Maryland Law Review

Volume 83 | Issue 3 Article 7

Abitron v. Hetronic: Scoping the Lanham Act's Domestic "Use in Commerce" Requirement Broadly to Provide Meaningful Protections Against Foreign Trademark Infringement

Mia Juliano

NOTE

ABITRON V. HETRONIC: SCOPING THE LANHAM ACT'S DOMESTIC "USE IN COMMERCE" REQUIREMENT BROADLY TO PROVIDE MEANINGFUL PROTECTIONS AGAINST FOREIGN TRADEMARK INFRINGEMENT

MIA JULIANO*

In *Abitron Austria GmbH v. Hetronic International, Inc.*,[1] the Supreme Court of the United States addressed the extraterritorial reach of the Lanham Act (the "Act"), the primary statutory foundation of federal U.S. trademark law that prohibits trademark infringement.[2] The Court applied a canon of statutory interpretation known as the presumption against extraterritoriality—a presumption against applying federal statutes in cases with both domestic and foreign facts—which the Supreme Court has recently strengthened in a triad of cases.[3] The Court held that two provisions of the Lanham Act—§ 1114(1)(a) and § 11125(a)(1)—do not have an extraterritorial reach, a departure from its only prior opinion on the extraterritorial application of the Act.[4] Further, with regard to whether the Plaintiff's claims involved a permissible domestic application of the statute,

* J.D. Candidate, 2025, University of Maryland Francis King Carey School of Law. I would like to extend my gratitude to Professor William J. Moon for sharing his time and expertise, for his thoughtful comments on earlier drafts of this piece, and for his continued mentorship and guidance. A special thanks to the editors of the *Maryland Law Review* for their contributions in preparing this Note for publication, particularly Aaron Clemmer for his insightful feedback and encouragement along the way. Finally, and most importantly, I would like to express my deepest appreciation to my parents and brother, Susan, Michael, and M.J., for their love, sacrifices, patience, and unwavering belief in my abilities.

1. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2522 (2023).

2. 15 U.S.C. § 1114(1)(a) (governing trademark infringement of registered marks); 15 U.S.C. § 1125(a)(1) (governing trademark infringement of unregistered marks).

3. Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247 (2010); Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108 (2013); RJR Nabisco, Inc. v. Eur. Cmty., 579 U.S. 325 (2016). See *infra* Section II.A.3 for a discussion on the modern resurgence and reframing of the presumption against extraterritoriality.

4. *Abitron Austria GmbH*, 143 S. Ct. at 2529; *see* Steele v. Bulova Watch Co., 344 U.S. 280, 283–86 (1952).

the Court held that a suit for trademark infringement under the Act may proceed only if the relevant "use [of the mark] in commerce" occurred domestically.[5] With its decision, the Court significantly altered the framework for analyzing Lanham Act cases involving foreign conduct.[6] The Court intentionally left the meaning of "use in commerce" undefined, finding no occasion to determine the precise contours of the phrase.[7] This Note aims to fill a gap in existing scholarship by defining when a "use in commerce" is domestic in circumstances containing both domestic and foreign facts.[8] Because the Supreme Court is unlikely to consider another case involving the Lanham Act's extraterritorial scope, this Note provides a framework for subsequent lower courts interpreting such an issue.[9]

This Note proceeds in four parts. First, the Tenth Circuit correctly determined that a foreign infringer's direct sales into the United States do not require an extraterritorial analysis as such conduct is explicitly within the purview of the Lanham Act.[10] Second, in determining what constitutes a permissible domestic application of the Lanham Act, subsequent lower courts should interpret the domestic "use in commerce" requirement broadly, in congruence with Congress's plenary power to regulate commerce under the Commerce Clause at the time the Lanham Act was passed.[11] Such interpretation is supported by the constitutional and legislative history of the Act, a textual analysis of the Act, and the U.S. Patent and Trademark Office's ("USPTO") interpretation of the requirement.[12] Third, when presented with a trademark infringement suit involving a mix of domestic and foreign facts, courts, including the district court on remand, should include in their extraterritoriality analysis all of a foreign infringer's activities that had a substantial impact on domestic U.S. commerce.[13] This comprises both upstream and downstream activities in the stream of commerce, including marketing, advertising, distribution, and resale and repair of infringing goods.[14] Finally, this outcome is further supported by policy rationales underlying trademark law yet still respects the doctrine of international

5. *Abitron Austria GmbH*, 143 S. Ct. at 2531–32.

6. *See infra* Section II.A.3 and Part IV.

7. *Abitron Austria GmbH*, 143 S. Ct. at 2534 & n.6.

8. *See infra* Part IV.

9. Notably, it took the Court roughly seventy years to reconsider the Lanham Act's extraterritorial reach in light of the modern reframing of the presumption against extraterritoriality from when *Steele* was decided in 1952 to when *Abitron* was decided in 2023. *Steele*, 344 U.S. 280; *Abitron Austria GmbH*, 143 S. Ct. 2522.

10. *See infra* Section IV.A.

11. *See infra* Section IV.B.

12. *See infra* Sections IV.B.1–3.

13. *See infra* Sections IV.C.1–2.

14. *See infra* Section IV.C.

comity.[15] Scoping the "use in commerce" requirement in the manner this Note advocates for will strike an equitable balance between trademark law and international law.[16]

I. THE CASE

Hetronic International, Inc. ("Hetronic" or the "Plaintiffs"), a U.S. company, manufactures, sells, and services radio remote controls for construction equipment in over forty-five countries.[17] Its products have "a distinctive black-and-yellow color scheme to distinguish them from those of its competitors."[18] In 2006 and 2007, Hetronic entered into distribution and licensing agreements with two foreign companies: Hydronic Steursyteme GmbH ("Hydronic") and a company that was later purchased by Hetronic Germany GmbH ("Hetronic Germany").[19] The agreements authorized both companies to make and sell remote controls under Hetronic's brand but required the companies to purchase parts from Hetronic, protect Hetronic's confidential information, and agree not to compete with Hetronic.[20]

In September 2011, the business relationship between the parties soured when a Hetronic Germany employee discovered a previous research-and-development agreement ("Agreement") between Hetronic and Hetronic Germany's predecessor, Hetronic Steursyteme.[21] Due to the Agreement, Hetronic Germany believed that it owned the rights to the majority of Hetronic's intellectual property and technology that was developed under the Agreement.[22] Hetronic Germany and Hydronic (collectively "Abitron" or the "Defendants") began reverse-engineering Hetronic's products, sourced parts from third parties, and sold the Hetronic-branded products as their own predominately in Europe but also in the United States[23] Abitron sold

15. *See infra* Section IV.D.

16. *See infra* Part IV.

17. *Abitron Austria GmbH*, 143 S. Ct. at 2527.

18. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1024 (10th Cir. 2021) (noting that "Hetronic offers a wide range of radio remote controls" but the products in dispute include "ERGO, EURO, GL, GR, HH, MINI, NOVA, Pocket, TG, and RX"), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522 (2023).

19. *Id.* Hydronic distributed Hetronic's products in more than twenty European countries and Hetronic Germany was Hetronic's principal distributor in Germany. *Id.* at 1024–25. Hydronic was later purchased by Abitron Austria in August 2014 and Hetronic Germany was purchased by Abitron Germany the following month. *Id.* at 1025. Albert Fuchs owns Hydronic, Hetronic Germany, and the Abitron companies. *Id.* at 1024–25.

20. *Id.* at 1025.

21. *Id.*

22. *Id.*

23. *Abitron Austria GmbH*, 143 S. Ct. at 2527. One former employee testified in deposition that he utilized Hetronic-manufactured parts to "recreate the model . . . so that no difference could be seen." *Hetronic Int'l, Inc.*, 10 F.4th at 1025.

approximately several hundred thousand dollars' worth of Hetronic-branded products in the United States.[24]

In June 2014, Hetronic terminated its licensing and distribution agreements—although Abitron continued to sell the Hetronic-branded products for several months after the fact—and sued Abitron in the Western District of Oklahoma.[25] Hetronic alleged trademark violations under § 1114(1) and § 1125(a)(1) of the Lanham Act, as well as breach of contract and state tort law claims.[26] The district court denied the Defendants' two motions to dismiss, stating that it had personal jurisdiction over the Defendants.[27] Further, the Defendants maintained throughout the proceedings that Hetronic sought an impermissible extraterritorial application of the Lanham Act, and thus the district court did not have subject matter jurisdiction over the issue;[28] however, the district court rejected this argument.[29] In July 2015, Abitron went to the European Union Intellectual Property Office ("EUIPO") and sought a "declaration of invalidity" to nullify Hetronic's "NOVA" trademark in the European Union.[30] Both the EUIPO's Cancellation Division and Board of Appeals concluded that Hetronic was the owner of all of the disputed intellectual property.[31] Subsequently, the Plaintiffs moved for summary judgment on the Defendants' defense that they owned the disputed intellectual property based on the doctrine of issue preclusion, and the district court granted its motion.[32] Following trial, the jury awarded the Plaintiffs approximately $96 million in damages related to the Lanham Act violations.[33] After trial, the Plaintiffs sought a permanent injunction to prohibit the Defendants from further infringing its trademark, and the Defendants again reasserted their extraterritorial defense.[34] The

24. *Hetronic Int'l, Inc.*, 10 F.4th at 1026.

25. *Id.* Hetronic later amended its complaint to add Fuchs, ABI, Abitron Austria, and Abitron Germany as defendants. *Id.*

26. *Id.*

27. *Id*. (finding that the forum-selection clause in Hydronic and Hetronic Germany's agreements extended to the Abitron companies as they were successors-in-interest and that ABI and Fuchs had purposefully availed themselves of a U.S. forum under FED. RULE CIV. PRO. 4(k)(2)).

28. *Abitron Austria GmbH*, 143 S. Ct. at 2527. Defendants "asserted that the Lanham Act applies extraterritorially only if a defendant's conduct has a substantial effect on U.S. commerce." *Hetronic Int'l, Inc.*, 10 F.4th at 1026.

29. *Abitron Austria GmbH*, 143 S. Ct. at 2527.

30. *Hetronic Int'l, Inc.*, 10 F.4th at 1026–27; *see* NOVA, Registration No. 5,004,002 ("Wireless remote control apparatus for regulating operations of motorized machines, cranes, and lifting gears.").

31. *Hetronic Int'l, Inc.*, 10 F.4th at 1027.

32. *Id.* ("After briefing and two hearings, the district court granted Hetronic's motion, concluding that the EUIPO proceeding afforded Defendants a full and fair opportunity to adjudicate the merits of the ownership dispute.").

33. *Id.*

34. *Id.*

district court granted Hetronic's motion, finding that the Lanham Act reached the Defendants' overseas conduct, and entered a permanent injunction which prohibited the Defendants from infringing Hetronic's trademarks anywhere in the world.[35]

The Defendants filed a timely appeal, raising numerous issues, but most pertinent that the district court erred in finding that the Lanham Act applied extraterritorially to their foreign conduct.[36] On appeal, the Tenth Circuit affirmed the judgment, concluding that the Lanham Act extended to all of Abitron's "foreign infringing conduct" since the "impacts within the United States [were] of a sufficient character and magnitude as would give the United States a reasonably strong interest in the litigation."[37]

Applying the Supreme Court's two-step framework for determining the extraterritoriality of a statute,[38] the Tenth Circuit, relying heavily on *Steele v. Bulova Watch Co.*,[39] first concluded that the Lanham Act rebutted the presumption against extraterritoriality because the broad definitions of "use in commerce" and "commerce" indicated Congress's intent of an extraterritorial application.[40] Next, as a matter of first impression, the Tenth Circuit adopted a version of the First Circuit's *McBee* framework in determining the limits of the Lanham Act's extraterritorial reach.[41] The framework considers three factors: (1) courts must determine whether the defendant is a U.S. citizen; (2) if the defendant is not a U.S. citizen, courts must determine whether the defendant's conduct had a substantial effect on U.S. commerce; and (3) if the plaintiff has met the substantial-effects test, courts must evaluate whether an extraterritorial application would create a conflict with foreign trademark rights.[42] Applying the framework to the dispute at hand, the Tenth Circuit held that the Defendants' foreign sales that

35. *Id.*

36. *Id.* Defendants argued on appeal that (1) the district court erroneously exercised personal jurisdiction over some of the defendants; (2) the district court inaccurately concluded that the Lanham Act applied extraterritorially to reach their foreign activities; (3) the district court erred in concluding that issue preclusion barred them from raising the defense that they owned the disputed intellectual property; and (4) the district court made multiple erroneous evidentiary rulings. *Id.* The Tenth Circuit affirmed the district court's decision with respect to personal jurisdiction, issue preclusion, and the evidentiary rulings. *Id.* at 1032, 1052, 1055.

37. *Id.* at 1046.

38. RJR Nabisco, Inc. v. Eur. Cmty., 579 U.S. 325, 337 (2016).

39. 344 U.S. 280 (1952). The Court previously held in *Steele v. Bulova Watch Co.* that the Lanham Act rebuts the presumption against extraterritoriality and thus applies abroad in some circumstances. *Hetronic Int'l, Inc.*, 10 F.4th at 1033–34. For a deeper discussion of the *Steele* opinion, see *infra* Section II.A.2.

40. *Hetronic Int'l, Inc.*, 10 F.4th at 1033–34 ("[T]he Act defines commerce broadly as 'all commerce which may lawfully be regulated by Congress,' and affords federal courts jurisdiction over all claims arising under it." (quoting 15 U.S.C. §§ 1127, 1121(a))).

41. *Id.* at 1033–34; McBee v. Delica Co., 417 F.3d 107, 122 (1st Cir. 2005).

42. *Hetronic Int'l, Inc.*, 10 F.4th at 1038.

indirectly ended up in the United States[43] and the amount of diverted foreign sales that Hetronic would have had but for the Defendants' infringing conduct were sufficient evidence to show that the Defendants' foreign infringing activities had a substantial effect on U.S. commerce.[44] However, the Tenth Circuit found the permanent injunction to be improperly broad, and remanded to narrow the injunction to include only the countries in which Hetronic currently markets or sells its products.[45]

The Supreme Court granted certiorari to review the Tenth Circuit's holding and to resolve a circuit split over the extraterritorial reach of provisions 15 U.S.C. § 1114(1)(a) and § 1125(a)(1) of the Lanham Act.[46]

II. LEGAL BACKGROUND

The Lanham Act, enacted by Congress in 1946, is the primary federal statute governing trademark law in the United States.[47] The Act provides for federal registration of trademarks, maintenance of marks, and protection against infringed trademarks used in or affecting interstate or foreign commerce.[48] Congress's constitutional authority to regulate trademarks is derived from the Commerce Clause.[49] The Lanham Act explicitly requires that a mark be "use[d] in commerce" in order to qualify for trademark protection,[50] a necessary requirement for Congress's commerce clause powers to encompass the Lanham Act.[51] Further, § 1114(1)(a) and § 1125(a)(1) of the Act, which provide a federal cause of action for trademark infringement of both registered marks and unregistered marks, respectively, both require that the infringed mark be "use[d] in commerce."[52] The Act broadly defines "commerce" as "all commerce which may lawfully be

---

43. *Id.* at 1044. The Defendants argued that the portion of sales which ended up in the United States represented only three percent of their total sales and that such small of a fraction cannot serve as a "springboard to call the rest of the $90 million of purely foreign sales damages under the Lanham Act." *Id.* at 1044. The Tenth Circuit rejected this argument, stating that the only relevant inquiry is whether the effects of Defendants' conduct had substantial impacts on U.S. commerce, irrespective of what portion of the Defendants' global sales actually entered the United States. *Id.*

44. *Id.* at 1045–46 (stating that the millions of euros worth of infringing products that directly ended up in the United States, the diversion of tens of millions of dollars of foreign sales, and the numerous incidents of U.S. consumer confusion were sufficient to demonstrate the impact of Defendants' foreign infringing conduct on U.S. commerce).

45. *Id.* at 1046–47.

46. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 398 (2022).

47. Lanham Act, 15 U.S.C. §§ 1051–1141n (2021).

48. *Id.*

49. U.S. CONST. art. I, § 8, cl. 3 (Congress shall have the power "[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes").

50. 15 U.S.C. §§ 1051, 1114, 1125 (2018).

51. *See infra* Section IV.B.

52. 15 U.S.C. §§ 1114(1)(a), 1125(a)(1) (2018).

regulated by Congress."[53] To interpret when a trademark is used in commerce, it is essential to determine the extent of Congress's power to regulate commerce under the Commerce Clause.[54]

Congress's authority to regulate trademarks, however, is not absolute, particularly with regard to foreign applications of the Lanham Act.[55] The presumption against extraterritoriality is a method of statutory interpretation disallowing the application of domestic federal statutes outside of the U.S.'s territorial jurisdiction.[56] The presumption is intended to effectuate Congress's general practice of legislating "with domestic concerns in mind" and "serves to avoid the international discord that can result when U.S. law is applied to conduct in foreign countries."[57] Thus, when a trademark infringement claim involves a domestic plaintiff and a foreign defendant where both foreign and domestic conduct is implicated, two competing interests are at play: (1) Congress's power to regulate trademarks that are used in commerce under the Commerce Clause; and (2) the tendency of federal courts to avoid applying U.S. laws abroad to avoid international discord.[58]

This Note will focus on when a foreign defendant's infringing conduct constitutes domestic "use in commerce" so as to qualify as a permissible domestic application of the Lanham Act, as opposed to an impermissible foreign application. First, Section II.A introduces the origins of the presumption against exterritoriality, including the judiciary's original understanding of the presumption as applied to the Lanham Act and the circuit split that subsequently emerged.[59] It then details the development of the modern two-step analytical framework for analyzing extraterritoriality issues.[60] Next, Section II.B assesses the extent of Congress's power to regulate commerce under the Commerce Clause.[61]

---

53. *Id.* § 1127.

54. *See infra* Section II.B.

55. *See infra* Section II.A.

56. For a comprehensive history and development of the presumption against extraterritoriality, see William S. Dodge, *The New Presumption Against Extraterritoriality*, 133 HARV. L. REV. 1582 (2020).

57. Abitron Austria GmbH v. Hetronic Int'l, 143 S. Ct. 2522, 2528 (2023) (quoting RJR Nabisco, Inc. v. Eur. Cmty., 579 U.S. 325, 335–36 (2016)); *see, e.g.*, Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505, 513–16 (1997) (reasoning that there is "no definitive account of the justifications for the presumption against extraterritoriality" but "the Supreme Court has articulated at least five justifications for the presumption: international law, international comity, choice-of-law principles, likely congressional intent, and separation-of-powers considerations").

58. *Abitron Austria GmbH*, 143 S. Ct. at 2258.

59. *See infra* Sections II.A.1–3.

60. *See infra* Section II.A.4.

61. *See infra* Section II.B.

A. The Development of the Presumption Against Extraterritoriality and Its Application to the Lanham Act

The presumption against extraterritoriality is an evolving canon of statutory interpretation that courts use to determine the geographic scope of federal statutes.[62] The presumption refers to a "presumption against application [of legislation of Congress] to conduct in the territory of another sovereign."[63] The presumption originally was a rule requiring statutes to be construed not to violate international law.[64] Recently, however, the Supreme Court has redefined and strengthened its federal extraterritoriality jurisprudence with a triad of cases. [65] Today, the Court engages the two-step *Morrison-RJR-Nabisco* framework in its assessment of the legislative intent as to the extraterritorial application of domestic federal statutes.[66]

This Section traces the development of the presumption against extraterritoriality and its original application to the Lanham Act. First, Section II.A.1 sets out the doctrinal roots of the presumption against extraterritoriality.[67] Next, Section II.A.2 describes *Steele v. Bulova Watch Co.*,[68] the Court's only application of the presumption against extraterritoriality to the Lanham Act.[69] Third, Section II.A.3 compiles the current tests that have emerged amongst the circuit courts in attempting to determine the scope of the Lanham Act's reach following *Steele*.[70] Finally, Section II.A.4 summarizes the current framework used to evaluate the extraterritorial reach of a federal statute.[71]

1. The Origins of the Presumption Against Extraterritoriality

The doctrinal roots of the presumption against extraterritoriality trace back to the nineteenth century as an application of the *Charming Betsy* canon.[72] This canon of interpretation presumes that Congress does not intend

62. *Abitron Austria GmbH*, 143 S. Ct. at 2528; *see, e.g.*, William S. Dodge, *Understanding the Presumption Against Extraterritoriality*, 16 BERKELEY J. INT'L L. 85 (1998); Gary B. Born, *A Reappraisal of the Extraterritorial Reach of U.S. Law*, 24 LAW & POL'Y INT'L BUS. 1 (1992).

63. *Abitron Austria GmbH*, 143 S. Ct. at 2528 (citing Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247, 265 (2010)).

64. *See* Murray v. Schooner Charming Betsy, 6 U.S. (2 Cranch) 64, 118 (1804) ("[A]n act of Congress ought never to be construed to violate the law of nations if any other possible construction remains.").

65. *Morrison*, 561 U.S. at 247; Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108, 108 (2013); RJR Nabisco, Inc. v. Eur. Cmty, 579 U.S. 325, 325–26 (2016).

66. *RJR Nabisco, Inc.*, 579 U.S. at 337.

67. *See infra* Section II.A.1.

68. 344 U.S. 280 (1952).

69. *See infra* Section II.A.2.

70. *See infra* Section II.A.3.

71. *See infra* Section II.A.4.

72. *See, e.g.*, Murray v. Schooner Charming Betsy, 6 U.S. (2 Cranch) 64, 118 (1804).

to violate international law, and thus all statutes should be interpreted to avoid that effect.[73] In *Murray v. Schooner Charming Betsy*, Chief Justice Marshall stated that "an act of Congress ought never to be construed to violate the laws of nations if any other possible construction remains."[74] International law, defined by the law of nations, predominately embraced a stringent territorial view of a sovereign's jurisdiction in the eighteenth and nineteenth centuries.[75]

The Supreme Court continued to apply this understanding of the presumption against extraterritoriality in the early twentieth century, although altering the rationale behind the canon of interpretation to accommodate evolving international law norms.[76] In the influential case of *American Banana Company v. United Fruit Company*,[77] the Supreme Court determined that the Sherman Act did not apply extraterritorially to regulate anticompetitive conduct of an American corporation outside the jurisdiction of the United States.[78] The Court endorsed a territorial view of the presumption against extraterritoriality which turned entirely on the location of the conduct.[79] In his majority opinion, Justice Holmes opined that "the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done."[80] The Court grounded its reasoning in the rationale of international

73. *Id.*

74. *Murray*, 6 U.S. at 118.

75. *Id.*; *see, e.g.*, JOSEPH STORY, COMMENTARIES ON THE CONFLICT OF LAWS, FOREIGN AND DOMESTIC 21 (Boston, Hillard, Gray & Co. 1834) ("[I]t would be wholly incompatible with the equality and exclusiveness of the sovereignty of any nation, that other nations should be at liberty to regulate either persons or things within its territories."); Anthony J. Bellia Jr. & Bradford R. Clark, *The Law of Nations as Constitutional Law*, 98 VA. L. REV. 729 (2012) (discussing the role that traditional law of nations has played in the U.S. constitutional system); William J. Moon, *The Original Meaning of the Law of Nations*, 56 VA. J. INT'L L. 51 (2016) (discussing the original meaning of the law of nations in the context of the Alien Tort Statute).

76. International law gradually became less territorial. Zvi S. Rosen, *Federal Trademark Law: From Its Beginnings*, AM. BAR ASS'N (2019), https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2018-19/march-april/federal-trademark-law/?login. Rather than abandoning the presumption against extraterritoriality, the Supreme Court used international comity as the rationale for the presumption as opposed to the law of nations. *Id.*

77. 213 U.S. 347 (1909).

78. *Id.* at 357.

79. *Id.* at 356, 357 ("The foregoing considerations would lead, in case of doubt, to a construction of any statute as intended to be confined in its operation and effect to the territorial limits over which the lawmaker has general and legitimate power. 'All legislation is prima facie territorial.'").

80. *Id.* at 356.

comity,[81] diverging from the nineteenth-century concept of the law of nations.[82]

Following *American Banana*, the Supreme Court inconsistently applied this version of the presumption against extraterritoriality for the majority of the twentieth century, declining to apply the presumption in cases where the limitation contravened Congress's intended purpose in a statute.[83]

2. Original Application of the Presumption Against Extraterritoriality to the Lanham Act

Notably, the Supreme Court addressed the Lanham Act's extraterritorial reach in *Steele v. Bulova Watch Co.*[84] In *Steele*, an American corporation filed suit against a citizen of the United States, alleging trademark infringement and unfair competition under the Lanham Act.[85] The plaintiff, Bulova Watch Co., was one of the largest watch manufacturers globally and had sold its products using the "Bulova" trademark in both the United States and abroad.[86] The plaintiff had been using the mark to identify its products since 1875 and formally registered the mark in the United States in 1927, but never registered its trademark in Mexico.[87] The defendant, Sidney Steele, was a U.S. citizen who resided in Texas and owned a watch business.[88] Upon learning of the "Bulova" mark, Steele moved his watch business to Mexico City, procured registration of the mark in Mexico, and began assembling and selling watches using the "Bulova" mark without permission from Bulova Watch Co.[89] Subsequently, Bulova Watch Co.'s Texas sales representatives

81. For an exploration of the role of international comity in American law, see William S. Dodge, *International Comity in American Law*, 115 COLUM. L. REV. 2071, 2140 (2015) ("These international comity doctrines operate to recognize foreign law and to restrain the reach of American law. They recognize the judgments of foreign courts and limit the jurisdiction of American courts. They allow foreign governments to bring suit as plaintiffs, while shielding those governments and their officials from responding as defendants in some circumstances.").

82. *American Banana Co*., 213 U.S. at 356 ("For another jurisdiction, if it should happen to lay hold of the actor, to treat him according to its own notions rather than those of the place where he did the acts, not only would be unjust, but would be an interference with the authority of another sovereign, contrary to the comity of nations, which the other state concerned justly might resent.").

83. *Compare* Blackmer v. United States, 284 U.S. 421 (1932) (finding that the U.S. statute gave the district court clear authority to compel defendant, a U.S. citizen residing abroad, to return to America to testify in a criminal trial), *with* Foley Bros v. Filardo, 336 U.S. 281 (1949) (determining that the Eight Hour Law did not rebut the presumption based on the language of the statute, its legislative history, and administrative interpretations, and as a result could not reach an American citizen working on a U.S. government contract in Iran and Iraq).

84. 344 U.S. 280 (1952).

85. *Id.* at 281.

86. *Id.* at 284.

87. Bulova Watch Co. v. Steele, 194 F.2d 567, 568 (5th Cir. 1952), *aff'd*, 344 U.S. 280 (1952).

88. *Steele*, 344 U.S. at 284.

89. *Id.* at 284–85.

began to receive complaints from retail jewelers in the area about customers that were bringing in defective watches.[90] Bulova Watch Co. filed suit in the Western District of Texas seeking injunctive and monetary relief under the Act, and Steele challenged the suit due to lack of subject matter jurisdiction.[91]

Before determining the international reach of the Act, the Court noted that there was no issue of international comity because in a separate suit, the Supreme Court of Mexico nullified Steele's trademark registration in Mexico.[92] Next, the Court turned to the question of whether Congress intended for the statute to extend beyond the boundaries of the United States.[93] The Court determined that Congress must have intended to create a broad jurisdiction grant in the Lanham Act.[94] The Court made this determination because the Act defined "commerce" as "all commerce which may lawfully be regulated by Congress" and because Congress has the power to regulate unfair trade practices by U.S. citizens in foreign countries.[95] Applying this sweeping reach of the Act to the facts of the case, the Court concluded that its scope encompassed Steele's conduct—his activities and the effects of his conduct were not confined to Mexico but rather penetrated the U.S. border.[96]

3. Circuit Court Approaches to Determine the Limits of the Lanham Act's Foreign Reach Following Steele

Following the Court's decision in *Steele*, circuit courts split over the limits of the Lanham Acts foreign application.[97] First, the Second Circuit applied *Steele* in *Vanity Fair Mills, Inc. v. T. Eaton Co.*[98] in the context of a trademark infringement scheme of an American corporation's validly registered U.S. trademark by a foreign Canadian defendant.[99] The court devised the *Vanity Fair* test, a three-factor balancing test to determine the extraterritorial application of the Act that considers whether (1) the

90. *Id.* at 285.

91. *Id.* at 281–82.

92. *Id.* at 285.

93. *Id.* at 285 ("This Court has often stated that the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears.").

94. *Id.* at 283.

95. *Id.* at 284, 286.

96. *Id.* at 286. The Court reasoned that the effects of Steele's operation were not limited to Mexico because he sourced parts from the U.S., his counterfeit watches filtered into U.S. borders through consumer purchases, and his deceptive goods could negatively affect Bulova Watch Company's trade reputation in markets where they operate. *Id.*

97. *See, e.g.*, John Sokatch, *A "Likelihood of Confusion": Circuit Courts Attempt to Reconcile Sixty Years of SCOTUS Silence Since Bulova*, 21 TEX. INTELL. PROP. L.J. 345, 352–365 (2013) (compiling the various circuit court approaches).

98. Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 642–43 (2d Cir. 1956).

99. *Id.* at 636.

defendant's conduct had a *substantial effect* on U.S. commerce; (2) the defendant was a U.S. citizen (because the United States has a broad power to regulate the conduct of its citizens in foreign countries); and (3) there was no conflict with trademark rights established under foreign law.[100] Applying the test, the Second Circuit denied extraterritorial application of the Lanham Act because it did not believe "that Congress intended that the infringement remedies provided in [the Lanham Act] should be applied to acts committed by a foreign national in his home country under a presumably valid trademark registration in that country."[101] The Second Circuit acknowledged that while Congress may not have the power to regulate commerce solely occurring in Canada's borders, it would have the power to regulate commerce that has a *substantial effect* on commerce between the United States and foreign countries.[102]

Of the circuit courts that considered the issue, the majority have adopted some variation of the *Vanity Fair* test.[103] The Eleventh and Federal Circuits adopted the test in toto.[104] The Fifth Circuit adopted a variation of the *Vanity Fair* test but relaxed the factors through a balancing test in a trademark infringement suit involving an American defendant using another U.S. corporation's trademark in Saudi Arabia.[105] Significantly, the Fifth Circuit rejected the "substantial effect" test from the first factor in *Vanity Fair* in favor of a "some effect" test.[106] Applying the test, the Fifth Circuit found that there were enough effects on U.S. commerce to justify an extraterritorial application of the Act even though the infringing sales only occurred in a foreign country and the products never reached its way back into the United States.[107] The Fourth Circuit reached a middle ground between *Vanity Fair*

100. *Id.* at 642–43 (emphasis added).

101. *Id.* at 642 (acknowledging that the Canadian defendant owned its own validly registered "VANITY FAIR" trademark in Canada).

102. *Id.* (reasoning that it did not believe "that Congress intended that the infringement remedies provided in [the Lanham Act] should be applied to acts committed by a foreign national in his home country under a presumably valid trademark registration in that country").

103. *See infra* notes 104–116.

104. Int'l Café, S.A.L. v. Hard Rock Café, Int'l, Inc. 252 F.3d 1274, 1278 (11th Cir. 2001); Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd., 152 F.3d 1274, 1998 WL 169251 (Fed. Cir. 1998).

105. Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n, 701 F.2d 408, 414 n.8 (5th Cir. 1983). In the case, both the plaintiff and defendant were American corporations that manufactured and marketed rice without a valid trademark in Saudi Arabia. *Id.* at 410. However, the plaintiff owned two federal trademark registrations for a mark of a design of a girl and Texas state trademark registrations for both the English and Arabic word mark "Abu Bint." *Id.* at 411. The plaintiff was trying to obtain registration for its Texas trademark in Saudi Arabia, but its application was denied by a Saudi official. *Id.* at 410–11. After the defendant began using a similar design in Saudi Arabia, the plaintiff filed suit for trademark infringement. *Id.* at 412.

106. *Id.* at 416.

107. *Id.* at 415.

and *American Rice*, asking whether the conduct had a "significant effect" on U.S. commerce.[108] The Ninth Circuit lowered the requirement to the "some effect" test, which it evaluated by weighing seven factors borrowed from its antitrust precedent to create the distinct *Timberlane* test.[109]

Finally, the First Circuit in *McBee v. Delica Co., Ltd* disaggregated the elements of the *Vanity Fair* test into independent analyses to determine the extraterritorial reach of the Lanham Act.[110] Under the *McBee* framework, the court first determines whether the defendant is an American citizen.[111] If the activity involved foreign conduct of foreign defendants, the Lanham Act applies "only if the complained-of-activities have a substantial effect on [U.S.] commerce."[112] Importantly, applying the Act to a foreign defendant's direct sales into the United States would inevitably fall within its protections since there is no extraterritorial application of the Act at all.[113] Second, a foreign defendant can be liable for Lanham Act violations for products that end up in the U.S. stream of commerce, even if initially sold in foreign countries.[114] Finally, courts may also consider "sales diverted from American companies in foreign countries" in their substantial effects analysis.[115] If a substantial effect on U.S. commerce can be discerned, the court must finally consider whether an extraterritorial application of the Lanham Act would create conflicts of trademark rights established under foreign laws.[116]

---

108. Nintendo of Am., Inc. v. Aeropower Co., 34 F.3d 246, 250 (4th Cir. 1994).

109. Wells Fargo & Co. v. Wells Fargo Express Co., 556 F.2d 406, 427–28 (9th Cir. 1977). In order for the Act to apply extraterritorially, the Ninth Circuit weighs seven factors:

> [1] the degree of conflict with foreign law or policy, [2] the nationality or allegiance of the parties and the locations or principal places of business of corporations, [3] the extent to which enforcement by either state can be expected to achieve compliance, [4] the relative significance of effects on the United States as compared with those elsewhere, [5] the extent to which there is explicit purpose to harm or affect American commerce, [6] the foreseeability of such effect, and [7] the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.

Timberlane Lumber Co. v. Bank of Am., 549 F.2d 597, 614 (9th Cir. 1976).

110. McBee v. Delica Co., Ltd, 417 F.3d 107, 111 (1st Cir. 2005).

111. *Id.* (reasoning that "a separate constitutional basis for jurisdiction exists for control of activities, even foreign activities, of an American citizen").

112. *Id.*

113. *Id.* at 122 ("Courts have repeatedly distinguished between domestic acts of a foreign infringer and foreign acts of that foreign infringer; the extraterritoriality analysis . . . attaches only to the latter.").

114. *Id.* at 125.

115. *Id.* at 126.

116. *Id.* at 122.

4. The Modern Two-Step Analytical Framework

The presumption against extraterritoriality resurged in a triad of Supreme Court decisions[117] beginning in 2010 with *Morrison v. National Australia Ltd*.[118] In *Morrison*, the Court determined that Section 10(b) of the Securities Exchange Act of 1934 did not apply extraterritorially.[119] The defendant, National Australia Bank Limited ("National"), was one of Australia's largest banks whose shares were traded on the Australian Stock Exchange Limited and other foreign securities exchanges.[120] In February 1998, National purchased HomeSide Lending, Inc. ("HomeSide"), a U.S. mortgage servicing company, and between 1998 to 2001, both National and the executives of HomeSide publicly overestimated the success of its business.[121] Subsequently, National announced a substantial writedown of the value of HomeSide's assets.[122] The plaintiffs, three Australian investors who bought National's stock before the writedown, brought suit against National and HomeSide in the Southern District of New York, alleging that the bank manipulated HomeSide's financial models to make its business appear more valuable.[123]

The relevant inquiry was whether Congress intended for Section 10(b) of The Exchange Act to apply in instances where an American company's misconduct revolved around its stock listed on a foreign exchange.[124] Justice Scalia, writing for the majority, noted that the presumption against extraterritoriality necessarily requires that "unless there is the affirmative intention of the Congress clearly expressed" to give a statute jurisdiction over foreign conduct, "we must presume it is primarily concerned with domestic conditions."[125] The Court observed that "[o]n its face, § 10(b) contains nothing to suggest it applies abroad."[126] Further, it reasoned that the focus of

117. *See* Dodge, *supra* note 56, at 1603–14 (discussing the three leading cases that reshaped the presumption); William J. Moon, *Regulating Offshore Finance*, 72 VAND. L. REV. 1, 20–23 (2019) (same).

118. 561 U.S. 247 (2010).

119. *Id.* at 250–51.

120. *Id.* at 251.

121. *Id.* at 251–52.

122. *Id.* at 252.

123. *Id.*

124. *Id.* at 250–51.

125. *Id.* at 255.

126. *Id.* at 262. The Court reasoned that the statute's reference to 'interstate commerce' was too broad of a definition of commerce to defeat the presumption against extraterritoriality. *Id.* at 265. Further, the Court observed that the Act's "fleeting reference to the dissemination and quotation abroad of the prices of securities traded in domestic exchanges and markets cannot overcome the presumption against extraterritoriality." *Id.* at 263. Finally, the Court found unconvincing that the Act's explicit reference to extraterritorial application of a different section of the statute rebutted the presumption. *Id.* at 264.

the statute "is not upon the place where the deception originated, but upon purchases and sales of securities in the United States."[127] Thus, the Court determined that the plaintiff sought an impermissible foreign application of the Act because, even though National manipulated its mortgage servicing company's financial model in the United States, the case did not involve securities listed on a domestic exchange or purchases made within the United States.[128] In sum, *Morrison* abandoned the old view that the application of the presumption turned on the location of the conduct in favor of a "focus" approach.[129]

The Supreme Court again applied the presumption against extraterritoriality a few years later in *Kiobel v. Royal Dutch Petroleum Co.*, limiting the territorial reach of the Alien Torts Statute ("ATS").[130] The plaintiffs, Nigerian nationals residing in the United States, filed suit against foreign corporations, including Royal Dutch Petroleum, in the Southern District of New York.[131] The complaint alleged that the defendants aided and abetted the Nigerian government in committing atrocities against its citizens including "beating, raping, killing, and arresting residents and destroying or looting property," as retaliation for protesting the environmental effects of the corporations' oil practices.[132] The Court again reaffirmed the proposition that there must be an affirmative indication that Congress intended for the ATS to apply to actions abroad in order to rebut the presumption.[133] Looking to both the text and the history of the statute, the Court concluded that no clear indication was present to expand its geographic scope.[134] Thus, the plaintiffs' suit could not be brought under the ATS because "all the relevant conduct took place outside the United States," as the atrocities were confined to Nigeria.[135]

Finally in 2016, the Court formalized the *Morrison* approach and established a two-step framework for analyzing extraterritoriality issues in the case of *RJR Nabisco, Inc. v. European Community*, which considered the extraterritorial application of provisions of the Racketeer Influenced and Corrupt Organizations Act ("RICO").[136] The first step asks "whether the

127. *Id.* at 266.
128. *Id.* at 273.
129. Dodge, *supra* note 56, at 1603.
130. 569 U.S. 108 (2013).
131. *Id.* at 111–12.
132. *Id.* at 113.
133. *Id.* at 115.
134. *Id.* at 118.
135. *Id.* at 124.
136. 579 U.S. 325, 332, 337 (2016). The European Community brought a civil suit against U.S. corporations, including RJR Nabisco, Inc., in the Eastern District of New York, alleging that the

presumption against extraterritoriality has been rebutted—that is, whether the statute gives a clear, affirmative indication that it applies extraterritorially."[137] If the presumption has been rebutted, "the scope of an extraterritorial statute thus turns on the limits Congress has (or has not) imposed on the statute's foreign application" rather than the focus of the statute.[138] If the presumption has not been rebutted at step one, then step two asks "whether the case involves a domestic application of the statute," which is evaluated "by looking to the statute's 'focus.'"[139] If the conduct relevant to the statute's focus occurred within the borders of the United States, then the case involves a permissible domestic application of the statute.[140] On the contrary, "if the conduct relevant to the focus occurred in a foreign country, then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory."[141] Applying this framework, the Court found that RICO's private cause of action does not apply extraterritorially because (1) nothing in the statute rebuts the presumption and (2) the alleged injury was harm to foreign cigarette businesses in Europe.[142]

B. The Evolution of Congress's Powers to Regulate Commerce Under the Commerce Clause

The presumption against extraterritoriality limits foreign applications of federal statutes; however, it is still important to understand the federal government's breadth of permissible domestic applications of such statutes. Congress's authority to regulate trademarks is derived from the Commerce Clause,[143] so understanding the scope of commerce clause authority in order to discern Congress's ability to regulate trademarks logically follows. This Section assesses the evolution of Congress's power to regulate commerce

---

corporations engaged in a money laundering scheme in the United States through cigarette purchases, which harmed European cigarette businesses. *Id.* at 332.

137. *Id.* at 337.

138. *Id.* at 337–38.

139. *Id.* at 337.

140. *Id.*

141. *Id.*

142. *Id.* at 332. At the first step, the Court found no clear indication within the statute that rebuts the presumption against extraterritoriality. *Id.* at 350 (reasoning that due to the statute's reference only to injuries to "business or property" and excluding personal injuries, Congress "signaled that the civil remedy is not coextensive with § 1962's substantive prohibitions"). At the second step, the Court determined that the statute required a civil plaintiff to prove a "domestic injury to business and property," and so the conduct relevant to the focus of the statute was "domestic injury" and not "domestic conduct." *Id.* at 354. Thus, since the injury alleged was harm to foreign cigarette businesses in Europe, the case involved an impermissible extraterritorial application of the statute, regardless of the fact that the initial conduct regarding the money laundering scheme occurred domestically. *Id.*

143. U.S. CONST. art. I, § 8, cl. 3

before 1995—the time period in which the Lanham Act was enacted. A historical analysis of commerce clause jurisprudence reveals that Congress had broad, untethered power to regulate commerce through any appropriate legislation for the protection and advancement of interstate commerce.[144]

Initially, the Court adopted an expansive view of the scope of the Commerce Clause.[145] By the end of the nineteenth century and up until 1937, however, the Court contained Congress's power and adopted a much narrower construction.[146] The Court invalidated a variety of federal laws as exceeding the scope of the federal government's authority, justified by formalistic theories strictly interpreted from the language of the Clause.[147] This was largely a result of a conservative-controlled bench that was committed to *laissez-faire* economics and opposed any government intervention in business and economic affairs.[148]

At the start of this period, the Court focused on chronological definitions of activities, regarding "commerce" as one stage of business, separate and distinct from earlier stages of business like manufacturing and production.[149] For example, in *United States v. E.C. Knight*,[150] the Court held that the Sherman Antitrust Act[151] could not be applied to prohibit the monopolization of the sugar refining industry.[152] The federal government attempted to use the Act to set aside the acquisitions by the American Sugar Refining Company of four competing refineries which would have given the company a monopoly.[153] The Court held that Congress did not have authority to regulate the activity because the monopoly was in the manufacture of sugar rather

144. *See infra* notes 145–174 and accompanying text.

145. *See* Gibbons v. Ogden, 22 U.S. (9 Wheat.) 1, 193–94 (1824) ("[T]hese words [of the Commerce Clause] comprehend every species of commercial intercourse between the United States and foreign nations. No sort of trade can be carried on between this country and any other to which this power does not extend.").

146. *See* Hammer v. Dagenhart, 247 U.S. 251, 276 (1918) (holding unconstitutional an Act that prohibited the interstate shipment of goods produced by child labor because the Act regulated an activity within the manufacturing of goods which is outside the scope of Congress's power).

147. Craig L. Jackson, *The Limiting Principle Strategy and Challenges to the New Deal Commerce Clause*, 15 U. PA. J. CONST. L. 11, 23 (2012).

148. *See, e.g.*, ERWIN CHEMERINSKY, CONSTITUTIONAL LAW: PRINCIPLES AND POLICIES 273 (Wolters Kluwer, 6th ed. 2019).

149. Robert A. Schapiro & William W. Buzbee, *Unidimensional Federalism: Power and Perspective in Commerce Clause Adjudication*, 88 CORNELL L. REV. 1199, 1210 (2003); *see also* Carter v. Carter Coal Co., 298 U.S. 238, 309–10 (1936) (holding that an Act which regulated prices, minimum wages, maximum hours, and "fair practices" of the coal industry was outside of Congress's reach under the Commerce Clause because the activities it regulated were part of the intrastate process of production, separate from commerce).

150. 156 U.S. 1 (1895).

151. 15 U.S.C. §§ 1–38.

152. *E.C. Knight*, 156 U.S. at 17.

153. *Id.* at 9.

than in commerce.[154] The Court also sought to draw formal boundaries in another way—distinguishing between indirect and direct effects on commerce.[155] In *A.L.A. Schechter Poultry Corp. v. United States*,[156] the Court held that an act, which authorized the President to approve "a code of fair competition" in certain industries, exceeded Congress's power to regulate interstate commerce.[157] It reasoned that there was too indirect a relationship between the activities the Code sought to regulate and interstate commerce.[158]

By 1937, however, there was a shift in the nation's view away from *laissez-faire* economics and in favor of greater federal oversight of the national economy.[159] The stock market crash of 1929 and the Great Depression revealed both the shortcomings of a limited role of the federal government as well as the formal approaches to the Commerce Clause that resulted in arbitrary distinctions that were impossible to reconcile.[160] Acting without any legislative precedent to guide them, New Deal reformers sought to expand Congress's power under the Commerce Clause in order to pass New Deal programs that the Court would previously have invalidated.[161] Thus, after 1936, the Court significantly altered its commerce clause jurisprudence, and not one federal law would be struck down as unconstitutional under the Commerce Clause until 1995.[162]

Under this new jurisprudence, Congress had the authority to regulate any activity so long as there was a substantial effect on interstate commerce.[163] The early formations of this principle began in 1937 with the case of *National Labor Relations Board v. Jones & Laughlin Steel Corp.*[164] Congress enacted an act which created a board that would enforce federal fair labor practice standards, including the right of employees to unionize.[165] In upholding the Act, the Court found that the defendant's steel business was a

---

154. *Id.* at 12 ("Commerce succeeds to manufacture, and is not a part of it."). The Court acknowledged the argument that the benefits a monopoly provides in production undoubtedly will result in benefits in commerce. *Id.* However, the Court stated that the relationship was too "incidental[] and indirect[]" for Congress to have the authority to regulate it. *Id.* at 12–13 (holding that it would be "far-reaching" to allow Congress to act "whenever interstate or international commerce may be ultimately affected.").

155. *See* Schapiro & Buzbee, *supra* note 149, at 1214 (2003).

156. 295 U.S. 495 (1935).

157. *Id.* at 523.

158. *Id.* at 548.

159. *See* Jackson, *supra* note 147, at 29.

160. *Id.*; *see, e.g.*, CHEMERINSKY, *supra* note 148, at 273.

161. Jackson, *supra* note 147, at 29.

162. *Id.* at 13.

163. *See, e.g.*, Nat'l Labor Rels. Bd. v. Jones & Laughlin Steel Corp., 301 U.S. 1, 43 (1937); Wickard v. Filburn, 317 U.S. 111 (1942).

164. *Nat'l Labor Rels. Bd.*, 301 U.S. 1.

165. *Id.* at 22–24.

part of the stream of commerce and that halting production operations due to conflicts between employers and employees could have a significant impact on interstate commerce.[166] The Court stated that while the employees were working within the production process which itself does not have a direct impact on the flow of goods, this fact was not determinative as the manufacturing process has an aggregate impact on commerce.[167]

The Court's radical shift resulted in Congress using its power to regulate virtually every activity.[168] Most notable is the Court's decision in *Wickard v. Filburn*,[169] which held that Congress had the power to regulate purely intrastate activities that, viewed in the aggregate, could have a significant effect on interstate commerce.[170] Through the Agricultural Adjustment Act,[171] Congress allowed the secretary of agriculture to set a quota for wheat production, and a local farmer in Ohio was fined for producing wheat over his allotment.[172] The Court upheld the federal act and explicitly rejected the pre–New Deal limits of the Commerce Clause.[173] Rather, Congress's power included the ability to regulate local activity occurring in a single state that had a trivial effect on interstate commerce, so long as that activity had a cumulative effect on interstate commerce.[174]

166. *Id.* at 43.

167. *Id.* at 40.

168. *See, e.g.*, United States v. Darby, 312 U.S. 100 (1941) (overturning *Hammer v. Dagenhart*, 247 U.S. 251 (1918), and upholding a federal act that prohibited the shipment in interstate commerce of goods produced under labor conditions that failed to meet the federal standards because the shipment of manufactured goods interstate constitutes commerce even if manufacture itself is not commerce); Katzenbach v. McClung, 379 U.S. 294, 301–304 (1964) (finding that the Civil Rights Act could be employed to prohibit discriminatory conduct of a barbeque restaurant that engages in seemingly local activities on the basis that its actions would impose significant burdens on "the interstate flow of food and upon the movement of products generally").

169. 317 U.S. 111 (1942).

170. *Id.* at 124.

171. 7 U.S.C. §§ 608c–659.

172. *Id.* at 115–116.

173. *Id.* at 120 ("[Q]uestions of the power of Congress are not to be decided by reference to any formula which would give controlling force to nomenclature such as 'production' and indirect' and foreclose consideration of the actual effects of the activity in question upon interstate commerce.").

174. *Id.* at 127–28.

III. THE COURT'S REASONING

In *Abitron Austria GmbH*,[175] the Supreme Court addressed whether provisions 15 U.S.C. § 1114(1)(a)[176] and § 1125(a)(1)[177] of the Lanham Act applied extraterritorially under the modern-day analytical framework. Through previous case law, the Supreme Court has developed and applied the presumption against extraterritoriality, a canon of interpretation whereby federal courts avoid reading U.S. statutes as applicable to foreign conduct in the territory of another sovereign without Congress's clear indication to the contrary.[178] Using the two-step framework, the Court applied the presumption against extraterritoriality and determined the foreign reach of the Lanham Act provisions.[179]

First, the Court analyzed whether "Congress has affirmatively and unmistakably instructed that" the provisions should "apply to foreign conduct" so as to rebut the presumption.[180] In a 9–0 decision, the Court unanimously agreed that the provisions of the Lanham Act are not extraterritorial.[181] Justice Alito, writing for the majority, reasoned that both provisions simply prohibit the "use 'in commerce' of protected trademarks when that use "is likely to cause confusion."[182] Hetronic argued that the Lanham Act's unique definition of "commerce," which is defined as "all commerce which may lawfully be regulated by Congress,"[183] is sufficient to rebut the presumption against extraterritoriality.[184] However, Alito noted that even statutes that expressly refer to "foreign commerce" are insufficient to rebut the presumption.[185]

Since the Court determined that the provisions were not extraterritorial, it next considered whether the claims involved permitted "domestic" applications of the provisions.[186] The question turns on ascertaining the

175. 143 S. Ct. 2533 (2023).

176. 15 U.S.C. § 1114(1)(a) (prohibiting the unauthorized "use in commerce [of] any reproduction . . . of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services" when "such use is likely to cause confusion").

177. 15 U.S.C. § 1125(a)(1) (prohibiting the "us[e] in commerce" of any protected mark, registered or not, that "is likely to cause confusion").

178. *Abitron Austria GmbH*, 143 S. Ct. at 2528.

179. *Id.*

180. *Id.* (quoting RJR Nabisco, Inc. v. Eur. Cmty., 579 U.S. 325, 335, 337 (2016)).

181. *Id.* at 2529.

182. *Id.* (quoting 15 U.S.C. §§ 1114(1)(a), 1125(a)(1)).

183. 15 U.S.C. § 1127.

184. *Abitron Austria GmbH*, 143 S. Ct. at 2530 (arguing that the natural language rebuts the presumption since Congress can regulate foreign conduct under the Foreign Commerce Clause and that the definition differs from the "boilerplate" definitions of "commerce" that the U.S. Code provides).

185. *Id.*

186. *Id.*

provision's focus and determining if the conduct relevant to that focus occurred in the United States.[187] The Court's unanimity dissolved when considering the second factor.[188] Justice Alito, joined by four other Justices, held that the infringing "use in commerce" of a trademark is the appropriate line between permissible domestic applications and impermissible foreign applications of the Lanham Act.[189] Since the ultimate inquiry regarding permissible domestic application turns on the location of the conduct relevant to the focus, the Lanham Act provisions extend trademark protections only to claims where the infringing "use in commerce" occurs in the United States.[190] Since the lower court proceedings did not conform to this interpretation of extraterritoriality, the Court vacated and remanded the judgment of the Tenth Circuit for further proceedings.[191]

Justice Sotomayor, joined by three other Justices, concurred in the judgment, but ultimately opined that the focus of the relevant provisions of the Lanham Act was protection against consumer confusion and thus the provisions could extend to foreign conduct so long as there is a likelihood of consumer confusion domestically.[192] Sotomayor argued that protection against consumer confusion is consistent with *Steele* which focused on the effects of the infringer's foreign activities on the domestic consumer market, and not the location of the original sale or the location of the trademark owner's place of business.[193] Further, she noted that the Court's precedent is consistent with the notion that a statute can have a domestic application even when foreign activities are implicated.[194] Sotomayor criticized the majority's

187. *Id.*

188. *Id.* at 2532. The parties set forth three different interpretations of the focus of the relevant provisions: Abitron argued that the focus is on preventing infringing use of trademarks, Hetronic contended that the focus is on protecting mark owners and preventing consumer confusion, and the United States as *amicus curiae* argued that the focus is on the likelihood of consumer confusion. *Id.* at 2530–31. The parties relied on *Steele v. Bulova Watch Co.* to support their positions; however, Justice Alito asserted that *Steele* involved both domestic conduct and a likelihood of domestic confusion, making it unclear as to which one was the focus of the provisions. *Id.* Further, he noted that *Steele* was decided before the Supreme Court adopted the two-step analytical framework, so the Court's current decision essentially limits *Steele* to its facts. *Id.*

189. *Id.* at 2531–32.

190. *Id.* at 2531 (reasoning that Congress's intention was to premise liability on a trademark's use in commerce with the necessary condition that the use must create a sufficient risk of confusion, rather than treating "use in commerce" and the "likelihood of confusion" as two separate requirements).

191. *Id.* at 2524.

192. *Id.* at 2537 (Sotomayor, J., concurring in judgment). Sotomayor disagreed with the majority and argued that an infringing use does not occur unless it is likely to cause confusion amongst consumers. *Id.* at 2540.

193. *Id.*

194. *Id.* (recalling that in *Morrison*, the Court concluded that the focus of a provision of the Securities and Exchange Act of 1934 is "not upon the place where the deception originated, but

"conduct-only" approach, stating that it ignored the Court's jurisprudence that recognizes a "contextual" approach to determining a statute's focus.[195] This approach looks not only to the relevant "conduct," but also to the "parties," or "interests" that Congress sought to protect.[196] In response, the majority critiqued Sotomayor's approach as unworkable, too expansive, and likely to cause "international discord."[197]

Despite the majority's disagreement with Justice Sotomayor's concurrence in the judgment, the majority opinion deliberately failed to elaborate upon and address the contours of what it means to "use [a trademark] in commerce."[198] In her own concurring opinion, Justice Jackson attempted to address the "use in commerce" meaning, stating that "use in commerce" may "occur wherever the mark serves its source-identifying function."[199] Adopting a broad approach, Justice Jackson indicated that a defendant may continue to use a trademark in commerce "wherever and whenever those goods are in commerce," which is likely beyond where the product is sold.[200] This includes anywhere where the infringing product is offered for sale, even if the defendant is not making the sale themselves, for all of time.[201] While Justice Jackson's concurrence is dicta, her subscription to Justice Alito's view that "use in commerce" is the dividing line between foreign and domestic applications of the Lanham Act provisions created a 5-4 majority.[202]

---

upon purchases and sales of securities in the United States" (quoting Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247, 266 (2010))).

195. *Id.* at 2539–40.

196. *Id.* at 2540 (quoting WesternGeco LLC v. ION Geophysical Corp., 138 S.Ct. 2129, 2138 (2018)). Sotomayor argued that the majority in effect created an unprecedented third step by requiring courts to assess whether the "conduct relevant to the focus" occurred in the U.S., even when the focus of the statute is not conduct. *Id.* (quoting *id.* at 2531 (majority opinion)).

197. *Id.* at 2533 (majority opinion) (quoting Kiobel v. Royal Dutch Petroleum, 569 U.S. 108, 115, 133 (2013)). Justice Alito first argued that a focus-only approach would create uncertainty in that practically any claim under a non-extraterritorial provision that involves exclusively foreign conduct can be turned into a domestic application. *Id.* at 2533. Justice Alito also argued that since trademark law is territorial, foreign application of U.S. trademark law would create international conflict. *Id.*

198. *Id.* at 2534 n.6.

199. *Id.* at 2535 (Jackson, J., concurring).

200. *Id.*

201. *Id.* Under Justice Jackson's approach, a defendant's use in commerce could occur virtually at any time, in any market, no matter if the defendant intended for their product to end up in that market or if they could reasonably foresee that their goods would be sold there. *Id.* Further, Justice Jackson alluded that a defendant's use in commerce could include any location where an individual sees the trademark on a website, even if there is no physical presence of the products in that location. *Id.* at 2536 n.1.

202. *Id.* at 2534–35.

IV. ANALYSIS

In *Abitron v. Hetronic*,[203] the Supreme Court addressed the extraterritorial reach of the Lanham Act,[204] the federal statute that prohibits trademark infringement.[205] The decision was highly anticipated, as it has been over seven decades since the Lanham Act's foreign reach was addressed by the Court.[206] In *Abitron*, the Court utilized the modern two-step framework for assessing extraterritoriality set out in *RJR Nabisco v. European Community*[207] and held that at step one, the two provisions of the Act governing trademark infringement do not sufficiently rebut the presumption against extraterritoriality through clear, affirmative indication.[208] At step two, the Court held that when determining whether the plaintiff's claims involved a permissible domestic application of the statute, the dividing line between a permissible domestic application of the Act and an impermissible foreign application of the Act is if the relevant "use [of the mark] in commerce" occurred domestically.[209] The Court intentionally left the meaning of "use in commerce" vague.[210]

This Note argues that "use in commerce" should be interpreted broadly in order to effectuate the intent of the Legislature and to conform to the needs of the modern era.[211] Section IV.A establishes that conduct expressly within the purview of the Act, including both a foreign infringers' direct U.S. sales and a U.S. infringers' foreign conduct, is a matter of domestic law that can be reached without an extraterritoriality consideration.[212] Section IV.B argues that the constitutional and legislative history of the Lanham Act supports a broad interpretation of the "use in commerce" requirement that is congruent to Congress's plenary power to regulate commerce under the Commerce Clause between 1937 and 1995.[213] Section IV.C applies the broad "use in commerce" jurisdictional element to the case at bar and argues that

---

203. 143 S. Ct. 2522 (2023).

204. *Id.* at 2522.

205. 15 U.S.C. § 1114(1)(a) (prohibiting the unauthorized "use in commerce [of] any reproduction . . . of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services" when "such use is likely to cause confusion"); 15 U.S.C. § 1125(a)(1) (prohibiting the "us[e] in commerce" of any protected mark, registered or not, that "is likely to cause confusion").

206. Steele v. Bulova Watch Co., 344 U.S. 280, 280 (1952).

207. *See supra* Section III.A.3. *See generally*, Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247 (2010); Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108 (2013); RJR Nabisco, Inc. v. Eur. Cmty, 579 U.S. 325 (2016).

208. *Abitron Austria GmbH*, 143 S.Ct. at 2529.

209. *Id.* at 2531–22.

210. *Id.* at 2534 n.6.

211. *See infra* Sections IV A–D.

212. *See infra* Section IV.A.

213. *See infra* Section IV.B.

the district court should consider the Defendants' domestic advertising, distribution, and resale activities in determining an appropriate and equitable remedy.[214] Finally, Section IV.D explores how a broad interpretation of "use in commerce" is not only a doctrinally correct reading of the Lanham Act, but is also a sound interpretation from a policy perspective.[215]

A. The Extraterritoriality Framework Need Not Be Applied to Domestic Conduct Within the Purview of the Lanham Act

The Supreme Court left open the question of how to define when foreign infringing "use [of a trademark] in commerce" occurs in the U.S. so as to constitute a permissible domestic application of the Lanham Act rather than an impermissible foreign application.[216] However, as an initial matter, it would be improper to apply this analysis to conduct that is explicitly within the Lanham Act's reach.[217] Application of the presumption in such scenarios would be erroneous as it presents none of the concerns that the presumption seeks to address.[218]

First, the Court should not consider a foreign infringer's direct sales into the United States when determining whether the Lanham Act applies abroad, despite Hetronic's suggestion to the contrary.[219] Courts have repeatedly distinguished between domestic acts of a foreign infringer, which need not undergo an extraterritoriality analysis, and foreign acts of a foreign infringer, which undoubtedly must undergo an extraterritoriality analysis.[220] There is

214. *See infra* Section IV.C.

215. *Abitron Austria GmbH*, 143 S.Ct. at 2534; *see infra* Section IV.D.

216. *See infra* Sections IV.B–D.

217. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1042–43 (10th Cir. 2021) (reasoning that "[a]pplying the Lanham Act to a foreign infringer's direct U.S. sales isn't an extraterritorial application of Act" and pointing out that "[c]ourts have repeatedly distinguished between domestic acts of a foreign infringer and foreign acts of that foreign infringer; the extraterritoriality analysis . . . attaches only to the latter" (omission in original) (quoting McBee v. Delica Co., 417 F.3d 107, 122 (1st Cir. 2005))), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 123 S. Ct. 2522 (2023). Although the Tenth Circuit's holding that the Lanham Act sufficiently rebuts the presumption against extraterritoriality was overturned by the Supreme Court, a foreign defendant's direct sales into the United States would still be captured by the Lanham Act since it would not require an extraterritorial analysis at all.

218. *See supra* notes 76–82 and accompanying text (noting that the presumption against extraterritoriality is grounded in the rationale of international comity, which refers to courts of one jurisdiction respecting the laws of other jurisdictions and giving effect to the decisions of foreign sovereigns within their own territory, not as a matter of international law, but out of deference and mutual respect).

219. *Hetronic Int'l, Inc.*, 10 F.4th at 1042–43.

220. *See, e.g.*, *McBee*, 417 F.3d at 122 (holding that since sales directly into the United States are domestic acts that are within U.S. commerce, there is no need for the plaintiff to satisfy the extraterritoriality analysis with respect to the $2,500 worth of goods it sold into the United States but rather "jurisdiction exists . . . under the ordinary domestic test"); Totalplan Corp. of Am. v. Colborne, 14 F.3d 824, 829–30 (2d Cir. 1994) (characterizing the defendant's sale of goods to

no question that Congress has the authority to regulate sales of infringing goods into the United States, even if they derive from a foreign source.[221] In fact, "as a matter of Congressional intent there can be no doubt that Congress intended to reach such sales via the Lanham Act."[222]

This understanding is in line with the presumption against extraterritoriality.[223] The presumption refers to a "presumption against application [of congressional legislation] to conduct in the territory of *another* sovereign."[224] It seeks to effectuate Congress's desire "to avoid international discord" which may result when courts are asked to apply domestic U.S. law to conduct in foreign nations.[225] Thus, when sales of infringing goods occurs in the territory of the United States, such acts are domestic and do not trigger the presumption against extraterritoriality and its host of considerations.[226]

Excluding a foreign infringer's direct U.S. sales from the extraterritoriality analysis is also supported by other areas of the law—namely, antitrust law.[227] Specifically, the Foreign Trade Antitrust Improvements Act ("FTAIA")[228] states that the Sherman Antitrust Act[229] shall only apply to conduct involving trade or commerce with foreign nations when it meets the antitrust extraterritoriality effects test.[230] Notably, it excludes "import trade or import commerce" from the consideration and

parties in the United States as "domestic infringement" separate and distinct from an extraterritorial analysis for foreign distribution of goods); Sterling Drug, Inc. v. Bayer AG, 14 F.3d 733, 744–47 (2d Cir. 1994) (remanding the district court's grant of a broad injunction with extensive extraterritorial effects because the Lanham Act grants Congress the power to regulate domestic sales but only supports an extraterritorial injunction in certain circumstances); Wells Fargo & Co. v. Wells Fargo Exp. Co., 556 F.2d 406, 426–30 (9th Cir. 1977) (recognizing that the Lanham Act is "generally limited to causes of action arising out of American activities" but foreign activities can be reached if certain factors are present); Vanity Fair Mills v. T. Eaton Co., 234 F.2d 633, 638–39, 645 (2d Cir. 1956) (noting the difference between domestic sales, which are typically governed by U.S. law, and foreign sales, which are typically governed by foreign law).

221. *McBee*, 417 F.3d at 122.

222. *Id.*

223. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2528 (2023).

224. *Id.* (emphasis added) (citing Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247, 265 (2010)).

225. *Id.* (quoting RJR Nabisco, Inc. v. Eur. Cmty., 579 U.S. 325, 335-36 (2016)).

226. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1042–43 (10th Cir. 2021), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 123 S. Ct. 2522 (2023).

227. *McBee*, 14 F.3d at 122.

228. 15 U.S.C. § 6a.

229. *Id.* §§ 1–38.

230. *Id.* §6(a)(1). The FTAIA provides that the Sherman Act "shall not apply to conduct involving trade or commerce (other than import trade or import commerce) with foreign nations unless . . . such conduct has a direct, substantial, and reasonably foreseeable effect (A) on trade or commerce which is not trade or commerce with foreign nations, or on import trade or import commerce with foreign nations; or (B) on export trade or export commerce with foreign nations, of a person engaged in such trade or commerce in the United States." *Id.*

reasons that U.S. law can reach such actions so long as the domestic commerce tests are met.[231]

Hetronic points to Abitron's direct sales into the United States as the first "great well" of effects on U.S. commerce.[232] The parties disputed the exact total of Abitron's direct U.S. sales in the lower courts.[233] However, after evidence was presented at trial, the Tenth Circuit accepted Defendants' admissions in the district court that the direct sales totaled €202,134.12.[234] The Court of Appeals correctly determined that this total should not be included in the extraterritoriality analysis.[235] Rather, the Lanham Act encompasses the €202,134.12 in direct sales even if the court determined that the Act did not apply extraterritorially to Defendants' foreign infringing sales.[236] On remand, the court has the authority to enjoin such conduct and issue an appropriate remedy in the form of disgorgement and injunctive relief.[237]

Second, when the alleged infringer is a citizen of the United States, application of the presumption against extraterritoriality so as to prohibit the Lanham Act from reaching U.S. citizens' infringing conduct both at home and abroad should be disfavored.[238] It is widely accepted that "the United States is not debarred by any rule of international law from governing the conduct of its own citizens upon the high seas or even in foreign countries when the rights of other nations or their nationals are not infringed."[239] National law sets out citizens' duty to their own government, and that government should have the power to regulate their conduct, even if it occurred outside its borders.[240] Congress's power over its own citizens is a matter of domestic law and does not present the same international discord

231. Carpet Group Int'l v. Oriental Rug Importers Ass'n, Inc., 227 F.3d 62, 71–72 (3d Cir. 2000).

232. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1042 (10th Cir. 2021), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 123 S. Ct. 2522 (2023).

233. *Id.* at 1043 n.8. Defendants asserted that only Abitron Germany sold products directly into the U.S., totaling only $16,670. *Id.* However, this statement contradicts Defendants' admissions in their motion for summary judgement and other proof submitted at trial. *Id.* Since Defendants failed to explain the discrepancy, the Court accepted their admissions as true. *Id.*

234. *Id.*

235. *Id.* at 1043.

236. *Id.*

237. *Id.*

238. *Steele*, 344 U.S. at 285–86.

239. *Id.* (quoting Skiriotes v. Florida, 1941, 313 U.S. 69, 73 (1941)). The Court recognized that such rationale is supported in other areas of the law like unfair methods of competition, quoting the Seventh Circuit: "Congress has the power to prevent unfair trade practice in foreign commerce by citizens of the United States, although some acts are done outside the territorial limits of the United States." *Id.* at 286 (quoting Branch v. Fed. Trade Comm'n, 141 F.2d 31, 55 (7th Cir. 1944)).

240. *Id.*; American Banana Co. v. United Fruit Co., 213 U.S. 347, 355, 356 (1909).

concerns that the presumption seeks to avoid.[241] While this is a null point in the case at bar since Abitron is a foreign defendant, it is important to establish as guidance in future cases since the Supreme Court is unlikely to hear another case concerning the contours of the Lanham Act's extraterritorial reach in the near future. The circuit courts are in consensus on this point,[242] so subsequent lower courts when presented with such factual circumstances should also disfavor application of the presumption.

B. Courts Should Interpret the Domestic "Use in Commerce" Requirement in Congruence with Congress's Broad Commerce Clause Power When the Lanham Act Was Enacted

The Court determined that domestic "use in commerce" was the dividing line between foreign and domestic applications of the Lanham Act's infringement provisions.[243] However, the Court intentionally left the term "use in commerce" undefined, finding no occasion to address the precise contours.[244] On remand in the case at hand and in subsequent cases, the district court and other lower courts should interpret domestic "use in commerce" broadly in congruence with Congress's plenary commerce clause power at the time the Act was enacted. The interstate and foreign commerce doctrines as developed through the courts is well settled and should arguably apply to trademark law.[245] This interpretation is supported by: (1) the constitutional and legislative history of the Lanham Act; (2) the actual text of the Lanham Act; and (3) the PTO's definition of the term.[246]

241. *Steele*, 344 U.S. at 285–86; Kathryn Overby, *Who Runs the World? The Importance of Defining the Territorial Reach of the Lanham Act*, 23 WAKE FOREST J. BUS. & INTELL. PROP. L. 338, 352 (2023).

242. Kari Kammel et al., *Trademark Counterfeiting Enforcement Beyond Borders: The Complexities of Enforcing Trademark Rights Extraterritorially in a Global Marketplace with Territorial-Based Enforcement*, 33 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 595, 621 (2023).

243. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2534 (2023).

244. *Id.* at 2534 n.6.

245. *See supra* Section IV.B. Some lower courts have equally reflected this understanding of the broad scope of Congress's commerce clause powers with respect to the Lanham Act—albeit not in the context of cases involving both foreign and domestic conduct but rather involving purely intrastate conduct. *See In re* Silenus Wines, Inc., 557 F.2d 806, 809 (C.C.P.A. 1997) (justifying its conclusion that the intrastate sale of French wine labeled with the mark "STEFMON" constitutes "use in commerce" because the Lanham Act was passed in the wake of *Wickard* when Congress had broad powers under the Commerce Clause); Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662, 663–64 (Fed. Cir. 1991) (holding that "a single-location restaurant" serving "only a minimal number of interstate travelers" and using the service mark BOZO'S could be reached by Congress's broad powers to regulate commerce); Christian Faith Fellowship Church v. Adidas AG, 841 F.3d 986, 990–92 (Fed. Cir. 2016) (relying on *Wickard* and similar commerce clause jurisprudence to find that two documented sales of marked hats to an out-of-state-resident constituted "use in commerce").

246. *See supra* Sections IV.B.1–3.

1. The Constitutional and Legislative History of the Lanham Act

The constitutional history of the Lanham Act and its ultimate passage in 1946 during a time when Congress had untethered power to regulate commerce provides strong evidence that the drafters intended to mirror such power with respect to substantive trademark law.[247] Congress's constitutional power to regulate trademarks is grounded in the Commerce Clause.[248] The Lanham Act provides that "[t]he owner of a trademark *used in commerce* may request registration of its trademark" articulating trademark regulation as part of Congress's commerce clause power.[249] An inquiry into the legislative history of the enactment of the Act reveals that Congress was cognizant of the Court's liberalization of commerce clause jurisprudence at the time.[250] Thus, Congress, working in lock-step with the Court, intended to expand the federal power to regulate trademarks.[251] Further, previous iterations of the Act that proscribed a narrow scope failed to keep up with commercial developments in the marketplace, and the drafters wanted to avoid falling prey to the same problems.[252]

It was initially unclear whether Congress had the constitutional authority to regulate trademarks, and if so, where the power was derived from.[253] In the eighteenth century, trademarks were protected only by the common law action of fraud.[254] However, Congress passed the Trademark Act of 1870,[255] providing for the protection of trademarks, regardless of whether they were used in interstate or foreign commerce, grounded in the Copyright and Patent Clause of the Constitution.[256] In 1879, the Court declared the Act unconstitutional on the grounds that the legislative power to protect "inventions and discoveries in the arts and sciences, or with the writings of authors" had no relation to trademarks.[257] Instead, the Court

247. *See supra* Section II.B (detailing the gradual expansion of Congress's ability to regulate commerce to becoming plenary).

248. U.S. CONST. art. I, § 8, cl. 3. ("The Congress shall have the power . . . [t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.").

249. 15 U.S.C. § 1051(a)(1) (emphasis added); *see infra* notes 274–276 and accompanying text.

250. *See infra* notes 274–276 and accompanying text.

251. *See infra* notes 274–276 and accompanying text.

252. *See infra* notes 260–264 and accompanying text.

253. PETER S. MENELL ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE: 2023, at 932 (2023).

254. Kenneth J. Vandevelde, *The New Property of the Nineteenth Century: The Development of the Modern Concept of Property*, 29 BUFF. L. REV. 325, 341 (1980).

255. Act to Revise, Consolidate and Amend the Statutes Relating to Patents and Copyrights, ch. 230, §§ 77–84, 16 Stat. 198 (1870).

256. U.S. CONST. art. I, § 8, cl. 8.

257. *See* Trade-Mark Cases, 100 U.S. 82, 93–94 (1879) ("The ordinary trade-mark has no necessary relation to invention or discovery.").

alluded to Congress's power to regulate trademarks deriving from the Commerce Clause.[258]

In response, Congress followed the Court's guidance and passed a new Act of 1881, which provided registration for trademarks used in commerce with foreign nations and Indian tribes, but failed to include interstate commerce.[259] The Act proved to be untenable and businesses struggled to conform to the inadequate provisions.[260] In 1905, Congress enacted the first "modern" federal trademark registration statute which properly included marks used in commerce "among the several States."[261] However, the 1905 Act was passed during the formalist era of commerce clause jurisprudence,[262] rendering the scope of trademark protections very limited, and it failed to keep up with commercial needs.[263]

Beginning in 1920, a newfound effort to fix the shortcomings of the 1905 Act surfaced, largely led by Texas Congressman Fritz Lanham, and ultimately resulted in the Lanham Act of 1946.[264] Early proposed federal legislation centered around reforming the 1905 Act and was exemplified in

---

258. *Id.* at 96; *see also* Kiss Catalog, Ltd. v. Passport Intern. Productions, Inc., 405 F. Supp. 2d 1169, 1174 (C.D. Cal. 2005) (discerning from the Trademark Cases that legislation that could not be grounded in the IP Clause of the Constitution "could nevertheless pass muster under the Commerce Clause—if the independent requirements of that clause were met").

259. Act of Mar. 3, 1881, ch. 138, 21 Stat. 502; *see also* Zvi S. Rosen, *Federal Trademark Law: From Its Beginnings*, AM. BAR ASS'N (Mar–Apr. 2019), https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2018-19/march-april/federal-trademark-law/ (noting that the exclusion of interstate commerce in the 1881 Act was due to the bill's constitutional predicate being the power to make treaties, not the power to regulate commerce, which ultimately left state law to provide protections that were inadequate for regional and national brands).

260. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:3 (5th ed.).

261. Act to Authorize the Registration of Trademarks Used in Commerce with Foreign Nations or Among the Several States or with Indian Tribes, and to Protect the Same, ch. 592, 33 Stat. 724 (1905) (codified at 15 U.S.C. §§ 81–109) (1940)).

262. *See supra* notes 148–158 and accompanying text.

263. MCCARTHY, *supra* note 260, at § 5:3; S. REP. NO. 79-1333, at 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1277 ("[I]deas concerning trade-mark protection have changed in the last 40 years and the [1905 Act and amendments] have not kept pace with the commercial development."). For example, only technical marks, like marks that were fanciful or arbitrary, could be registered, excluding the category of descriptive marks from federal protection. *See* Franklin Knitting Mills, Inc. v. Fashionit Sweater Mills, Inc. 297 F. 247 (D.N.Y. 1923), *aff'd*, 4 F.2d 1018 (2d Cir. 1925) (holding unregistrable the descriptive mark FASHIONKNIT for sweaters since "the validity of marks ends where suggestion ends and description begins"). Subsequent amendments were made to resolve the inadequacies, but ultimately failed to cope with realities of brand needs. MCCARTHY, *supra* note 260, at § 5:3. For example, the amendments still excluded the category of service marks from federal protection, and there was no system to deal with the clutter created by abandoned marks that were nonetheless still afforded perpetual registration. *Id.*

264. Sondra Levine, *The Origins of the Lanham Act*, 19 J. CONTEMP. LEGAL ISSUES 22, 24 (2010).

the proposed "Vestal Bill."[265] The Vestal Bill gained no traction, attributable to its inconsistency with "the philosophy of the coming New Deal."[266] Further impetus for a workable, comprehensive federal trademark legislation also came from the States.[267]

In 1938, Congressman Lanham, chairman of the House Patent Committee, introduced a draft of the soon-to-be Federal Trademark Act of 1946.[268] While the goal of the Lanham Act was to codify trademark protections into a single piece of legislation, the Act was also intended "[t]o give substantive rights in trade-marks to the owners of them on the theory that a trade-mark is an instrumentality of commerce and is within the plenary power of Congress to regulate interstate and foreign commerce."[269] This goal was in line with the Court's modern expansion of the scope of the phrase "in commerce" which began in 1937 as a response to New Deal programs and regulations.[270] The Court determined that Congress had the power to enact "all appropriate legislation" for the protection and advancement of interstate commerce.[271] This included upstream activities that are in the stream of commerce, including production,[272] and purely intrastate activities that nevertheless have a cumulative impact on interstate commerce.[273]

Ultimately by 1946, there was no doubt that lawmakers agreed that Congress derived its power to regulate trademarks from its plenary commerce clause powers.[274] Congress's intent to adopt the broad post-New Deal understanding of the Commerce Clause is evidenced in statements of the Senate Committee.[275] The Senate Committee concluded that:

> There can be no doubt under the recent decisions of the Supreme Court of the constitutionality of a national act giving substantive as distinguished from merely procedural rights in trade-marks in commerce over which Congress has plenary power, and when it is considered that the protection of trade-marks is merely protection

265. *Id.*; Edward Rogers, *The Lanham Act and the Social Function of Trade-Marks*, 14 LAW & CONTEMP. PROBS. 173, 177 (1949).

266. Jerome Gilson, *The International Trademark Association (1878–2003): Trademark Law Champion*, 93 TRADEMARK REP. 24, 26 (2003).

267. *See* Levine, *supra* note 264, at 24 (finding that states proposed draconian statutes that would require registration as a prerequisite to ownership and threatened to place marks in the public domain if they were not registered after six months of the effective date of the statute).

268. *Id.* at 24–25. The proposed bill was based off of notable attorney Edward Rogers's draft of a trademark statute. *Id.* at 24.

269. Rogers, *supra* note 265, at 179.

270. Nat'l Labor Rels. Bd. v. Jones & Laughlin Steel Corp., 301 U.S. 1, 43 (1936).

271. *Id.* at 37 (quoting The Daniel Ball, 77 U.S. (10 Wall.) 557, 564 (1870)).

272. *Id.* at 43.

273. Wickard v. Filburn, 317 U.S. 111, 124 (1942).

274. S. REP. NO. 79-1333, at 5–6 (1946).

275. *Id.*

> to goodwill, to prevent diversion of trade through misrepresentation, and the protection of the public against deception, a sound public policy requires that trade-marks should receive nationally the greatest protection that can be given them.[276]

The constitutional history of federal trademark authority is almost as old as the Constitution, but it reveals a clear intent for the "use in commerce" requirement of the Act to mirror Congress's broad authority to regulate commerce.[277] Congress's ability to enjoin trademark infringement is not confined to a foreign infringer's direct sales into the United States, but rather encompasses all categories of domestic infringing conduct that have a substantial impact on interstate commerce.[278] This includes activities like advertising, production, distribution, and resale and repair of infringing goods whenever the mark is serving its source-identifying function.[279]

2. The Text of the Lanham Act

The Lanham Act's text provides another basis for broadly interpreting the "use in commerce" element to include more than a foreign infringer's direct sales into the United States.[280] As discussed above, the Act went through a series of amendments and redrafting before the modern-day statute was produced.[281] As a result, the drafters' careful word choice in the Act serves as evidence that Congress's plenary power to regulate commerce extends to the statute's jurisdictional element.[282] This sweeping reading of "use in commerce" is written into the Lanham Act itself and should not be ignored.[283] The Act provides three textual bases for this conclusion: (1) the definition of commerce; (2) the definition of an infringing use in commerce; and (3) the different "use in commerce" requirements for registration and infringement.[284]

First, the Act broadly defines "commerce" as "all commerce which may lawfully be regulated by Congress."[285] This was a drastic change from the explicit formalist commerce clause language that was used in the 1905 Act, which limited trademark regulation to interstate and foreign commerce and

276. *Id.*
277. *See supra* note 168 and accompanying text.
278. *See supra* notes 163–174 and accompanying text.
279. Supplemental Brief of Plaintiff-Appellee Hetronic International, Inc. at 1, Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522 (2023) (No. 21-043) [hereinafter Brief of Hetronic].
280. 15 U.S.C. §§ 1051–1141n (2018).
281. *See supra* Section IV.B.1.
282. Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662, 665 (Fed. Cir. 1991).
283. 15 U.S.C. §§ 1051–1141n (2018).
284. *Id.* §§ 1127, 1114.
285. *Id.* § 1127.

commerce with Indian Nations.[286] The drafters could have simply retained this definition in the modern Lanham Act; however, that they did not indicates their deliberate intent to broaden the "use in commerce" requirement to align with Congress's commerce clause powers when the Lanham Act was passed.[287] At its passage, Congress had the power to regulate any activity that had a substantial effect on interstate commerce or foreign trade, even if the impact was tenuous, and such understanding should extend to substantive trademark rights.[288] In fact, the Supreme Court characterized Congress's power under the Lanham Act as a "sweeping reach,"[289] and that notion has been widely affirmed in case law.[290]

Second, the Act does not limit infringing uses in commerce to just sales, but rather specifically includes "the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with such use [that] is likely to cause confusion."[291] Justice Jackson in her concurring opinion in the case subscribes to such understanding.[292] Justice Jackson stated that a "use in commerce" "does not cease at the place the mark is first affixed or where the item to which it is affixed is first sold."[293] Rather, a mark is used in domestic commerce "wherever the mark serves its source-identifying function."[294] She provides examples of such instances, including the downstream resale of products in the United States that were initially sold abroad and the upstream advertisement of an infringing product on a website available for access in the United States despite no domestic physical presence of the items.[295] The Lanham Act's definition of an infringing use in commerce as more than just sales but rather acts that encompass the entire

286. *Id.* §§ 1066–67, 1127.

287. *See In re* Silenus Wines, Inc., 557 F.2d 806, 810 (C.C.P.A. 1997) ("In [adopting the Lanham Act's definition of 'commerce'], Congress is presumed to be mindful of the broad scope of Congressional regulatory powers which the Supreme Court has sanctioned, and, in fact, Rep. Lanham and his subcommittee were so mindful.") (citing *Hearings on H.R. 9041 before the Subcomm. On Trademarks of the House Comm. On Patents*, 75th Cong., 3d Sess. 45 (1938)).

288. *See supra* notes 163–174 and accompanying text.

289. Steele v. Bulova Watch, 344 U.S. 280, 286–87 (1952).

290. Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662, 665 (Fed. Cir. 1991); *see also In re Silenus Wines, Inc.*, 557 F.2d at 810–11 (explicitly rejecting the PTO's interpretation that "commerce" excludes intrastate activities that have an effect on interstate and foreign commerce).

291. 15 U.S.C. § 1114(a)(1) (2018).

292. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2535 (2023) (Jackson, J., concurring).

293. *Id.*

294. *Id.*

295. *Id.* at 3–4, 4 n.2.

stream of commerce is on par with commerce clause jurisprudence in the late 1930s and 1940s.[296]

Third, the Lanham Act construes the "use in commerce" requirement for infringement far more broadly than the "use in commerce" requirement for registration.[297] The Act limits the types of "use[s] in commerce" of a trademark or service mark to certain types of uses, including "on the goods or their containers."[298] This was a clear intention by the drafters to define the kinds of uses that the Lanham Act requires for registering a trademark.[299] However, this definition is confined to registration and does not limit what constitutes infringement of a mark.[300] The Courts of Appeals have stated that "[i]t makes no conceivable sense as a limitation shielding bad-faith abusers of the marks of others from liability for causing trademark confusion."[301] Instead, when infringement occurs, the "use in commerce" requirement does not limit recovery to a foreign infringer's sales within the United States, as this would allow infringers to escape liability for a host of activities that still have an impact on domestic interstate commerce.[302]

3. The United States Patent and Trademark Office Interpretation

Finally, the U.S. Patent and Trademark Office's ("PTO") own definition and application of "use in commerce" when determining the eligibility of a mark for registration is further evidence that its scope is broad.[303] As previously established, the text of the Lanham Act defines the "use in commerce" registration requirement as more stringent than the "use in commerce" infringement requirement.[304] Registration requires specific types of uses, like placing the mark "on the goods or their containers."[305] However, this characterization of the "use in commerce" requirement for registration as more stringent is relative; in reality, the scope is broad even for

296. *See* Nat'l Labor Rels. Bd. v. Jones & Laughlin Steel Corp., 301 U.S. 1, 43 (1937) (holding that Congress had the authority to enforce federal fair labor practice standards on defendant's business which was confined solely to the production of steel, reasoning that the halting of production due to employee strife could have a significant impact on interstate commerce); Wickard v. Filburn, 317 U.S. 111, 124 (1942) (holding that even purely intrastate activities can be reached by Congress's power under the Commerce Clause, like one farmer's production of wheat for personal use, because, viewed in the aggregate, the activities could have a significant effect on interstate commerce).

297. MCCARTHY, *supra* note 260, § 25:53.

298. 15 U.S.C. § 1127 (2018).

299. MCCARTHY, *supra* note 260, § 25:53.

300. *Id.*

301. Rescuecom Corp. v. Google Inc., 562 F.3d 124, 138 (2d Cir. 2009).

302. *Id.*

303. TMEP § 901 (Nov. 2023).

304. *See supra* notes 297–302 and accompanying text.

305. 15 U.S.C. § 1127 (2018).

registration.[306] According to the PTO's own rule book, the Trademark Manual of Examination Procedure, "the scope of Federal trademark jurisdiction is all commerce which may lawfully be regulated by Congress."[307] Practically speaking, "[t]he examining attorney will normally accept the applicant's verified claim of use in commerce without investigation in whether the use referred to constitutes 'use in commerce'" and the determination rarely generates any controversy.[308] The PTO's actions are not surprising and are consistent with "the notion that it's easier for an administrative agency to rely on the Supreme Court's interpretation" of the in-commerce requirement "than to develop an independent one built on a weak foundation of inconsistent case law.[309] If the PTO is deferring to Congress's plenary commerce clause powers as established by the Court in defining the "use in commerce" element, it follows that the lower court should do the same in the present case.

In sum, scoping the "use in" requirement narrowly to include only a foreign infringer's direct sales into the United States is contrary to Congress's power to regulate commerce, and should include all activities in the stream of commerce that have a substantial impact on domestic interstate commerce.[310] This should include upstream activities like production, distribution, advertising, and marketing, as well as downstream activities like domestic resale and repair markets.[311]

C. Courts Should Not Limit a Trademark Infringment Plaintiff's Remedy Just to Direct Sales into the United States

When presented with a trademark infringement suit involving both foreign and domestic activities, courts must determine when a foreign defendant's infringing conduct constitutes a domestic "use in commerce" so as to be a permissible domestic application of the Lanham Act.[312] In the *Abitron* case, there is no question that the district court should issue a disgorgement award totaling €202,134.12 in direct sales as well as an injunction prohibiting further infringing domestic sales.[313] However, Hetronic's remedy should not be limited to this "well" of commerce.[314] The

---

306. Peter C. Christensen & Teresa C. Tucker, *The Use in Commerce Requirement for Trademark Registration after* Larry Harmon Pictures, 32 IDEA 327, 334–35 (1992).

307. TMEP § 901.03 (Nov. 2023).

308. *Id.* § 901.04.

309. Christensen & Tucker, *supra* note 306, at 334–35.

310. *See supra* Section IV.B.

311. *See supra* notes 163–174 and accompanying text.

312. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2534 (2023).

313. *See supra* Section IV.A.

314. *See supra* Section IV.B.

district court should instead grant disgorgement and injunctive relief for all of Abitron's activities that had a substantial impact on domestic interstate commerce as such activities comport with the "use in commerce" requirement of trademark and commerce clause law.[315] Specifically, the district court should provide remedies for two additional "wells" in the domestic stream of commerce: (1) upstream commerce, including marketing, advertising, and distribution, and (2) downstream commerce, including infringing products initially sold abroad that made their way into the U.S., the resale of infringing goods, and repairment of infringing goods.[316]

1. Upstream Activities in the Stream of Commerce

First, the Lanham Act expressly provides that marketing and advertising are infringing uses in commerce.[317] Traditionally, commerce and the trade of goods was done almost entirely within one geographic border, including traditional advertising and marketing techniques like trade shows and door-to-door advertising.[318] These types of techniques certainly constitute domestic "use in commerce" of the infringing mark.[319] However, globalization has changed the way businesses target their consumers, particularly with e-commerce, social media, and the Internet.[320] Globalization via the online space has reduced the importance of national borders, especially with respect to trademark law, which is more susceptible to extraterritoriality than copyright and patent law.[321]

As Justice Jackson stated in her concurring opinion, "in the internet age, one could imagine a mark serving its critical source-identifying function in domestic commerce even absent the domestic physical presence of the items whose source it identifies."[322] Thus, a foreign infringer could be liable for infringement under the Lanham Act even if its products never enter U.S. borders if they advertised their goods on a website that was available to consumers in the United States.[323] Domestic sales need not even result from such advertising, but rather the advertising itself is a "use in commerce."[324]

---

315. *See supra* Section IV.B.

316. *See infra* Section IV.C.1–2.

317. 15 U.S.C. § 1114(a)(1) (2018).

318. Kammel et al., *supra* note 242, at 597.

319. *Id.*

320. *Id.*

321. Tim W. Dornis, *Behind the Steele Curtain: An Empirical Study of Trademark Conflicts Law*, 20 VAND. J. ENT. & TECH. L. 567, 570 (2018); Timothy R. Holbrook, *Is There a New Extraterritoriality in Intellectual Property?*, 44 COLUM. J.L. & ARTS 457, 461 (2021).

322. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2536 n.2 (2023) (Jackson, J., concurring).

323. *Id.*; *see, e.g.*, MCCARTHY, *supra* note 260, at § 29:56.

324. *Abitron Austria GmbH*, 143 S. Ct. at 2536 n.2 (Jackson, J., concurring).

This understanding of Internet advertising and trademark infringement has been discussed and accepted by the PTO and in treatises and case law.[325] For example, in *In re Sones*, the court observed that a "website [can be] an electronic retail store, and the web page [can be] a shelf-talker or banner which encourages the consumer to buy the product" with respect to the "use in commerce" element.[326]

Furthermore, courts have established that the use of an infringing mark in commerce need not be used in connection with the precise product or service designated in the trademark owners own registration.[327] For example, in *Rescuecom Corp. v. Google, Inc.*,[328] Google, who operated an internet search engine and obtained revenue through advertising, sold advertisements by allowing companies to purchase search terms.[329] Rescuecom had a federal trademark for RESCUECOM, and Google suggested the mark as a search term for Rescuecom's competitors.[330] The Court held that even though the mark was just used or displayed in the sale or advertising of goods or services on the Internet, Google's use still constituted a use in commerce that could be enjoined by the Lanham Act.[331] Foreign infringers who use a competitor's mark as a search term to divert U.S. consumers to their own websites similarly are engaging in an infringing use in commerce.[332]

Second, the Lanham Act provides that distribution of infringing goods constitute an infringing domestic use so long as it takes place in the United States.[333] A foreign infringer that establishes a domestic distribution center and uses an infringing mark, for example, is serving its source-identifying function in U.S. commerce since "it reinforces the misconception in the consumers' minds that they are buying the genuine article when they are not."[334] When distributors misrepresent to U.S. consumers that they are the

325. *See, e.g.*, MCCARTHY, *supra* note 260, at § 29:56; TMEP § 904.03(i) (Nov. 2023); *In re* Dell Inc., 71 U.S.P.Q.2d 1725, 1727 (T.T.A.B. 2004) ("In today's commercial environment, we must recognize that the banners, shelf-talkers and other point of purchase displays that are associated with brick and mortar stores are not feasible for the on-line shopping setting. Web pages which display goods and their trademarks and provide for the on-line ordering of such goods are, in fact, electronic displays which are associated with goods. Such uses are not merely advertising, because in addition to showing the goods and the features of the goods, they provide a link for ordering the goods."); *In re* Sones, 590 F.3d 1282, 1288 (Fed. Cir. 2009).

326. *In re* Sones, 590 F.3d at 1288 (quoting TMEP § 904.03(9) (2009)).

327. *E.g.*, Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 138 (2d Cir. 2009).

328. *Id.*

329. *Id.* at 125.

330. *Id.*

331. *Id.* at 127–28.

332. *See, e.g.*, *id.*

333. 15 U.S.C. § 1114(a)(1) (2018).

334. Brief of Hetronic, *supra* note 279, at 11.

authorized users or the owner of a mark when they in fact are not, they are using the mark in commerce.[335]

In the present case, foreign infringer Abitron committed multiple infringing acts in domestic commerce through its advertising, marketing, and distribution.[336] First, Abitron engaged in traditional advertising by exhibiting the infringing products at trade shows in the United States.[337] Second, the evidence at trial established that Abitron marketed their infringing products on their website to U.S. consumers.[338] The website was accessible to Americans as it was an English-language platform, and evidence demonstrated that U.S. consumers could and did purchase infringing goods through the site.[339] Third, Abitron engaged in similar deceptive advertising techniques using the infringing marks as Google did in *Rescuecom*.[340] Abitron's head of technology testified that Abitron used "Hetronic" metatags to direct potential consumers to Abitron's website when they were really seeking Hetronic's website, purchased similar "Hetronic" domain names, and used "Hetronic" branded email addresses to communicate with consumers and portray themselves as the real Hetronic company.[341] Not only do these acts satisfy the domestic "use in commerce" requirement, evidence showed that there was actual consumer confusion in the U.S.[342] Finally, Abitron engaged in infringement through distribution when it employed a U.S.-based distributor to actively market the infringing products to U.S. customers.[343] Thus, Abitron's infringing upstream activities are sufficient to satisfy the domestic "use in commerce" requirement that the Court established was necessary for there to be a permissible domestic application of the Lanham Act.[344] In issuing an effective and equitable remedy, the lower court should factor this "well" of infringement into its calculus.

---

335. MCCARTHY, *supra* note 260, § 25:50.

336. Brief of Hetronic, *supra* note 279, at 6, 11–12.

337. *Id.* at 12.

338. *Id.* at 6.

339. *Id.*; *see supra* notes 327–332 and accompanying text.

340. *Id.*

341. *Id.*

342. *Id.* (providing evidence that U.S. consumers routinely tried to obtain Hetronic products, services, and assistance from Abitron's website).

343. *Id.* at 12 (demonstrating that the U.S.-based distributor's website referred "to both Hetronic and Abitron" in marketing the infringing goods, the distributor often received enquiries by confused American consumers about servicing the infringed parts, and the distributor exhibited infringing goods at U.S. trade shows).

344. *See supra* Section IV.B.

2. Downstream Activities in the Stream of Commerce

An infringer's liability does not cease at the location where the mark is affixed.[345] Permitting such a rule would allow foreign infringers to escape liability even though subsequent activities were domestic "use[s] in commerce."[346] Rather, "use in commerce" can occur wherever the mark is serving its source-identifying function at home.[347] Justice Jackson explained a hypothetical in her concurrence.[348] She described a scenario in which a German company sells handbags in Germany marked "Coache."[349] The company affixes the infringing mark on their goods in a foreign country.[350] The company then sells their goods to an American student in Germany, who subsequently brings the bag back to the United States, tires of it, and then offers it for resale at home.[351] Such an infringement claim would constitute a permissible extraterritorial application of the Lanham Act because the infringing bags are now in domestic commerce.[352] Further, the infringing marks that were originally affixed abroad "continue 'to identify and distinguish' the goods from others in the (now domestic) marketplace and to 'indicate the source of the goods.'"[353] Implicating the Lanham Act in such a scenario makes sense when taking into account the source identifying-function of a trademark.[354]

Further, it need not matter that the infringing goods were resold by a third party and not the original infringer.[355] No matter how the commercial status came to be, if an infringing product is still serving its source-identifying function in domestic commerce, the original infringer can be held liable.[356] Additionally, knowledge of and expectation that infringing goods initially sold abroad would be resold into the United States provides an even stronger basis for concluding that the Lanham Act can reach such activities.[357] The infringer's actions constitute bad-faith, willful infringement

345. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2535 (2023) (Jackson, J., concurring).

346. *See, e.g.*, Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 138 (2d Cir. 2009).

347. *Abitron Austria GmbH*, 143 S. Ct. at 2535 (Jackson, J., concurring).

348. *Id.* at 2536.

349. *Id.*

350. *Id.*

351. *Id.*

352. *Id.*

353. *Id.* (quoting 15 U.S.C. § 1127 (2018)).

354. *Id.* at 2536 n.1; *see also* Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 795 (5th Cir. 1983) (noting that the purpose of trademark law is to protect the goodwill of businesses that invest time and resources in ensuring that the primary significance in the minds of the consuming public is not the product but the producer).

355. *Abitron Austria GmbH*, 143 S. Ct. at 2536 n.2 (Jackson, J., concurring).

356. *Id.*

357. Brief of Hetronic, *supra* note 279, at 2.

and an obvious attempt to deceive consumers.[358] This principle can logically be extended to repair services offering repair of infringing goods in the United States.[359]

In the present case, foreign infringer Abitron committed infringing acts in domestic commerce through its downstream resale activities.[360] Abitron's business model comprised of selling the infringing goods—remote controls—to original equipment mangers ("OEMs") in foreign countries who then installed the remote controls on heavy machinery which they sold all over the world, including in the United States.[361] The OEMs designated the United States as the final destination for thousands of infringing products, and Abitron had full knowledge of the fact.[362] The district court already determined that over €1.7 million worth of Abitron's infringing products ended up in the United States through resale.[363] On remand, the lower court should take into account all infringing products that ended up in the United States through resale, no matter if the United States was designated as the final destination or not, as enjoining such acts is a permissible domestic application of the Lanham Act.[364]

D. Policy Rationales Support a Broad Application of the Domestic "Use in Commerce" Requirement so as to Constitute a Permissible Extraterritorial Application of the Act

A broad reading of the "use in commerce" requirement to encompass more than just direct sales into the U.S. is a doctrinally plausible and correct extraterritorial application of the Lanham Act.[365] However, this interpretation is also sound from a policy perspective.[366] Globalization has made trademarks less territorial, extending across national borders, and the U.S.'s

358. *Id.*

359. *Id.*

360. *Id.* at 8.

361. *Id.* It is important to note that Abitron's business model is identical to Hetronic's business model. *Id.* Abitron was largely able to accomplish such infringement of Hetronic's goods because "the vehicle that facilitated [Defendants'] infringement was their U.S. distribution agreement with Hetronic." *Id.* at 13 (alteration in original). The agreement gave Defendants access to Hetronic's parts, which were used in all infringing products, and provided Defendants with confidential information that allowed them to reverse-engineering Hetronic's products. *Id.* at 14.

362. *Id.* at 10. Hetronic provides further evidence that Abitron had knowledge that their products would end up in the United States through downstream resale. *Id.* at 8–9. Defendants obtained FCC licenses to be able to sell into the United States through European exporters, hired a U.S.-based distributor in anticipation of the need for repairs of infringing products, and sent employees to the United States to facilitate such repairs. *Id.*

363. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1043 (10th Cir. 2021), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 123 S. Ct. 2522 (2023).

364. *Id.*

365. *See supra* Sections IV.B–C.

366. *See infra* Section IV.D.

greater ability to regulate such conduct can adapt to this changing landscape.[367] Further, while a foreign infringer's conduct must still occur in domestic "use in commerce," a broader grant of power to encompass a variety of activities is on par with a plethora of other sovereigns' trademark law while still respecting international comity.[368]

First, trademark law is more susceptible to an extraterritorial application as compared to its other intellectual property counterparts—patent law and copyright law.[369] Grounded in the Commerce Clause, trademark law is concerned with commerce, including Congress's express power to regulate "commerce with foreign nations."[370] This implicates rights and policies distinct from those of patent and copyright law.[371] Further, trademark law's focus is on "balance[ing] consumer protection, producers' goodwill, and market competition" whereas patent and copyright law are focused on encouraging innovation by providing owners a right to exclude others from using their creations without authorization or compensation.[372] As one commentator stated:

> Trademarks serve the public interest by helping consumers to identify and distinguish goods and services. Patents and copyrights, however, serve the more compelling public interest in having information, both artistic expression and technological innovation, widely disseminated. Extraterritorial application of patent and copyright laws would "effectively deprive the marketplace of something that local law has provided shall be available." . . .Conversely, extraterritorial application of trademark laws would deprive the local marketplace only of the symbol used to market the product, not the product itself."[373]

Finally, trademark protection necessarily involves the reputation of an owner's mark amongst the public, which can travel across borders.[374] Thus, the focus of the law is on the effects infringement may have on commerce

367. *See infra* Section IV.D.

368. *See infra* Section IV.D.

369. Holbrook, *supra* note 321, at 461.

370. *Id.*; U.S. CONST. art. I, § 8, cl. 3.

371. Holbrook, *supra* note 321, at 461.

372. *Id.*

373. David R. Toraya, *Federal Jurisdiction over Foreign Copyright Infringement Actions—An Unsolicited Reply to Professor Nimmer*, 70 CORNELL L. REV. 1165, 1171–72 n.41 (1985) (quoting Alan G. Kirios, *Territoriality and International Copyright Infringement Actions*, 22 COPYRIGHT L. SYMP. 53, 61 (1972)).

374. Holbrook, *supra* note 321, at 461; Kenneth W. Dam, *The Growing Importance of International Protection of Intellectual Property*, 21 INT'L LAW. 627, 630 (1987) (recognizing that counterfeiters who hide out in countries with less robust trademark enforcement "hurt the reputation of the company whose name appears fraudulently on the product, and the costs of that fraud also fall upon businesses and consumers worldwide").

rather than the location where the mark was first affixed.[375] The purpose of trademark law therefore positions itself for an increased extraterritorial application.[376]

Second, infringement via the Internet makes it harder for an owner to hold an infringer liable, no matter which jurisdiction the owner chooses to bring suit in.[377] The Internet provides an easy way for infringers to misappropriate an owner's trademark in multiple territories at the same time.[378] Similarly, countries that afford no or substandard trademark protections offer counterfeiters and infringers "a haven to make and distribute worldwide unauthorized copies of legitimate goods," even if it the countries never intended to.[379] And when an online infringer is threatened with a lawsuit, the online space acts a shield for infringers who can simply disappear and escape liability.[380] A restrictive approach to construing the geographic reach of the Lanham Act could thus create opportunities for loopholes and regulatory evasion.[381] By tethering the scope of the Lanham Act to the location of the conduct, "private actors can easily shift the locus of their transactions outside of the territory of any given jurisdiction."[382] This is particularly true given the ubiquity of trademarks.[383] A practical yet quite undesirable result is infringers skirting lawsuits by using loopholes to opt out of mandatory laws of the United States—laws that were arguably, at least in part, designed to protect the public interest.[384] Moreover, an owner may be unable to determine the proper jurisdiction to sue in as an online infringer can hide their location by using a third-party seller to market their products.[385] Even if a plaintiff can find the right jurisdiction to bring suit, trademark laws are not adequately enforced in a multitude of countries, leaving plaintiffs fighting an uphill battle to seek relief.[386] Thus, interpreting domestic "use in commerce" more widely to encompass internet advertising to U.S.

375. Holbrook, *supra* note 321, at 461.

376. *Id.*

377. Kammel et al., *supra* note 242, at 610.

378. *Id.* at 611–12; Bradley, *supra* note 57, at 507 ("T]echnology has facilitated the transmission and duplication of intellectual property around the world.").

379. Dam, *supra* note 374, at 630.

380. *Id.*

381. Moon, *supra* note 117, at 50–51 (discussing the ability of private actors to evade mandatory U.S. laws via the Internet in the context of financial contracts).

382. *Id.* at 50.

383. *See, e.g.*, Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731 (2003).

384. Moon, *supra* note 117, at 50.

385. Dam, *supra* note 374, at 630.

386. *Id.* at 628.

consumers can resolve the issues that globalization presents while still adhering to international comity principles.[387]

Third, limiting infringement to just direct sales into the United States could add a larger burden on owners to register their marks in multiple countries, which can be expensive, time-consuming, and sometimes not even feasibly possible.[388] Often times, "a U.S. company may find itself dependent upon many national laws and even engaged in overseas customs enforcement activities between foreign countries" in order to protect its trademark.[389] If a company owns a valid U.S. trademark but must register it in every country it wants to sell its products in to gain protections against infringement, that company may be discouraged from expanding its business internationally, thus reducing U.S. influence abroad.[390] Additionally, multiple companies can legally hold the same valid trademark in different jurisdictions, complicating which jurisdiction has control when infringement impacts both sovereigns.[391]

Fourth, a plethora of jurisdictions allow some extraterritorial reach by their courts to regulate trademark infringement, which undermines objections to extraterritorial applications of U.S. trademark law based on international discord.[392] For example, India requires a foreign infringer to have "sufficient contacts" with India in order for a court to have extraterritorial jurisdiction.[393] To determine whether there are sufficient contacts, the court considers three factors: (1) the defendant's intent to act or to cause consequences in India; (2) whether the cause of action arises from the defendant's foreign activities; and (3) whether the consequences of defendant's actions have a substantial

387. *Id.* As mentioned in note 81, international comity refers to courts of one jurisdiction respecting the laws of other jurisdictions and giving effect to the decisions of foreign sovereigns within their own territory, not as a matter of international law, but out of deference and mutual respect.

388. Kammel et al., *supra* note 242, at 611–12.

389. Dam, *supra* note 374, at 631.

390. *See* Kammel et al., *supra* note 242, at 611–12; Minde Glenn Browning, *International Trademark Law: A Pathfinder and Selected Bibliography*, 4 IND. INT'L & COMP. L. REV. 339, 340 (1994) ("As businesses expand beyond national borders, trademarks help to efficiently open markets and gain consumer recognition of products or services."); For a practical list of businesses advantages in obtaining intellectual property rights abroad, see *The Benefits of Intellectual Property Rights*, GOV'T OF CAN., https://www.tradecommissioner.gc.ca/india-inde/ip_rights-propriete_intellectuelle.aspx?lang=eng# (last updated May 13, 2022).

391. Dam, *supra* note 374, at 631.

392. *Id.* at 626–27. For an overview on the intellectual property legal frameworks in Brazil, Russia, India, China, and South Africa, see Adriana Brigante Deorsola et al., *Intellectual Property and Trademark Legal Framework in BRICS Countries: A Comparative Study*, 49 WORLD PATENT INFO. 1 (2017).

393. Aparna Gaur, *Extra-Territoriality and Trademark Infringement: The Delhi High Court Revisits the "Purposeful Availment" Test*, NAT'L L. REV. (Mar. 2, 2022), https://www.natlawreview.com/article/extra-territoriality-and-trademark-infringement-delhi-high-court-revisits-purposeful.

connection to India.[394] Hong Kong has its own requirements, but generally requires sufficient contacts with the sovereign and an intent to deceive the sovereign's consumers.[395] Interestingly, Russia has no requirements in order to apply its trademark law extraterritorially and "Russian courts can issue rulings[,] the enforcement of which is expected to be carried out abroad."[396] Allowing the United States to enjoin activities aside from direct domestic sales would align the country with many other jurisdictions.[397] Because trademarks are often transnational, with national courts increasingly likely to adjudicate "transnational trademark" cases, other countries are unlikely to be "offended" by such action by the United States.[398]

This Note should not be taken to suggest that a foreign infringer should be held liable any time their foreign acts have any sort of impact on U.S. commerce.[399] For example, the diversion of sales theory offered by Hetronic seemingly does not involve domestic "use in commerce" as the only effect to U.S. commerce is lost sales that *could* have ended up in the United States but for the foreign infringers' conduct.[400] Expanding the scope of the Lanham Act to reach such conduct would likely violate international comity, as it would establish supremacy of American law over another jurisdiction where the majority of the impermissible conduct and its effects are felt.[401] Further, such a rule would risk creating a reputation for "international responsibility."[402] In sum, a broad understanding of domestic "use in commerce" is supported by both constitutional and legislative history as well as policy, and the lower court should interpret it in such a way when determining the proper remedy for Abitron's infringing conduct.[403]

394. *Id.*

395. Lilian Shi & Janet Wong, *How Far Can Injunctions Go? Part I: The Extraterritorial Reach of Trademark Injunctions from Hong Kong to China*, DORSEY & WITNEY LLP (Mar. 3, 2022), https://www.jdsupra.com/legalnews/how-far-can-injunctions-go-parti-the-8902537. [https://perma.cc/N45V-JCTU].

396. Natalia Gulyaeva, *Trade Mark Litigation in Russia: Overview*, THOMAS REUTERS PRACTICAL L. (Dec. 1, 2022), https://uk.practicallaw.thomsonreuters.com/w-009-7721.

397. Kammel et al., *supra* note 242, at 627.

398. *See supra* notes 320–321 and accompanying text (discussing how globalization has made trademarks less territorial and more transnational).

399. *See supra* Sections IV.B–C.

400. Hetronic Int'l, Inc. v. Hetronic Ger. GmbH, 10 F.4th 1016, 1042 (10th Cir. 2021), *vacated and remanded sub nom.* Abitron Austria GmbH v. Hetronic Int'l, Inc., 123 S. Ct. 2522 (2023).

401. *See supra* note 81.

402. JAMES CRAWFORD, BROWNLIE'S PRINCIPLES OF PUBLIC INTERNATIONAL LAW 455 (9th ed. 2019).

403. *See supra* Section IV.

CONCLUSION

In *Abitron Austria GmbH*, the Supreme Court readdressed the extraterritorial reach of the Lanham Act in light of the modern resurgence of the presumption against extraterritoriality and the new analytical framework that came as a result.[404] In a 5–3 decision, the Court unanimously determined that the statute did not rebut the presumption against extraterritoriality, but split in finding that domestic "use in commerce" is the dividing line between a permissible domestic application of the Lanham Act and an impermissible extraterritorial application.[405] The Court intentionally left the meaning of "use in commerce" undefined, finding no need at the time to expound on what constitutes a domestic "use in commerce" in any particular case.[406] This Note has provided the framework for subsequent courts, including the district court on remand in *Abitron*, to broadly interpret the requirement.[407]

As a preliminary matter, a foreign infringer's direct sales into the United States does not require an extraterritorial analysis as such conduct is explicitly within the purview of the Lanham Act.[408] In this particular case, the district court on remand should issue a disgorgement award and injunction appropriate to remedy harm caused by those sales.[409] Further, in determining a permissible domestic application of the Lanham Act, the lower courts when faced with such factual circumstances should interpret the domestic "use in commerce" requirement broadly to reach the same activities that Congress could reach with its commerce clause power at the time the Lanham Act was passed.[410] This interpretation is supported by the constitutional and legislative history of the Lanham Act, a textual analysis of the Act itself, and the practical interpretation and implementation of the requirement by the USPTO.[411] In subsequent cases, courts should include in their extraterritoriality analysis all infringing activities having a substantial effect on U.S. commerce—particularly, upstream activities occurring in domestic interstate commerce, including marketing, advertising, and distribution, and downstream activities occurring in domestic interstate commerce, including resale and repair of infringing goods.[412] Further, this outcome is supported by policy rationales and still respects the doctrine of

404. Abitron Austria GmbH v. Hetronic Int'l, Inc., 143 S. Ct. 2522, 2527 (2023).

405. *Id.* at 2531–32.

406. *Id.* at 2534 n.6. However, Justice Jackson wrote separately in her concurrence to provide her own insights. *Id.* at 2534–36 (Jackson, J., concurring).

407. *See supra* Section IV.

408. *See supra* Section IV.A.

409. *See supra* Section IV.A.

410. *See supra* Section IV.B.

411. *See supra* Section IV.B.

412. *See supra* Section IV.C.

international comity.[413] The Court's decision in *Abitron Austria GmbH* significantly altered the framework for analyzing Lanham Act cases involving foreign conduct, but scoping the "use in commerce" requirement as this Note advocates will strike an equitable balance between trademark law and international law.

413. *See supra* Section IV.D.