No. 21-1043

IN THE

Supreme Court of the United States

ABITRON AUSTRIA GMBH, *et al.*,
Petitioners,

v.

HETRONIC INTERNATIONAL, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit

BRIEF OF THE AMERICAN BAR ASSOCIATION AS AMICUS CURIAE IN SUPPORT OF RESPONDENT

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INTEREST OF *AMICUS CURIAE*

The American Bar Association (the "ABA") respectfully submits this brief as *amicus curiae* in support of the Respondent.[1]

As the largest volunteer association of attorneys and legal professionals in the world, the ABA's members in all 50 states include attorneys in private practice, government service, and public interest organizations, as well as judges,[2] law professors, law students, and non-lawyer associates in related fields. The ABA's members represent, in their practice, the full spectrum of public and private litigants.

One of the ABA's primary goals is to advance the rule of law, including by advocating for just laws, a fair legal process, and meaningful access to justice for all persons. A legal system applying reliable, predictable, and just rules of law furthers this goal. A related goal is to promote access to justice for those with more limited resources, including through steps making litigation more efficient and affordable.

The ABA has particular expertise in intellectual property law. Established in 1894, the ABA Section of Intellectual Property Law (the "Section") is one of the world's oldest and largest organizations of intellectual property professionals. The Section consists of

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[1] No counsel for any party authored this brief in whole or in part. No person or entity other than amicus, its members, or its counsel has made a monetary contribution to the preparation or submission of this brief.

[2] Neither this brief nor the decision to file it should be interpreted to reflect the views of any judicial members of the ABA. No inference should be drawn that any member of the ABA's Judicial Division Council participated in the adoption or endorsement of the positions in this brief. This brief was not circulated to the Judicial Division Council before filing.

more than 15,000 members, many of whom are attorneys representing trademark owners, corporations, and institutions of varying size across a wide range of industries and on all sides of intellectual property issues. Its size and diversity make it a powerful and unique voice among intellectual property organizations. The Section promotes the development and advancement of intellectual property law and takes an active role in addressing proposed legislation and administrative rule changes. It also develops and presents resolutions on intellectual property topics to the ABA House of Delegates, the policy-making body of the association, for adoption as ABA policy.

The extent to which the Lanham Act, 15 U.S.C. §§ 1051–1141n, governs foreign conduct has become increasingly relevant as technology has rapidly developed. The growth of the internet has dramatically improved the ability to conduct business internationally and in many cases has led to brand awareness in territories outside a trademark's geographic scope. This breakdown of functional boundaries between distant territories has heightened the potential impact of foreign infringement on United States commerce and, relatedly, valuable trademark rights cultivated within this country. It therefore is imperative to trademark professionals—including members of the ABA—and their clients to understand clearly the circumstances in which the Act applies extraterritorially. Given the ABA's goal of advancing the rule of law, of particular importance to the ABA and its members are the protection of domestic trademark holders and consumers, courts' adoption of best practices, and assurance that United States trademark law effectively addresses and incorporates the inter-

ests of American companies operating in an increasingly global marketplace.

The ABA believes that the best approach to Lanham Act extraterritoriality from the standpoint of statutory interpretation and public policy is the standard articulated in *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956). In *Vanity Fair*, the Second Circuit held that courts should consider three factors in determining whether to apply the Lanham Act extraterritorially: the effect of the defendants' conduct on U.S. commerce, the citizenship of the defendants, and any conflict with the law of foreign jurisdictions. After extensive discussion and analysis, the Section prepared a proposed resolution and report in 2022 concluding that of the available alternatives, the *Vanity Fair* standard best adheres to this Court's jurisprudence, properly balances the need for protection against infringement against concerns for international comity, and appropriately furthers the goals of judicial economy, cost savings, and predictability.[3] In developing the proposed resolution and report, the Section drew upon its practicing members' expertise in trademark law, including representation of both plaintiffs and defendants; the ABA's goal of advancing predictability and consistency; and the history of inconsistent outcomes in trademark disputes between domestic and foreign parties because of varying standards applied in different circuits.

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[3] ABA Resolution 508 and Report, in Am. Bar Ass'n, *Resolutions with Reports to the House of Delegates*, *2022 Annual Meeting*, 354–71 (2022), https://www.americanbar.org/content/dam/aba/administrative/house_of_delegates/ebook-of-resolutions-with-reports/2022-annual-resolution-ebook.pdf.

The ABA's House of Delegates endorsed the *Vanity Fair* standard by adopting the Section's proposed resolution at the 2022 ABA Annual Meeting:

> RESOLVED, that the American Bar Association supports, in principle, the adoption of a uniform test for deciding when the Lanham Act should apply extraterritorially that applies the following factors: (1) whether the defendant's conduct has a substantial effect on U.S. commerce; (2) whether the defendant is a United States citizen or domiciliary; and (3) whether such an application would conflict with trademark rights established under the relevant law of a foreign jurisdiction.[4]

This resolution reflects the ABA's conclusion that the *Vanity Fair* standard best adheres to this Court's jurisprudence, properly balances the need for protection against infringement against concerns for international comity, and appropriately furthers the goals of judicial economy, cost savings, predictability, and the advancement of the effective rule of law and access to justice.

SUMMARY OF ARGUMENT

The principal question before this Court is which legal framework courts should apply to determine whether the Lanham Act applies to particular foreign

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[4] ABA Resolution 508 and Report, *supra* note 3; *see also ABA House of Delegates Adopts Policy at 2022 ABA Annual Meeting*, ABA-IPL eNews, Sept. 2022, https://www.americanbar.org/groups/intellectual_property_law/publications/section_enews_home/september-2022/.

conduct. In the ABA's view, the Second Circuit's *Vanity Fair* test, which the Eleventh and Federal Circuits have also followed, provides the most appropriate legal framework. That framework is consistent with this Court's decision in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), which has been settled law for seventy years. In *Steele*, the Court applied three factors to determine whether extraterritorial application of the Lanham Act is appropriate: whether the allegedly unlawful conduct has a "substantial effect" on United States foreign commerce; whether the defendant is a U.S. citizen; and whether the defendant has rights under foreign trademark law conflicting with the plaintiff's rights under the Lanham Act.

The *Vanity Fair* test adequately protects the rights of U.S. consumers and trademark holders in the face of ever-increasing global trade without interfering in the internal affairs of foreign nations. The ABA endorses this specific test because it is consistent with the ABA's goals of advancing justice, efficiency, and the rule of law. A more restrictive standard for extraterritorial application of the Act would risk subjecting U.S. trademark owners, including those with globally recognized brands, to abuses of their rights outside the United States without adequate and efficient legal recourse in the foreign jurisdiction. At the same time, a more permissive test that does not adequately respect principles of comity and foreign sovereignty would create its own set of issues. The three prongs of the *Vanity Fair* test strike the appropriate balance, giving due respect to the general presumption against extraterritorial application of statutes, the plain language of the Lanham Act, and this Court's established precedent in *Steele*.

While the Tenth Circuit did not apply the *Vanity Fair* test in this case, a proper application of that test would have yielded the same result. Accordingly, this Court should affirm the Tenth Circuit's judgment, though not its reasoning.

ARGUMENT

I. Extraterritorial Application of the Lanham Act Under the *Vanity Fair* Test Promotes Access to Justice, Efficiency, and the Rule of Law.

The Second Circuit's *Vanity Fair* test for extraterritorial application of the Lanham Act requires a "substantial effect" on U.S. commerce and also considers the defendant's citizenship and any rights under foreign law. That test comports fully with the Act's language and with this Court's precedent in *Steele*. *See* Parts II and III, *infra*. The ABA's formal endorsement of that test, however, derives from more than just its statutory and doctrinal viability. The ABA believes that the *Vanity Fair* framework best promotes the critical interests of justice, efficiency, and the rule of law.

The Lanham Act's basic purpose is to protect the goodwill that the trademark holder "spent energy, time, and money to obtain" and to protect consumers' "ability to distinguish among the goods of competing manufacturers." *Inwood Lab'ys v. Ives Lab'ys*, 456 U.S. 844, 854 n.14 (1982) (citing S. Rep. No. 79-1333, at 3 (1946); H.R. Rep. No. 76-944, at 3 (1939)). Such trademark protection is desirable "because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Matal v. Tam*, 137 S. Ct. 1744, 1752

(2017) (quoting *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 531 (1987)).

Adequately protecting these U.S. trademark interests necessarily requires extraterritorial application of the Lanham Act in appropriate cases. In a hypothetical legal regime where the Act cannot apply extraterritorially—which would be contrary to the Act's plain language and this Court's settled precedent—those interests are easily undermined.

U.S. trademark owners face risks in any other country where trademark protections are less robust than in the United States.[5] Well-known marks clearly protected under U.S. law can be intentionally infringed abroad without effective local recourse for the U.S. brand owner. In the mildest cases, this creates inefficiency and waste, both for the brand owner and potentially for the legal system. In more serious cases, it can completely undermine the rule of law, harming not only the brand owner but the consumers who are the ultimate beneficiaries of the source-identifying protections provided by trademark law. Although not every case will have a sufficient connection to the United States to warrant application of U.S. law, effective enforcement of U.S. trademark owners' rights requires the application of the Lanham Act where the foreign infringer's activity has a substantial effect on U.S. commerce, unless other factors militate against application of U.S. law.

A retreat from foreign protection of U.S. trademark holders would be particularly ill-timed in view of the proliferation of globalized trade in recent dec-

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[5] *See* U.S. Chamber of Commerce, *2022 International IP Index* 7 (2022), https://www.uschamber.com/assets/documents/IPIndex-FullReport_2022.pdf (ranking countries by level of protection for intellectual property rights).

ades.[6] As technology expands the potential geographical scope of sales, the Lanham Act's extraterritorial application provides important protections to trademark owners' rights against infringing conduct abroad—which could affect the market for their products in the United States and globally—as long as there is a sufficient connection to the United States and no conflict with foreign trademark rights. The *Vanity Fair* test does not always favor domestic adjudication; rather, consideration of the citizenship of the parties and the existence of foreign rights will, in some cases, lead courts to conclude that a dispute is better litigated abroad.

A departure from this Court's precedent would also frustrate the goal of securing meaningful access to justice, which is one of the ABA's central goals. Petitioners' approach would require trademark owners to enforce their rights against the same infringers in both domestic and foreign jurisdictions, leading to duplicative litigation, unnecessary costs, inconsistent results, and heightened uncertainty. *Cf. Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 184–85 (1952) (crediting interest in avoiding duplicative litigation and conservation of judicial resources). The ABA has observed that trademark practitioners and their clients already face such challenges in trademark litigation across the country because of some circuits' application of standards inconsistent with the *Vanity Fair* standard. Petitioners' approach

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[6] *See* U.S. Dep't of Homeland Sec., *Combating Trafficking in Counterfeit and Pirated Goods: Report to the President of the United States* 7 (2020) ("American consumers shopping on e-commerce platforms and online third-party marketplaces now face a significant risk of purchasing counterfeit or pirated goods.").

would have a particularly adverse impact on small- to medium-sized businesses that lack the resources to litigate in multiple courts or under multiple countries' laws. The ABA has endorsed the *Vanity Fair* test precisely because it avoids such redundancies and uncertainties while at the same time giving due respect to foreign law in appropriate cases.

II. Extraterritorial Application of the Lanham Act Is Consistent with Its Plain Language and Objectives As Well As This Court's Precedent.

The Lanham Act's capacity to reach extraterritorial conduct is unambiguous. The Act applies to "all commerce which may lawfully be regulated by Congress." 15 U.S.C. § 1127.[7] The Commerce Clause, in turn, empowers Congress to "regulate" interstate and "foreign" commerce, *see* U.S. Const., art. I, § 8, cl. 3, as well as activities that "substantially affect" such commerce, *see, e.g.*, *Taylor v. United States*, 579 U.S. 301, 306 (2016) (quoting *United States v. Lopez*, 514 U.S. 549, 558–59 (1995)). There is no question, then, that the Act may reach infringements in foreign countries.

The Court in *Steele* came to the same conclusion, holding that the Act applied to a counterfeiter's manufacture and sale of spurious Bulova watches in Mexico. 344 U.S. at 285–87. In doing so, the Court focused largely on the Act's "broad jurisdictional grant" in section 1127. *Id.* at 286. Given its "sweeping reach,"

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[7] As relevant here, section 1114(1)(a) prohibits use "in commerce" of colorable imitation of a registered trademark, and section 1125(a)(1) prohibits use "in commerce" of a word or mark likely to deceive as to origin, sponsorship, or approval of goods.

the Court reasoned, the counterfeiter could not "evade the thrust of the laws of the United States in a privileged sanctuary beyond our borders." *Id.* at 287.

Steele is fully consistent with the modern two-step approach to extraterritoriality followed by this Court in later cases such as *RJR Nabisco, Inc. v. European Community*, 579 U.S. 325 (2016) and *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010). Indeed, this Court in *Morrison* reconciled *Steele* with the Court's modern approach. *Morrison* rejected a proposed interpretation of *Steele* that would "permit application of a nonextraterritorial statute whenever conduct in the United States contributes to a violation abroad." 561 U.S. at 271 n.11. The Court noted that it had previously read *Steele* "as interpreting the [Lanham Act] … to have extraterritorial effect," *Morrison*, 561 U.S. at 271 n.11, citing an earlier decision that explained: "Since the [Lanham] Act expressly stated that it applied to the extent of Congress' power over commerce, the Court in *Steele* concluded that Congress intended that the statute apply abroad," *EEOC v. Arabian Am. Oil Co.*, 499 U. S. 244, 252 (1991) ("*Aramco*"). The Court could have overruled or disapproved *Steele* in *Aramco* and *Morrison*, but it did not. Instead, it explained why *Steele* is consistent with the modern approach and why other statutes, for which the Court has rejected extraterritorial application, differ from the Lanham Act.

III. The Second Circuit's *Vanity Fair* Test Correctly Applies the Lanham Act and This Court's Precedent and Appropriately Balances the Relevant Policy Interests.

Although *Steele* established that the Lanham Act could apply extraterritorially, the Courts of Appeals

have adopted and applied divergent standards in considering whether the Act applies in particular cases. As the ABA recognized in deciding which standard to endorse, the test adopted by the Second Circuit in *Vanity Fair* correctly and faithfully applies both *Steele* and the statutory language. The Eleventh and Federal Circuits also have adopted *Vanity Fair*.[8]

In *Vanity Fair*, an American manufacturer of underwear owned the American registration for the Vanity Fair trademark, and a Canadian manufacturer owned the Canadian registration. 242 U.S. at 637–38. The American company sued the Canadian company for infringing its trademark through sales within Canada and a small number of incidental mail-order sales into the United States. *Id.* The district court dismissed the complaint, and the American company appealed. *Id.* at 636–37.

On appeal, the Second Circuit affirmed the dismissal. Looking to *Steele*, the court noted that "it may well be that Congress could constitutionally provide infringement remedies so long as the defendant's use of the mark has a substantial effect on the foreign or interstate commerce of the United States." *Vanity Fair*, 234 F.2d at 642. Nevertheless, the court concluded that Congress did not intend the Lanham Act's infringement remedies to reach "acts committed by a foreign national in his home country under a presumably valid trade-mark registration in that country." *Id.* The Second Circuit noted that this Court, in *Steele*, "stressed three factors": (1) the "substantial effect on United States commerce"; (2) the

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[8] *Int'l Cafe, S.A.L. v. Hard Rock Café Int'l, (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001); *Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd.*, 152 F.3d 948, 1998 WL 169251, at *2 (Fed. Cir. 1998) (unpublished).

defendant's status as a United States citizen and the United States' "broad power to regulate the conduct of its citizens in foreign countries"; and (3) the absence of "conflict with trade-mark rights established under the foreign law." *Id.* Applying this test to the facts before it, the court held all three factors relevant, and concluded that "the absence of both" the second and third factors was "fatal" to the plaintiff's claim. *Id.* at 643.

Unlike the First Circuit in *McBee v. Delica Co., Ltd.*, 417 F.3d 107, 111 (1st Cir. 2005), the Second Circuit did not treat the defendant's citizenship as dispositive by itself. *See Vanity Fair*, 234 F.2d at 642. Rather, as the Second Circuit explained in a subsequent case, the test should not be applied "mechanically" where doing so could "fail to preserve the Lanham Act's goals of protecting American consumers against confusion, and protecting holders of American trademarks against misappropriation of their marks." *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 746 (2d Cir. 1994). Rather, a court should balance the three *Vanity Fair* factors in tailoring extraterritorial injunctive relief in a way preventing uses likely to have "significant trademark-impairing effects on United States commerce" while allowing legitimate uses of a trademark abroad. *Sterling*, 14 F.3d at 747.

In adopting the ABA's policy, the House of Delegates considered the Section's report, which concluded that the Second Circuit's three-factor test, based on this Court's decision in *Steele*, properly balances Congress's declared interest in protecting trademark holders to the limits of its commerce clause power against the interests in respecting the sovereignty of foreign jurisdictions and avoiding conflict with for-

eign law. The test is therefore consistent with the ABA's goal of advancing the rule of law by endorsing a standard that promotes access to justice and accounts for questions of fairness with respect to foreign defendants and outside jurisdictions' legal regimes. This Court should adopt the *Vanity Fair* test for the same reasons.

A. A Substantial Effect on United States Commerce Is a Prerequisite to Application of the Lanham Act.

The requirement of a substantial effect on U.S. commerce comports with the language of the Lanham Act and the limits on Congress's commerce power identified by this Court.

The Act's language makes clear congressional intent to regulate commercial activity within the scope of its commerce power, but not activities (commercial or otherwise) that Congress can regulate only under other powers. In particular, the Act defines "commerce" to mean "all *commerce* which may lawfully be regulated by Congress." 15 U.S.C. § 1127 (emphasis added). Further, it defines "use in commerce" to mean "the bona fide use of a mark in the ordinary course of trade." *Id.* Finally, in setting forth rules of construction for the Act, Congress provided:

> The intent of this [Act] is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and decep-

> tion in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Id.

Thus, leaving aside the distinct section of the Act governing treaty rights (15 U.S.C. § 1126), the Act's provisions all deal with *commerce* within Congress's control—in other words, commercial activity that either is "in" or "substantially affect[s]" the interstate or foreign commerce of the United States, *see, e.g.*, *Taylor*, 579 U.S. at 306. Because the Lanham Act's extraterritorial hook is its definition of "commerce," the extraterritorial application of the Act should be guided by Congress's power to regulate commerce and the extent to which that power extends to conduct committed on foreign soil.[9]

Every U.S. Court of Appeals to have considered the question has concluded that the Lanham Act requires at least some effect on U.S. commerce.[10] The

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[9] *See RJR Nabisco, Inc.*, 579 U.S. at 339 ("[W]hen a statute provides for some extraterritorial application, the presumption against extraterritoriality operates to limit that provision to its terms." (quoting *Morrison*, 561 U.S. at 265)); *see also Morrison*, 561 U.S. at 271 n.11 (defendant's U.S. citizenship is not alone sufficient to apply statute extraterritorially).

[10] Pet. Cert. App. 28a–29a ("substantial" effect for non-U.S. defendant; at least "some" effect for U.S. citizen defendant); *McBee*, 417 F.3d at 111 (similar); *Vanity Fair*, 234 F.2d at 642 ("substantial" effect); *Int'l Cafe*, 252 F.3d at 1278 (same); *Aerogroup*, 1998 WL 169251, at *2 (same); *Trader Joe's Co. v.*

Act's explicit link to Congress's commerce power and the bounds of that power articulated in this Court's precedents favor requiring a "substantial" effect on U.S. commerce. As the Tenth Circuit concluded below, requiring a substantial effect on U.S. commerce also aligns with this Court's antitrust jurisprudence and general principles of foreign relations law.[11]

Whether a defendant's foreign conduct "substantially affected" U.S. commerce is a case-specific inquiry. The effect within the United States should be of "sufficient character and magnitude to give the United States a reasonably strong interest in the litigation." *McBee*, 417 F.3d at 120. This interest must be considered in light of the "core purposes of the Lanham Act, which are both to protect the ability of American consumers to avoid confusion and to help assure a trademark's owner that it will reap the financial and reputational rewards associated with having a desirable name or product." *Id.* at 121. In this way, the Lanham Act's reach is sufficiently broad to protect the United States economy from interfer-

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Hallatt, 835 F.3d 960, 966 (9th Cir. 2016) ("some effect"); *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994) ("significant effect"); *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 n.8 (5th Cir. 1983) ("some effect"). It bears mentioning that in each of these cases, the U.S. Courts of Appeals concluded that the Lanham Act may, in at least some circumstances, apply extraterritorially. If the Court were to adopt Petitioners' view, the trademark holders who ultimately prevailed in those cases and countless others just like them would have been categorically barred from relief under U.S. law.

[11] Pet. Cert. App. 29a–30a (citing *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 796 (1993); *Restatement (Third) of Foreign Relations Law of the United States* § 402(1)(c) (Am. L. Inst. 1987)).

ence by foreign infringers but not so broad as to police foreign conduct not substantially touching the United States.

Contrary to what the Government's brief suggests,[12] nothing in the Paris Convention or the Madrid Protocol prevents extraterritorial application of the Lanham Act if a defendant's conduct has a substantial effect on U.S. commerce. The Paris Convention assures equal treatment to foreign nationals,[13] while the Madrid Protocol eliminates some of the paperwork involved in registering a mark in multiple countries.[14] Federal courts have applied *Steele* and *Vanity Fair* for decades without harming the workings of those treaties. Indeed, U.S. courts have routinely analyzed and applied international trademark treaties alongside consideration of extraterritorial application of the Lanham Act.[15]

B. United States Citizenship Is Relevant But Not Necessarily Dispositive.

As *Steele* points out, the defendant's status as a U.S. citizen or national[16] may be relevant. It should

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[12] Br. for U.S. as Amicus Curiae Supp'g Neither Party 25.

[13] 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 29:25 (5th ed. 2022) ("The underlying principle is that foreign nationals should be given the same treatment in each of the member countries as that country makes available to its own citizens." (quoting *Vanity Fair*, 234 F.2d at 640)).

[14] McCarthy, *supra* note 13, § 19:31.20.

[15] *See, e.g.*, *Vanity Fair*, 234 F.2d at 640–44; *Int'l Café*, 252 F.3d at 1277–78 (11th Cir. 2001).

[16] *Steele* involved an individual U.S. citizen, and the case law following *Steele* has continued to use the word "citizen" or "citizenship" even in reference to corporations and other business entities. We follow that convention here, though "national"

not, however, be dispositive. Legislation "will not extend beyond the boundaries of the United States unless a contrary legislative intent appears." *Steele*, 344 U.S. at 285. This is true regardless of the parties' citizenship. *See Aramco*, 499 U.S. 244, 252(U.S. law does not automatically apply to citizens abroad).

To be sure, the United States *may*, consistent with international law, create and enforce laws binding U.S. citizens abroad. *See Steele*, 344 U.S. at 285–86 ("[T]he United States is not debarred by any rule of international law from governing the conduct of is [sic] own citizens upon the high seas or even in foreign countries when the rights of nations or their nationals are not infringed." (quoting *Skiriotes v. Florida*, 313 U.S. 69, 73 (1941)).[17] Congress has done so on occasion, even in the absence of an effect on U.S. commerce. *See* Pet. Cert. App. 28a. But the *power* to regulate conduct of U.S. citizens abroad does not equate to the *exercise* of that power. Instead, the parties' citizenship is simply one element to balance with the other elements of the *Vanity Fair* test. Where the defendant is an American citizen, courts should more readily find that the effect on United States commerce is sufficiently substantial to support extraterritorial application of the Lanham Act. But under *Vanity Fair*, citizenship does not allow the court to

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would be a more precise term, as it includes both entities organized under U.S. law and individual U.S. citizens and nationals.

[17] *See also, e.g.*, 1 Charles Cheney Hyde, *International Law* 424 (1922); *Restatement (Third) of Foreign Relations Law of the United States* § 402 (Am L. Inst. 1987); 1 L. Oppenheim, *International Law* 281 (4th ed. 1928); Edwin M. Borchard, *Diplomatic Protection of Citizens Abroad, or the Law of International Claims* 21–25 (1915); 2 John Bassett Moore, *A Digest of International Law* 255–56 (1906).

dispense altogether with the Lanham Act's requirement of a substantial effect on the interstate or foreign commerce of the United States.

This approach correctly balances the presumption against extraterritoriality with the need to safeguard the Lanham Act's goals of protecting U.S. consumers against confusion and U.S. trademark holders against misappropriation. For example, if U.S. citizens could shield themselves from liability simply by moving infringing operations across an international border, the goals of protecting American trademark holders' rights would be gravely undermined.

Conversely, a lack of U.S. citizenship is not dispositive. Where infringing foreign activity has a sufficiently substantial effect on U.S. commerce, U.S. courts have not hesitated to apply the Lanham Act.[18] While extraterritorial application of U.S. law to non-U.S. citizens can raise concerns of international comity and compliance with international law, it is also well recognized that countries have a right to regulate foreign conduct having substantial effects within their own territories.[19]

This approach is consistent with the Lanham Act's focus on Congress's power to regulate "commerce"—

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[18] *See, e.g.*, *Versace v. Versace*, 213 F. App'x 34, 36–37 (2d Cir. 2007) (applying Lanham Act where defendant had 40 years of U.S. residence and business activity and a relationship with a U.S. corporation); *Reebok Int'l, Ltd. v. Marnatech Enters.*, 970 F.2d 552, 554 (9th Cir. 1992) (applying Lanham Act where sales of counterfeit Reebok shoes in Mexican border towns detracted from purchases of legitimate Reebok shoes in both Mexico and U.S.); *Nintendo*, 34 F.3d at 251 (applying Lanham Act where defendant's "infringing conduct in Canada and Mexico had a significant impact on commerce in the United States").

[19] *Restatement (Third) of the Foreign Relations Law of the United States* § 402(1)(c) (Am. L. Inst. 1987).

rather than its power to regulate more generally—and the principle that the Court must discern, from the terms of the statute, the extent to which Congress intended the statute to apply extraterritorially. *See RJR Nabisco*, 579 U.S. at 337–38. Consideration of facts such as citizenship also is consistent with the principle that most remedies under the Lanham Act expressly are subject to "the principles of equity." *See, e.g.*, 15 U.S.C. § 1116(a) (injunction); *id.* § 1117(a) (actual damages and lost profits). This gives courts flexibility to consider the rights of foreign states and foreign parties in considering whether to award injunctive or monetary relief, even if a transaction is literally within Congress's power to regulate.

C. Actual or Potential Conflict with Foreign Trademark Rights Also Is an Important Consideration.

Finally, by directing courts to consider any trademark rights established under foreign law, the *Vanity Fair* standard respects the principle of comity to foreign nations, protects trademark holders who rely in good faith on their rights under foreign law, and safeguards against interference in foreign nations' internal affairs. *Vanity Fair*, 234 F.2d at 642–43.

Even where the United States has the authority to exercise legislative, executive, or judicial power, principles of comity may require U.S. courts to recognize the acts of another nation, "having due regard both to international duty and convenience, and to the rights of [the United States'] own citizens." *Hilton v. Guyot*, 159 U.S. 113, 163–64 (1895).

Within the *Vanity Fair* framework, courts will defer to the defendant's foreign trademark rights when

those rights are clearly established. *See Vanity Fair,* 234 F.2d at 640–41. Courts also will stand down from applying the Lanham Act extraterritorially where a relevant trademark dispute is ongoing in a foreign jurisdiction.[20] Even a significant possibility of a conflict with foreign laws should be a relevant factor in the comity analysis.[21] Conversely, where the infringer's claim of right has been rejected under foreign law, U.S. courts will not shy away, on comity grounds, from applying the Lanham Act to its full extent.[22]

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[20] *See, e.g.*, *Trader Joe's*, 835 F.3d at 973 ("Courts typically find a conflict with foreign law or policy when there is an ongoing trademark dispute or other proceeding abroad.").

[21] *See Reebok Int'l*, 970 F.2d at 555 n.2 (the possibility of a conflict between the law or policy of the United States and the law or policy of another jurisdiction is a cognizable interest).

[22] *See Steele*, 344 U.S. at 285 (finding no conflict with foreign law where a Mexican court had upheld an administrative ruling cancelling defendant's Mexican trademark registration); *see also Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 328 (5th Cir. 2008) ("Absent a determination by a Saudi court that [the] defendant has a legal right to use its marks, and that those marks do not infringe [the plaintiff's] mark, we are unable to conclude that it would be an affront to Saudi sovereignty or law if we affirm the district court.").

CONCLUSION

For these reasons, the Court of Appeals reached the correct outcome despite its application of an incorrect analysis. Its judgment should be affirmed on that basis.

Respectfully submitted,

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