Supreme Court conforms with international trademark norms, attorneys say

By Patrick H.J. Hughes

Attorneys say the Supreme Court's decision to apply U.S. trademark laws only to domestic infringement demonstrates a desire for the federal government to conform to prevailing views around the world.

Abitron Austria GmbH et al. v. Hetronic International Inc., No. 21-1043, 2023 WL 4239255 (U.S. June 29, 2023).

"In nearly all countries, including the United States, trademark law is territorial," Justice Samuel Alito wrote in his June 29 decision to vacate and remand an award for Hetronic International Inc. that was based on infringement that happened overseas.

Sterne, Kessler, Goldstein & Fox PLLC attorney Monica Riva Talley said, "This ruling is consistent with the application of trademark law around the globe."

"Each country is empowered to grant trademark rights and police infringement within its borders," he said. "This principle has long been enshrined in international law."

The 10th U.S. Circuit Court of Appeals' decision to side with Hetronic International Inc. was based on a belief that the Lanham Act can sometimes apply to infringement that happens abroad. *Hetronic Int'l Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021).

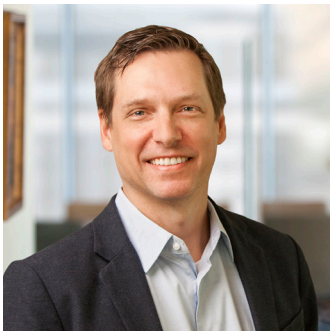
Monica Riva Talley, head of the trademark and brand protection practice at Sterne, Kessler, Goldstein & Fox PLLC, said the high court's decision to overrule the 10th Circuit's decision was not unexpected.

"This ruling is consistent with the application of trademark law around the globe, in which each country is empowered to grant trademark rights and police infringement within its borders," she said. "As a practical matter, what this means for U.S. trademark owners is that they will need to use and register their marks outside of the U.S. in order to enforce those rights in other countries."

"The bottom line for trademark owners is that obtaining rights in foreign jurisdictions remains an important part of any intellectual property protection strategy," Dorsey & Whitney LLP attorney Fara Sunderji said.

Attorney Fara Sunderji of Dorsey & Whitney LLP said Justice Alito was heeding warnings that had come from the European Commission and other organizations that have specifically advocated against applying the Lanham Act to infringing acts that happen in the European Union.

"The bottom line for trademark owners is that obtaining rights in foreign jurisdictions remains an important part of any intellectual property protection strategy," she said. "Coordinating protection with trademark counsel in America, Europe, Asia and beyond



"This opinion makes it more difficult for U.S. companies to enforce their trademarks and stem the flow of counterfeit goods into the U.S.," Holland & Hart LLP attorney Timothy Getzoff said.

Jonah Knobler of Patterson Belknap Webb & Tyler LLP said the decision was just "another step down the path of narrowing the extraterritorial application of U.S. law."

will be money well spent for many brands in this global economy."

DIFFICULTIES AHEAD?

Since 1952, when the U.S. Supreme Court issued its landmark decision in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), the circuits have developed different tests for defining trademark law's international scope.

Timothy Getzoff of Holland & Hart LLP warns that the Supreme Court's decision to veer from what these circuits have held could have significant implications for U.S. trademark holders.

"Foreign counterfeiting of major U.S. brands continues to be a significant problem," he said. "This opinion makes it more difficult for U.S. companies to enforce their trademarks and stem the flow of counterfeit goods into the U.S."

Jonah Knobler of Patterson Belknap Webb & Tyler LLP said the decision was just "another step down the path of narrowing the extraterritorial application of U.S. law."

He explained that the high court used a two-step analysis in making its decision. In the first step, the justices unanimously agreed that the Lanham Act does not apply extraterritorially.

But Knobler said the "unanimous judgment masks a division among the justices as to how step two of the extraterritoriality analysis should work."

The majority found that the location of the infringing conduct is what matters.

Justice Ketanji Brown Jackson wrote a concurring opinion arguing that U.S. courts should find liability even when initial infringing conduct happens outside the country.

Justice Sonia Sotomayor wrote for three other concurring justices who said domestic liability should be found even in instances where there is only a likelihood of consumer confusion in the U.S.

Knobler said this division could cause problems down the road.

"We still don't know whether a foreign defendant that never enters or purposefully targets the United States can still be sued under the Lanham Act — and if so, under what circumstances," he said. WJ

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Respondent: Matthew S. Hellman, Jenner & Block LLP, Washington, DC

Related Filings:
Opinion: 2023 WL 4239255
Opinion granting certiorari: 143 S. Ct. 398
Reply brief: 2022 WL 1120316
Opposition brief: 2022 WL 953119
Certiorari petition: 2022 WL 253018
10th Circuit opinion: 10 F.4th 1016