By **Jonathan Hudis**

Looking hither and thither: choosing a forum for US trademark litigation

Deciding where to file suit in the United States when seeking redress for trademark infringement or unfair competition, or defending against such claims, is a tricky business. Fortunately, there is plenty of case law to provide guidance for potential litigants in choosing a forum

The US court system comprises 94 trial (or district) courts, 12 intermediate appellate (or circuit) courts and one Supreme Court. The federal judicial system is a complement to the judiciary of the 50 states. What factors drive the choice as to where to file one's case seeking redress for trademark infringement or unfair competition, or defending against such a case? The decision matrix can range from the simple to the complex.

Principal underlying factors

When deciding where to file a trademark infringement or unfair competition case within the United States, the principal underlying factors are the client's convenience, relative expense and governing law in the chosen jurisdiction. Determining the venue that is most convenient to the client is simple enough.

Assuming that the court's exercise of jurisdiction over the defendant is not a problem, the venue chosen should be closest to the client's offices or other facilities where the most knowledgeable witnesses and most relevant documents are located. If the client's locations (and knowledgeable personnel) are spread throughout different areas of the United States, this factor can become more complicated. In this age of electronic records that can be stored, transferred and remotely retrieved, convenience is not always concerned primarily with the physical location of relevant documents.

Litigating a case at a distance from the client's offices or facilities brings into focus another consideration: expense. A company (large or small) with any degree of legal sophistication typically has ongoing relationships with lawyers or law firms located relatively nearby. Such counsel will often have some depth of knowledge of the company's business operations and personnel, in addition to particularised relevant legal expertise, which can be very helpful during litigation. If a case must be brought or defended in a remote location, the client must retain local counsel in that venue, in addition to retaining the law firm with which it has the ongoing relationship. Litigating a case from a distance could also raise the prospect of local jury bias in favour of the company's adversary.

If the client is threatened with a claim of infringement or unfair competition (but the complainant has not yet filed a lawsuit), one way to secure a preferred forum is to bring a declaratory judgment action under 28 USC §§2201, 2202 for non-infringement and/or trademark invalidity. If the lawsuit has already been brought, the defendant could seek to transfer the action to a more convenient forum pursuant to 28 USC §1404.

Actions for infringement of a registered mark (15 USC §1114), false designation of origin (15 USC §1125(a)), trademark dilution (15 USC §1125(c)), or domain name cybersquatting (15 USC §1125(d)) are governed by uniform federal legislation, the Lanham Act (15 USC §§1051 *et seq*).

However, the federal district and circuit courts have interpreted provisions of the Lanham Act differently (eg, see *Polaroid Corp v Polarad Electronics Corp* (287 F 2d 492 (2d Cir 1961)), *Nora Beverages, Inc v The Perrier Group of America, Inc*, 269 F 3d 114 (2d Cir 2001)), and *Scott Paper Co v Scott's Liquid Gold, Inc* (589 F 2d 1225 (3d Cir 1978)), which demonstrate differences in the treatment of the likelihood of confusion factors – the touchstone for a finding of trademark infringement).

Differences in interpretation of the Lanham Act can be crucial if the case turns on those differences– that is, unless the US Supreme Court finally decides the issue (see *Qualitex Co v Jacobson Products Co Inc*, 514 US 159 (1995), protection for colour *per se*; *Two Pesos, Inc v Taco Cabana, Inc*, 505 US 763 (1992), protection of trade dress; and *Traffix Devices v Mktg Displays*, 532 US 23 (2001), functionality of trade dress in a mechanical item).

State versus federal court

The individual states and the US federal government have overlapping subject-matter jurisdiction over claims for trademark infringement and unfair competition (see *Dunlap v G&L Holding Group, Inc*, 381 F 3d 1285, 1292 (11th Cir 2004)). It is very common, in fact, that a complaint filed in a US federal court will contain claims for federal trademark infringement and false designation of origin

(under the Lanham Act), combined with supplemental state law claims for infringement and unfair competition.

It is rare that a complaint filed in a state court would contain federal and state trademark claims. If a state court complaint did contain federal claims, the defendant would be entitled to remove the case to a federal court sitting in that state (see 28 USC §1441 – federal removal statute; *Louisville and Nashville Railroad Co v Mottley*, 211 US 149 (1908) (the right to removal depends upon whether a federal claim is asserted within the plaintiff's "well-pleaded complaint").

Therefore, a plaintiff wishing to have its trademark infringement case heard in state court should be careful to plead only state law claims for infringement or unfair competition. In addition, the dispute in question should be confined to acts of alleged wrongdoing that are confined within a single state.

Nevertheless, infringing activities that are geographically local in nature can still "affect commerce" over which the federal courts have jurisdiction. Therefore, there is no guarantee that a matter will remain with the state court if the defendant seeks removal to the federal court system (eg, see, *Coca-Cola Co v Stewart*, 621 F 2d 287 (8th Cir 1980)).

Choices within the federal court system

Ordinarily, the plaintiff's choice of forum within the US federal court system is given deference, unless there are factors warranting that the action should have been filed in another federal court (eg, see *Pepsico, Inc v Marion Pepsi-Cola Bottling Co*, 2000 US Dist LEXIS 2693, at 21-37 (ND Ill 2000), granting motion to transfer).

Does the case belong in the United States at all?

Finally, notwithstanding the plaintiff's filing of its trademark infringement case in a US federal court, there may be no court within the federal court system in which the case could have, or should have, been filed. Under such circumstances, the 'private interest' and 'public interest' factors will warrant dismissal of the case on grounds of *forum non conveniens* (but see *Gates Learjet Corp v Jensen*, 743 F 2d 1325, 1334-37 (9th Cir 1984), discussing the *forum non conveniens* factors, but electing to retain the case in the United States). WTR

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