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Specific Jurisdiction May Be Based on Past Contacts with Forum

Tim Kowal *December 06, 2023*

If you set out to achieve the “impossible,” you are ambitious, but not alone. Impossible Foods, creator of the “Impossible Burger,” learned that another company,

Impossible X, was also using the "Impossible" brand on some personal fitness and lifestyle websites, an Amazon platform, and a YouTube channel. But its sole owner-operator, Joel Runyon, lived in Texas. So was Impossible Foods' trademark complaint—seeking a declaration that it was not violating any of Impossible X's trademark rights—properly filed in federal court in California?

In answering that question, consider that Impossible X hadn't done anything to enforce its trademarks in California. That fact stuck out to the district court, who granted defendant Impossible X's motion to dismiss on grounds of lack of specific jurisdiction. The court ruled that, in a lawsuit involving trademark enforcement, Impossible X's contacts with California had to relate to trademark enforcement.

But a divided panel in *Impossible Foods Inc. v. Impossible X LLC*, No. 21-16977 (9th Cir. Sep. 12, 2023) reversed. Writing for the majority, Judge Bress reasoned that the defendant's minimum contacts with a forum, as necessary to justify specific jurisdiction to issue a judicial declaration about trademark enforcement, need need not relate to trademark *enforcement*. Instead, the court may look to the defendants general business-development historical contacts with the forum—even if those activities did not relate to enforcing the trademark, the subject of the lawsuit.

This was too much for Judge VanDyke, who dissented. Judge VanDyke would have drawn a bright line between the activities relevant to the lawsuit (trademark enforcement) and the past business-generating activities in the forum. By sweeping in the historical collateral activities, Judge VanDyke says, the majority "reconceptualizes specific jurisdiction as a kind of backward-looking "general jurisdiction lite," [and] pushes our precedent in a new and troubling direction." He also says the majority's rule "is also potentially the most radical reimagining and expansion of specific jurisdiction in decades."

Judge VanDyke explains by offering examples how other well-known companies could be sued in states where they have surprisingly little contacts based on general connections from many years ago:

"For instance, Mark Zuckerburg first launched Facebook from his Harvard dorm in Massachusetts and first incorporated it in Florida before decamping for the company's current headquarters in California. Under the majority's use of past general jurisdiction to bolster current specific jurisdiction, Massachusetts and Florida could now effectively exercise a form of specific jurisdiction over any of the social media giant's global operations."

Judge VanDyke also would have found plaintiff's counsel waived the broader argument based on historical contacts.

Underscoring the novelty of the majority's ruling, plaintiff Impossible Foods' counsel conceded that it was not arguing that the court had general jurisdiction based on past contacts. Judge VanDyke says that was enough to find that any argument to extend the doctrine of specific jurisdiction based on general historical connections with the forum was waived.

But the majority disagreed and did not find a waiver. In a footnote, the majority said Judge VanDyke was "clearly wrong" and "quite plainly mistaken" because Impossible Foods' opposition did reference defendant Impossible X's past business-development and sales activities, and that those activities were part of "a rich history of forum context."

Judge VanDyke responded to this in his dissent, accusing the majority of "misrepresent[ing a] crucial exchange" between the district court and Impossible Foods' counsel. In that exchange, the court reminded counsel that his argument "veers into the elements of general jurisdiction," to which counsel said that the historical context related to the "third prong under the *Schwarzenegger* case." As referenced earlier in the opinion, the first two prongs of *Schwarzenegger v. Fred Martin Motor Co.* (9th Cir. 2004) 374 F.3d 797, 803 involve (1) purposeful direction or availment with the forum, which (2) must arise out of the forum-related activities. The third prong that counsel referenced is that the exercise of jurisdiction consistent with the first two prongs must be consistent with fair play and substantial justice. The third prong, then, did not advance either of the prongs on which the district court's conclusion was based.

Comment

Judge VanDyke has the better argument here. The majority distinguishes analogous Federal Circuit cases and unnecessarily extends specific jurisdiction in ways that seem to create tension with Supreme Court precedent, and imposes a blurry standard. And the rule the majority creates is not one that was squarely raised below or considered by the district court.

But as the *Impossible Foods* case is 9th Circuit precedent, if you are invoking the diversity jurisdiction be prepared to raise the defendant's historical contacts with the

forum. Even if that does blur the *Schwarzenegger* factors, it is a blurring that the *Impossible Foods* case seems to endorse.

This article was originally published on the website of Kowal Law Group.

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