



## The Second Circuit Provides a New Avenue in the State of New York to Pursue Lanham Act Claims Against Foreign Infringers

Foreign counterfeiters using foreign websites to sell counterfeit goods have been a persistent and recurring headache for trademark owners. Until last week, district courts located in the Ninth and Seventh Circuits were the preferred venues for bringing Lanham Act claims against these foreign online counterfeiters.<sup>1</sup> To obtain personal jurisdiction, these circuits recognized that the purchase of an infringing product via an interactive website and the subsequent shipping of that product to the forum state may be sufficient to establish jurisdiction. The Second Circuit has now gone one step further. In *American Girl, LLC v. Zembrka*, No. 21-1381, — F.4th —, 2024 WL 4206197 (2d Cir. Sept. 17, 2024), the court held proof of one online transaction occurring in New York to be sufficient to invoke personal jurisdiction under New York's long arm statute over a foreign defendant, even where no products were ever shipped to New York.

American Girl, a popular manufacturer of dolls and accessories, filed a Lanham Act suit in the Southern District of New York against Zembrka, a China-based company, for selling counterfeit versions of its dolls and prominently using American Girl's marks on its various websites. In support of personal jurisdiction under New York's long-arm statute,<sup>2</sup> American Girl proffered evidence that Zembrka maintained interactive websites through which customers, including those located in New York, would place orders via Zembrka's websites and then received confirmations of their orders.

American Girl also used the purchases of counterfeit American Girl merchandise offered on a Zembrka website and subsequent confirmation emails that included

shipping addresses in New York to further establish personal jurisdiction. After receiving order confirmation, American Girl obtained a temporary restraining order (TRO) and served it on Zembrka. After Defendants were served with the TRO and were alerted to the suit, they canceled the orders, refunded the payments, and did not ship the merchandise.

Zembrka moved to dismiss the complaint for a lack of personal jurisdiction, arguing that it did not transact or do business in New York as required to establish personal jurisdiction under New York's long-arm statute. The district court granted the motion because there was no evidence that Zembrka shipped any counterfeit goods to New York. American Girl moved for reconsideration based on evidence of other New York customers purchasing counterfeit American Girl products. However, none of these customers had received their orders, and were refunded the amounts they spent. As a result, the district court concluded that no business transaction occurred as was required to establish personal jurisdiction.

On appeal the Second Circuit reversed the district court having "little difficulty" concluding that Zembrka's activities sufficiently invoked N.Y. C.P.L.R. § 302(a)(1).<sup>3</sup> Under Section 302, "proof of one transaction in New York is sufficient to invoke jurisdiction, even though the defendant never enters New York, so long as the defendant's activities here were purposeful and there is a substantial relationship between the transaction and the claim asserted."<sup>4</sup>

The Second Circuit found that accepting orders with New York shipping addresses via Zembrka's websites, sending confirmatory emails with commitments to ship to those addresses, and accepting payment from a customer with a New York address amounted to transacting business within New York.<sup>5</sup> Zembrka could not avoid the long arm statute by canceling orders and refunding the purchase price, because Section 302(a)(1) only requires a transaction.<sup>6</sup> The appellate court also found this same evidence satisfied the second requirement that the claims arise from the transactions at issue.<sup>7</sup>

Although there is no guarantee that foreign counterfeiters will actually appear to defend themselves, *American Girl* gives trademark owners yet another forum willing to exercise personal jurisdiction over foreign counterfeiters to obtain injunctive and

other relief that can help stem the flow of counterfeit goods.

This blog post was drafted by [Jeff Ratinoff](#), an intellectual property attorney in the San Jose, California, office of Spencer Fane. For more information, visit [www.spencerfane.com](http://www.spencerfane.com).

<sup>1</sup> *Herbal Brands, Inc. v. Photoplaza, Inc.*, 72 F.4th 1085, 1092-94 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 693 (2024); *NBA Properties, Inc. v. HANWJH*, 46 F.4th 614, 624 (7th Cir. 2022), *cert. denied*, 143 S. Ct. 577 (2023).

<sup>2</sup> N.Y. C.P.L.R. § 302(a)(1).

<sup>3</sup> The jurisdictional inquiry under Section 302(a)(1) requires showing that the defendant conducted sufficient activities to have transacted business in the state, and the claims must arise from those transactions. *American Girl, LLC*, 2024 WL 4206197 at \*3 (citing *Al Rushaid v. Pictet & Cie*, 28 N.Y.3d 316, 323 (2016)).

<sup>4</sup> *American Girl, LLC*, 2024 WL 4206197 at \*3 (citing *Chloe v. Queen Bee of Beverly Hills, LLC*, 616 F.3d 158, 170 (2d Cir. 2010)).

<sup>5</sup> *Id.* at \*4.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at \*5.

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