.” *Plixer Int’l v. Scrutinizer GmbH*, 905 F.3d 1, 8 (1st Cir. 2018).

[The defendant] can take steps to limit access to its website. For instance, [the defendant] could design its site to not interact with U.S. users.... but it has not done so. And [the defendant] could take the low-tech step of posting a disclaimer that its service is not intended for U.S. users.... Again, it has not done so.... In fact, the website gives no indication that it is not meant for U.S. consumption

Id. at 8-9.

Far from taking any steps not to sell to Americans in America, defendant Alya has specifically called for the “**ATTENTION**” of “USA BABES” (all emphasis in original), even emphasizing that they get faster delivery than almost everywhere else in the world, and that they should “SHOP NOW.” [Pl.’s Supp. Rosenbaum Decl. ¶¶ 5, 6, ER 22-23 & Exs. 3, 4, ER 26, 28.] It has promoted Black Friday sales, again urging the viewer to “SHOP NOW.” [Pl.’s Initial Rosenbaum Decl. ¶ 5, ER 47 & Ex. 3, ER 63-64 (capitalization in original).] It allows customers to “Like,” “Comment,” and “Share” on its postings through its Facebook page. [*Id.* ¶ 5, ER 47 & Ex. 3, ER 63.] And it sends its products to social media “influencers,” some of whom reside in the U.S. [*Id.* ¶¶ 10, 19, 20, ER 48-49 & Exs. 8, 17, 18, ER 70, 76, 80.] If defendant Alya were uninterested in accessing the American market, instead of soliciting the business of “USA BABES” it could have posted online that it would not ship to any American

address (which, of course, would have interfered with its sales to those addresses, which by June 2019 were already in the high six-figures).

For these multiple reasons, the first two prongs of the Ninth Circuit’s test for specific jurisdiction—that the defendant “purposefully avail[] itself of the privilege of conducting activities” in America, and that the claim “arises out of or results from the defendant’s forum-related activities”—are both plainly met.

B. Ninth Circuit Prong Three: Defendant Alya Has Failed To Make A “Compelling Case” That The Exercise Of Jurisdiction In America Is Unreasonable And Therefore Does Not Satisfy The Requirements Of Due Process.

In assessing contacts with the forum state under Rule 4(k)(2), “we consider contacts with the nation as a whole.” *Holland Am. Line*, 485 F.3d at 462 (citing *Pebble Beach*, 453 F.3d at 1159); accord *Touchcom*, 574 F.3d at 1416 (under 4(k)(2), “we must consider [the defendant’s] ‘contacts with the nation as a whole’”).

The plaintiff “bears the burden of satisfying the first two prongs” of the Ninth Circuit test for jurisdiction. *CollegeSource*, 653 F.3d at 1076 (citing *Sher*, 911 F.2d at 1361). But once the plaintiff has done so and shown that the non-resident defendant has “purposefully direct[ed] his activities or consummate[d] some transaction with the forum or resident thereof,” and that the claim “arises out of or relates to the defendant’s forum-related activities,” “the burden shifts to [the defendant] to set forth a ‘compelling case’ that the exercise of jurisdiction would

be unreasonable and therefore violates due process.” *CollegeSource*, 653 F.3d at 1079 (quoting *Burger King*, 471 U.S. at 477-478). “[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.” *Burger King*, 471 U.S. at 477. The Ninth Circuit considers the seven factors set forth by the Supreme Court in *Burger King* in determining whether the defendant has made the required showing that due process is offended.

In determining whether the exercise of jurisdiction comports with ‘fair play and substantial justice,’ and is therefore reasonable, we consider seven factors.

CollegeSource, 653 F.3d at 1079. These seven factors are weighed and balanced.

While there is no mechanical or quantitative test for determining the reasonableness of jurisdiction, at least [these] seven factors are relevant.... To determine reasonableness, we consider the relative significance of each [of these seven] factor[s] and balance them all.

Olsen v. Gov’t of Mexico, 729 F.2d 641, 649 (9th Cir. 1984); *see also Sinatra v.*

National Enquirer, Inc., 854 F.2d 1191, 1201 (9th Cir. 1988) (“After balancing the relative significance of each factor”).

The seven factors, articulated by *Burger King*, which the Ninth Circuit considers in determining whether the exercise of jurisdiction is reasonable and therefore is consistent with due process, are:

(1) the extent of the defendants’ purposeful injection into the forum state’s affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of the conflict with the sovereignty of the defendant’s state; (4) the forum state’s interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff’s interest in convenient and effective relief; and (7) the existence of an alternative forum.

Dole Food, 303 F.3d at 1114; *see also CollegeSource*, 653 F.3d at 1079. It is defendant Alya’s “heavy burden” to make a “compelling case” that these seven factors weigh in favor of a finding that jurisdiction in America would be unreasonable. *Ballard*, 65 F.3d at 1502; *CollegeSource*, 653 F.3d at 1076. Here, however, six of these seven factors weigh heavily in favor of the district court’s exercising jurisdiction, while only one (a forum convenient to the defendant) weighs even slightly in defendant Alya’s favor. Alya can hardly make a compelling case that these factors weigh against exercising jurisdiction in the United States, and that jurisdiction in the district court is therefore unreasonable and unconstitutional.

1. *Burger King* Factor One: The Extent Of Alya’s Purposeful Injection Into The Forum’s Affairs

As already demonstrated, Alya’s contacts with the United States quite clearly demonstrate the existence of “minimum contacts” with America, which is a prerequisite for the *Burger King* analysis. Having established the existence of “minimum contacts,” the first *Burger King* factor considers the “*extent*” of those contacts and weighs them along with its six other factors.

Jurisdiction ... may not be avoided merely because the defendant did not *physically* enter the forum State.... [I]t is an inescapable fact of modern commercial life that a substantial amount of business is transacted solely by mail and wire communications across state lines, thus obviating the need for physical presence with a State in which business is conducted.

Burger King, 471 U.S. at 476 (italics in original).

By June 2019, some \$700,000 of defendant Alya’s sales (about ten percent of its total sales) were made to Americans in the United States, and Alya’s total sales were growing at a remarkable pace (from \$50,000 per week in revenue by the end of its third week of business, to \$1 million in revenue in less than four months, to \$7 million in revenue by its fourteenth month in business). [Pl.’s Initial Rosenbaum Decl. ¶¶ 18-21, ER 48-49 & Exs. 16-19, ER 72, 75, 77, 79, 82.] Its only worldwide distribution center, with which it has contracted to make deliveries in America as well as around the world, is located in Idaho, indicating that far more product deliveries are made by Alya to its Idaho distribution center than required for the \$700,000 in sales made to Americans by its fourteenth month in business. [Def.’s Barbas Decl. ¶ 21, ER 35.] Alya’s Instagram page is directly aimed at Americans: “***ATTENTION*** USA BABES WE NOW ACCEPT afterpay” (capitalization, bolding, and italics in original), “Attention USA US Babes! Shop now, pay later in 4 interest free instalments using Afterpay!” (capitalization in original), and “Afterpay available in AU US NZ GB.” [Pl.’s Supp. Rosenbaum Decl. ¶¶ 5, 6, ER 22-23 & Exs. 3, 4, ER 26, 28.] On its website, Alya emphasizes that

“We use USPS and DHL to deliver our parcels to USA,” that “Shipping is FREE and TRACKED,” and that “Shipping within USA takes between 2-4 days,” while “Shipping outside of USA, AUS and NZ takes between 5-10 business days.” [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 57 (capitalization in original).] Its Facebook page promotes sales for Black Friday, the popular American shopping “holiday” that occurs the day following Thanksgiving, itself a quintessentially American holiday. Alya’s products have been featured in American publications, including Vogue and Teen Vogue. [Pl.’s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 54-55.] It sought an American trademark which, given that trademarks are territorial, would only provide protection in the American market. [*Id.* ¶ 2, ER 47 & Ex. 2, ER 60-61.]

Alya even sought and obtained product safety certification from the FDA, an obvious contact with the United States designed to enhance its stature for its commercial dealings within the United States. [Def.’s Reply Mem. at 4:19-22, ER 40.]¹² The relevance to jurisdictional analysis of FDA approval is emphasized in *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. De Equip. Medicao*, 563 F.3d 1285, 1298 (Fed. Cir. 2009), where the Court noted that the fact that the defendant

¹² “Alya Skin’s contact with the FDA revolves around the safety of its products...” [Def.’s Reply Mem. at 4:19-20, ER 40.]

did *not* have FDA approval “tend[ed] to show that [the defendant’s] sales efforts were purposefully not directed at U.S. residents.”

Alya’s attempt to explain away each of these contacts has no merit.

In the district court, Alya argued that less than 2% of its sales were made to California. [Def.’s Initial Mem. at 8:4-13, ER 111.] Yet, in the context of a Rule 4(k)(2) analysis, the relevant forum is the United States as a whole, and not merely California. Alya conceded in its Declaration of James Hachem [Def.’s Hachem Decl. ¶ 10, ER 107], but ignored in its briefing, that approximately 10% of its sales are made to customers in America. The issue in the *Burger King* analysis is the “extent” of Alya’s purposeful injection into the American market. Obviously, that ten percent of Alya’s global sales (which by June 2019 represented about \$700,000 of the \$7 million Alya took in globally) occurred in America is a significant penetration of the American market. It was Alya’s burden to provide “compelling” evidence that 10% of its sales in America was somehow so *de minimis* in amount as to be ‘random,’ ‘fortuitous,’ or ‘attenuated’ contacts.” *Burger King*, 471 U.S. at 475. Alya made no effort to make this demonstration in the district court, because obviously it could not.¹³

¹³ In *Plixer*, a case also involving trademark infringement, the Court noted that the “record ... show[s] that [the defendant] used its website to obtain U.S. customer contracts. Those contracts yielded nearly \$200,000 in business over

In an effort to minimize its intentional conduct, Alya argued in the district court that it does not own its Idaho distribution center and therefore does not directly make shipments from it. [Def.’s Reply Mem. at 13:19-25, ER 43.] This argument is meritless on multiple grounds.

That Alya does not own its American world-wide distribution hub has no significance. “For purposes of personal jurisdiction, the actions of an agent are attributable to the principal.” *College Source*, 653 F.3d at 1078 (quoting *Sher*, 911 F.2d at 1362). Here, not only does Alya ship product to that center (destined for customers in America and everywhere else except Australia and New Zealand, and sometimes even to those nations) and use the center to process its returns, but also the acts of its agent (the Idaho distribution center) are deemed to be its acts. As in *CollegeSource*, this Court “attribute[s] no jurisdictional significance to the fact that employees of [the defendant’s] contractor performed the relevant work on [the defendant’s] behalf.” *Id.*; see also *Int’l Shoe*, 326 U.S. at 316-17 (“[T]he terms ‘present’ or ‘presence’ are used merely to symbolize those activities of the [business entity’s] agent within the state which courts will deem to be sufficient to satisfy the demands of due process.”).

three-and-a-half years. This is not a situation where a defendant merely made a website accessible in the forum.” *Plixer*, 905 F.3d at 10.

Moreover, Alya's arrangement with the Idaho distribution center is itself sufficient to satisfy the requirement that the defendant has purposefully availed itself of the privilege of conducting activities in America. Where the defendant "has created 'continuing obligations' between himself and residents of the forum ... he manifestly has availed himself of the privilege of conducting business there, and because his activities are shielded by 'the benefits and protections' of the forum's laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum" *Burger King*, 471 U.S. at 475-76.

Defendant Alya also argued in the district court that "none of its marketing materials expressly target consumers in California," and that "it has not marketed or advertised directly to California residents." [Def.'s Initial Mem. at 11:1-2, ER 114, 12:9-10, ER 115.] Again, Alya ignores that the relevant forum for a Rule 4(k)(2) analysis is not California, but America as a whole. It cannot do otherwise, having explicitly called in its marketing for the "**ATTENTION**" of "USA BABES," emphasized that "Afterpay [was] available in ... [the] US," that "Shipping is FREE and TRACKED [and w]e use USPS and DHL to deliver our parcels to USA," and that "(s)hipping within USA takes between 2-4 days" while shipping elsewhere, except for Australia and New Zealand, "takes between 5-10 business days" [Pl.'s Initial Rosenbaum Decl. ¶ 3, ER 47 & Ex. 1, ER 57

(capitalization in original)], and even promoted Black Friday sales [*id.* ¶ 5, ER 47 & Ex. 3, ER 63].

Alya argued in the district court that seeking and obtaining FDA safety certification for its infringing products could not be a jurisdictional factor because “‘petitioning the national government does not count as a jurisdictional contact’ for purposes of establishing personal jurisdiction over a defendant in the forum state.” [Def.’s Reply Mem. at 5:19-20, ER 41.] The only Circuit Court decision Alya cited for this proposition is *Zeneca Ltd. v. Mylan Pharms., Inc.*, 173 F.3d 829 (Fed. Cir. 1999).

Zeneca is a two-to-one Federal Circuit decision with no majority opinion and no relevance whatsoever to the present matter. In *Zeneca*, Mylan had sought FDA permission to market a generic version of a branded drug sold by Zeneca. *Id.* at 830. Zeneca initially sued Mylan for patent infringement in Pennsylvania (a place of business of Mylan’s parent). *Id.* Later, Zeneca filed a motion to transfer the suit to Maryland, pointing out that Mylan’s act of filing an application for FDA approval in Maryland was an infringement of its patent. *Id.* (Due to the relative unavailability of office space in Washington, D.C., the FDA’s headquarters were in Rockville, Maryland.) *Id.* The Pennsylvania district court granted Zeneca’s motion and certified for interlocutory appeal to the Federal Circuit the question of

whether the Maryland district court could properly exercise personal jurisdiction over Mylan. *Id.*

Circuit Judge Gajarsa, writing for himself, noted that “Mylan has only one contact with the forum state Maryland: Mylan’s act of filing its [FDA application] in Rockville, Maryland.” *Zeneca*, 173 F.3d at 830. Judge Gajarsa noted that the so-called “government contacts exception,”

finds its source in the unique character of the District [of Columbia] as the seat of national government and in the correlative need for unfettered access to federal departments and agencies for the entire national citizenry. To permit [D.C.] courts to assert personal jurisdiction over nonresidents whose sole contact with the District consists of dealing with a federal instrumentality ... would threaten to convert the District of Columbia into a national judicial forum.

Id. at 831 (quoting *Env’tl. Research Int’l, Inc. v. Lockwood Greene Eng’rs, Inc.*, 355 A.2d 808, 813 (D.C. 1976) (en banc)).

Circuit Judge Rader, concurring in the judgment that the Maryland district court lacked jurisdiction, rejected reliance even on this very circumscribed explanation of the “government contacts exception.”

This court need not adopt this exception, which the courts of the District of Columbia created (and only those courts have applied) to finesse jurisdictional questions unique to that forum. ...

Mylan’s filing of papers with a federal agency that happens to reside in Maryland does not qualify as significant contacts with that state at all.... Maryland has no interest in hearing this case. It has none of its law to protect, enforce, interpret, or apply. The only laws at issue are federal laws.

Id. at 834-836 (Rader, J., concurring).

In short, the “government contacts exception” addressed in *Zeneca* applies only to the courts of the District of Columbia and has no relevance to the present case. Plaintiff Ayla is not seeking jurisdiction in the District of Columbia based on Alya’s FDA product safety certification. Rather, plaintiff Ayla is arguing that Alya’s act of obtaining the product safety certification from the FDA is aimed at its marketing in America as a whole and thus is further evidence of the extent of Alya’s purposeful injection into the American forum. Alya’s reliance on this clearly inapplicable argument to attempt to negate this obvious truth reflects the desperation of its position.

Finally, Alya argued in the district court that its application for an American trademark should be ignored when determining whether jurisdiction in America is reasonable. [Def.’s Reply Mem. at 4:7-6:4, ER 40-42.] Again, Alya is wrong.

Trademarks are territorial. “Trademark standards do not traverse international borders. ‘The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme.’” *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004) (quoting *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591 (5th Cir. 1985)). Accordingly, an American trademark only provides protection in the American market, and therefore is strong evidence of a focus on the American market.

For example, in *Monster Cable Prods. v. Euroflex S.R.L.*, 642 F. Supp. 2d 1001 (N.D. Cal. 2009), the district court held that an application “to the PTO to gain trademark protection in the United States for its ‘MONSTER’ trademark constitutes a substantial contact,” and standing alone is an appropriate basis for jurisdiction under Rule 4(k)(2). *Id.* at 1010. In *Monster*, the defendant’s act of seeking a trademark, even without more, justified the exercise of jurisdiction, even though the trademark ultimately was not obtained. *See also Touchcom*, 574 F.3d at 1416 (“It stands to reason that one who has sought and obtained a property interest from a U.S. agency [in that case a patent which, like trademarks, are also territorial] has purposefully availed itself of the laws of the United States.”).

The First Circuit reached a similar conclusion in *Plixer*, 905 F.3d at 11, reasoning that a trademark application “confirms [the defendant’s] desire to deal with the U.S. market,” and is to be considered along with other factors in determining the propriety of personal jurisdiction.

Defendant Alya, apparently having been educated to this fact by the briefing in the district court below, abandoned its trademark application eight months after it was served in this matter and four days *after* oral argument on its motion to dismiss. After formally abandoning its application, Alya immediately advised the district court of the abandonment filing, saying it did so “to resolve any potential confusion regarding this issue,” and that the “issue is now moot.” [Def.’s Obj. and

Resp. to Supp. Rosenbaum Decl., ER 18-19.]¹⁴ But as this Court held in *Ariz. Barite Co. v. W.-Knapp Eng'g Co.*, 170 F.2d 684 (9th Cir. 1948), cessation of business in a state does not insulate a corporation from jurisdiction for acts committed while doing business in the state. “One may create diversity jurisdiction by a move to a different state, but *one cannot defeat personal jurisdiction by a move away from the state in which the underlying events took place.*” *Steel v. United States*, 813 F.2d 1545, 1549 (9th Cir. 1987) (emphasis added).

Alya’s abandonment of its trademark application *after oral argument* is blatant game playing which ought to make no difference and has no effect on a jurisdictional analysis. After all, its abandonment is not res judicata. Should this case be dismissed for lack of jurisdiction, Alya can simply renew its application, putting Alya through the wringer of litigation once again. *See Parents Involved in Cmty. Sch. v. Seattle Sch. Dist. No. 1*, 551 U.S. 701, 719 (2007) (“Voluntary cessation does not moot a case or controversy unless subsequent events make it absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur”) (internal citations and quotation marks omitted); *Friends of*

¹⁴ Alya also argued in the district court that its trademark application was subject to the “government contacts exception.” As discussed immediately above, this argument has no merit.

the Earth, Inc. v. Laidlaw Env'tl. Servs. (TOC), Inc., 528 U.S. 167, 189 (2000) (“It is well settled that a defendant’s voluntary cessation of a challenged practice does not deprive a federal court of its power to determine the legality of the practice. If it did, the courts would be compelled to leave the defendant free to return to his old ways.”) (internal citations and quotation marks omitted). Alya’s application for an American trademark is further evidence of its targeting the American market. Its abandonment of that application (for the time being) provides no basis to evade jurisdiction.

For all of these reasons, Alya cannot make a “compelling” (or, indeed, any) showing that it has not purposefully injected itself into the American forum’s affairs. The first *Burger King* factor—the extent of defendant Alya’s purposeful injection into the American forum’s affairs—weighs heavily in favor of jurisdiction.

2. *Burger King* Factor Two: The Burden On Alya Of Defending In The Forum

Of all of the seven *Burger King* factors, only the burden on Alya of defending in this forum weighs slightly in its favor. That it should be required to defend its conduct here, however, is quite fair, for it has purposefully injected itself into American commerce, has taken advantage of America’s infrastructure and the protection of its laws, contracted with an American distribution center for its worldwide and American distributions, aimed its sales pitch at American

consumers (*e.g.*, “**ATTENTION** USA BABES”), obtained a product safety certification from the FDA, sought an American trademark, emphasized the speed of delivering its products to American consumers, and infringed plaintiff Ayla’s trademark in America to the tune of some \$700,000 in the first fourteen months of operations alone.

Moreover, of all the *Burger King* factors, this one carries the least weight. As this Court has noted: “We examine the burden on the defendant in light of the corresponding burden on the plaintiff. It presents as much of a burden for [the plaintiff] to litigate in Switzerland as it does for the [the defendant] to litigate in California.” *Sinatra*, 854 F.2d at 1199 (internal citation and quotation marks omitted).

[M]odern advances in communications and transportation have significantly reduced the burden of litigating in another country.... Moreover, ... the Supreme Court has preferred nonjurisdictional methods of lessening the inconvenience faced by defendants.

Id.; see also *Touchcom*, 574 F.3d at 1417 (quoting *World-Wide Volkswagen v. Woodson*, 444 U.S. 286, 294 (1980) (“[W]e have recognized that ‘progress in communications and transportation has made the defense of a lawsuit in a foreign tribunal less burdensome’”) and citing with approval *Synthes*, 563 F.3d at 1299, where a Brazilian defendant had to travel to the United States from Brazil).

3. *Burger King* Factor Three: The Extent Of The Conflict With The Sovereignty Of The Defendant's State

The third *Burger King* factor, the extent (or rather the total lack) of the conflict with the sovereignty of defendant Alya's home state, Australia, weighs heavily in favor of jurisdiction. Because trademarks are territorial, Australia has no interest whatsoever in adjudicating a dispute concerning the infringement in America of an American trademark under American law.

Indeed, as discussed more fully below with respect to *Burger King* Factor Seven, an Australian court has neither the experience nor the interest to be involved in a dispute that is governed by American law and relates solely to activities affecting America.

4. *Burger King* Factor Four: The Forum State's Interest In Adjudicating The Dispute

The fourth *Burger King* factor, the forum state's interest in adjudicating the dispute, weighs heavily in favor of litigating the present dispute in America. American trademarks are the product of American law, and American courts are the only courts with an interest in protecting their inviolability under American law and determining whether infringement has occurred under American law.

Moreover, the alleged harm—infringement of an American trademark in America—has occurred only, and can occur only, in America. As this Court noted in *CollegeSource*,

[W]e conclude that [the defendant's] alleged misappropriation ... inflicted "harm that the defendant knows is likely to be suffered in the forum state." [The plaintiff] has alleged economic loss based on [the defendant's] misappropriation ... and harm to [the plaintiff's] competitive edge in the market We have repeatedly held that a corporation incurs economic loss, for jurisdictional purposes, in the forum of its principal place of business. Further, any harm to [the plaintiff's] competitive advantage, such as "decreased business and profits," was felt in the forum of the relevant market.

CollegeSource, 653 F.3d at 1079 (internal citations omitted). Here, Alya's infringement "inflicted harm" in America, the "economic loss based on" Alya's trademark infringement occurred in America, the "harm to [plaintiff Ayla's] competitive advantage" occurred in America, and Ayla's "decreased business and profits" were all "felt in the [American] forum." There is a strong national interest in upholding American trademarks and in protecting those trademarks from infringement.¹⁵ It is only an American court that has an interest in adjudicating this American dispute.

The fourth *Burger King* factor weighs entirely in favor of jurisdiction in America.

5. *Burger King* Factor Five: The Most Efficient Judicial Forum For The Resolution Of The Controversy

"The 'most efficient resolution' factor involves a comparison of alternative forums." *Glencore*, 284 F.3d at 1126. Here, the United States is far and away the

¹⁵ See, e.g., *Tauber*, 655 F.2d at 996, where the Court emphasizes a similar point in the context of antitrust law.

most efficient forum for the resolution of the present controversy. “Trademark standards do not traverse international borders. ‘The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme.’” *Kos Pharms.*, 369 F.3d at 714. As an Australian government website confirms, U.S. trademarks have no application in Australia, just as an Australian trademark would have no application in America:

No ‘worldwide’ trademark registration is currently available.

A trademark is registered by a government of a country.

The Australian Government, for example, does not have power to register a trademark that would apply in the United States. Nor does the United States Government have the power to register a trademark that would apply in Australia.

Business Queensland, QUEENSLAND GOVERNMENT, How do I register my trademark in other countries? (hyperlink in Table of Authorities) (bolding in original).

As a consequence of trademark’s territorial nature, a trademark can only be infringed in the country or countries where it is registered and the alleged infringement can only be adjudicated under the laws of the nation that has registered the trademark—laws with which foreign forums are unfamiliar. It is for these reasons that American courts have found foreign courts to be inadequate forums to adjudicate U.S. trademarks. *Fuji Photo*, 754 F.2d at 599-600 (“The decisions of foreign courts concerning the respective trademark rights of the parties

are irrelevant and inadmissible”); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir. 1956) (“[W]hen trade-mark rights within the United States are being litigated in an American court, the decisions of foreign courts concerning the respective trade-mark rights of the parties are irrelevant and inadmissible.”); *Halo Creative & Design, Ltd. v. Comptoir Des Indes, Inc.*, 816 F.3d 1366, 1373 (Fed. Cir. 2016) (“[D]istrict courts have routinely denied motions to dismiss on forum non conveniens grounds when United States intellectual property rights form the crux of the dispute.”).

For similar reasons, American courts have refused to adjudicate the infringement of foreign trademarks. *Vanity Fair*, 234 F.2d at 647 (“[W]e do not think it the province of United States district courts to determine the validity of trade-marks which officials of foreign countries have seen fit to grant.”); *Levi Strauss & Co. v. Americanjeans.com, Inc.*, 2011 U.S. Dist. LEXIS 39134, at *8 (N.D. Cal. 2011) (“[C]onsiderations of comity suggest that Levi’s European trademark rights be adjudicated by European courts.”).

Besides issues of comity, American courts have recognized that they are ill-equipped to interpret and apply foreign trademark law, a similar problem that Australian courts would face in applying American law to the question of whether an American trademark has been infringed. *E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imps., Inc.*, 756 F.2d 1525, 1531-32 (11th Cir. 1985) (“We assume no

knowledge of French trade-mark law [and therefore] exclude the status of Robert Myers' mark in France under French law from this case, which concerns rights in a mark under our law.”).

It is the defendant's burden to make a “compelling” showing that, in spite of all of these obstacles to effective adjudication in an Australian court, Australia would be an efficient forum for the resolution of the present dispute. It cannot do so. This *Burger King* factor, too, weighs heavily in favor of exercising jurisdiction.

6. *Burger King* Factor Six: The Importance Of The Forum To The Plaintiff's Interest In Convenient And Effective Relief

For all of the reasons set forth immediately above, defendant Alya cannot make a compelling showing that plaintiff Ayla would obtain “effective relief” in an Australian court. Nor would an Australian court be “convenient” for the resolution of this dispute.

Plaintiff Ayla is an American entity. [Complaint ¶ 6, ER 122.] It has obtained an American trademark [*id.* ¶¶ 8-11, ER 123], which has no significance whatever in Australia. Its sole physical presence—a brick-and-mortar store—is in San Francisco. [*Id.* ¶ 8, ER 123.]

It is defendant Alya that has come to America to establish its only worldwide distribution center. It is defendant Alya that promotes and sells its product to Americans on interactive media directed specifically at Americans. It is

Alya that makes 10% of its total sales to Americans. It would not only be inconvenient, but unfair, to require plaintiff Ayla to travel to a jurisdiction some eight thousand miles away to litigate an issue of uniquely American law in an Australian court. Nothing about that proposition makes sense.

The sixth *Burger King* factor weighs heavily in favor of jurisdiction.

7. *Burger King* Factor Seven: The Existence Of An Alternative Forum

We have already discussed in connection with *Burger King*'s fifth factor the highly questionable existence of an alternative forum in Australia that could provide effective and efficient relief for plaintiff Ayla's claims of infringement in America of its American trademark. It is, of course, defendant Alya's burden to make a "compelling" case that all of the seven *Burger King* factors, when weighed, including the existence of an alternative forum, favor dismissal of this matter. In the district court, it made little effort to carry its burden with respect to this seventh factor. Indeed, its entire argument with respect to the existence of an alternative forum was made in two sentences.

First, in its initial brief, it argued in a single, unsubstantiated sentence that "Australia has long provided international protections for trademarks – for example, Australia is a member of the World Trade Organization and provides intellectual property protection, including trademark protection, pursuant to the WTO's TRIPS Agreement." [Def.'s Initial Mem. at 13:17-20, ER 116.]

This argument is disingenuous. TRIPS, a full copy of which is included in the Addendum filed herewith, is an acronym for Trade-Related Aspects of Intellectual Property Rights and does not provide “international protections” for foreign trademarks. To the contrary, it is focused on minimum standards for national registration and how, once registered, they are protected by the nation that has registered them. “TRIPS establishes minimum standards for the availability, scope, and use of seven forms of intellectual property,” one of which is trademarks. *Trade related aspects of IP rights*, USPTO (hyperlink in Table of Authorities). For example,

Any sign ... shall be capable of constituting a trademark.... Members may make registrability depend on distinctiveness acquired through use Members may make registrability depend on use. Members may afford an opportunity for registration of a trademark to be opposed.

Initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years.

TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, part II, sec. 2, arts. 15, 18. TRIPS does not “affect the capacity of Members to enforce their law in general.” *Id.* part III, sec. 1, art. 41. Nor does it give authority to any nation to act outside its own jurisdiction. “The judicial authorities shall have the authority to order a party to desist from an infringement ... *in their jurisdiction.*” *Id.* art. 44 (emphasis added).

TRIPS is intended to create a level playing field for anyone seeking trademark registration or enforcing in the nation a trademark registered by that nation. “Each Member shall accord to the nationals of other Members treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property.” *Id.* part I, art. 3.1. It does not provide, contrary to defendant Alya’s unsubstantiated assertion [Def.’s Initial Mem. at 13:17-20, ER 116], for “international protection for trademarks,” and Alya has not (and cannot) point to anything in TRIPS that does. For example, in the context of a dispute concerning a patent (one of the seven forms of intellectual property encompassed by TRIPS), the Federal Circuit held,

[N]othing in ... the Agreement on TRIPS contemplates or allows one jurisdiction to adjudicate patents of another.

Voda v. Cordis Corp., 476 F.3d 887, 899 (Fed. Cir. 2007). Similarly,

[W]e see no reason why American courts should supplant British, Canadian, European, French, or German courts in interpreting and enforcing British, Canadian, European, French, or German patents.

Id. at 901. In a statement expressly applicable to trademarks, the USPTO states on its website,

[A] person desiring a patent in a particular country must make an application for patent in that country, in accordance with the requirements of that country. Similarly, local laws apply to trademark, copyrights, and other forms of intellectual property in each jurisdiction.

Protecting intellectual property rights (IPR) overseas, USPTO (hyperlink in Table of Authorities).

The second, single sentence argument made by Alya with respect to *Burger King* Factor Seven [Def.’s Initial Mem. at 13:20-21, ER 116] is that “Australia has ‘a sophisticated court system ... which is similar to the American court system’” (ellipses in Alya’s brief), citing the district court’s decision in *Summa Res. Holdings LLC v. Carbon Energy Ltd.*, 2016 U.S. Dist. LEXIS 60571 at *9 (N.D. Cal. 2016) (action involving common law claims for breach of contract and fraud). Alya’s ellipses hide the words “based on Australian common law.” Here, of course, it is American statutory and common law—not Australian common law—that governs the dispute, and it is with respect to American trademark law that the forum needs to be “sophisticated.”

Alya has not made a meaningful, let alone compelling, argument that Australia is an appropriate alternative forum to interpret or enforce American trademark law in America.

When the seven *Burger King* factors are weighed, defendant Alya at best has a slight edge on the second factor (inconvenience to Alya of litigating in the United States), but plaintiff Ayla has the far stronger position on the six other factors. Alya has fallen far short of carrying its “heavy burden” to make a “compelling

case” that the exercise of jurisdiction by the district court would be unreasonable and therefore violate due process.

CONCLUSION

Federal Rule of Civil Procedure 4(k)(2) provides for jurisdiction in the federal courts where the claim arises under federal law, the defendant does not concede jurisdiction in any of the 50 United States, and the exercise of jurisdiction is consistent with due process. The Ninth Circuit holds that due process is not violated where, in the words of *Glencore*, 284 F.3d at 1123, the “cause of action arises out of or has a substantial connection to the defendant’s contacts with the forum,” and where the exercise of jurisdiction is not unreasonable. Here, plaintiff Ayla’s claim for infringement of its American trademark has a substantial, indeed exclusive, connection to defendant Alya’s contacts with the American forum. The burden thus shifts to defendant to make a “compelling” demonstration that the exercise of jurisdiction would be unreasonable. *CollegeSource*, 653 F.3d at 1076. Following the Supreme Court’s guidance in *Burger King*, the Ninth Circuit weighs seven factors in making this determination, and the defendant must show that these seven factors weigh “heavily” in its favor. *Ballard*, 65 F.3d at 1500.

Defendant Alya cannot come close to making this showing. Indeed, only one of the seven factors can be said to weigh in its favor, that is, its own convenience in an Australian forum, which must be measured against the burden

on the blameless plaintiff. Every other of the *Burger King* factors heavily favor jurisdiction in America, as trademarks are territorial, the infringement in America of an American trademark is governed solely by American statutory law, and the outcome of the litigation concerns only the use of the infringing trademark in America.

For these reasons, it is respectfully urged that the district court's dismissal on the grounds of lack of specific jurisdiction should be reversed.

Date: September 25, 2020

Respectfully submitted,

/s/ Gregory R. Smith

Gregory R. Smith

Bridget A. Smith

Jason C. Linger

Colette E. Woo

LOWENSTEIN & WEATHERWAX LLP

1880 Century Park East Suite 815

Los Angeles, CA 90067

(310) 307-4500

Attorneys for Appellant Ayla, LLC

STATEMENT OF RELATED CASES

Appellant is not aware of any related cases pending in the Ninth Circuit.

Date: September 25, 2020

Respectfully submitted,

/s/ Gregory R. Smith

Gregory R. Smith

LOWENSTEIN & WEATHERWAX LLP

1880 Century Park East Suite 815

Los Angeles, CA 90067

(310) 307-4500

Attorney for Appellant Ayla, LLC

CERTIFICATE OF COMPLIANCE

I certify that this brief complies with Federal Rules of Appellate Procedure 32(a)(4) and 32(a)(5) because it is double-spaced, has margins of at least one inch on all four sides, and uses proportionally-spaced, 14-point Times New Roman font.

I certify that this brief complies with the type-volume limitation of Circuit Rule 32-1(a) because it contains 12,161 words, including headings and footnotes, as measured by the word processing application used to prepare this brief.

Date: September 25, 2020

Respectfully submitted,

/s/ Jason C. Linger

Jason C. Linger

LOWENSTEIN & WEATHERWAX LLP

1880 Century Park East Suite 815

Los Angeles, CA 90067

(310) 307-4500

Attorney for Appellant Ayla, LLC

CERTIFICATE OF SERVICE

I hereby certify that on September 25, 2020, I electronically filed Appellant's Opening Brief, Appellant's Excerpts of Record (Volumes 1 and 2), and Addendum to Appellant's Opening Brief with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system. All participants in the case are registered CM/ECF users, and service will be accomplished by the appellate CM/ECF system.

Date: September 25, 2020

Respectfully submitted,

/s/ Jason C. Linger

Jason C. Linger

LOWENSTEIN & WEATHERWAX LLP

1880 Century Park East Suite 815

Los Angeles, CA 90067

(310) 307-4500

Attorney for Appellant Ayla, LLC