

# PUBLICATION

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## The Supreme Court Draws the Line on the Foreign Reach of the Lanham Act

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**On June 29, 2023, the U.S. Supreme Court clarified the geographic limits for U.S. trademark enforcement. Just as with enforcement of registered copyrights and issued patents, the Supreme Court ruled that a trademark owner may not enforce against infringement of its trademark rights under the Lanham Act by filing suit in the United States if the infringement occurred beyond the U.S., absent infringing use in domestic commerce.**

### Issue Before the Court

In *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, No. 21-1043, the Supreme Court explored whether 15 U.S.C. § 1114(1)(a) and § 1125(a)(1) – two provisions of the Lanham Act – prohibit trademark-infringing conduct in foreign countries.

Hetronic International, Inc. (Hetronic), a United States company that sells radio remote controls for construction equipment, filed a lawsuit in the United States for trademark infringement against six foreign parties, collectively referred to as "Abitron." Abitron, a former licensed distributor for Hetronic, claimed ownership to much of Hetronic's intellectual property, including the marks at issue. Abitron mostly used Hetronic's marks in foreign countries but also made some sales into the United States.

Hetronic argued that because Abitron made direct sales in the United States and abroad, the provisions of the Lanham Act should apply to Abitron's conduct in its entirety. The U.S. District Court for the Western District of Oklahoma sided with Hetronic, with a jury awarding Hetronic approximately \$96 million in damages for trademark infringement. The district court also entered a permanent injunction preventing Hetronic from using the infringing marks *anywhere* in the world. On appeal, the Tenth Circuit limited the territory of the injunction to certain countries but did not otherwise reduce the injunction's scope to the confines of the United States.

### Supreme Court Limits the Foreign Reach of U.S. Trademark Law

To determine whether the Lanham Act allows enforcement of trademark rights for acts beyond the United States, the Supreme Court applied a two-step extraterritoriality test.

Under step one of the test, the Court looked to see whether the Lanham Act contained express language providing extraterritorial effect. The Court held that unmistakable language did not exist in the Lanham Act, as the operative language of the statutes – "commerce" – evidenced nothing more than domestic commerce.

Continuing to step two, the Court examined what constitutes permissible extraterritorial application, by considering "the location of the conduct relevant to the *focus* of the statute." 600 U. S. \_\_\_\_, 2023 WL 4239255, at \*6 (emphasis added). The Court held that the "focus" was the infringing "use in commerce" because it creates a violation of the Lanham Act. Therefore, the "use in commerce" established the dividing line between foreign and domestic application of the Lanham Act.

The Supreme Court ultimately vacated the judgment awarded by the district court (and affirmed by the Tenth Circuit), holding that § 1114(1)(a) and § 1125(a)(1) of the Lanham Act are not extraterritorial and extend only to claims where the infringing use in commerce is domestic.

## Takeaways

The Supreme Court's decision is not surprising – it generally aligns with current limits on domestic enforcement of extraterritorial infringement of other forms of intellectual property. Absent a nexus with United States domestic commerce or rights in the target foreign country, intellectual property owners generally cannot enforce their United States patents, copyrights, and trademarks in the United States for infringement occurring in a foreign country. Just as with patents and copyrights, it is in the best interest of trademark owners to register their trademarks in foreign jurisdictions in which they do business. By obtaining registration in foreign jurisdictions, trademark owners will not have to go through the doomed rigmarole of seeking remedies in the United States that do not otherwise curb trademark infringement in foreign countries.

Should you have a question on this topic, please reach out to one of the authors or a member of Baker Donelson's [Intellectual Property](#) team.

*Nicole Imhof, a summer associate at Baker Donelson, contributed to this alert.*