CHAPTER: 5: COMPARATIVE ANALYSIS OF LEGAL FRAMEWORK ON JURISDICTIONAL ISSUES IN TRADEMARK DISPUTES IN JAPAN, UNITED KINGDOM AND UNITED STATES

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THE FRAME

Globalisation can progress if there is minimum conflict in laws between countries and there are more or less similarities or parity between their laws, especially those relating to areas of common concern like intellectual property laws and more specifically trademark laws. It, therefore, becomes important to get a comparative perspective on law not only for minimizing conflict but for adopting the best practices upon a given subject matter. The landscape of trademark protection is changing due to free trade and technological advancements globally. Under the international law, one nation cannot create a trademark in the territory of another. The reason is that the trademark rights are territorial by nature and no nation can exercise its sovereignty in another nation’s territory. Thus, a trademark that is valid in several countries constitutes a bundle of trademark rights. Each trademark right comprising the bundle correspond to the nation upon which the right depends for its existence.

THE FOCUS

The chapter focuses on how the ubiquitous nature of the internet has made it very easy to cross the geographical and physical borders. Growing international trade and the transnational commerce have provided a fertile field for new trademark disputes both at geographical level and virtual level which has not only given rise to multiplicity of disputes but also have raised novel issues and challenges. Such novel trademark disputes and their multiplicity have posed a numerous challenges for expanding the legislative as well as fundamental trademark concepts before any country.

THE OBJECTIVE

The present chapter deals with the comparative analysis of the trademark protection in Japan, UK and US. The researcher in this chapter is making a specific attempt to study the legislative and the judicial approaches in these countries in dealing with the issues of jurisdiction that may arise in the trans-border trademark issue in physical as well as virtual world. It is worthy to mention that while drawing comparison the entire scheme of the trademark legislation of Japan, UK and US is not minutely analyzed. Relevant aspects of the legislation of respective countries that are corresponding to the scheme of the research are only considered. It is pertinent to mention that the researcher has not dealt with the
entire European Union and only UK is taken as a model state as it shares many of the similarities with legal system and trademark legislation of India.

5.1 JAPAN

5.1.1 LEGAL SYSTEM
The legal system of Japan can be classified under the civil law system based on codified law. It has a written constitution, legal codes combined with parliamentary democracy. The Japanese constitution is influenced by the US and the parliamentary system is a combination of Anglo-American ideas. The Japanese codes are drafted based on the model codes of France and Germany. Constitution is considered to be the ‘Supreme Law’ in the non-federal Japanese legal system. In addition to the Constitution five other codes make the basic law. These six codes including the Constitution are the prime source of law. The remaining five codes consist of the Civil Code, Commercial Code, Code of Civil Procedure, Criminal Code and the Code of Criminal Procedure. These codes are complemented by special statute for providing the detailed provisions. Today there are numerous legislations on various subjects including regulations in form of Cabinet Ordinances and Ministerial Ordinances. In strict civil law system, the only source of law is statutes, regulations and customs. However, in the recent past in Japan the importance of the judicial decision is being recognized in the area of civil and commercial laws. It is worthy to mention that traditionally commentaries and scholarly writing are preferred over case laws. Though commentaries and scholarly writing in strict sense are not sources of law, they have great influence on judicial decision and law making in general. Thus, in Japan, case laws i.e., precedents offers non-binding guidance that may, in some cases, be persuasive, and may be relied upon if not in conflict with the code.

5.1.2 LAW OF TRADEMARK IN JAPAN:
Japan being a country of civil law system, follows a codified law for trademark protection. The Trademark Law\(^1\) is the principal source governing the registration, validity and infringement aspects of trademark. The current trademark legislation was enacted in 1959 as Law No. 127, together with the industrial property statute. The legal protection for

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trademark in Japan began with the enactment of the Trademark Ordinance in 1884 which was amended in 1888. In 1889 the Trademark Act (Law No. 38) was enacted and in the same year Japan accessed to the Paris Convention. Following new Acts and amendments in 1909 and 1921 finally the existing Trademark Act, 1959 was made. This Act was brought into effect in 1960.

The Code of Civil Procedure and the Rules of Civil Procedure are the principal sources of law and regulation governing the procedural aspects of trademark litigation in Japan.

Under the Trademark Law of Japan, marks are defined as "characters, figures, symbols, three-dimensional shapes or any combination thereof, or any combination thereof with colours." Amendment of 1991 expanded the definition of trademark to include services as well. In India, the definition of mark as provided under the Trademark Act, 1999 is broad enough to include the device, label, brand, heading, ticket, signature, word, letter, numeral, shape of goods, packaging or combination of colours. Unconventional trademarks like sound, scent and colour were not registrable under the Japanese Trademark Law till the latest amendment of 2014. This amendment is brought about by the Act for Partial Amendment to Patent Act, Etc. (Act No. 36 of May 14, 2014) ("Amending Act"), which was enacted on April 25, 2014 and promulgated on May 14, 2014, will come into effect from the date specified by a Cabinet Order, within a period not exceeding one year from the date of promulgation of the Amending Act.

Under the current trademark Act of Japan, the definition of mark is not broad enough to cover the unconventional mark. Only the colour and three dimensional marks are protectable. However, the need for protection of non-traditional trademarks such as colour per se marks, sound marks, and motion marks has been increasing. Many non-traditional marks of famous brand owners such as Apple, Intel, etc. have already been registered and protected in other jurisdictions. More and more Japanese companies in fact have sought protection of such marks in other jurisdictions. Thus, following the global trend in trademark laws, the amendments would allow new trademarks to be composed of sounds, colors, holograms, motions, or position. Second, there are three new groups, including non-profit organizations (NPO) that can hold regional collective marks. Japan is a system that

2 Trademark Act, 1959 art 2, para 1
recognizes prior registration and not prior use for granting trademark protection. Whereas India recognizes trademark protection on first-to-use principle.

The definition of mark as provided under the Trademark Act, 1999 of India is more comprehensive compared to the same as provided in the Trademark Act of Japan. Under the Trademarks Act, 1999, the term ‘mark’ is defined to include ‘a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or, combination of colours, or any combination thereof.’ Thus, the list of instances of marks is inclusive and not exhaustive. The definition of trademark as provided under the Act includes any mark capable of being ‘graphically represented’ and indicative of a trade connection with the proprietor is entitled to get registered as a trademark. This interpretation opens the scope of trademark protection to unconventional trademarks like sound marks provided they satisfy the ‘graphical representation’ test and are not rejected under the absolute and relative grounds of refusal for protection. The only way the mark may be described in the application for trademark is by way of “graphical representation”. Although India does not have any express provision to protect unconventional marks, with the increasing demands of trade and commerce India has started recognizing registration of unconventional marks. On August 18, 2008, India’s first “sound mark” was granted to Sunnyvale, California-based Internet firm Yahoo Inc.’s three-note Yahoo yodel by the Delhi branch of the Trademark Registry. It was registered in classes 35, 38 and 42 for a series of goods including email, advertising and business services and managing websites.

Further the Indian definition of trademark explicitly provides for two conditions for trademark protection i.e., graphical representation and distinctiveness. A closer look at the definition of the mark in Japanese law does not expressly require the mark to be capable of

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3 Trade Marks Act, 1999 s. 2 (m) "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.

4 ibid s 2(zb) "trade mark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors , and in relation to Chapter XII (other than section 107), a registered trade mark or mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark, and in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark.
being distinctive of the goods and services of one enterprise from that of others. However the distinctiveness of the mark is accepted to be a necessary condition in view of the general understanding of the trade and commerce.

As has been mentioned earlier trademark law of Japan has adopted first to file principle hence trademarks come into existence upon formal registration which is granted after examination with respect to formalities and substance. Japanese law does not classify the grounds of refusal in absolute and relative as provided under the Trademarks Act, 1999 of India.

In Japan in case of trademark infringement, a combination of civil remedies including an injunction and compensation of damages, criminal penalties, border measures and alternative dispute resolutions, such as arbitration and conciliation are available to a trademark owner. The remedial structure is similar to that of India. This similarity is due to the international harmonization of intellectual property laws.

In case of trademark infringement, District court is the court of first instance. There are fifty district courts in Japan. Each of them is located in each preference of Japan. Decision of the district court is appealable in the High Court (Koso appeal) and then to the Supreme Court (Jokoku appeal). In order to speed up the trial proceedings concurrent jurisdiction is given to the district courts of Tokyo and Osaka in case of trademark, copyright and design infringement cases. There exists a clear bifurcation of physical boundaries for approaching these two specialized district courts. The disputes on trademark that occurs in the eastern Japan are subject to the jurisdiction of the Tokyo district court which has four divisions for intellectual property matters and those occurring in the western part of the Japan are subject to the jurisdiction of the Osaka district court that has two special divisions for intellectual property cases. On 1st April, 2005 the IP High Court was established as a specialized court to deal with intellectual property cases. This court hears the suit against the appeal or trial decisions made by the Japan Patent Office as the court of the first instance and civil cases of intellectual property infringement as the court of second instance.
The following diagram⁵ shows the jurisdiction and procedural flow for hearing suits against appeal/trial decisions made by Japan Patent Office and appeals from district courts in civil cases relating to intellectual property.

5.1.3 GENERAL RULES ON JURISDICTION

Jurisdiction of the court is determined based on the general rules provided in the Code of Civil Procedure (CPC) in Articles 4 to 12. As per this general rule the plaintiff must file suit at the defendant’s forum. This general rule of jurisdiction further provides as to how the forum is to be determined in case of a person, an ambassador, minister, Japanese nationals, legal person, association, foundation and the Japanese government. Apart from this general rule place of suing is identified for various other cases in the following manner:

- The place of tort in case of a wrong
- The place of performance in case of contractual claims
- The place of the defendant’s property in case of a dispute over property
- The place of registration in case of a claim concerning registration
- The court of first instance greed by the parties through agreement.

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6 CPC (Jurisdiction by General Venue) art 4 (1) an action shall be subject to the jurisdiction of the court that has jurisdiction over the location of the general venue of the defendant.
7 ibid art 4 (2) The general venue of a person shall be determined by his/her domicile, by his/her residence if he/she has no domicile in Japan or his/her domicile is unknown, or by his/her last domicile if he/she has no residence in Japan or his/her residence is unknown.
8 (3) If an ambassador, minister or any other Japanese national in a foreign state who enjoys immunity from the jurisdiction of that state has no general venue pursuant to the provision of the preceding paragraph, his/her general venue shall be deemed to be located in the place specified by the Rules of the Supreme Court.
9 (4) The general venue of a juridical person or any other association or foundation shall be determined by its principal office or business office, or by the domicile of its representative or any other principal person in charge of its business if it has no business office or other office.
10 (5) The general venue of a foreign association or foundation, notwithstanding the provision of the preceding paragraph, shall be determined by its principal office or business office in Japan, or by the domicile of its representative or any other principal person in charge of its business assigned in Japan if it has no business office or other office in Japan.
11 (6) The general venue of a state shall be determined by the location of a government agency that represents the state in a suit.
12 ibid art 5(ix) an action relating to a tort: The place where the tort was committed.
13 ibid art 5(i) an action on a property right: The place of performance of the obligation.
14 ibid art 5(iv) An action on a property right against a person who has no domicile (in the case of a juridical person, business office or other office; hereinafter the same shall apply in this item) in Japan or whose domicile is unknown: The location of the subject matter of the claim or security thereof or of any seizable property of the defendant.
15 ibid art 5(xiii) an action relating to a registration: The place where the registration should be made.
16 ibid art 11(1) (Agreement on Jurisdiction) the parties may determine a court with jurisdiction by an agreement only in the first instance.
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- Jurisdiction determined through general appearance and submission of the defendant. Thus, it can be observed that ordinarily a Japanese court will exercise jurisdiction when the place is identified based on the rules of place of suing as prescribed in the abovementioned manner.

5.1.4 NEW LAW ON INTERNATIONAL CIVIL JURISDICTION IN JAPAN

A need has emerged to establish a system that provides a speedy and appropriate resolution to the international civil and commercial disputes in Japan. Such system of dispute resolution can be instrumental in achieving the goal of Legal stability and predictability. In order to achieve this specific objective, a partial amendment is made to the Code of Civil Procedure in 2011. This amendment is regarding international jurisdiction of the courts in Japan which will allow the courts in Japan to sustain jurisdiction to adjudicate in a wider scope of cases to the extent that such wider jurisdiction will not harm the interests of the parties involved.

Prior to this amendment there was no provision on the international jurisdiction in Japanese legislative framework. Hence the court tried to fill the lacuna by using the notion of ‘Jori’. The rules for international jurisdiction based on the principle of ‘Jori’ were provided by the court in two leading decisions. Firstly, this question of applying international jurisdiction was considered by the Supreme Court in Malaysian Airlines case.

In this case the Supreme Court held that the international jurisdiction in Japan has been determined using the following two steps:

- Whether a Japanese court should exercise jurisdiction is first determined pursuant to the provisions for territorial competence set forth in the Code of Civil Procedure; and
- If there are special circumstances that would make the conclusion derived from the above result in a violation of the principles of justice requiring fairness in the treatment of both

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13 ibid art 12 (Jurisdiction by Appearance) If a defendant, before the court of first instance, without filing a defence of lack of jurisdiction, has presented oral arguments on the merits or made statements in preparatory proceedings, that court shall have jurisdiction.

14 Jori is a notion similar to natural justice which means ‘fairness between parties and speedy and appropriate judgment’.

15 Goto et al v Malaysia Airline System Berhad, 35 MINSHU 7-1224 (Sup Ct, 16 October 1981).
parties and a proper and prompt disposition of the controversy, the conclusion is modified by refusing (or permitting) the exercise of jurisdiction.

The Supreme Court later confirmed this two-step process in its judgment in *Family Inc Ltd v Shin Miyahara*. The Supreme Court with regard to determining jurisdiction held that “It should not be denied that even in a case where a defendant has no domicile in Japan, Japanese courts shall have jurisdiction over such cases that have some legal connection with Japan. As there is no generally recognized international doctrine or no well-developed international customary law as to under what circumstances Japan’s Court should have jurisdiction, however, it is appropriate to decide on this matter under the rule of reason for the view point of fairness between the parties and the notion of just and prompt Court proceedings.”

As provided in the new rules, the following actions may be subject to the jurisdiction of Japanese courts:

(a) Actions on property rights may be subject to the jurisdiction of Japanese courts if the property at issue is located in Japan.

(b) Japanese courts may adjudicate actions claiming for monetary payment if the defendant’s assets which may be subject to seizure are located in Japan.

(c) Actions raised against enterprises with offices located in Japan or conducting business in Japan may be subject to the jurisdiction of Japanese courts if such actions are related to the business conducted by such enterprises in Japan.

(d) Contractual claims may be subject to the jurisdiction of Japanese courts if, for example, the parties to the dispute had designated Japan as the place of performance in the agreement.

(e) Tort actions, including product liability actions, may be subject to the jurisdiction of Japanese courts if the place where the tort was committed or where the damage incurred was in Japan. However, if the damage resulting from a tort action outside of Japan is of a

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16 51 MINSHU 4055 (Sup Ct 11 November 1997).
nature that was not foreseeable under normal circumstances, such a tort action may not be subject to the jurisdiction of the Japanese courts.

**THE IMPACT OF NEW RULES OF INTERNATIONAL JURISDICTION ON INTELLECTUAL PROPERTY CLAIMS**

The new law on international jurisdiction will now provide exclusive jurisdiction in case of intellectual property disputes specially in case of presence, absence or validity of a form of intellectual property that requires registration in Japan in order to be effective.

For example, a party that wishes to invalidate a Japanese trademark will be required to file an invalidation claim with the Japanese Patent Office. If it wishes to challenge the resulting decision, it will be required to file suit for cancellation with the IP High Court. Even if a foreign court issues a judgment which invalidates a Japanese trademark and is final and binding, the Japanese courts will not approve it and such foreign judgment will be unenforceable in Japan.

The amendment does not introduce specific provisions on infringement litigation. In light of Supreme Court precedent on jurisdiction, IP infringement litigation is categorized as an action relating to a tort. Following the amendment, the Japanese courts will have jurisdiction over an action relating to a tort if the place where the tort was committed is in Japan. The phrase 'the place where the tort is committed' includes both the place where the tortious action takes place and the place where the result of the tortious action occurs. However, if it is not reasonably foreseeable that the result of the tortious action will occur in Japan, the Japanese courts will not have jurisdiction over the action.

**CONCLUSION:**

Jurisdiction rules in Japan are a combination of traditional and modern norms. Japan courts exercise jurisdiction based on the domicile of the defendant. The place of harm is considered in case of tort. Till recently Japan did not have any rules to exercise international jurisdiction. However with the new rules in place the situation is more predictable.
5.2 UNITED KINGDOM

5.2.1 LEGAL SYSTEM:
The United Kingdom (UK) of Great Britain and Northern Ireland consists of four countries forming three distinct jurisdictions each having its own court system: England and Wales, Scotland, and Northern Ireland. The United Kingdom was established in 1801 with the union of Great Britain and Ireland, but only achieved its present form in 1922 with the partition of Ireland and the establishment of the independent Irish Free State which later became the Republic of Ireland.

In the legal system of UK there is no written constitution. The Queen is the Head of State, although in practice the supreme authority of the Crown is carried by the present government. The legislature is a two-tier Parliament. The constitutional law of the UK is regarded as consisting of statute law on the one hand and case law on the other, whereby judicial precedent is applied in the courts by judges interpreting statute law. A third element consists of constitutional conventions which do not have statutory authority but nevertheless have binding force. Much of the relationship between the Sovereign and Parliament is conventional rather than statutory. UK in absence of written constitution derives authority from legislation, customs, precedents and common law.

It is noteworthy that the UK has been a member of the European Union (EU) since 1972. The UK has yet to join much of Europe in a common currency, the Euro, but has signed up to the Human Rights Act 1998. The UK has incorporated other European legislation into UK law and recognizes the jurisdiction of the European Court of Justice in matters of EU law.

5.2.2 LAW OF TRADEMARK IN UNITED KINGDOM

Legislation for trademark protection in the UK has been in existence since more than a century. In 1905, the comprehensive system of trademark protection was introduced through a detailed legislation. Prior to the 1905 Act, "The Merchandise Marks Act," which focused on provisions dealing with deceptive indications, was passed on August 7, 1862. The "Trade Mark Registration Act" was also passed in 1875. The 1905 Act was amended in 1919 and 1937, until a new Act was passed in 1938. This Act fundamentally changed
the system in many ways, permitting registration based on intent-to-use, creating an examination-based process, and creating an application publication system. England, following an EC directive, expanded the scope of its trademark subject matter, amending its trademark requirements on October 10, 1994 which gave way to the current legislation, Trade Mark Act, 1994. This Act governs the issues of registration, validity and infringement of trademarks. This national legislation is applicable to the entire United Kingdom- i.e. England and Wales, Scotland and Northern Ireland. A set of rules regarding the procedural aspects for filing and opposing trademark applications in the trademark registry are prescribed under the Trade Marks Rules, 2008. The detailed procedure for trademark litigation in the court of England and Wales is laid down under the Civil Procedure Rules.

In the United Kingdom a trademark can be protected as a registered trademark, as an international trademark or a Community trademark. As provided under the Trade Mark Act, 1994, the mark\(^\text{17}\) includes words (including personal name), designs, letters, numerals or shape of goods or their packaging. Graphical representation and distinctiveness are accepted to be the conditions for registering a trademark under the Act. Though there is no express provision with regard to granting protection to unconventional trademarks, colour, sound, shape and smell marks are recognized and protected provided they fulfil the criteria of being distinctive and graphical presentation under the Trade Mark Act, 1994. The Law of Trademark in India is greatly influenced by the law of trademark protection in the UK. The definition of trademark and other provisions of the Trademarks Act, 1999 of India are almost on the similar lines as compared to the Trade Mark Act, 1994 of the UK. In India a separate definition of mark and trademark is given. The definition of mark is broader compared to the UK legislation. The legal position on registration of unconventional marks remains the same in both the countries.

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\(^{17}\)TM Act, 1999 s 1. Trade marks.

(1) In this Act a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

(2) References in this Act to a trade mark include, unless the context otherwise requires, references to a collective mark (see section 49) or certification mark (see section 50).
An action for trademark infringement or passing off must be filed before the High Court or a designated County Court on in case of Scotland in the Court of Sessions. The following diagram\textsuperscript{18} shows the hierarchy of the UK courts in a simplified form.

\textsuperscript{18} http://www.law.ox.ac.uk/lrsp/overview/law_reports.php accessed 28 April 2015
SPECIAL IP COURT:

Recently on 1st October, 2013, the legal system of the England and Wales have established Intellectual Property Enterprise Court (IPEC) as an alternative venue to the High Court for bringing legal actions involving patents, copyrights, designs and trademarks. This forum was originally established under section 287 (1) of the Copyright, Designs and Patents Act, 1988 as Patent County Court (PCC). In June 2009, the Intellectual Property Court Users’ Committee (IPCUC) published a consultation paper setting out proposals for reform of the PCC and in July 2009 the working party’s final report was published. Considering the proposals set out in the Jackson Review and the recommendations made in the Hargreaves Review, a small claims track within the PCC was set up and came into effect on 1 October 2012. On 1st October 2013 the PCC was reconstituted as a specialist list in the Chancery Division of the High Court to form the Intellectual Property Enterprise Court (IPEC). The reference to “intellectual property” in the name of the court is intended to recognize its broad intellectual property jurisdiction. The IPEC is set up to handle intellectual property cases of all kinds including patents, designs (registered and unregistered, Community and UK national), trademarks (UK and Community), passing off, copyright, database right, other rights conferred by the Copyright Designs and Patents Act 1988 and actions for breach of confidence. As part of the Chancery Division the IPEC has jurisdiction over any case which can be heard before that Division. Consequently the IPEC may hear proceedings primarily concerned with intellectual property but covering other subject matter, such as breach of fiduciary duty, defamation or malicious falsehood.

5.2.3 GENERAL RULES OF JURISDICTION IN UK

As has been already mentioned earlier, UK contains three distinct legal jurisdictions i.e. England and Wales, Scotland, and Northern Ireland. There exists differences in the manner

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19 Copyright, Designs and Patents Act, 1988 s 287 (1) Patents County Courts: Special Jurisdiction.(1)The Lord Chancellor may, with the concurrence of the Lord Chief Justice, by order made by statutory instrument designate any county court as a patents county court and confer on it jurisdiction (its “special jurisdiction”) to hear and determine such descriptions of proceedings—
(a) relating to patents or designs, or
(b) ancillary to, or arising out of the same subject matter as, proceedings relating to patents or designs, as may be specified in the order.
in which each jurisdiction within the UK resolve disputes. The jurisdiction of the English courts is complicated by the fact that there are two very different sets of jurisdiction rules. The first are the European Community/European Free Trade Association (EC/EFTA) rules. The second are the traditional English rules on jurisdiction.

The European regulation that governs jurisdiction, Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels Regulation), applies to the UK as a whole. This means that jurisdiction between the UK's constituent parts is determined by reference to the law of the part of the UK in which a claim has been made. The provisions within Schedule 4 of the Civil Jurisdictions and Judgments Act 1982 (CJJA, 1982) are the primary source for determining how jurisdiction is allocated within the UK. When the meaning or effect of a provision of the CJJA 1982 is unclear, the courts must have regard to the decisions of the European Court of Justice (ECJ) in relation to the Brussels Regulation. However, the ECJ has no jurisdiction to interpret the provisions in Schedule 4 of the CJJA 1982.

The Brussels convention, Lugano Convention and the Brussels Regulation are international instruments that determine whether there is jurisdiction in UK as a whole. It does not specify as to which court in which part will exercise jurisdiction. If the defendant is domiciled in UK, schedule 4 of the CJJA, 1982 determines whether the appropriate jurisdiction is England, Wales, Scotland or Northern Ireland. Schedule 4 further allocates

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20 CJJA 1982, s 16(3).
21 A convention on civil jurisdiction and the enforcement of judgments, signed at Brussels in 1968 by the members of the European Economic Community, and published in the Official Journal ((1982) OJ L388/1). The UK acceded to the Brussels Convention in 1978 and it became part of UK law under the Civil Jurisdiction and Judgments Act 1982 as available on uk.practicallaw.com last accessed on 16th March 2015
22 Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed in Lugano on 30 October 2007 and published in the Official Journal on 21 December 2007 (L339/3). Its effects are materially the same as the 2001 Brussels Regulation and it governs issues of jurisdiction and enforcement of judgments between the European Union member states and the European Free Trade association countries other than Liechtenstein (namely Iceland, Switzerland and Norway).
23 Council Regulation 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. This Regulation largely supersedes the 1968 Brussels Convention he amendments to the 2001 Brussels Regulation were adopted in December 2012 and Regulation (EU) 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (Recast Brussels Regulation) was published in the Official Journal on 20 December 2012, entering into force 20 days later i.e. on 10th January 2015 As available on http://eur-lex.europa.eu/LexUriServ/LexUriServ.do accessed on 16 March 2015.
jurisdiction to all these four countries in civil and commercial cases which does not have any foreign or non-UK element. However, the defendant has to be domiciled in any part of the UK. Schedule 5 of the Act lists the exceptions to these rules which specifically excludes ‘Proceedings concerned with the registration or validity of patents, trademarks, designs or other similar rights required to be deposited or registered.’ The effect of this exclusion is that an English Court will apply traditional national rules on jurisdiction to try such cases. It is important to note here that the statute dealing with Trademark protection i.e. Trademark Act, 1994 does not provide anything as to how the jurisdiction of the court is required to be allocated.

It is crystal clear from the provisions of schedule-5 para-2 that the intellectual property matters are excluded from the rules governing jurisdiction as laid down in the CJJA, 1982. The matters which are not governed by the rules provided under the CJJA, 1982 are governed by the English jurisdictional rules derived from either specific principles contained in statues, statutory instruments of the UK or from common law. Common law in England is an unwritten body of law that is derived from precedent and case law as established in the English courts. One of the central features of the common law rules regarding jurisdiction in England, is that a Defendant, who is served with a claim form in England, is subject in personam to the jurisdiction of that Court, regardless of how fleeting his presence might be. The rules on jurisdiction however are almost codified in the Civil Procedural Rules (“CPR”), which govern all civil and commercial actions within England and Wales. The civil courts are competent to try an action in personam in the situation where there has been service of a claim form on the defendant present within the jurisdiction. In this way through service the court establishes the jurisdiction. Thus, the general rule of jurisdiction is that the defendant will be sued where the claim form is served. The Act specifically provides for the provisions under which the claim form can be issued within as well as out of the jurisdiction of the UK. Part 6.20 of the CPR establishes the provision for service of a claim form out of jurisdiction. This means that it is no longer a

26 Civil Procedure Rules, PD 6A.
27 ibid PD 6B.
requirement for the defendant to be present within the jurisdiction for proceedings to be commenced against him. In order to serve a claim form out of the jurisdiction three conditions are required to be satisfied. Firstly it is required to be established that there is a good arguable case under one of the grounds28 PD (Practice Direction, Civil Procedure Rules) 6B, 3.1 is satisfied, secondly there exist reasonable chances of success and lastly the court must exercise discretion to allow the claim form to be served out of jurisdiction. The grounds for which permission is required for service of claim form out of the jurisdiction enlists many circumstances like,

- A claim is made for a remedy against a person domiciled within the jurisdiction.
- A claim is made for an injunction ordering the defendant to do or refrain from doing an act within the jurisdiction.
- There is between the claimant and the defendant a real issue which it is reasonable for the court to try; and
- The defendant is a necessary party or proper party to a claim brought against another person who has been duly served in England;
- The action concerns a contract which was made in England or was made by or through an agent trading or residing in England or is governed by English law or contains a jurisdiction clause in favour of the English Courts;
- The action was made in respect of a breach in England of a contract, wherever the contract was made;
- In a tort action, the damage was suffered or resulted from an act committed, in England.

Now considering the trademark infringement which is characterized as a tortious act in common law jurisdiction especially in the UK, permission is required to serve claim form out of jurisdiction so the conditions specified above are also required to be fulfilled. Thus, it is necessary that the damages for such an act of infringement were sustained within the jurisdiction or the damage sustained resulted from an act committed within jurisdiction. Apart from this, the case in which claim form is to be served out of the jurisdiction the

28 ibid PD 6B 3.1 Service out of jurisdiction where permission is required.
exercise of assumed jurisdiction in any given case lies within the discretion of the court and the court will not give permission for service out of the jurisdiction unless satisfied that England and Wales is the proper place in which the claim must be brought.\textsuperscript{29}

**Declining Jurisdiction:** *Forum non conveniens*

English court like US courts can decline to exercise jurisdiction. Generally a stay is granted on proceedings before English courts. This doctrine is given statutory effect under section 49 of the CJJA, 1982 which reads as under,

> “Nothing in this Act shall prevent any court in the United Kingdom from staying, sisting, striking out or dismissing any proceedings before it, on the ground of forum non conveniens or otherwise, where to do so is not inconsistent with the 1968 Convention”

As provided in the abovementioned provision where the matter is not within the scope of the Convention, the Courts in England can apply their rules to stay the proceedings.

When the matter is within the scope of the convention and the jurisdiction is determined as per the provisions of the same, it becomes immaterial whether England is the appropriate or inappropriate forum for trial. Considering the traditional norms based on which the courts in England can decline the jurisdiction involves two major considerations. First, determining whether there is clearly a more appropriate forum abroad, and secondly, consideration of the requirement of justice. For the first requirement the defendant has to establish that there is not only a forum abroad available but also clearly more appropriate than England. Once it is shown that there is clearly more appropriate forum available to try the case the court generally do not refuse to grant stay of proceedings. However, if it is established on part of the plaintiff that substantial justice could not be done in the other forum the court will refuse to grant the stay.\textsuperscript{30} It is very pertinent to mention that the English proceedings does not necessarily in such situation leave the claimant completely unprotected and remediless. Under section 25 of the CJJA, 1982,\textsuperscript{31} if the stay is granted pending trial abroad, there is a possibility of obtaining an interlocutory injunction pending this decision. The English court may grant interim relief in support of proceedings which

\textsuperscript{29} ibid r. 6.37(3).

\textsuperscript{30} Connelly v. RTZ Corp. Ltd, (1997) 2 WLR 373.

\textsuperscript{31} CJJA, 1982 s 25. Interim relief in England and Wales and Northern Ireland in the absence of substantive proceedings.
have been or are to be brought before a foreign court. However, the courts in England are found to be reluctant in granting such relief and will only grant an interlocutory injunction where the balance of convenience test as provided in American Cyanamid v. Ethicon\textsuperscript{32} is satisfied.

5.2.4 TRADEMARK INFRINGEMENT OVER THE INTERNET: POSITION UNDER THE ENGLISH LAW

In case of trademark infringement over the internet the most common issue is whether the mere availability of the website containing the trademark in certain jurisdiction constitute the use of the mark in the course of trade. Apart from this substantial element to determine whether there is any infringement or not the more complex issue is to determine the jurisdiction when the claimant is not aware of the identity of the defendant or his residence. Location of parties, computers from where the information is transmitted and received and the event that has caused harm are the major considerations in determining jurisdiction in case of trademark infringement that take place over the internet.

Under the English law, for infringement there must be use of sign in the United Kingdom. English courts have to apply existing jurisdiction rules to infringement over the internet. The same rules provided under the Civil Procedural rules with regard to service within and out of jurisdiction are considered by the English courts in case of infringement over the internet. \textit{800-FLOWERS}\textsuperscript{33} was the first case where the issue of jurisdiction over internet for trademark infringement was considered. In this case an American Company applied to register 800-FLOWERS as a service mark for receiving and transferring to florists orders for flowers. This was opposed by a company in the business of acquiring alphanumeric telephone numbers and licensing their use. Jacob. J. held that simply placing a sign on a website could not infringe the trademark.

Jacob J had another opportunity to consider the matter of infringement within jurisdiction in \textit{Euromarket Designs Inc v Peters and Crate & Barrel}.\textsuperscript{34} In this case also the claimant was an American company with a chain of United States stores under the name “Crate and Barrel”. It had registered the name as a trade mark in the United Kingdom and as Crate and

\textsuperscript{32}(1975) AC 375.
\textsuperscript{33} 1-800 Flowers Inc v. Phonenames, [2002] FSR 12 CA.
\textsuperscript{34} [2001] FSR 288.
Barrel for it. Household items and furniture were sold in the shop. The defendant advertised in a magazine and had a website and had, in both cases, used the Crate and Barrel name. It appeared that the defendant never sold goods in the United Kingdom. The claimant referred to section 9(1) of the Trade Marks Act 1994 which states that the proprietor of a trade mark has “... exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.” To interpret the provision otherwise would mean that placing a trade mark on a website without the proprietor’s consent would infringe, per se. Persons can visit websites either by entering the address or through a search. Jacob J once again made the point that carrying out a search on the internet almost always throws up lots of irrelevant hits. Whichever way a person got to the defendant’s site, the question was whether the defendant was using Crate & Barrel in the United Kingdom in the course of trade. If the defendant was, bearing in mind there was no proof of actual trade or an intention to carry out trade in the United Kingdom, potentially it was using the name in every country in the world. There is a distinction, however, between active and passive use on a website and the terminology used lends support to this. When a person gains access to a website, he is said to go to the site or to visit the site. At this stage use of any trade mark on a website is passive only. In the Crate & Barrel case, Jacob J approved of counsel’s submission that using the internet to visit a website was like the user focusing a super-powerful telescope on the site concerned.

The 800-FLOWERS case was appealed to the Court of Appeal, where the approach of Jacob J was confirmed as being correct. It has been submitted that "publication" of statements in a particular jurisdiction by downloading from the internet according to the rules of the law of defamation or of misrepresentation was of strong analogical relevance to the question whether a trade mark downloaded from the internet had been "used" in the jurisdiction to which it was downloaded. In the case under discussion, Buxton LJ said

“There is something inherently unrealistic in saying that A ‘uses’ his mark in the United Kingdom when all that he does is to place the mark on the internet, from a location outside the United Kingdom, and simply wait in the hope that someone from the United Kingdom will download it and thereby create use on the part of A … the very idea of ‘use’ within a certain area would seem to require some active step in that area on the part of the user that goes beyond providing facilities that enable others to bring the mark into the area. Of
course, if persons in the United Kingdom seek the mark on the internet in response to direct encouragement or advertisement by the owner of the mark, the position may be different; but in such a case the advertisement or encouragement in itself is likely to suffice to establish the necessary use.” Further Buxton LJ held that “there will be one uniform rule, specific to the internet, that can be applied in all cases of internet use…”.

CONCLUSION
From the above detailed discussion regarding the rules of jurisdiction in case of trademark violations in the English legal system it is clear that the Trademark Act, 1994 contains the provisions on what types of claims various courts can try but do not as such prescribe any rules that allocates jurisdiction to various courts. The rules on jurisdiction are further complicated as there exist different sets of rules applicable in different situations for allocating jurisdiction to English Courts. In case of situations within the scope where Brussels Regulation and Lugano Convention are applicable the norms as adopted by such international instruments shall determine the bases of jurisdiction. On the other hand in case of cases not falling within this scope, the traditional rules of jurisdiction as prescribed under the Civil Procedure Rules and Civil Jurisdiction and Judgments Act, 1982 are applied to determine jurisdiction. Further the trademark used in the virtual world are also governed by the traditional rules of jurisdiction which are interpreted by courts in suitable manner in various cases.

5.3 UNITED STATES:
5.3.1 LEGAL SYSTEM:
The US Legal System is a complex organization of Federal and State governmental divisions. It has got several layers compared to other nations. The obvious reason is the federal and state structure. The reason for this multi-layered structure can be found in the history of the evolution of the United States as a nation. The United States was founded not as one nation, but as a union of 13 colonies, each claiming independence from the British Crown. The entire legal system of the US rests upon the traditional legal principles found in English Common Law. Although both the Constitution and statutory law
supersede common law, courts continue to rely upon common law principles to fill in the
gaps where the Constitution is silent and Congress has not legislated.

One of the most significant features of US legal system is the dual court system. Each level
of government (state and national) has its own set of courts. Thus, there is a separate court
system for each state, like one for the District of Columbia, and one for the federal
government. Some legal problems are resolved entirely in the state courts, whereas others
are handled entirely in the federal courts. Still others may receive attention from both sets
of tribunals, which sometimes causes friction. Each State has a legislature that adopts State
Laws called “statutes”. Those statutes are sometimes compiled into what is referred to as
a Code.

5.3.2 LAW OF TRADEMARKS IN UNITED STATES

In the US, Trademarks are governed by both State and Federal law. Originally, state
common law provided the main source of protection for trademarks. On July 8, 1870, the
Federal Trade Mark Act was enacted as the first U.S. federal law to protect trademarks. In
1879, however, the U.S. Supreme Court held that the law was unconstitutional due to a
conflict with the provision on patents in the U.S. Constitution. It was therefore abolished.
In its place, a trademark law was enacted on March 3, 1881 that targeted trademarks used
in interstate commerce and in the commerce with Indian tribes as well based on the
interstate commerce clause in the U.S. Constitution. This law, however, was unable to
accommodate the development of the American economy and underwent a major
amendment in 1905. It underwent further partial revisions occasionally during subsequent
years. Upon the enactment of the Lanham Act on July 5, 1946, the U.S. Congress enacted
the existing Federal Trademark Law. Since then, federal trademark law has consistently
expanded, taking over much of the ground initially covered by state common law. The main
federal statute is the Lanham Act, which was enacted in 1946. Today, federal law provides
by and large the most extensive, source of trademark protection, although state common
law actions are still available. It is pertinent to mention that the US trademark law is largely
influenced by the English Law as the US has also adopted the ‘first to use’ principle.

The definition of trademark in US is not much different from India and it means any word,
name, symbol, or design, or any combination thereof, used in commerce to identify and
distinguish the goods of one manufacturer or seller from those of another and to indicate the source of the goods.\textsuperscript{35} Use in Commerce and Distinctiveness are the two basic requirements for a mark to be eligible for trademark protection in US. The Lanham Act, 1946 does not prescribe any precondition of graphical representation of a mark for registration. Hence, it is easy to protect unconventional trademarks in the US compared to India. Unregistered trademarks are also protected at the state level by statute and/or common law. Under state common law, trademarks are protected as part of the law of unfair competition.

In the United States, there are two separate and distinct jurisdictions. One is the jurisdiction of the States within their own territorial boundaries and the other is the federal jurisdiction. State jurisdiction includes the power to regulate, control and govern real and personal property, individuals and enterprises within the territorial boundaries of the State. Federal jurisdiction, on the other hand, is extremely limited and is exercised only in areas granted to the Federal Government pursuant to the Constitution.

\textsuperscript{35} 15 U.S.C. § 1127 for further details.
The following diagram\textsuperscript{36} shows the structure of the US federal courts.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{diagram.png}
\caption{Structure of the US Federal Courts}
\end{figure}

SPECIAL IP COURT

The United States has one specialized IPR court: the United States Court of Appeals for the Federal Circuit. This is an appellate court whose jurisdiction involves appeals on primarily patent issues. The Federal Circuit has subject matter jurisdiction over patent appeals, appeals from the U.S. Trademark Trial and Appeal Board, and issues arising out of the U.S. International Trade Commission, etc. It was formed to adjudicate IPR cases and to provide guidance to lower courts.

As per this division of the jurisdiction, under title 28 USC § 1338 37 most intellectual property cases are brought before the federal court. Here a complex question occurs in which federal court should a particular intellectual property action be brought? Since breaches of intellectual property rights often have consequences in many different geographic areas and since there are so many federal courts around the country (there are 94 federal districts and many districts have more than one trial court), the question of the venue in which an action may be brought is always of important consideration. The great majority of plaintiffs elect to file trademark and related unfair competition cases in the Federal Courts for a number of reasons. It is recognized that the Federal Courts, for historical reasons, have far more experience in adjudicating trademark cases than do the state courts. Plaintiffs frequently have to sue defendants in places where the defendants are located but where the plaintiffs have no local ties. The body of trademark law in the United States is largely developed in Federal cases and there is a greater chance of predicting a result especially in a Federal Circuit with a rich collection of precedents and experienced trial and appellate judges. Further, plaintiffs recognize that, even if they file complaints in

37 28 USC § 1338. Patents, plant variety protection, copyrights, mask works, designs, trademarks, and Unfair competition
(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights. For purposes of this subsection, the term “State” includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.
(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trademark laws.
(c) Subsections (a) and (b) apply to exclusive rights in mask works under chapter 9 of title 17, and to exclusive rights in designs under chapter 13 of title 17, to the same extent as such subsections apply to copyrights.
state courts, the defendants may, and often will, remove them to Federal courts. Further as provided under S. 39 of the Lanham Act, 1846 an action for infringement of trademark can be brought before an appropriate court of jurisdiction as specified in that provision.

5.3.3 EXTRA TERRITORIAL REACH OF THE LAW IN CASE OF TRANS-BORDER DISPUTES:

The jurisdiction of U.S. courts does not extend to cases involving allegations of trademark infringement that occur outside of the United States and its territories. Under a treaty known as the Madrid Protocol, U.S. trademark owners may obtain trademark protection in more than 85 nations by registering for an international trademark. They may apply for an international trademark through the U.S. Patent and Trademark Office. The World Intellectual Property Organization administers the registration of international trademarks. A trademark registered with WIPO will be recognized in countries that have signed the Madrid Protocol. Recognizing the needs of globalization international registration of trademark through international instrument is now possible. However, it is also realized that the laws at times are insufficient to protect the right granted out of such international registration.

Courts are generally reluctant in adjudicating claims involving foreign trademarks. In such cases the court has to exercise extraterritorial jurisdiction in case of trans-border trademark disputes, which raises an important question of fairness. It may not be fair on part of a court to adjudicate an issue based on foreign intellectual property in the United States. The criteria for determining the standard of fairness is generally nebulous in all legal systems as it varies from country to country. In the US, fairness should be determined by four

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38 15 U.S. Code § 1121
(a) The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit) shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.
(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.
factors. One is the residence of the parties. The issue whether it’s fair for the United States court to adjudicate a claim depends at least in part upon whether the parties are residents of the United States. The second is the relationship of the claim to United States activities. It is something akin to the supplemental jurisdiction issue. Supplemental jurisdiction under U.S. law can be exercised when the claim arises from the same set of facts. The third — and this appears to be the one that bothers courts the most—is the competence of U.S. courts to handle such claims, or perhaps the complexity that would be added to a case by the adjudication of the claims under a US court. The fourth issue is the concern about reciprocity. If the US court exercises jurisdiction, what will be the ramifications with respect to foreign courts exercising jurisdiction over U.S.?

There are mainly two restrictions on exercising jurisdiction over a case.

a. Restriction of personal jurisdiction, and

b. Subject matter jurisdiction.

Personal jurisdiction requires that the defendants have some contacts with the forum that satisfies the fairness standard to allow the court to exercise jurisdiction. Ordinarily, if the defendant lives in US, there is no difficulty about exercising jurisdiction. It is important to understand that in case of trademark disputes the jurisdiction can be asserted only when the infringement or part of it occurs in the US. The Federal Rules of Civil Procedure provides for a rule when a federal court can assert personal jurisdiction over a foreign national with U.S. business interests not focused in any particular state. This is known as long arm statute of the US.39

In Omni Capital Int’l, Ltd. v. Rudolf Wolff & Co40, American investment advisors sought to implead a British broker in federal suits based on trades executed on a London based commodities exchange. Federal jurisdiction was based upon the Commodity Exchange Act, which is silent as to service of process. The British broker moved to dismiss for lack of personal jurisdiction. The district court initially rejected this motion because it concluded that the British broker’s contacts with the United States as a whole supported a

39 Long arm statute is a state law that allows the state to exercise jurisdiction over an out-of-state defendant, provided that the prospective defendant has sufficient minimum contacts with the forum state. Rule 4(k)(2) was enacted in 1993 to fill a procedural gap identified by the U.S. Supreme Court in Omni Capital Int’l, Ltd. v. Rudolf Wolff & Co., 484 U.S. 97 (1987).
federal court’s assertion of personal jurisdiction. However, as a result of a subsequent appellate court decision, the district court reversed itself, ruling that, because the Commodity Exchange Act did not authorize service of process internationally, the court’s jurisdiction was governed by Federal Rule of Civil Procedure 4(e), which authorized service of process only where the forum state could assert personal jurisdiction. The British broker’s contacts with the forum state were insufficient to support personal jurisdiction, so it was dismissed from the suit.

A unanimous Supreme Court affirmed. The Court held that a defendant must be amenable to service of process in the relevant federal court for that court to assert personal jurisdiction. The version of Rule 4 of the Federal Rules of Civil Procedure applicable at that time permitted service of process subject either to independent federal law or to the law of the state in which the district court sat. The Court concluded that, because the Commodity Exchange Act did not have a provision permitting service on the British broker in this instance, service was only proper if the state long-arm statute permitted it. Since the British broker lacked sufficient contacts with the state, the district court could not assert jurisdiction. Looking forward, the Court noted, “A narrowly tailored service of process provision, authorizing service on an alien in a federal-question case when the alien is not amenable to service under the applicable state long-arm statute, might well serve the ends of the Commodity Exchange Act and other federal statutes. It is not for the federal courts, however, to create such a rule as a matter of common law. That responsibility, in our view, better rests with those who propose the Federal Rules of Civil Procedure and with Congress.”

In the case under discussion, the court suggested that the legislation should be amended to incorporate such a provision on long arm statute. Picking up from the Supreme Court’s suggestion the Advisory Committee on the Federal Rules proposed Rule 4(k)(2). Under the said rule, the non-resident defendant sued under the Federal Law must have insufficient state contacts to be amenable to services under the long arm statute of any states. Service

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41 This has resulted into amendment in Rule 4 of the Federal Procedure Civil Procedure.
42 Federal Rules r (k) Territorial Limits of Effective Service.

(2) 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.
becomes possible under the said rule if the defendant has sufficient contacts to satisfy the
due process requirements. Rule 4(k) (2) further provides that “if the exercise of jurisdiction
is consistent with the Constitution and laws of the United States, serving a summons or
filing a waiver of service is also effective, with respect to claims arising under federal law,
to establish personal jurisdiction over the person of any defendant who is not subject to the
jurisdiction of the courts of general jurisdiction of any state.” To establish jurisdiction under
Rule 4(k) (2), the plaintiff must demonstrate that: (1) it has a cause of action arising under
federal law, and is not relying upon diversity jurisdiction in bringing a suit in federal court\(^ {43}\)
(2) the defendant is not subject to the jurisdiction of the courts of any state\(^ {44}\)and (3) the
defendant’s contacts with the United States as a whole are sufficient to satisfy the
requirements of due process.\(^ {45}\) The requirement that the claim be based upon federal law
is relatively straightforward.

Among claims that will support subject matter jurisdiction in federal court, only state-law
claims brought in diversity are excluded. Thus, a claim based on a federal statute, such as
the Lanham Act, is a claim based upon federal law.\(^ {46}\) In US one of the most important cases
on extraterritorial application of the Lanham Act, is *Steele v. Bulova Watch Co*.\(^ {47}\) In this
case the Supreme Court of the US considered the question of determining the subject matter
jurisdiction. The court held\(^ {48}\) that under the Lanham Trade-Mark Act of 1946, a federal
district court has jurisdiction to award relief to an American corporation against acts of
trademark infringement and unfair competition consummated in a foreign country by a
citizen and resident of the United States who purchases parts here and some of whose
products, sold abroad, enter this country where they may reflect adversely on the American
corporation's trade reputation. Taking this approach further, the Second Circuit court in
*Vanity Fair Mills Inc. v. T. Eaton Co.*\(^ {49}\)held that three requirements to be fulfilled to
determine whether the extraterritorial application of the Lanham Act is warranted. The first
requirement is that the conduct of the defendant must have a substantial effect on US

\(^ {46}\) Pebble Beach Co. v. Caddy, 453 F.3d 1151, 1159 (9th Cir. 2006).
\(^ {47}\) 344 US 280 (1952).
\(^ {48}\) 344 U. S. 281-289.
\(^ {49}\) 238 F. 2nd 633 (2nd Cir. 1956).
commerce. The second requirement mandates that the defendant be a citizen of the US and thirdly it is required that there should not be any conflict with foreign law. Post this significant developments on the extraterritorial application of the Lanham Act, the courts of Fifth and Ninth Circuit also gave decisions on the same line which were more liberal by nature.

5.3.4 LANHAM ACT’S LONG ARM JURISDICTION IN CASE OF TRADEMARK DISPUTES IN THE VIRTUAL WORLD:

The law protecting trademarks has come a long way in the US from common law protection to a comprehensive legislation with internationally divisive remedial system. US is considered to be one of those developed nations where internet is most widely used. In US each state is considered to be a separate law district. Due to which there are many cases on jurisdictional issues in internet related disputes. The interstate jurisdictional issues in cyberspace have been the subject matter of consideration for the US courts for more than fifteen years between the fairly independent fifty states. Considering the globalized nature of e-commerce in the physical as well as virtual world, extra territorial protection and enforcement of trademark has become a need of the hour.

The courts in US have developed laws to localize the transaction in the virtual world through various tests for exercising jurisdiction. In order to have appropriate jurisdiction the court must have personal as well as subject matter jurisdiction. Personal jurisdiction in the US as applied to internet is divided into two sub categories of general and specific jurisdiction.

General jurisdiction allows US courts to hear claims against a defendant that either:

a. Is physically present within the forum state, such as a company that maintains an office and phone listing there.

b. Engages in continuous and systematic business activities within the forum state, even if the defendant does not have a physical presence there.

A defendant that is subject to general jurisdiction in the forum state may be sued there for any domestic cause of action occurring anywhere in the world.

Specific jurisdiction allows US courts to hear claims against a defendant who is not present within the forum state, if both the following conditions are satisfied.
a. The defendant has "minimum contacts" with the forum.

b. Those contacts give rise to the plaintiff's claims.

The US court for the first time considered the question of determining the personal jurisdiction in case of *International Shoe Co. v. Washington.*

'[d]ue process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he has certain minimum contacts with it such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.'

In this case it was held that the court can exercise personal jurisdiction over a non-resident defendant provided the defendant has had certain ‘minimum contacts’ with the forum state such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’ There have been several cases dealing with personal jurisdiction over internet.

Through various decisions, the US courts have tried to identify the spectrum of internet activities based on which the jurisdiction can be identified. One of the leading cases has set a standard that many courts have adopted. In *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.,* the United States District Court for the Western District of Pennsylvania adhered to the long-standing notion of *International Shoe,* by looking at the nature and quality of activity to determine whether personal jurisdiction exist over a non-resident defendant. In doing so, the *Zippo* court created a “sliding scale” analysis based on passive, active, and interactive websites. Generally, a passive website does not create contact with a forum state sufficient to confer personal jurisdiction over a non-resident defendant. It is deemed nothing more than an advertisement with no intent to target a specific forum. Consequently, courts hold that “something more” is required. Active websites, on the other hand, are highly interactive. Courts tend to find that these websites are sufficient to confer personal jurisdiction because they enable parties to enter into contracts that contemplate continued business with the forum state, and knowingly and

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53 326 U.S. 310 (1945).
repeatedly transmit files and communicate over the Internet. Interactive websites make up the middle of the sliding scale; jurisdiction based on these websites depends on the nature and quality of commercial activity. The divergence in jurisdictional analysis of interactive websites may stem from a particular court’s interpretation of the phrase, “nature and quality.” Some of the early opinions emphasize the quantity of contacts conducted via a website while others, including more recent decisions, refer specifically to the nature and quality of the contacts. Although the law is still evolving in this area, previous cases involving jurisdiction in which courts have determined that access to a defendant’s website is sufficient contact to invoke the court’s jurisdiction have generally involved websites that are interactive rather than only informational. Courts have more readily asserted jurisdiction over defendants whose websites enable visitors to purchase merchandise rather than websites that merely provide information or advertise goods or services. However, courts have recently begun to move away from this view and are now asserting jurisdiction over the owners of purely informational websites also. In a recent decision, the Eleventh Circuit reversed a district court's dismissal of a trademark infringement case for lack of personal jurisdiction. In Licciardello v. Lovelady, the district court held that the allegedly infringing conduct, operating a website, was insufficient to warrant jurisdiction in the plaintiff's home state of Florida.

CONCLUSION
It can be concluded from the detailed discussion on jurisdictional rules and its applicability that the principles for exercise international jurisdiction are developed in the US through judicial interpretation. The courts in US through precedents have clearly held that it will exercise jurisdiction pertaining to foreign intellectual property right if the court has both personal as well as subject matter jurisdiction. The complex issue of determining jurisdiction in case of trademark infringement in physical as well as virtual world is being addressed by the court in US on the basis of purpose availment, sliding scale and effect

test. Further, the quest for appropriate solution in the trans-border trademark disputes is continued despite the extraterritorial reach and long arm jurisdiction of Lanham Act, 1946.

5.4 CHAPTER CONCLUSION

From the overview of the legislative and judicial framework of the US, UK and Japan it is observed that the courts in these countries would by and large assert international jurisdiction when there is a close connection between the dispute and the forum. The courts in both civil as well as common law system are attempting to apply and adapt the traditional rule of jurisdiction in case of cross border cases. The task becomes more difficult when the dispute involves more than one country. In such cases the intellectual property right exist in several countries. Palpable efforts have been undertaken to achieve the goal of harmonization of intellectual property rights at the global level. However, jurisdictional aspects of complex intellectual property disputes is not addressed by any of the international instruments. In such cases of multistate IP disputes the discrepancy of location of the owner of the intellectual property right and the location of the intellectual property right at stake creates complications. The differences as they exist in various legal systems become obvious in such challenging situations. Courts in Japan would exercise jurisdiction based on the domicile of the defendant whereas the common law countries like US and England would hear the case only when there is personal as well subject matter jurisdiction. A closer analysis of legal system of US, UK and Japan further conveys that the adjudication of multistate disputes involving trademark are often constrained by the subject matter jurisdiction and narrow interpretation of exclusive jurisdiction rule. In absence of any harmonized norms for asserting jurisdiction, forum shopping has become a regular practice in countries like US. It is hoped that with the new rules on international jurisdiction in place in Japan, combined set up consisting of International conventions and domestic procedural rules of applying jurisdiction in the UK and the innovative way of interpreting the traditional norms of jurisdiction in US, the cross border trademark disputes in physical as well as virtual world will be resolved in a better manner.

Following are the specific concluding observations:

- Novel types of cross border trademark disputes are increasing with the introduction of globalization and internet.
• It is desirable to establish appropriate rules to resolve such international IP disputes.

• The courts in various legal systems are finding it difficult to apply the traditional norms for determining jurisdiction.

• Advance level of IP harmonisation on rule of international jurisdiction is desirable in the present set of circumstances.

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