
The Not So Long Arm of the Law: Limits on the Lanham Act *Abitron Austria GmbH et al. v. Hetric International, Inc. (June 29, 2023)*

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The Supreme Court decided the extraterritorial reach of two provisions of the Lanham Act prohibiting trademark infringement. Abitron appealed the Tenth Circuit’s decision that the Lanham Act extended to Abitron’s foreign infringing conduct. The Supreme Court vacated and remanded the decision, explaining that the provisions of the Lanham Act extend only to claims where the infringing use in commerce is domestic in consideration of (1) the presumption against extraterritoriality, (2) precedent regarding the term “foreign commerce” being not extraterritorial and (3) the location of the infringing conduct, as opposed to its “mere likelihood of an effect” in the United States.

Hetric sued Abitron, its former licensed distributor, in the Western District of Oklahoma regarding Abitron’s sales of products bearing Hetric’s claimed “distinctive black-and-yellow color scheme.” Notably, 97% of the sales were outside of the United States, mainly in Europe. Nevertheless, the Oklahoma District Court entered a permanent injunction against Abitron from using the mark “anywhere in the world” in addition to the jury’s award of almost \$100 million in damages. The Tenth Circuit subsequently limited the scope of the permanent injunction, although the injunction still applied extraterritorially to some extent, and upheld the damages award.

Sections 1114(1)(a) and 1125(a)(1) of the Lanham Act prohibit the unauthorized use in commerce of marks when they are likely to cause consumer confusion. The question at issue here was whether these provisions applied outside the territorial jurisdiction of the United States despite the “presumption against extraterritoriality,” *i.e.*, the presumption that the legislation of Congress is meant to only apply within the territorial jurisdiction of the United States. The Court explained the two-step framework when applying this presumption. First, courts determine whether Congress has “affirmatively and unmistakably instructed” that the provision at issue should apply to foreign conduct. Second, if the Court finds that Congress did not instruct the provision should be applied extraterritorially, courts evaluate whether the lawsuit seeks a permissible domestic or impermissible foreign application of the law by looking at whether the conduct relevant to the statute’s focus occurred in the United States.

The Supreme Court explained that Sections 1114(1)(a) and 1125(a)(1) lacked explicit guidance under step one. As for step two, the Court explained that Congress’s focus was on where conduct relating to the provisions’ focus occurred: “If a claim under the Act involves a domestic application whenever particular ‘effects are likely to occur in the United States,’ the watchdog [*i.e.*, the presumption against extraterritoriality] is nothing more than a muzzled Chihuahua.” The Court also noted the myriad foreign laws and treaties governing trademark infringement and the importance of respecting them by not overreaching outside the borders of the United States.

The Supreme Court has made clear the importance of “location, location, location” when asserting trademark infringement claims. Trademark plaintiffs will want to make sure to tie the alleged infringing conduct to the United States, and trademark counsel should also consider obtaining trademark protection overseas in coordination with foreign local counsel as such protections will be a key component in protecting their U.S. trademark interests from conduct abroad.