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F.3d 884, 890 (9th Cir. 1994).

The court concluded that these factors favored granting costs and attorneys' fees in the instant case. The court reasoned that awarding fees in this case may send a warning to BBS operators like Sherman and may prevent future copyright infringements from occurring. The court admitted that unchecked copyright infringement could become rampant, resulting in a negative impact on the software market.

Monetary recovery for trademark infringement

Because Sherman's willful infringement constituted counterfeiting, the court held that Sega could receive treble damages or profits and reasonable attorneys' fees. Although Sega provided no evidence regarding damages or profits, the court concluded that if Sega decided to prove actual damages or lost profits, the Chief Magistrate Judge would hear the matter. The court ordered Sega to inform the court and Sherman of its decision within one week after the date of the order; otherwise, the court would enter judgment.•

Electronic links via Internet constitute sufficient contacts for personal jurisdiction

by Heather Sullivan

The Sixth Circuit Court of Appeals in ***CompuServe v. Patterson*, 89 F.3d 1257 (6th Cir. 1996)**, held that a Texas resident, who subscribed to a computer information and network service and employed that service to market computer software, is subject to personal jurisdiction in the service's home state even where contacts with that state are mostly electronic. The court limited its holding to the issue at hand, because this case is relatively unique and probably the first of many similar cases to follow due to the rise in business and communication through the Internet. In this particular case, the court held: (1) the subscriber purposefully availed himself of the benefits of doing business in Ohio; (2) the action arose from the subscriber's contacts with the state; and (3) the exercise of personal jurisdiction is reasonable due to the substantial connection between the defendant's acts and the state of Ohio.

CompuServe ("CompuServe") is a computer information service with headquarters in Ohio which provides access to computing and information services via the Internet. CompuServe is currently the second largest provider on the "information super highway." Individual subscribers contract with CompuServe to gain electronic access to more than 1,700 information services. CompuServe also provides computer software products to its subscribers. This software may be a product of CompuServe or other parties. Products distributed in this manner are referred to as "shareware." This software makes money through the voluntary cooperation of an "end user"—another CompuServe subscriber who pays the creator's suggested licensing fee if he or she decides to use the software beyond a certain trial period. The fee is paid directly to CompuServe in Ohio. CompuServe charges 15% for its trouble before it transfers the balance to the shareware's creator.

CompuServe files declaratory judgment action denying trademark infringement

Richard Patterson, the defendant, was a subscriber of CompuServe. Patterson, a resident of Houston, claimed to have never visited Ohio, where CompuServe is located. Patterson placed items of "shareware" on CompuServe for use and purchase. As a shareware provider, Patterson entered into a Shareware Registration Agreement ("SRA") which incorporated two other agreements: the CompuServe Service Agreement ("Service Agreement") and the Rules of Operation. Thus, Patterson and CompuServe entered into an independent contractor relationship. The SRA permitted Patterson to place software he created on the

CompuServe system. CompuServe provided subscribers with access to software or shareware that Patterson created.

Both the SRA and the Service Agreement expressly stated that parties entered into the contract in the State of Ohio, and the Service Agreement stipulated that Ohio law governs the contract. The SRA also asked new shareware providers to type "AGREE" at certain points in the document to show recognition of terms and conditions in the contract. Patterson assented to the agreement at his own computer in Texas and transmitted this assent to the CompuServe computer system in Ohio.

From 1991 to 1994, Patterson electronically transmitted thirty-two master software files to CompuServe. The CompuServe system in Ohio stored the files and made them available to CompuServe subscribers. The subscribers could then download the files into their computers and pay for them if they so chose at the end of the trial period. Patterson designed his software to help people navigate their way around the larger Internet network and marketed it through advertisements on the CompuServe system. Subsequently, CompuServe marketed a like product with names and markings that Patterson believed were similar to his own. Patterson notified CompuServe by electronic mail that these terms were his and (his company) FlashPoint Development's trademarks.

CompuServe changed the programs names. Patterson continued to claim trademark infringement and deceptive practices, and demanded a $100,000 settlement. CompuServe filed a declaratory judgment action in the federal district court of the Southern District of Ohio, relying on diversity subject matter jurisdiction. CompuServe sought a declaratory judgment to hold that it did not infringe on the trademarks or trade names of Patterson or Flashpoint Development and, thus, was not guilty of unfair or deceptive trade practices. Patterson responded with a motion to dismiss on several grounds, including lack of personal jurisdiction. The district court held that the electronic links between the Texan defendant and CompuServe, located in Ohio, were "too tenuous to support the exercise of personal jurisdiction." The district court also denied CompuServe's motion for reconsideration.

In reviewing the district court's decision, the Sixth Circuit Court of Appeals analyzed the implications and effects of global-shrinking trends in business and communication on jurisdiction. The court recognized the increasing nationalization of commerce and communication which results in the relaxation of limits that the due process clause imposes on the court's jurisdiction. The Internet is an example of these developments. Business people, like Patterson, can easily operate international business from a desktop. However, the court emphasized that business people are still entitled to some assurance under due process that their conduct will not render them liable to suit.

The Ohio long-arm statute allows an Ohio court to exercise personal jurisdiction over nonresidents of Ohio on claims arising from nonresidents transacting business in Ohio. CompuServe based its cause of action on Patterson's act of sending computer software to Ohio for sale and service to establish specific personal jurisdiction. The court of appeals looked to the inquiry applied in *International Shoe Co. v. Washington* to determine whether, given the facts of the case, the nonresident defendant had sufficient contacts with the forum state such that the court's exercise of jurisdiction would comport with "traditional notions of fair play and substantial justice." *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945). To determine if Patterson had sufficient contacts with Ohio, the court broke down its analysis into three criteria: (1) the defendant must have purposefully availed himself of the benefits of Ohio; (2) the cause of action must have arisen from the defendant's activities in Ohio; and (3) the acts of the defendant must have had a substantial connection with the forum in order to make the exercise of jurisdiction over the defendant reasonable. *See Reynolds v. Int'l Amateur Athletic Fed'n*, 23 F.3d 1110, 1116 (6th Cir. 1994).

Acts of CompuServe subscriber satisfy "purposeful availment test"

The district court ruled that the connections between Patterson and CompuServe were not substantial because they were marked by a minimal course of dealing and were, therefore, insufficient to satisfy the purposeful availment test. In examining the facts, the court of appeals disagreed, believing the connections were substantial, and that Patterson could have reasonably anticipated being brought into an Ohio court.

The court emphasized that the relationship between

Patterson and CompuServe was crucial to the case. Patterson subscribed to CompuServe and entered into a SRA when he loaded his software onto CompuServe's system for the public's use and purchase. After Patterson performed these acts, he was notified that he had made contacts with an Ohio-based company which would be governed by Ohio law. Patterson continuously sent software via electronic links to the CompuServe system in Ohio and advertised and sold his products through the CompuServe system. He chose to transmit his software from Texas to CompuServe's system in Ohio. Furthermore, Patterson initiated the events that led to the filing of this lawsuit through electronic mail messages.

The court also considered the continuing relationship between Patterson and CompuServe. The relationship was intended to be ongoing and not a "one-shot affair." Patterson sent software to CompuServe consistently for three years and intended to continue marketing his software on CompuServe. The court found that Patterson "deliberately set in motion an ongoing marketing relationship with CompuServe and he should have reasonably foreseen that doing so would have consequences in Ohio." *CompuServe*, 89 F.3d at 1265.

The court conceded that to establish personal jurisdiction, an individual must go beyond merely injecting the software product into the stream of commerce. However, Patterson both placed his product into the stream of commerce and purposefully directed his activities toward the state of Ohio. The court described CompuServe as a distributor of Patterson who repeatedly sent "goods" to Ohio for ultimate sale.

The court also disagreed with the district court's statement that the amount of sales made by Patterson was de minimis. The court of appeals declared that the true measure of purposeful availment is the quality of contacts rather than the number or status of such contacts. Again, the court stated that Patterson's contacts were knowing and continuous, even if little revenue came from Ohio itself. In addition, the court not only focused on sales in Ohio, but also on those sales made by way of CompuServe's system in Ohio. Taking these factors into account, the court stated that Patterson purposefully availed himself to the privilege of doing business in Ohio. He knowingly reached out to Ohio and benefited from CompuServe's services in handling his software and the resulting fees.

Subscriber's claims arose out of contacts with Ohio

The court also stated that CompuServe's claims against Patterson arose out of his contacts with Ohio. The district court held that the existence of Patterson's software on the Compuserve system in Ohio was incidental to the dispute because Patterson could claim trademark protection against CompuServe even if he had placed his software on another network or in a retail store. The court of appeals disagreed and pointed out that Patterson marketed his product exclusively on the CompuServe system; thus, any trademark Patterson might have had would have been created in Ohio, and any violation by CompuServe would have occurred, at least in part, in Ohio. Furthermore, CompuServe's declaratory judgment action arose because Patterson threatened, via electronic and regular mail, to seek an injunction against CompuServe's product sales or to seek damages if CompuServe did not pay to settle his claim. In the court's opinion, such threats by Patterson constituted contacts with Ohio and gave rise to this case.

Court finds exercise of jurisdiction reasonable

Finally, the court determined whether exercising jurisdiction over Patterson would be reasonable and 'comport with 'traditional notions of fair play and substantial justice.'" *Reynolds*, 23 F.3d at 1117 (quoting *Asahi Metal Indus. Co. v. Superior Court*, 480 U.S. 102, 113 (1987)). The court considered several factors: (1) "the burden on the defendant; (2) the interest of the forum state; (3) the plaintiff's interest in obtaining relief; and (4) the interest of the several states in securing the most efficient resolution of controversies." *American Greetings Corp. v. Cohn*, 839 F.2d 1164, 1170 (6th Cir. 1988) (citing *Asahi Metal Indus. Co., v. Superior Court*, 480 U.S. 102, 113 (1987)).

As to the defendant's burden, the court conceded that it may be burdensome for Patterson to defend a suit in Ohio. However, the court noted that Patterson knew through his agreements with CompuServe that he was making a connection with Ohio in hope such an agreement would work to his benefit.

Furthermore, the State of Ohio generally expresses

interest in resolving disputes in which an Ohio company is a party because the suits involve Ohio law trade names and trademarks claims. More than $10 million may be at stake, and the result of the case would have an impact on CompuServe's relationships with other shareware providers. The court found the relationship between Patterson and Ohio substantial enough and, therefore, reasonable for an Ohio court to assert personal jurisdiction over Patterson.

The court limited its holding to the circumstances in this case. Further, the court, noting the emergence of communications and business on the Internet, explained the potential of additional lawsuits, and other related issues, on the horizon, which will need to be resolved in the future. The court stressed that it did not hold that Patterson would be subject to lawsuits in states where his software was purchased or used or where his software might have caused a "computer virus." In addition, the court's holding did not extend to a situation where CompuServe would attempt to sue any subscriber for nonpayment of its services in Ohio. In reversing the district court's dismissal, the court of appeals held that people like Patterson who employ a computer network service to market a product can reasonably expect to resolve lawsuits in the state where the service's headquarters is located.•

World Wide Web site does not create personal jurisdiction

by Allison E. Cahill

In ***Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996)**, the United States District Court for the Southern District of New York dismissed a claim of trademark infringement for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2). The court held that the creation of a World Wide Web site is not an offer to sell in New York. Thus, New York's long arm statute does not apply. The court further held that "even if personal jurisdiction was proper under the long arm statute, the assertion of personal jurisdiction would violate due process."

Bensusan, a New York Corporation which owns "The Blue Note" jazz club in New York City, brought suit alleging that Richard B. King ("King") infringed on the Blue Note trademark by posting a site on the World Wide Web to promote a Missouri jazz club which he owned. King moved to dismiss for lack of personal jurisdiction.

In April 1996, King posted a general access site on the Internet. The site contained a disclaimer, a calendar of events, and names and addresses of ticket outlets in Columbia, Missouri. The disclaimer stated that "[t]he Blue Note's Cyberspot should not be confused with one of the world's finest jazz club[s] [the] Blue Note, located in the heart of New York's Greenwich Village." This site also contained a hyperlink, which allows Internet users to connect to Bensusan's Blue Note site.

Providing information about the product is not a sale

Bensusan argued that the tortious act provisions of New York's long arm statute established personal jurisdiction over King. N.Y.C.P.L.R. § 302 (a)(2), (a)(3)(ii). Section 302(a)(2) of New York's long arm statute ("Section 302 (a)(2)") provides that personal jurisdiction may be found if one not domiciled in New York "commits a tortious act within the state" and the plaintiff's cause of action arises from this act. The Second Circuit, in *Vanity Fair*