

Jurisdiction based on a single bit of bitcoin: A single (probably) U.S.-based sale was enough to achieve relief with worldwide effect

March 19, 2019 – The TMCA

by Shannon Bjorklund

The dispute over the bitcoin named Alibabacoin is apparently over. Last year, Chinese tech giant Alibaba sued Belarus- and Dubai-based ABBC Block Chain IT Solutions LLC in New York federal court for trademark infringement based on ABBC's Alibabacoin bitcoin. Several sources have reported that the parties announced a settlement, and the parties filed a stipulation of dismissal of the lawsuit in the Southern District of New York. Even before the stipulation was filed, on March 12, the Second Circuit dismissed ABBC's appeal because it failed to file its appellate brief due March 4.

This case raised several unique issues, including whether the two foreign adversaries disputing a world-wide product had a sufficient connection to New York to proceed in the court.



After issuing a temporary restraining order in March 2018, Judge Oetken dissolved the injunction on April 30, given the court's uncertainty that it could exercise personal jurisdiction over ABBC. The court noted that the motion could be renewed and the injunction later reinstated, and in early June—after the parties had done some jurisdictional discovery—the court prompted the parties to file renewed briefing regarding a preliminary injunction. The court reinstated the preliminary injunction in October 2018,

Related People

- Shannon Bjorklund

Related Capabilities

- Trademark, Copyright + Advertising
- Intellectual Property Litigation

finding that Alibaba had demonstrated a likelihood that the court had personal jurisdiction.

First, the court rejected ABBC's argument that Alibaba did not properly effect service when it served the complaint by email and FedEx. The court noted that Alibaba served ABBC in the manner directed by the court, which in itself was sufficient for service of process, since it did not contradict any international treaty. The court also noted that ABBC's attorneys appeared shortly after the service, and thus service must have been effective. This ruling places defendants in a bind: if they fail to appear, they risk a default judgment; if they do appear, the appearance is used as proof that service was sufficient.

Second, the court concluded that the presence of a single purchaser who appears to be a New York citizen was sufficient for jurisdiction. The court rejected ABBC's argument that the sale occurred in the location of the server (Belarus), explaining:

When an individual uses her debit card to make an online purchase from an out-of-state vendor, for example, it would strain common usage to say that the transaction occurs at the potentially remote location of the servers that process the buyer's banking activities and not at the location where the buyer clicks the button that commits her to the terms of sale.

Then, on November 7, 2018, Judge J. Paul Oetken issued a 3-page order denying the motion to dismiss, incorporating the reasoning of the preliminary injunction order. Though ABBC appealed the preliminary injunction order, and also attempted to appeal the order denying the motion to dismiss, the dismissal of the appeal and announcement of a settlement end the case, without the Second Circuit weighing in on the district court's ruling on jurisdiction.