IN THE SUPREME COURT OF THE UNITED STATES

---

21A ____

---

ABITRON AUSTRIA GMBH; ABITRON GERMANY GMBH; HETRONIC GERMANY GMBH; HYDRONIC-STEUERSYSTEME GMBH; ABI HOLDING GMBH; ALBERT FUCHS,

*Petitioners*,

v.

HETRONIC INTERNATIONAL, INC.,

*Respondent*.

---

APPLICATION FOR AN EXTENSION OF TIME
IN WHICH TO FILE A PETITION FOR A WRIT OF CERTIORARI
TO THE U.S. COURT OF APPEALS FOR THE TENTH CIRCUIT

---

To the Honorable Neil M. Gorsuch, Associate Justice of the United States Supreme Court and Circuit Justice for the Tenth Circuit:

Abitron Austria GmbH, Abitron Germany GmbH, Hetronic Germany GmbH, Hydronic-Steuersysteme GmbH, ABI Holding GmbH, and Albert Fuchs (collectively, "petitioners") respectfully request a 60-day extension of time, to and including January 21, 2022, within which to file a petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Tenth Circuit in *Hetronic International, Inc.* v. *Hetronic Germany GmbH, et al.*, Nos. 20-6057 and 20-6100. The court of appeals entered judgment on August 24, 2021. No petition for rehearing or rehearing en banc was filed. Unless extended, the time for filing a petition for a writ of certiorari will expire on November 22, 2021. Under this Court's Rule 13.5, this application is being filed at least 10 days before that date. This Court has jurisdiction under 28 U.S.C. § 1254(1). A copy of the court of appeals' opinion is attached as Exhibit 1.

As explained below, the extension is necessary to permit counsel of record—who was not retained until after the Tenth Circuit issued its decision—to familiarize himself with the voluminous record in this and related cases, to review the significant and complex legal issues presented, and to prepare a petition for a writ of certiorari. Counsel of record also has been heavily engaged with other matters.

1. This case involves issues related to the extraterritorial application of the Lanham Act against foreign companies and nationals. Under the statute, "[a]ny person" who "use[s] in commerce" a "colorable imitation of a registered mark," 15 U.S.C. § 1114(a), or who uses a word, symbol, or false designation that is "likely to cause confusion," "mistake," or "deceive as to the affiliation" or "origin" of goods, is subject to civil liability, § 1125(a). "Commerce" is defined as "all commerce which may lawfully be regulated by Congress." § 1127.

In *Steele* v. *Bulova Watch Co.*, 344 U.S. 280 (1952), this Court held that, "[o]n the facts" before it, the Lanham Act applied to infringing activities of a U.S. citizen that occurred outside the United States. *Id.* at 285-287; see *id.* at 281. As the Tenth Circuit observed below, that decision "le[ft] much unanswered about the extent of the Lanham Act's extraterritorial reach—particularly, * * * as it relates to foreign defendants." Ex. 1 at 21.

Since *Steele*, circuit splits have developed over the extent to which the Lanham Act applies extraterritorially. See Ex. 1 at 24-31, 45-47 (describing disagreements). The courts of appeals have developed "three" different frameworks—and variations on them—"for deciding whether the Lanham Act governs a defendant's foreign conduct." *Id.* at 24; see *id.* at 25-31. The courts of appeals also have disagreed over whether the Lanham Act applies to non-U.S. defendants where "'all of the challenged transactions occur[ ] abroad,'" only non-U.S. consumers are allegedly "'deceiv[ed],'" and the transactions' only effect on the United States is to reduce the revenues a U.S. plaintiff earns abroad. *Id.* at 44-47.

2. This case arises from a dispute over the ownership of intellectual property, including trademarks and trade dress, to radio remote controls for heavy equipment. Ex. 1 at 1-2, 50-51. The disputed intellectual property was originally owned by Hetronic Steuersysteme GmbH, a German corporation. *Id.* at 51.

The plaintiff, respondent Hetronic International, Inc. ("International") sells Hetronic-branded products through subsidiaries and distributors. Ex. 1 at 3-4, 51. International signed a research and development agreement in 2000, acknowledging that Hetronic Steuersysteme (and other developers) is the sole owner and had "*exclusive* right, title, and interest in and to" any "know-how, technical information, designs, product descriptions, trade marks, trade names," and research data for its products. *Id.* at 51 (emphasis altered). International alleges that it later obtained all of Hetronic Steuersysteme's intellectual property. *Id.* at 51-52.

Then, in 2010, Hetronic Germany GmbH acquired Hetronic Steuersysteme[1] along with "any and all intangible assets," including "patents, trademarks, [and] rights relating to designs and utility models" held by Hetronic Steuersysteme. Ex. 1 at 53. Thus, petitioners—all German or Austrian—maintain they own Hetronic Steuersysteme's intellectual property. *Id.* at 51-52. "Though [the purchaser] later sold to [International] the trademark rights to the 'Hetronic' name, * * * the sale didn't include any other intellectual property." *Id.* Relying on the research and development agreement and the terms of the 2010 purchase agreement, petitioners have sold Hetronic-branded products. *Id.* at 5. Their sales have been made almost exclusively outside the United States. See *id.* at 40 n.8. And only a small fraction of petitioners' total sales—approximately 3%—have made their way into the United States. *Id.* at 43.

3. In 2014, International sued in the Western District of Oklahoma, asserting claims under the Lanham Act and state law. Ex. 1 at 6. It alleged infringement of 10 Hetronic-branded products. *Id.* at 3, 6. The district court denied motions to dismiss for lack of personal jurisdiction, and at summary judgment,

[1] Hetronic Steuersysteme was renamed Hetronic Deutschland prior to the 2010 sale.

rejected arguments that it lacked subject-matter jurisdiction over the Lanham Act claims "because the conduct at issue occurred overseas." *Id.* at 6-7.

The claims proceeded to trial. Five days before trial, the district court barred petitioners from arguing that they owned the disputed intellectual property, giving preclusive effect to a decision by the European Union Intellectual Property Office ("EUIPO"). Ex. 1 at 7-8. That decision rejected arguments International had obtained an E.U. trademark registration for one of the 10 trademarks at issue here in bad faith. *Id.* The district court also prevented petitioners from presenting expert testimony regarding the cost of producing allegedly infringing goods—a consideration relevant to damages. *Id.* at 64. Barred from considering petitioners' evidence, the jury found for International and awarded more than $115 million in damages. *Id.* at 8.

After trial, the district court entered a permanent, worldwide injunction under the Lanham Act, prohibiting petitioners from undertaking allegedly infringing activities anywhere in the world. Ex. 1 at 8.

4. The Tenth Circuit affirmed in part. It upheld the district court's rulings on personal jurisdiction, preclusion, and costs evidence. Ex. 1 at 9-19, 50-67. It also agreed with the district court "that the Lanham Act reaches all of [petitioners'] allegedly infringing conduct"—including conduct that occurred entirely abroad. *Id.* at 20. But the Tenth Circuit vacated the district court's permanent, worldwide injunction as overbroad, remanding for entry of a narrower injunction. *Id.* at 19, 50.

The Tenth Circuit observed that this Court's decision in *Steele* established the "Lanham Act could apply abroad at least in some circumstances," but "le[ft] much unanswered" about the statute's "extraterritorial reach—particularly, as in our case, as it related to foreign defendants." Ex. 1 at 21. The courts of appeals have since adopted at least "three tests for deciding whether the Lanham Act governs a defendant's foreign conduct." *Id.* at 24; see *id.* at 25-27.

To guide its analysis here, the Tenth Circuit modified and adopted one test—the *McBee* test—used by only one other court of appeals. Ex. 1 at 26-31. As modified, that test requires courts to consider "three factors" in "deciding whether the Lanham Act applies extraterritorially": (1) "whether the defendant is a U.S. citizen"; (2) if the defendant is not, "whether the defendant's conduct had a substantial effect on U.S. commerce"; and (3) if the substantial-effects test is satisfied, "whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under foreign law." *Id.* at 31.

Although none of petitioners are U.S. citizens, the Tenth Circuit held that test was satisfied here. Ex. 1 at 39. In the court's view, the test's application depended on whether petitioners' foreign conduct had a substantial effect on U.S. commerce because no conflict with foreign trademark rights was alleged. *Id.* The court relied on two considerations in concluding petitioners' conduct had the requisite effect. First, the court cited evidence that "over €1.7 million of [petitioners'] *foreign* sales"—approximately 3% of the total sales—"ended up in the United States." *Id.*

at 41, 43 (emphasis added). The court reasoned that, whenever "'American consumers have been exposed to [an] infringing mark,'" the United States has a "reasonably strong interest in the litigation." *Id.* at 41-43. The court rejected efforts to limit the statute to sales actually ending up in the United States. *Id.* at 43-44. Once "a court determines that a statute applies extraterritorially," the Tenth Circuit stated, "that statute captures *all* of the defendant's illicit conduct." *Ibid.* (emphasis added).

Second, the Tenth Circuit relied on a "diversion-of-sales theory—the idea that [petitioners] stole sales from [International] abroad, which in turn affected [International's] cash flows into the United States." Ex. 1 at 44. "U.S. courts," the Tenth Circuit reasoned, "have an interest in protecting" U.S. plaintiffs from "the economic harm they suffer in the form of lost sales" outside the United States because revenues from those sales otherwise "would have flowed into the U.S. economy." *Id.* at 45. The Tenth Circuit recognized that the Fourth Circuit previously reached a different conclusion. *Id.* at 46. In *Tire Engineering & Distribution, LLC* v. *Shandong Linglong Rubber Co.*, 682 F.3d 292 (4th Cir. 2012), the Fourth Circuit observed that "'courts invoking the diversion-of-sales theory have required the defendants to be *U.S. corporations* that conducted operations—including at least some of the infringing activity—within the United States.'" Ex. 1 at 46 (emphasis added). But the Tenth Circuit stated that decision was "unpersuasive" in part because, in the Tenth Circuit's view, it makes more sense to extend the

Lanham Act to *foreign* defendants based on a diversion-of-sales theory than to *domestic* defendants. *Id.* at 46-47.

Having concluded petitioners' foreign conduct had substantial effects on U.S. commerce, the Tenth Circuit held "the Lanham Act applies extraterritorially." Ex. 1 at 47. It thus held that the district court could enjoin petitioners' use of trademarks and trade dress in "countries in which [International] currently markets or sells its products," but not countries in which International has no presence. *Id.* at 50. Because the district court's injunction swept more broadly—enjoining all of petitioners' activities worldwide—the Tenth Circuit vacated it and remanded the case. *Id.* at 48-50.

5. Petitioners respectfully request that an extension of time be granted. The additional time is needed to determine whether to file a petition for a writ of certiorari and, if one is to be filed, to see to its preparation and submission. Counsel of record was not retained until well after the court of appeals' decision issued. Counsel requires additional time to familiarize himself with the extensive record—the court of appeals appendix comprised 22 volumes—related foreign proceedings, and the complex legal issues involved. Counsel of record also has been heavily engaged with other matters.[2] Petitioners therefore respectfully request a 60-day extension of time within which to file a petition for a writ of certiorari.

---

[2] These include a reply brief in *In re Ultra Petroleum Corp.*, Nos. 20-20623 and 21-20126 (5th Cir.), filed on October 29, 2021; an oral argument in *INVT SPE LLC* v.

Respectfully submitted.

____________________________

Jeffrey A. Lamken
*Counsel of Record*
MOLOLAMKEN LLP
The Watergate, Suite 500
600 New Hampshire Ave., N.W.
Washington, D.C. 20037
(202) 556-2000
jlamken@mololamken.com

*Counsel for Petitioners*

November 11, 2021

---

*International Trade Commission*, No. 20-1903 (Fed. Cir.), on November 1, 2021; a petition for a writ of certiorari in *Esparraguera* v. *Department of the Army*, filed on November 5, 2021; an opening brief in *United States ex rel. Vermont National Telephone Company* v. *Northstar Wireless LLC*, No. 21-7039 (D.C. Cir.), currently due on November 15, 2021; a response brief in *Mylan Pharmaceuticals Inc.* v. *Merk Sharp & Dohme Corp.*, Nos. 21-2121, 21-2122, 21-2123 (Fed. Cir.), currently due on November 29, 2021; a reply in *University of Massachusetts* v. *L'Oréal S.A.*, No. 21-1969 (Fed. Cir.), currently due on November 29, 2021; a reply brief in *Uniloc 2017* v. *Blackboard Inc.*, No. 21-1795 (Fed. Cir.), currently due on November 29, 2021; and a response brief in *The Miller Law Firm, LLC* v. *Laborde Earles Law Firm*, No. 21-16228 (9th Cir.), currently due on January 3, 2022.

# Exhibit 1

**PUBLISH**

UNITED STATES COURT OF APPEALS

FOR THE TENTH CIRCUIT

FILED
United States Court of Appeals
Tenth Circuit

August 24, 2021

Christopher M. Wolpert
Clerk of Court

HETRONIC INTERNATIONAL, INC.,

Plaintiff - Appellee,

v.

HETRONIC GERMANY GMBH; HYDRONIC-STEUERSYSTEME GMBH; ABI HOLDING GMBH; ABITRON GERMANY GMBH; ABITRON AUSTRIA GMBH; ALBERT FUCHS,

Defendants - Appellants.

Nos. 20-6057 & 20-6100

**Appeal from the United States District Court for the Western District of Oklahoma (D.C. No. 5:14-CV-00650-F)**

Geren T. Steiner (Anton J. Rupert and Mack J. Morgan with him on the briefs), of Rupert, Steiner & Morgan PLLC, Oklahoma City, Oklahoma, for Defendants-Appellants.

Debbie L. Berman (Wade A. Thomson and Matthew S. Hellman with her on the brief), of Jenner & Block LLP, Chicago, Illinois, for Plaintiff-Appellee.

Before **PHILLIPS**, **MURPHY**, and **McHUGH**, Circuit Judges.

**PHILLIPS**, Circuit Judge.

Hetronic International, Inc., a U.S. company, manufactures radio remote controls—the kind used to remotely operate heavy-duty construction equipment (think cranes). Defendants, none of whom are U.S. citizens, distributed Hetronic's products, mostly in Europe. That relationship worked well for nearly a decade. But then one of Defendants' employees stumbled across an old research-and-development agreement between the parties. Embracing a creative legal interpretation of the agreement endorsed by Defendants' lawyers, Defendants concluded that they—not Hetronic—owned the rights to Hetronic's trademarks and other intellectual property.

That caused some tension in the relationship. Defendants began manufacturing their own products—identical to Hetronic's—and selling them under the Hetronic brand, mostly in Europe. They even kept the same product names. Hetronic terminated the parties' distribution agreements, but that didn't stop Defendants from making tens of millions of dollars selling their copycat products (which they continue to sell today). Defendants attempted a brief foray into the U.S. market but backed off after Hetronic sued them.

Hetronic asserted numerous claims against Defendants, but we're here concerned almost exclusively with its trademark claims under the Lanham Act. A jury sitting in the Western District of Oklahoma awarded Hetronic over $100 million in damages, most of which related to Defendants' trademark infringement. Then on Hetronic's motion, the district court entered a worldwide injunction barring Defendants from selling their infringing products. Defendants have ignored the injunction.

In the district court and now on appeal, Defendants have focused on one defense in particular: Though they accept that the Lanham Act can sometimes apply extraterritorially, they insist that the Act's reach doesn't extend to their conduct, which generally involved foreign defendants making sales to foreign consumers. Our circuit has yet to grapple with that question. After considering the Supreme Court's lone decision on the issue and persuasive authority from our sibling circuits, we conclude that the district court properly applied the Lanham Act to Defendants' conduct. But we narrow the district court's expansive injunction. And so, exercising jurisdiction under 28 U.S.C. § 1291, we affirm in part, reverse in part, and remand for further consideration consistent with this opinion.

## BACKGROUND

### I. Factual Background

Hetronic sells and services its radio remote controls in over forty-five countries around the world. Though Hetronic offers a wide range of radio remote controls, the parties' dispute centers on ten of those products: ERGO, EURO, GL, GR, HH, MINI, NOVA, Pocket, TG, and RX. Hetronic's products feature a distinctive black-and-yellow color scheme to distinguish them from those of its competitors:

Appellants' App. vol. 7 at 1615–16, 1644.

Hetronic markets and distributes its radio remote controls through a worldwide network of wholly-owned subsidiaries and distributors. In 2006, Hetronic entered distribution and licensing agreements with Hydronic Steuersysteme GmbH, an Austrian corporation managed by Albert Fuchs. In time, Hydronic came to distribute Hetronic's products in over twenty European countries. In 2007, Hetronic entered similar distribution and licensing agreements with a company that would eventually be purchased by Hetronic Germany GmbH, a German corporation owned by Fuchs. Hetronic Germany became Hetronic's principal distributor in Germany.

The distribution and licensing agreements authorized Hydronic and Hetronic Germany to assemble and sell Hetronic's remote controls under Hetronic's brand, but they were required to purchase parts from Hetronic unless otherwise authorized in writing. Further, the two distributors agreed to act in Hetronic's best interest and to protect Hetronic's confidential information. They also agreed not to compete with Hetronic. They abided by those conditions without issue through much of 2011.

September 2011 marked the beginning of the end of Hetronic's business relationship with Hetronic Germany and Hydronic. That month, a Hetronic Germany employee happened upon an old research-and-development agreement entered between Hetronic and Hetronic Germany's predecessor. After consulting with legal counsel, Hetronic Germany took the position that it owned all the technology developed under that agreement (more on that later).

Based on that understanding, Hetronic Germany and Hydronic began reverse-engineering Hetronic's products. One of Hetronic Germany's former employees testified by deposition that he used Hetronic-manufactured parts to try to "recreate the model . . . so that no difference could be seen." *Id.* at 1631. Once they developed these new, copycat parts (what they referred to as "KH" parts, *id.*), Hetronic Germany and Hydronic sought out new suppliers to source them. Eventually, both Hetronic Germany and Hydronic began selling Hetronic-branded products that incorporated KH parts sourced from unauthorized third-parties.

In 2014, a whistleblower who had worked for Hetronic Germany told Hetronic what had been going on the past few years. That June, once Hetronic understood the scope of Hetronic Germany and Hydronic's activities, it terminated their licensing and distribution agreements. But both distributors continued to sell Hetronic-branded products for several months.

Around the same time, Fuchs used an Austrian company he owned, ABI Holding GmbH, to incorporate two new companies, Abitron Germany GmbH and Abitron Austria GmbH. Abitron Austria purchased Hydronic in August 2014; Abitron Germany purchased Hetronic Germany the following month. They soon began competing directly with Hetronic, selling the same NOVA and ERGO products with the exact same trade dress (compared below).


*Id.* at 1644. Before this litigation ensued, they sold several hundred thousand dollars' worth of products in the United States.

## II. Procedural Background

In June 2014, Hetronic sued Hetronic Germany and Hydronic in the Western District of Oklahoma, alleging breach of contract. In 2015, Hetronic filed an amended complaint that added as defendants Fuchs, ABI, Abitron Austria, and Abitron Germany. The amended complaint also added new claims under the Lanham Act and state tort law.

Two motions to dismiss soon followed, one filed by the Abitron companies and the other by ABI and Fuchs. Each motion argued that the district court lacked personal jurisdiction over the relevant Defendants. The district court denied both motions. First, the district court concluded that the forum-selection clause in Hetronic's agreements with Hetronic Germany and Hydronic extended to both Abitron Germany and Abitron Austria as Hetronic Germany's and Hydronic's successors-in-interest. Second, the district court denied ABI and Fuchs's motion because it concluded that they had purposefully availed themselves of a U.S. forum under Federal Rule of Civil Procedure 4(k)(2).

Hetronic then filed a Second Amended Complaint, and both sides moved for summary judgment. Though the district court granted Hetronic's motion on Defendants' counterclaims, it otherwise denied the motion.

Defendants' motion argued that the court lacked subject-matter jurisdiction to resolve Hetronic's Lanham Act claims because the conduct at issue occurred overseas. Specifically, Defendants asserted that the Lanham Act applies extraterritorially only if a defendant's conduct has a substantial effect on U.S. commerce; because that was allegedly lacking here, Defendants maintained that Hetronic's claims had to be dismissed. The district court rejected that argument and denied Defendants summary judgment based on their extraterritoriality defense.

While Defendants played defense in federal district court, they sought to go on offense in the European Union. In July 2015, Abitron Germany sought a "declaration of invalidity" from the European Union Intellectual Property Office (EUIPO) that would nullify Hetronic's "NOVA" trademark in the EU. *Id.* vol. 13 at 3106–07, 3171. The Cancellation Division—the initial EUIPO tribunal to consider the request—rejected Abitron Germany's claim. Abitron Germany appealed, but the Board of Appeal affirmed. The Board concluded that Hetronic owned all the disputed intellectual property.

Based on that ruling, Hetronic moved for summary judgment on Defendants' defense that they owned the disputed intellectual property, arguing that the doctrine of issue preclusion barred Defendants from relitigating that question. 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.

About a week later, the eleven-day jury trial began. The jury returned a verdict for Hetronic on all counts, finding that Defendants had willfully infringed Hetronic's trademarks. The jury awarded Hetronic over $115 million in damages, $96 million of which related to Defendants' Lanham Act violations.

After the trial, Hetronic moved for a permanent injunction to prohibit Defendants from further infringing its trademarks. In opposing the injunction, Defendants reasserted their contention that the court lacked jurisdiction under the Lanham Act to enjoin Defendants' foreign activities. Applying the facts established at trial, the district court concluded that the Lanham Act reached Defendants' foreign conduct. The court granted Hetronic's motion and entered a permanent injunction order, enjoining Defendants' infringing activities worldwide.

This appeal followed.

## DISCUSSION

Defendants raise numerous issues on appeal. First, Defendants argue that the district court erroneously exercised personal jurisdiction over four of the six defendants. Second, Defendants argue that the district court erred in concluding that the Lanham Act applied extraterritorially to reach their foreign activities. Third, Defendants argue that the district court erred when it ruled that issue preclusion barred them from asserting at trial that they owned the disputed intellectual property. Fourth, Defendants argue that the district court made several erroneous evidentiary rulings at trial. We address each argument in turn.

## I. Personal Jurisdiction

Defendants have never disputed the district court's exercise of personal jurisdiction over Hetronic Germany and Hydronic, which derived from a forum-selection clause in the parties' distribution and licensing agreements. That clause designates Oklahoma as the forum for all disputes. But Defendants challenge the district court's exercise of personal jurisdiction over the Abitron entities, ABI, and Fuchs. Following the parties' lead, we first address the court's personal jurisdiction over Abitron Germany and Abitron Austria and then consider its jurisdiction over Fuchs and ABI.

We review de novo a district court's exercise of personal jurisdiction, *ClearOne Commc'ns, Inc. v. Bowers*, 651 F.3d 1200, 1214 (10th Cir. 2011) (footnote and citation omitted), and we consider each defendant separately, *Newsome v. Gallacher*, 722 F.3d 1257, 1265–66 (10th Cir. 2013) (citation omitted). "The plaintiff has the burden of proving that the court has jurisdiction." *Compañía de Inversiones Mercantiles, S.A. v. Grupo Cementos de Chihuahua S.A.B. de C.V.*, 970 F.3d 1269, 1281 (10th Cir. 2020) (citation omitted), *cert. denied*, No. 20-1033, 2021 WL 2519105 (2021).

When the district court evaluates personal jurisdiction "based only on the complaint and affidavits, 'a prima facie showing of personal jurisdiction' is sufficient." *Niemi v. Lasshofer*, 770 F.3d 1331, 1347 (10th Cir. 2014) (quoting *Dudnikov v. Chalk & Vermilion Fine Arts, Inc.*, 514 F.3d 1063, 1070 (10th Cir. 2008)). Because the district court here assessed personal jurisdiction based only on the complaint and affidavits—and because Defendants never challenge the jurisdictional facts upon which the district court based its rulings—we consider only whether Hetronic made a prima facie showing of personal jurisdiction. *See id.*

**A. Abitron Companies**

Though Abitron Germany and Abitron Austria weren't parties to Hetronic's distribution and licensing agreements with Hetronic Germany and Hydronic, the district court nevertheless concluded that the forum-selection clauses in those agreements bound both Abitron entities. According to the district court, Abitron Austria and Abitron Germany were Hydronic's and Hetronic Germany's successors-in-interest. We agree.

In assessing personal jurisdiction, we have acknowledged that "[a] corporation's contacts with a forum may be imputed to its successor. . . ." *Williams v. Bowman Livestock Equip. Co.*, 927 F.2d 1128, 1132 (10th Cir. 1991) (citation omitted). But our Circuit has yet to address the specific issue here: whether a successor corporation is bound by its predecessor's contractual waiver of personal jurisdiction through a forum-selection clause.

Courts that have considered this question "have uniformly found that it is consistent with due process to impute a corporation's waiver of personal jurisdiction to its successor . . . for the same reasons that imputation of jurisdictional contacts is appropriate." *Patin v. Thoroughbred Power Boats Inc.*, 294 F.3d 640, 654 & n.19 (5th Cir. 2002) (collecting cases); *cf. Purdue Rsch. Found. v. Sanofi-Synthelabo, S.A.*, 338 F.3d 773, 783–84 (7th Cir. 2003) (distinguishing between "a corporate successor," whose contacts may be attributed to a predecessor, and "an assignee of a contract," whose contacts generally shouldn't be attributed to the assignor). Under this theory of personal jurisdiction, we ask whether the successor is a "mere continuation" of the predecessor. *Patin*, 294 F.3d at 654 ("The premise underlying the 'mere continuation' exception to the rule against successor liability is that the successor corporation is, in fact, the *same corporate entity* as the predecessor corporation, simply wearing a 'new hat.'" (citations omitted)).

To start, we must first answer the threshold question whether Abitron Austria and Abitron Germany are in fact successors-in-interest of Hydronic and Hetronic Germany, respectively. To decide that question, we look to the law of the forum state—here, Oklahoma. *See Williams*, 927 F.2d at 1132. Under Oklahoma law, "[t]he general rule . . . is that where one company sells or otherwise transfers all its assets to another company, the latter is not liable for the debts and liabilities of the transferor." *Pulis v. U.S. Elec. Tool Co.*, 561 P.2d 68, 69 (Okla. 1977); *see also Flores v. U.S. Repeating Arms Co.*, 19 F. App'x 795, 797 (10th Cir. 2001) (unpublished) (applying Oklahoma law). But Oklahoma's courts have recognized four exceptions to that general rule:

(1) Where there is an agreement to assume such debts or liabilities[;]

> (2) Where the circumstances surrounding the transaction warrant a finding that there was a consolidation or merger of the corporations[;] or
>
> (3) that the transaction was fraudulent in fact[;] or
>
> (4) that the purchasing corporation was a mere continuation of the selling company.

*Pulis*, 561 P.2d at 69 (citations omitted). Only the fourth exception applies here.

Under the "mere continuation" exception, "the test is not whether there is a continuation of business operations, but whether there is a continuation of the corporate entity." *Crutchfield v. Marine Power Engine Co.*, 209 P.3d 295, 301 (Okla. 2009) (footnote omitted). To assess whether the corporate entity has been continued, Oklahoma courts consider (1) "whether there is a common identity of directors, officers, and stockholders before and after the sale," (2) "whether there was good consideration for the sale," and (3) "whether the seller corporation continues to exist in fact." *Id.* (footnote omitted). Concerning the third factor, "[t]he bare *de jure* existence of the seller corporation after the sale is insufficient alone to establish that the successor corporation is not a mere continuation of the seller company." *Id.* at 301–02 (footnote omitted).

These factors weigh heavily in favor of concluding that the Abitron entities are Hydronic's and Hetronic Germany's successors-in-interest. The analysis is the same for both companies under the first and third factors. Starting with the first factor, Defendants don't contest that Fuchs owns all four companies. Nor do they contest the district court's finding that "the Abitron entities are using the same facilities, management, employees, customer lists, and product mark and dress as H[etronic]

Germany and Hydronic." Appellants' App. vol. 1 at 122–23. Further, Hetronic Germany's former CEO became the CEO of both Abitron companies.

On the third factor, though the seller corporations continue to exist in fact, their "bare *de jure* existence" carries little weight. *Crutchfield*, 209 P.3d at 301–02. Almost all of Hydronic's and Hetronic Germany's assets were transferred to the Abitron entities, with only "a small amount being left for the purposes of satisfying debt with Hetronic International." Appellants' App. vol. 1 at 122.

The analysis on the second prong—whether there was good consideration for the sale—is less straightforward. Abitron Germany purportedly paid €3 million[1] to purchase Hetronic Germany. But no funds were exchanged when the sale closed, and ABI loaned Abitron Germany the money to complete the sale. As for the sale of Hydronic to Abitron Austria, the parties provide no information about the purchase's details. So we can't assess the second prong as to Abitron Austria.

But even if we concluded that the second factor cuts against finding that the Abitron companies are successors-in-interest (and it isn't clear that it does), Oklahoma courts weigh all three factors in deciding this issue. *See Pulis*, 561 P.2d at 71–72. At least two of those three factors weigh against Defendants. Considering the three factors collectively, particularly the common identity of directors, officers, and stockholders before and after the sale, we hold that the Abitron companies constitute

[1] €3 million refers to 3 million euros. Though the exchange rate varies, 3 million euros currently equates to about $3.54 million. *See Foreign Exchange Rates – H.10*, Board of Governors of the Federal Reserve System, https://www.federalreserve.gov/releases/h10/current/ (last visited July 29, 2021).

a "mere continuation" of Hydronic and Hetronic Germany and are therefore successors-in-interest under Oklahoma law. *See Crutchfield*, 209 P.3d at 301. And because the Abitron entities are mere continuations of Hetronic Germany and Hydronic, the district court rightly concluded that the forum-selection clause in the parties' licensing agreements bound both Abitron Germany and Abitron Austria.[2] *See Patin*, 294 F.3d at 654. Consequently, the district court properly exercised personal jurisdiction over both companies.

**B. Fuchs and ABI**

The district court ruled that it could exercise personal jurisdiction over Fuchs and ABI under Federal Rule of Civil Procedure 4(k)(2). Rule 4(k)(2) states that

> For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

[2] Defendants appear to argue that the forum-selection clauses don't bind them because Hetronic sued them only *after* terminating the licensing agreements. Our circuit hasn't addressed that issue, but the Supreme Court "presume[s] as a matter of contract interpretation that . . . parties d[o] not intend a pivotal dispute resolution provision to terminate for all purposes upon the expiration of [an] agreement." *Litton Fin. Printing Div., a Div. of Litton Bus. Sys., Inc. v. N.L.R.B.*, 501 U.S. 190, 208 (1991). Though *Litton* related to arbitration clauses in the collective-bargaining context, our sibling circuits that have considered this question agree that dispute-resolution clauses generally may be enforced even after an agreement is terminated. *Silverpop Sys., Inc. v. Leading Mkt. Techs., Inc.*, 641 F. App'x 849, 857 (11th Cir. 2016) (unpublished) ("While contractual obligations may expire upon the termination of a contract, provisions that are structural (e.g., relating to remedies *and the resolution of disputes*) may survive that termination." (emphasis added) (citations omitted)); *U.S. Smoke & Fire Curtain, LLC v. Bradley Lomas Electrolok, Ltd.*, 612 F. App'x 671, 672–73 (4th Cir. 2015) (unpublished) ("Generally, dispute-resolution provisions, such as forum-selection clauses, are enforceable beyond the expiration of the contract if they are otherwise applicable to the disputed issue and the parties have not agreed otherwise." (citations omitted)).

> (A) the defendant is not subject to jurisdiction in any state's courts of general jurisdiction; and
>
> (B) exercising jurisdiction is consistent with the United States Constitution and laws.

Fed. R. Civ. P. 4(k)(2). Under this rule, which has been described as a kind of federal long-arm statute, a court may exercise personal jurisdiction over a foreign defendant if (1) the "plaintiff's claims arise under federal law"; (2) "the defendant is not subject to the jurisdiction of any state court of general jurisdiction"; and (3) "the plaintiff can show that the exercise of jurisdiction comports with due process." *CGC Holding Co. v. Hutchens*, 974 F.3d 1201, 1208 (10th Cir. 2020) (citing *Grupo Cementos*, 970 F.3d at 1281 n.1).

Defendants don't dispute that Hetronic's claims arise under federal law; their arguments focus on the second and third elements. On the second element, Defendants indirectly argue that the district court failed to properly consider whether they were subject to the jurisdiction of other states' courts besides Oklahoma. *See* Appellants' Opening Br. at 53 (faulting the district court because it "actually considered contacts with other forums (Nevada, Massachusetts) that might have been proper forums, but made no determination as to same" (citation omitted)). Defendants imply that the district court was required to conduct a sua sponte analysis of all fifty states—or at least Nevada and Massachusetts—to assess whether Rule 4(k)(2)'s requirements had been satisfied.

It's true that subsection A of Rule 4(k)(2) could be read to require a plaintiff to conduct a state-by-state assessment showing that the defendant isn't subject to any state's courts of general jurisdiction. But we recently joined the majority of circuits that have rejected that reading of the rule: "Every other circuit court [besides the First and Fourth Circuits] to consider the issue has placed the initial burden on the defendant to identify a state in which the lawsuit could proceed." *Grupo Cementos*, 970 F.3d at 1283 (citations omitted). We adopted the Seventh Circuit's reasoning on this point:

> Now one might read Rule 4(k)(2) . . . [as] requiring 51 constitutional decisions: The court must first determine that the United States has power and then ensure that none of the 50 states does so . . . . Constitutional analysis for each of the 50 states is eminently avoidable by allocating burdens sensibly. A defendant who wants to preclude use of Rule 4(k)(2) has only to name some other state in which the suit could proceed. Naming a more appropriate state would amount to a consent to personal jurisdiction there (personal jurisdiction, unlike federal subject-matter jurisdiction, is waivable). If, however, the defendant contends that he cannot be sued in the forum state and refuses to identify any other where suit is possible, then the federal court is entitled to use Rule 4(k)(2).

*Id.* at 1283–84 (quoting *ISI Int'l, Inc. v. Borden Ladner Gervais LLP*, 256 F.3d 548, 552 (7th Cir. 2001)).

Defendants never argued in the district court that some other state's courts could exercise personal jurisdiction over them. So they have forfeited any challenge along those lines. *Grupo Cementos*, 970 F.3d at 1282. Even on appeal, they never argue that Nevada or Massachusetts could exercise personal jurisdiction over them. Rather, they merely allege that the district court erred by not considering those states in assessing Rule 4(k)(2)'s applicability. But as our caselaw makes clear, the district court wasn't required to consider all 50 states (or even two states that a defendant merely alludes to). By failing to point to some other state that could exercise personal jurisdiction over them, Defendants conceded that Hetronic satisfied the second element to establish personal jurisdiction under Rule 4(k)(2).

Finally, Hetronic has satisfied the third element by demonstrating that the exercise of jurisdiction comports with due process. "To determine whether the exercise of federal jurisdiction over [Defendants] satisfies due process, we must determine whether [Defendants] had minimum contacts with the United States." *CGC Holding Co.*, 974 F.3d at 1209. Under that standard, a federal court can exercise specific personal jurisdiction over a foreign defendant "only if the defendant purposely directed [its] activities at the forum and the plaintiff's injuries arose from the defendant's forum-related activities." *Id.* (citing *Dudnikov*, 514 F.3d at 1071). The relevant forum here is not an individual state, but the United States as a whole.[3]

Both Fuchs and ABI have sufficient minimum contacts that demonstrate they purposefully directed their activities at the forum (the United States), and Hetronic's

---

[3] Ordinarily, we would also consider whether the exercise of jurisdiction was reasonable. *CGC Holding Co.*, 974 F.3d at 1209 ("Even when a defendant has purposely established minimum contacts with a forum state, minimum requirements inherent in the concept of fair play and substantial justice may defeat the reasonableness of jurisdiction." (internal quotation marks and citations omitted)). That entails weighing five factors: (1) "the burden on the defendant," (2) "the forum state's interest in resolving the dispute," (3) "the plaintiff's interest in receiving convenient and effective relief," (4) "the interstate judicial system's interest in obtaining the most efficient resolution of controversies," and (5) "the shared interest of the several states in furthering fundamental substantive social policies." *Id.* at 1210 (citation omitted). But to defeat jurisdiction on this ground, "[a] defendant must present a 'compelling' case that these factors render jurisdiction unreasonable." *Id.* (*quoting Grupo Cementos*, 970 F.3d at 1289). Defendants ignore these reasonableness factors entirely, so we needn't consider them.

injuries arose in part from those forum-related activities. As for Fuchs, Hetronic alleged the following:

- Fuchs traveled to the United States to try to obtain certifications from the U.S. Federal Communications Commission, which he needed for the Abitron entities to sell radio products in the United States.
- Fuchs also engaged a Massachusetts company to obtain the FCC certifications.
- Fuchs traveled to Las Vegas, Nevada, to meet with Hetronic's former President, Torsten Rempe, to seek advice about competing with Hetronic, along with sending over twenty separate e-mail communications to Rempe.

These contacts suffice to show Fuchs directed his activities at the United States and directly relate to the injuries Hetronic complained of (i.e., trademark violations). *See CGC Holding Co.*, 974 F.3d at 1209 (holding that a Canadian defendant had sufficient minimum contacts with the United States even though she operated her RICO conspiracy mostly from Toronto because she worked extensively with a U.S. partner and "prepar[ed] loan commitment letters directed at U.S. borrowers").

The same goes for ABI. The district court detailed the following contacts ABI had with the United States:

- ABI filed a trademark application for the Abitron entities in the United States to protect the competing remote-control products it intended to sell.
- ABI entered a project agreement with a U.S.-based company (AZCS) owned by Rempe. Under the agreement, ABI received consulting services from AZCS, including market research, so that ABI could directly compete with Hetronic in the United States.

Based on these findings, ABI can't seriously contest that it purposefully directed its activities at the United States. Nor can it dispute that Hetronic's injuries arose in part from these activities. On these facts, ABI should have expected that it could be haled into court in the United States. *See id.*

In sum, we conclude that the district court properly exercised personal jurisdiction over all Defendants. The forum-selection clauses in Hydronic's and Hetronic Germany's licensing agreements bound both Abitron companies as successors in interest. And Hetronic has shown that the court rightly exercised personal jurisdiction over both Fuchs and ABI under Rule 4(k)(2). We thus consider the merits of the parties' dispute.

## II. Permanent Injunction

Defendants attack the permanent injunction prohibiting their worldwide sales of lookalike remote controls on primarily three grounds. They argue (1) that the district court erroneously concluded that the Lanham Act applied extraterritorially here; (2) that the injunction lacks the specificity required by Rule 65 of the Federal Rules of Civil Procedure; (3) and that the injunction sweeps too broad. Though we agree that the district court's worldwide injunction reaches too far, we otherwise reject Defendants' challenges and uphold the injunction.

We review for abuse of discretion the district court's grant of a permanent injunction. *Husky Ventures, Inc. v. B55 Invs., Ltd.*, 911 F.3d 1000, 1011 (10th Cir. 2018) (citation omitted). "A district court 'necessarily abuses its discretion if it bases its ruling on an erroneous view of the law or on a clearly erroneous assessment of the evidence.'" *Id.* (brackets omitted) (quoting *Zurich N. Am. v. Matrix Serv., Inc.*, 426 F.3d 1281, 1289 (10th Cir. 2005)). A district court's factual findings are clearly erroneous if they lack "factual support in the record, or if we, after reviewing all the evidence, are left with the definite and firm conviction that a mistake has been made." *Id.* (brackets and citation omitted).

We begin by considering whether the district court correctly concluded that the Lanham Act reaches all of Defendants' allegedly infringing conduct here, after which we assess the injunction's specificity and scope.

**A. Extraterritorial Reach of the Lanham Act**

The Lanham Act governs federal trademark and unfair competition disputes. It subjects to liability "[a]ny person who shall . . . use in commerce any . . . colorable imitation of a registered mark," 15 U.S.C. § 1114(1) (Section 32), or "[a]ny person who . . . uses in commerce any" word, false description, or false designation of origin that "is likely to cause confusion . . . or to deceive as to the affiliation," origin, or sponsorship of any goods, *id.* § 1125(a)(1) (Section 43). Notably, the Act defines commerce broadly as "all commerce which may lawfully be regulated by Congress," *id.* § 1127, and affords federal courts jurisdiction over all claims arising under it, *id.* § 1121(a). Though most of the damages the jury awarded to Hetronic flowed from Defendants' Lanham Act violations, Defendants argue as a threshold matter that the Act doesn't apply extraterritorially to their foreign conduct. We disagree.

The Supreme Court has in recent years considered (or reconsidered) the extraterritoriality of several federal statutes, some of them multiple times: the Alien Tort Statute, *Nestlè USA, Inc. v. Doe*, 141 S. Ct. 1931, 1936–37 (2021), and *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 115–17 (2013); the Patent Act, *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129, 2136–38 (2018); the Racketeer

Influenced and Corrupt Organizations Act, *RJR Nabisco, Inc. v. Eur. Cmty.*, 136 S. Ct. 2090, 2099–2103 (2016); section 10(b) of the Securities Exchange Act of 1934, *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 255–65 (2010); and both the Foreign Trade Antitrust Improvements Act of 1982, *F. Hoffmann-La Roche Ltd. v. Empagran S.A.*, 542 U.S. 155, 163–73 (2004), and its predecessor, the Sherman Act, *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 794–99 (1993). But you have to go back almost three-quarters of a century since the Court last substantively considered the extraterritoriality of the Lanham Act. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 282–85 (1952). Though the *Steele* Court acknowledged the general presumption against extraterritoriality, *see id.* at 285, it held that the Lanham Act could apply abroad at least in some circumstances, *see id.* at 286 ("In the light of the broad jurisdictional grant in the Lanham Act, we deem its scope to encompass petitioner's [foreign] activities here.").[4] Still, that lone decision leaves much unanswered about the extent of the Lanham Act's extraterritorial reach—particularly, as in our case, as it relates to foreign defendants. *See McBee v. Delica Co.*, 417 F.3d

[4] The Court has in passing reaffirmed the Lanham Act's extraterritorial reach in two more recent decisions. *See Morrison*, 561 U.S. at 271 n.11 (citing *Steele* and noting that the Court has interpreted the Lanham Act "to have extraterritorial effect"); *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 252 (1991) ("While recognizing that 'the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears,' the Court concluded that in light of the fact that the allegedly unlawful conduct had some effects within the United States, coupled with the [Lanham] Act's 'broad jurisdictional grant' and its 'sweeping reach into "all commerce which may lawfully be regulated by Congress,"' the statute was properly interpreted as applying abroad." (quoting *Steele*, 344 U.S. at 285, 287)).

107, 117 (1st Cir. 2005) (noting that although "[t]he Supreme Court has long since made it clear that the Lanham Act could sometimes be used to reach extraterritorial conduct," "it has never laid down a precise test for when such reach would be appropriate" (footnote and citations omitted)).

Though none of the Supreme Court's recent decisions concerning extraterritoriality resolve the issues we face here related to the Lanham Act, they offer some useful guidance. In *RJR*, the Court established "a two-step framework for analyzing extraterritoriality issues." 136 S. Ct. at 2101. At step one, "we ask whether the presumption against extraterritoriality has been rebutted—that is, whether the statute gives a clear, affirmative indication that it applies extraterritorially." *Id. Steele* already answered that question in the affirmative. *See* 344 U.S. at 285–88; *see also Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 966 (9th Cir. 2016) ("The Supreme Court settled this question with regard to the Lanham Act when it held [in *Steele*] that the Act's 'use in commerce' element and broad definition of 'commerce' clearly indicate Congress's intent that the Act should apply extraterritorially." (citing *Steele*, 344 U.S. at 286)). When a court concludes at step one that the statute in question applies extraterritorially, it needn't reach step two (which asks "whether the case involves a domestic application of the statute"). *RJR*, 136 S. Ct. at 2101. Instead, when the presumption against extraterritoriality has been rebutted, *RJR* tells us that "[t]he scope of an extraterritorial statute . . . turns on the limits Congress has (or has not) imposed on the statute's foreign application." *Id.* (footnote omitted). In other words, just because a statute *can* apply extraterritorially doesn't mean that it always will.

Since *Steele*, the courts of appeals have devised various tests to answer that question—namely, what are the limits of the Lanham Act's extraterritorial reach? Because our circuit has never confronted this issue, we have yet to speak on the matter. So we begin by adopting a framework for resolving this question. After that, we address the procedural objections Defendants raised regarding how the district court went about addressing this issue. Last, we apply our newly adopted framework to the dispute before us.

**1. Framework for Assessing the Scope of the Lanham Act's Extraterritoriality**

Each of the tests developed by the courts of appeals to explore the Lanham Act's extraterritorial reach stems from the Supreme Court's *Steele* decision. There, the defendant, an American citizen operating a watch business in Texas decided to move his business to Mexico City. 344 U.S. at 284–85. He discovered that "Bulova" had not been registered in Mexico, so he secured the rights to the name. *Id.* Importing watch parts from Switzerland and the United States, he sold the watches in Mexico under the "Bulova" name. *Id.* at 285. Bulova Watch Co., one of the largest watch manufacturers in the world, soon began receiving complaints from customers who needed repairs of defective "Bulova" watches that often turned out to be the defendant's product. *Id.* Bulova challenged in Mexico's courts the defendant's right to use the Bulova name, and the Mexico Supreme Court upheld an administrative ruling that had nullified the defendant's trademark registration. *Id.* Bulova then sought relief in federal court under the Lanham Act. *Id.* at 281–82.

The Court concluded that the Lanham Act encompassed the defendant's conduct, reasoning that "the United States is not debarred . . . from governing the conduct of i[t]s own citizens upon the high seas or even in foreign countries when the rights of other nations or their nationals are not infringed." *Id.* at 285–86 (citation omitted). The Court explained that "Congress has the power to prevent unfair trade practices in foreign commerce by citizens of the United States, although some of the acts are done outside the territorial limits of the United States." *Id.* at 286 (citation omitted). Key to the Court's decision was that the defendant's "operations *and their effects* were not confined within the territorial limits of a foreign nation"; the "spurious 'Bulovas' filtered through the Mexican border into" the United States. *Id.* (emphasis added). And the Court noted that the inferior watches could damage Bulova's reputation in both the United States and foreign markets. *Id.*

Since *Steele*, the courts of appeals that have confronted this issue have adopted one of three tests for deciding whether the Lanham Act governs a defendant's foreign conduct. The first, devised by the Second Circuit and known as the *Vanity Fair* test, considers three factors: (1) whether the defendant's conduct had a substantial effect on U.S. commerce; (2) whether the defendant was a United States citizen; and (3) whether there was a conflict with trademark rights established under the relevant foreign law. *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956). Though no factor is dispositive, the absence of one of the factors "might well be determinative and . . . the absence of both is certainly fatal." *Id.* at 643 (footnote omitted).

Of our sibling circuits that have considered this issue, most have adopted some version of the *Vanity Fair* test. The Eleventh and Federal Circuits have adopted it wholesale. *See Int'l Cafe, S.A.L. v. Hard Rock Cafe Int'l, (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001) (describing the three-factor analysis as the "*Bulova* test" but citing *Vanity Fair*); *Aerogroup Int'l, Inc. v. Malboro Footworks, Ltd.*, 152 F.3d 948, *2 (Fed. Cir. 1998) (per curiam) (unpublished). The Fourth and Fifth Circuits have also adopted the *Vanity Fair* test, but each has tweaked the first prong. Rather than asking whether the defendant's conduct had a "substantial effect" on U.S. commerce, the Fourth Circuit asks whether the conduct had a "significant effect." *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994). The Fifth Circuit, following the Ninth Circuit's lead (discussed below), lowered the bar further, requiring only "*some* effect" on U.S. commerce. *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 n.8 (5th Cir. 1983).

The Ninth Circuit has adopted a similar but distinct tripartite test, based on its decisions governing the extraterritorial application of antitrust law under the Sherman Act. *See Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 427–28 (9th Cir. 1977); *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1395 (9th Cir. 1985) ("In *Wells Fargo* we concluded that the Lanham Act's coverage of foreign activities may be analyzed under the test for extraterritorial application of the federal antitrust laws set forth in *Timberlane Lumber Co. v. Bank of America National Trust & Savings Ass'n*, 549 F.2d 597 (9th Cir. 1976) . . . ."). Under what's known as the *Timberlane* test, the Lanham Act applies extraterritorially if:

> (1) the alleged violations . . . create some effect on American foreign commerce; (2) the effect [is] sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act; and (3) the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.[5]

*Trader Joe's Co.*, 835 F.3d at 969 (alterations in original) (citation and footnote omitted). Notably, the Ninth Circuit rejected other circuits' conclusions that the effect on U.S. commerce must be "substantial," reasoning that *Steele* "contains no such requirement." *Wells Fargo*, 556 F.2d at 428.

Finally, the First Circuit has rejected both the *Timberlane* and *Vanity Fair* tests. *See McBee*, 417 F.3d at 110 ("[W]e choose not to adopt the formulations used by various other circuits." (citations omitted)). Relying heavily on the Supreme Court's caselaw governing the extraterritoriality of U.S. antitrust laws (wisely, in our

---

[5] *Timberlane*'s third prong "considers international comity," *Trader Joe's Co.*, 835 F.3d at 972 (citation omitted), and further breaks down into *seven* additional 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.

*Id.* at 972–73 (brackets in original) (quoting *Star-Kist Foods*, 769 F.2d at 1395).

view),[6] *id.* at 111, the *McBee* court adopted the following framework. The court begins by determining whether the defendant is an American citizen. *Id.* That's because "a separate constitutional basis for jurisdiction exists for control of activities, even foreign activities, of an American citizen." *Id.* In that scenario, the court reasoned that "the domestic effect of the international activities may be of lesser importance and a lesser showing of domestic effects may be all that is needed." *Id.* at 118.

The court adopted a "separate test" to assess the Lanham Act's extraterritorial reach when a plaintiff seeks damages based on "foreign activities of foreign defendants." *Id.* at 111. In that situation, the court held that the Lanham Act applies "only if the complained-of activities have a substantial effect on [U.S.] commerce, viewed in light of the purposes of the Lanham Act." *Id.* The court noted that its substantial-effect requirement aligned with the framework the Supreme Court has established for assessing the extraterritorial scope of Sherman Act (antitrust) claims. *See id.* at 119–20 (analogizing to *Hartford Fire Ins. Co.*, 509 U.S. at 796).

Besides one caveat we explain below, we adopt the *McBee* framework for several reasons. First, we agree with *McBee* that the Lanham Act will usually extend extraterritorially when the defendant is an American citizen. *Id.* at 118. No one questions Congress's ability "to regulate the conduct of its own citizens, even

---

[6] "The Court has written in [the antitrust context], on the issue of extraterritorial application, far more recently than it has written on the Lanham Act, and thus the decisions reflect more recent evolutions in terms of legal analysis of extraterritorial activity." *McBee*, 417 F.3d at 119.

extraterritorial conduct." *Id.* (quoting *Steele*, 344 U.S. at 285–86) (internal quotation marks omitted). Indeed, "Congressional power over American citizens is a matter of domestic law that raises no serious international concerns, even when the citizen is located abroad." *Id.* (collecting cases); *see also* Restatement (Third) of Foreign Rels. Law of the United States § 402 (1987) ("[A] state has jurisdiction to prescribe law with respect to . . . the activities . . . of its nationals *outside as well as within its territory*. . . ." (emphasis added)). Some federal statutes even govern U.S. citizens' conduct abroad regardless of whether that conduct produces domestic effects. *See, e.g.*, 18 U.S.C. § 2423(c) ("Engaging in illicit sexual conduct in foreign places. Any United States citizen . . . who travels in foreign commerce or resides, either temporarily or permanently, in a foreign country, and engages in any illicit sexual conduct with another person shall be fined under this title or imprisoned not more than 30 years, or both."). So when the defendant is an American citizen, courts may conclude that the Lanham Act reaches that defendant's extraterritorial conduct even when the effect on U.S. commerce isn't substantial. *See McBee*, 417 F.3d at 118. Though that probably amounts to something akin to the Fifth Circuit's "some effect" test, *Am. Rice, Inc.*, 701 F.2d at 414 n.8, we've no need to lay down a specific test given that our case involves only foreign defendants.

Second, when a plaintiff seeks to recover under the Lanham Act against a foreign national, we also agree with *McBee* that the plaintiff must show that the defendant's conduct has a substantial effect on U.S. commerce. True, the *Steele* Court never required that the effects on U.S. commerce must be *substantial* to trigger extraterritorial application of the Lanham Act (as the Fifth and Ninth Circuits have pointed out in adopting their less-stringent "some effect" test). *See* 344 U.S. at 286 (noting that the defendant's conduct "and their effects were not confined within the territorial limits of a foreign nation"); *Am. Rice*, 701 F.2d at 414 n.8; *Wells Fargo*, 566 F.2d at 428. But we nonetheless adopt the substantial-effects requirement for two reasons. First, the defendant in *Steele* was an American citizen—for the reasons just explained, it's no surprise that the *Steele* Court was unconcerned about the relatively modest effect of the defendant's conduct on U.S. commerce given Congress's uncontroversial and extensive powers to regulate the conduct of its own citizens. Second, requiring that the defendant's conduct has a substantial effect on U.S. commerce aligns the test for Lanham Act extraterritoriality with both the Supreme Court's antitrust jurisprudence and general principles of foreign relations law. *See Hartford Fire Ins.*, 509 U.S. at 796 ("[I]t is well established by now that the Sherman Act applies to foreign conduct that was meant to produce and did in fact produce some substantial effect in the United States." (collecting cases)); Restatement (Third) of Foreign Rels. Law of the United States § 402(1)(c) (1987) ("[A] state has jurisdiction to prescribe law with respect to . . . conduct outside its territory that has or is intended to have substantial effect within its territory. . . .").

Finally, if a plaintiff successfully shows that a foreign defendant's conduct has had a substantial effect on U.S. commerce, courts should also consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under the relevant foreign law. *See Steele*, 344 U.S. at 289

("Mexico's courts have nullified the Mexican registration of 'Bulova'; there is thus no conflict which might afford petitioner a pretext that such relief would impugn foreign law."). Though the *McBee* court eschewed such an analysis, 417 F.3d at 111, every other circuit court considers potential conflicts with foreign law in assessing the Lanham Act's extraterritorial reach, *see, e.g.*, *Vanity Fair*, 243 F.3d at 642; *Trader Joe's Co.*, 835 F.3d at 972–73. Accordingly, in conducting this analysis, courts should weigh any foreign trademark rights established by the defendant.

Hetronic urges us to adopt the Ninth Circuit's *Timberlane* test, noting that our Circuit has looked to that test in assessing extraterritoriality in the antitrust context. *See Montreal Trading Ltd. v. Amax Inc.*, 661 F.2d 864, 869 (10th Cir. 1981). But we remain persuaded that *McBee* provides the better framework for assessing Lanham Act claims for several reasons. As an initial matter, Hetronic doesn't argue that we're bound by *Montreal Trading*—nor could it. Unlike our focus here on the Lanham Act, that case considered the extraterritorial reach of the Sherman Act. *Id.* Further, that case involved U.S. defendants; the defendants here are all foreign. *Id.* at 865–66. As we have explained, unlike the *Timberlane* test adopted in *Montreal Trading*, the *McBee* framework accounts for the differences in a defendant's citizenship. Indeed, the *Montreal Trading* court didn't have the benefit of *McBee* or the Supreme Court's more recent decisions concerning how courts should approach extraterritoriality questions. Considering those developments, we conclude that *McBee* establishes the best test for assessing extraterritoriality under the Lanham Act.

To recap, in deciding whether the Lanham Act applies extraterritorially, courts should consider three factors. First, courts should determine whether the defendant is a U.S. citizen. Second, when the defendant is *not* a U.S. citizen, courts should assess whether the defendant's conduct had a substantial effect on U.S. commerce. Third, only if the plaintiff has satisfied the substantial-effects test, courts should consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under foreign law.

Having adopted a framework for assessing the scope of the Lanham Act's extraterritorial reach, we next consider Defendants' arguments that the district court erred procedurally in resolving this issue.

### 2. The District Court Should Have Decided As a Matter of Law Whether the Lanham Act Reached Defendants' Foreign Conduct

#### a. Background

The district court considered the Lanham Act's extraterritoriality three times: once before trial at summary judgment, once during trial on Hetronic's relevance objection, and once after trial in considering Hetronic's preliminary-injunction motion. Most of Defendants' procedural objections flow from uncertainties about the district court's summary-judgment ruling.

In moving for partial summary judgment, Defendants argued that Hetronic's Lanham Act claims failed because the Act didn't reach Defendants' foreign sales (which made up nearly 97% of their total sales). It's clear that the district court rejected that argument and denied Defendants summary judgment on their extraterritoriality defense: "Viewed in a light favorable to plaintiff, the record evidence raises genuine issues of material fact as to customer confusion and harm to reputation to plaintiff in the United States due to [D]efendants' alleged infringing conduct." Appellants' App. vol. 7 at 1712. What's less clear is whether the district court granted *Hetronic* summary judgment on the extraterritoriality issue. At times, the district court's order suggests that it did: "[T]he court concludes that extraterritorial application of the Lanham Act to defendants' foreign sales . . . is appropriate." *Id.* at 1716.

But on appeal, both sides agree that the court merely denied Defendants summary judgment on their extraterritoriality defense, reserving definitive resolution of the issue for another day. Appellee's Resp. Br. at 50 n.15 (conceding that the district court had not granted summary judgment on the extraterritoriality issue; "it . . . only denied defendants' summary judgment motion"); Reply Br. at 4–5. Despite some of the order's language suggesting otherwise, we agree that the district court didn't resolve the extraterritoriality issue at summary judgment. Indeed, the court repeatedly stated that it was viewing the evidence in a light favoring Hetronic. But summary judgment in Hetronic's favor on that issue would have been appropriate only if there were no genuine disputes of material fact when viewing the evidence in *Defendants'* favor. *See, e.g.*, *Obermeyer Hydro Accessories, Inc. v. CSI Calendering, Inc.*, 852 F.3d 1008, 1014 (10th Cir. 2017) (reviewing summary-judgment evidence in a light most favorable to the *nonmoving* party (citation omitted)). Even more fundamentally, the district court concluded that genuine disputes of material fact existed relevant to the extraterritoriality issue. That alone precludes summary judgment. Fed. R. Civ. P. 56(a) ("The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact . . . .").

Based on the district court's order, Defendants understandably believed that they could argue the issue to the jury. So they "prepared to present at trial their evidence that there was no 'effect' on U.S. commerce, and that there was no confusion among U.S. citizens, caused by the[ir] purely foreign sales." Reply Br. at 4. But the district court precluded them from doing so. At trial, Hetronic called Josef Scheuerer, one of Hetronic's sales representatives, to testify about the confusion Defendants' alleged trademark infringement created among Hetronic's customers. On cross-examination, Defendants sought to establish that only non-U.S. customers were confused and that, as a result, any infringement couldn't have substantially affected U.S. commerce. Defendants' line of questioning went to "whether or not there [was] a Lanham Act claim at all." Appellants' App. vol. 13 at 3273. That is, as Defendants argued on summary judgment, if their foreign sales didn't substantially affect U.S. commerce, the Lanham Act wouldn't apply.

Hetronic objected to the questioning, asserting that the subject matter was irrelevant and unfairly prejudicial. During a sidebar between the court and counsel, Hetronic's counsel misspoke, telling the court that it had already granted summary judgment in Hetronic's favor on the extraterritoriality issue. The court apparently assumed this was so and sustained the objection:

> HETRONIC'S COUNSEL: Your Honor, . . . it seems like defendants are trying to reargue extraterritoriality, *which Your Honor granted summary judgment on* . . . . [T]hey're trying to back-door it through this witness and I think it's inappropriate. It's 402 and 403. Where the confusion took place is irrelevant to whether there's confusion under the Lanham Act.
>
> THE COURT [to Defendants' counsel]: Where are you headed with this?
>
> DEFENDANTS' COUNSEL: The most recent case that we read . . . does suggest that where the confusion occurs matters. . . . But [Hetronic's counsel is] exactly right, that is where I'm going. *It was my understanding this issue was still open.* If Your Honor has already ruled on it, we can perhaps at a break put that on the record and I'll stop this. I thought this was still open.
>
> * * *
>
> THE COURT: It's [D]efendants' position that the location of the confusion is relevant for what purpose?
>
> DEFENDANTS' COUNSEL: For whether or not there is a Lanham Act claim at all.
>
> THE COURT: Well, I've -- for better or worse, *I've already crossed that bridge.* And there may be a . . . case from last week, and if so, that's really not something that I can revisit in the middle of this trial, so the objection will be sustained.

*Id.* at 3272–73 (emphasis added).

As noted, Hetronic now concedes that the district court never granted it summary judgment on the extraterritoriality issue. Yet Hetronic contends—without citing to the record—that "the trial court already had held (correctly) . . . that the [Lanham] Act could apply extraterritorially." Appellee's Resp. Br. at 50.

Hetronic is mistaken. The only time the district court addressed the extraterritoriality issue before trial was in denying Defendants' motion for summary judgment. But as Hetronic acknowledges, the court's ruling concluded that there was a genuine dispute of material fact about whether Defendants' foreign activities had caused confusion among U.S. consumers.

After the jury rendered its verdict in Hetronic's favor, Hetronic moved for a worldwide injunction barring Defendants from selling their infringing products. In granting that injunction, the district court considered the Lanham Act's extraterritoriality for the third time. This time, relying on the evidence established at trial, the district court undeniably concluded that the Lanham Act reached Defendants' foreign conduct.

#### b. Determining the Scope of the Lanham Act's Extraterritoriality Presents a Question of Law

With that background in mind, Defendants argue that the district court erred in two ways. First, Defendants insist that the district court should have resolved the extraterritoriality issue as a matter of subject-matter jurisdiction before trial. Second, because the district court didn't do so, Defendants maintain that the court erred by precluding them from arguing the issue at trial.

We agree with Defendants that the district court should have resolved the extraterritoriality issue as a matter of law before trial, but we disagree that this issue presents a question of subject-matter jurisdiction. Defendants' confusion on this point is understandable. Before 2010, every court—including the U.S. Supreme Court—considered the Lanham Act's extraterritoriality as a matter of subject-matter jurisdiction. *See, e.g.*, *Steele*, 344 U.S. at 281; *McBee*, 417 F.3d at 117 (collecting cases). But in 2010, the Supreme Court clarified in *Morrison* that questions about the extraterritorial reach of a federal statute go to the merits, not jurisdiction. 561 U.S. at 254. In assessing the extraterritoriality of the Securities Exchange Act, the Court explained that "to ask what conduct § 10(b) reaches is to ask what conduct § 10(b) prohibits, which is a merits question." *Id.* That same rationale holds true for the Lanham Act. *Derma Pen, LLC v. 4EverYoung Ltd.*, 736 F. App'x 741, 748 n.4 (10th Cir. 2018) (unpublished) (citing *Morrison* and rejecting appellant's suggestion that the Lanham Act's extraterritoriality was a question of subject-matter jurisdiction); *Trader Joe's Co.*, 835 F.3d at 968 ("We hold that the extraterritorial reach of the Lanham Act is a merits question that does not implicate federal courts' subject-matter jurisdiction . . . .").

But to hold that the extraterritorial reach of the Lanham Act presents a merits question isn't to say that the question can't be decided as a matter of law. To the contrary, the *Morrison* Court decided a similar extraterritoriality issue as a matter of law under Rule 12(b)(6), concluding that the petitioners "failed to state a claim on which relief [could] be granted." 561 U.S. at 273. And in considering the Lanham Act's extraterritoriality post-*Morrison*, the Ninth Circuit recently decided the issue as a matter of law in reversing the district court's 12(b)(6) dismissal of the plaintiff's trademark claims. *See Trader Joe's Co.*, 835 F.3d at 975, 977–78.

Consistent with how courts have previously handled this issue, we hold that district courts should ordinarily decide questions about the scope of the Lanham Act's extraterritorial reach as a matter of law, preferably in the litigation's early stages. We think this the best course for several reasons. First, as just discussed, courts have always decided this issue as a matter of law since the Supreme Court decided *Steele* and have continued to do so even after *Morrison* cleared up that it's not a question of subject-matter jurisdiction. *See id.*

Second, "the proper extraterritorial reach of a Lanham Act injunction is a matter of statutory interpretation." *Derma Pen*, 736 F. App'x at 748 n.4; *see also RJR*, 136 S. Ct. at 2101 ("The scope of an extraterritorial statute . . . turns on the limits Congress has (or has not) imposed on the statute's foreign application." (footnote omitted)). We have "always considered" questions of statutory interpretation as "quintessentially legal in nature." *United States v. McLinn*, 896 F.3d 1152, 1156 (10th Cir. 2018) (citation omitted); *see also Proctor & Gamble Co. v. Haugen*, 222 F.3d 1262, 1271 (10th Cir. 2000) ("The question here is one of statutory interpretation *and thus a pure matter of law* . . . ." (emphasis added)). Judges, not juries, decide purely legal questions. *See McLinn*, 896 F.3d at 1156. The extraterritoriality of the Lanham Act usually presents just such a question.[7]

Even so, Defendants at times appear to frame the issue of whether their conduct created a substantial effect on U.S. commerce as a factual dispute. But on closer examination, we see only a legal dispute. For instance, Defendants insist that they should have been able to cross-examine Joseph Scheuerer to show that his

---

[7] *Montreal Trading* isn't to the contrary. 661 F.2d at 870. There, we noted that the trial court let the jury decide the subject-matter jurisdiction question about whether the Sherman Act applied extraterritorially to reach the defendants' conduct. *See id.* at 866, 870. But we didn't pass on the question whether the trial court should have decided that issue as a matter of law. *Id.* at 870.

testimony related primarily to foreign customers. From that testimony, Defendants sought to establish that no U.S. consumers were confused, so there couldn't have been a substantial effect on U.S. commerce. The problem for Defendants is that this cross-examination testimony of Scheuerer wouldn't have created a factual dispute. Hetronic presented other evidence, discussed below, detailing instances of confusion among *U.S. consumers*. Defendants never tried to argue that those examples never happened or otherwise refute that portion of Hetronic's evidence. Instead, Defendants sought to show that *most* of the confusion occurred among foreign customers, in effect arguing that even if there was some effect on U.S. commerce, it wasn't substantial. But weighing that argument—whether a defendant's conduct created a substantial effect on U.S. commerce—requires a legal determination that's left to the courts.

Actual factual disputes underlying the extraterritoriality question certainly can arise. For example, a defendant could dispute whether (or how much of) its allegedly infringing products entered the United States. Establishing that factual predicate could affect the court's determination of whether the defendant's conduct had a substantial effect on U.S. commerce. In those instances, the court may submit the factual dispute to the jury while reserving the ultimate legal determination for itself. We have expressed our preference for this procedure in dealing with issues that, like the Lanham Act's extraterritorial scope, usually constitute a question of law but may involve factual disputes. *Cf. Gonzales v. Duran*, 590 F.3d 855, 862–63 (10th Cir. 2009) (Ebel, J., concurring) ("[I]f a district court submits the question of qualified immunity to the jury because there are disputed historical facts material to resolving the immunity question, the district court should submit to the jury only the disputed factual contentions underlying the immunity question and should reserve for itself the legal question of objective reasonableness.”).

Having reaffirmed that the scope of the Lanham Act’s extraterritorial reach generally presents a legal question of statutory interpretation, we now review the issue de novo. *McLinn*, 896 F.3d at 1156 (citation omitted).

### 3. Applying the Framework

Our analysis proceeds in three steps. We begin by assessing whether any of Defendants are American citizens. None are. Thus, to prevail, Hetronic must show that Defendants’ foreign infringing conduct had a substantial effect on U.S. commerce. The extraterritoriality issue turns solely on this question because Defendants nowhere argue the third element—that applying the Lanham Act extraterritorially would conflict with trademark rights under another country’s laws (an issue we would normally consider only if a plaintiff first satisfied the substantial-effect requirement). We conclude that Defendant’s foreign conduct had a substantial effect on U.S. commerce.

“The substantial effects test requires that there be evidence of impacts within the United States, and these impacts must be of a sufficient character and magnitude to give the United States a reasonably strong interest in the litigation.” *McBee*, 417 F.3d at 120 (citations omitted). In applying this test, courts should keep in mind the Lanham Act’s “core purposes”—protecting U.S. consumers from confusion and "assur[ing] a trademark's owner that it will reap the financial and reputational rewards associated with having a desirable name or product." *Id.* at 121 (citing *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33–34 (2003) (second citation omitted)).

To meet its burden, Hetronic points to three "great wells of effects on U.S. commerce": (1) Defendants' direct sales into the United States; (2) Defendants' sales of products abroad that ended up in the United States; and (3) diverted foreign sales that Hetronic would have made but for Defendants' infringing conduct. *See* Appellee's Resp. Br. at 18–19, 23–28. We address each theory in turn and conclude that Hetronic has sufficiently shown that Defendants' conduct had a substantial effect on U.S. commerce.

On appeal, the parties dispute the amount of Defendants' direct sales into the United States.[8] But we needn't resolve that disagreement because, regardless, a foreign infringer's direct U.S. sales don't factor into our analysis of whether the Lanham Act applies abroad. *See McBee*, 417 F.3d at 122. Applying the Lanham Act

[8] Defendants assert that only Abitron Germany sold products directly into the United States and that those sales totaled $16,670. But as Hetronic flags, that assertion contradicts Defendants' admissions both in their statement of undisputed facts in their motion for summary judgment and in an offer of proof they submitted at trial. Defendants represented in their statement of undisputed facts that their remote-control sales into the U.S. totaled €202,134.12 and "were comprised of €185,463.52 of sales by Hetronic Germany, and €16,670.60 of sales by Abitron Germany." Appellants' App. vol. 4 at 939. They made an identical representation in an offer of proof at trial. Given Defendants' failure in their reply brief to explain the disparity, we accept its admissions in the district court as the true totals of their direct U.S. sales.

to a foreign infringer's direct U.S. sales isn't an extraterritorial application of the Act: "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." *Id.* (collecting cases). In other words, the Lanham Act would encompass Defendants' direct sales into the United States even if we concluded that the Act didn't apply extraterritorially to Defendants' infringing sales abroad. *See id.* So we turn to Hetronic's two other theories.

First, Hetronic argues that many of Defendants' foreign sales have ended up in the United States. Numerous courts have recognized that a foreign defendant can be liable for Lanham Act violations when its products find their way into the United States, even if initially sold abroad: "Quite commonly, plaintiffs in these sorts of cases can meet their burden by presenting evidence that while the initial sales of infringing goods may occur in foreign countries, the goods subsequently tend to enter the United States in some way and in substantial quantities." *McBee*, 417 F.3d at 125 (collecting cases). Defendants acknowledge that over €1.7 million of their foreign sales ended up in the United States (Abitron Germany: €1,026,482; Hetronic Germany: €592,591; Hydronic: €120,344; Abitron Austria: €10,792). And when a plaintiff presents evidence that "American consumers have been exposed to the infringing mark"—here, in the form of over €1.7 million worth of products that ended up in the hands of American consumers—"confusion and reputational harm . . . can often . . . be inferred." *Id.*

But we don't need to rest on an inference of confusion. Hetronic submitted evidence that U.S. consumers were confused about Hetronic's products relationship to the Abitron companies. *See* Supp. App. vol. 2 at 529–33 (former Abitron Germany employee agreeing that "there were instances where [U.S.] customers were confused about the relationship between Abitron and Hetronic"). For instance, U.S. consumers would sometimes reach out to Abitron Germany to obtain Hetronic products under the mistaken belief that Abitron manufactured and sold Hetronic products. *See id.* at 528–29. One U.S. customer emailed Abitron Germany about buying a "Nova-XL Hetronic." *Id.* at 530. An Abitron Germany employee instructed its U.S. sales representative to "inform the customer that it can obtain an Abitron part from us, not Hetronic." *Id.* at 531. And one of Hetronic's sales representatives testified that "[a]lmost every week," customers sent Abitron products to Hetronic USA for repair. *Id.* vol. 3 at 651. Even Abitron Germany's own U.S. distributor was uncertain about the relationship between the Abitron companies and Hetronic.

> Q: And when I mentioned the brand Hetronic, what's your understanding as to that brand? Is that a competitor brand of Abitron's, or is that the same thing?
>
> A: I don't really know, honestly. I know that Hetronic was based in Germany, and then they changed their name to Abitron. Now, I am aware that there was a company in Oklahoma called Hetronic International . . . . Am I paying attention to whether it says "Germany" or "International" or whatever? Generally, no, I really wasn't. So to me it was Hetronic.

Appellants' App. vol. 13 at 3289. Hetronic's counsel also showed Abitron Germany's U.S. distributor a photograph of an Abitron NOVA and a Hetronic NOVA side by side. When asked if he could "tell which one was Hetronic and which one was Abitron" if they hadn't been labelled, the distributor responded, "I would have no idea, no." *Id.* at 3294.

On this evidence alone—that millions of euros worth of infringing products found their way into the United States and that Defendants' efforts to sell those products caused confusion among U.S. consumers—we could conclude that the effects of Defendants' foreign conduct are sufficiently substantial to give the United States a reasonably strong interest in the litigation.

Defendants offer two rebuttals. First, Defendants argue that the €1.7 million worth of products represented only 3% of Defendants' total sales and that such a small fraction can't serve as a "springboard to call the rest of the $90 million of purely foreign sales damages under the Lanham Act." Reply Br. at 7 (internal quotation marks omitted). But Defendants misunderstand the nature of our inquiry here. We ask only whether the effects of Defendants' foreign conduct produce substantial impacts on U.S. commerce; it's irrelevant what proportion of Defendants' global sales entered the United States. Otherwise, billion-dollar-revenue companies could escape Lanham Act liability by claiming that millions of dollars of their infringing products entering the United States represented only a fraction of their sales. But the United States would certainly have a strong interest in litigation brought by an American company seeking to stem the flow of such substantial amounts of infringing products. Besides, the Supreme Court has made clear that once a court determines that a statute applies extraterritorially to a defendant's conduct, as we do here, that statute captures all the defendant's illicit conduct: "If § 10(b) did apply abroad, we would not need to determine which transnational frauds it applied to; it would apply to all of them (barring some other limitation)." *RJR*, 136 S. Ct. at 2101 (quoting *Morrison*, 561 U.S. at 267 n.9).

Second, Defendants argue that Hetronic failed to present evidence at trial of Defendants' infringing foreign sales that eventually entered the United States. But as we explained above, this was an issue that the district court should have resolved as a matter of law; it should have never reached a jury. And Defendants admitted long before trial that about €1.7 million worth of their products reached the United States. Considering that admission, we reject Defendants' contention that Hetronic needed to provide additional evidence on this point.

Next, Hetronic relies on a diversion-of-sales theory—the idea that Defendants stole sales from Hetronic abroad, which in turn affected Hetronic's cash flows in the United States. Several courts have recognized that evidence of diverted sales evinces a substantial effect on U.S. commerce: "The [effect-on-U.S.-commerce] criteria may be met even where all of the challenged transactions occurred abroad, and where 'injury would seem to be limited to the deception of consumers' abroad, as long as 'there is monetary injury in the United States' to an American plaintiff." *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601, 613 (9th Cir. 2010) (first quoting *Ocean Garden, Inc. v. Marktrade Co.*, 953 F.2d 500, 503 (9th Cir. 1991); and then citing *Reebok Int'l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 554–55 (9th Cir. 1992));

*see also McBee*, 417 F.3d at 126 ("Courts have considered sales diverted from American companies in foreign countries in their analyses." (collecting cases)).

In *McBee*, the court explained that "[e]vidence of economic harm to McBee in Japan due to confusion of Japanese consumers is less tightly tied to the interests that the Lanham Act intends to protect, since there is no United States interest in protecting *Japanese consumers*." 417 F.3d at 126. But the court still approved of the diversion-of-sales theory because "American courts do . . . have an interest in protecting American commerce by protecting McBee from lost income" due to a foreign defendant's infringing conduct. *Id.* Under that rationale, U.S. courts have an interest in protecting Hetronic from the economic harm it suffered in the form of lost sales that it would have made if it weren't for Defendants' trademark infringement. Here, Hetronic presented evidence that Defendants' conduct cost it tens of millions of dollars in lost sales. Those lost revenues would have flowed into the U.S. economy but for Defendants' conduct infringing a U.S. trademark. Thus, this monetary injury to Hetronic also caused substantial effects on U.S. commerce. *See Love*, 611 F.3d at 613 (citations omitted).

In response, Defendants contend that the diversion-of-sales theory applies only when the defendant is a U.S. citizen.[9] For that proposition, they rely heavily on *Tire Engineering & Distribution, LLC v. Shandong Linglong Rubber Co.*, 682 F.3d 292 (4th Cir. 2012). There, the Fourth Circuit rejected the plaintiff's argument, stating that "courts invoking the diversion-of-sales theory have required the defendants to be U.S. corporations that conducted operations—including at least some of the infringing activity—within the United States." *Id.* at 311 (citations omitted). We find *Tire Engineering* unpersuasive for three reasons.

First, though both of the cases *Tire Engineering* cites involved U.S.-citizen defendants, neither court suggested—let alone *held*—that the diversion-of-sales theory is inapplicable to foreign defendants. *See Ocean Garden*, 953 F.2d at 504; *Am. Rice*, 701 F.2d at 414–15. Second, the *Tire Engineering* court ignored courts that have conducted a diversion-of-sales analysis involving foreign defendants. *E.g.*, *McBee*, 417 F.3d at 126. Third, restricting the diversion-of-sales theory to U.S.-citizen defendants makes little sense; if anything, it applies with *greater* force to a foreign defendant. When diverted sales that would have otherwise flowed to a U.S.

[9] In their reply brief, Defendants also challenge Hetronic's diversion-of-sales theory on two other grounds—that applying the theory "exceeds the authority of the Commerce Clause" and that Hetronic failed to prove its lost sales. Reply Br. at 13–21. But we generally deem arguments raised for the first time in a reply brief waived. *United States v. Leffler*, 942 F.3d 1192, 1197 (10th Cir. 2019). Defendants offer no reason why we should depart from our usual rule, so we decline to consider these additional arguments. *Id.* ("[T]o allow an appellant to raise an argument for the first time in a reply brief would be manifestly unfair to the appellee who, under our rules, has no opportunity for a written response." (internal quotation marks and citations omitted)).

company instead inure to a foreign defendant, the loss to U.S. commerce is clear. By contrast, when the defendant is a U.S. citizen with a U.S. presence, the sales divert from one U.S. company to another—either way, U.S. commerce benefits from the sales revenue flowing into the U.S. economy. We thus reject Defendants' argument that plaintiffs may argue a diversion-of-sales theory only against U.S.-citizen defendants.

Viewing the evidence as a whole, Hetronic has presented more than enough evidence to show that Defendants' foreign infringing conduct had a substantial effect on U.S. commerce. Besides the millions of euros worth of infringing products that made their way into the United States after initially being sold abroad, Defendants also diverted tens of millions of dollars of foreign sales from Hetronic that otherwise would have ultimately flowed into the United States. Moreover, though much of Hetronic's evidence focused on consumer confusion abroad, it also documented numerous incidents of confusion among U.S. consumers. We thus conclude that Hetronic has presented evidence of impacts within the United States of a sufficient character and magnitude as would give the United States a reasonably strong interest in the litigation. Accordingly, the Lanham Act applies extraterritorially here to reach all of Defendants' foreign infringing conduct.

### B. Injunction's Specificity

Defendants next argue that the injunction "lacks the specificity required by [Federal Rules of Civil Procedure] 65." Appellants' Opening Br. at 32. We disagree.

Rule 65 of the Federal Rules of Civil Procedure requires that injunctions contain "*reasonable* detail." Fed. R. Civ. P. 65(d)(1)(C) (emphasis added). Injunctions violate Rule 65 "when the delineation of the proscribed activity lacks particularity, or when containing only an abstract conclusion of law, not an operative command capable of enforcement." *CF & I Steel Corp. v. United Mine Workers of Am.*, 507 F.2d 170, 173 (10th Cir. 1974) (internal quotation marks and footnotes omitted).

The district court's injunction goes far beyond an abstract conclusion of law and easily satisfies Rule 65. The trial court enjoined Defendants from "[d]irectly or indirectly using . . . Hetronic's . . . Trade Dress, or any reproduction, counterfeit, copy or colorable imitation thereof on or in connection with any products or services." Appellants' App. vol. 10 at 2518. The injunction specifically defines trade dress: "'trade dress' refers to the total image of a product, product packaging, product label, product design, or a combination of these things," including "features such as size, shape, color or color combinations, texture, graphics, or particular sales techniques." *Id.* at 2515 n.1. Crucially, the court further states that the trade dress is "the black and yellow color scheme and the design of the housings" of Hetronic's products. *Id.* at 2515. This provides ample detail to meet Rule 65's requirements.

**C. Injunction's Scope**

Despite the above, we conclude that the district court's injunction is improperly broad. Recall that the court's injunction extends not only to countries in which Hetronic currently sells its products, but to every country in the world. The

Lanham Act—the statute on which the district court relied—cannot support such a broad injunction here.

Hetronic dismisses Defendants' "lengthy disquisition on trademark history and geography" as "irrelevant to this case." Appellee's Resp. Br. at 30. But Defendants' argument that trademark rights "are fundamentally geographical" is sound. Appellants' Opening Br. at 27. "[E]ven the owner of a federally registered mark—who enjoys the presumption of nationwide priority—is not entitled to injunctive relief *except in the area actually penetrated through use of the mark*." *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 269 (4th Cir. 2003) (emphasis added) (internal quotation marks, citation, and footnote omitted); *see also Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416 (1916) ("[A] trademark . . . extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."). Though *Emergency One* involved a trademark dispute confined within the United States, it's equally applicable here: Hetronic isn't entitled to injunctive relief in markets it hasn't actually penetrated.

In a footnote, Hetronic argues that "Defendants' geographic argument is doubly irrelevant because Hetronic obtained the marks in question by sale, not by first use; rights thus flowed *via contract* rather than particular jurisdictions' first-use laws." Appellee's Resp. Br. at 31 n.7 (emphasis altered). If anything, Hetronic's argument on this point undermines the district court's injunction. As Hetronic acknowledges, its rights against Defendants flow from contract—not necessarily from trademark violations under the Lanham Act.

Consider an example. If Defendants begin tomorrow selling their remote controls in a country in which Hetronic has no presence, Hetronic could hardly assert a trademark claim against Defendants. How could there be market confusion, the hallmark of a trademark claim, when there were no confusingly similar products being marketed? Hetronic seems to argue that it could assert a contract claim against Defendants because the parties' agreements limited Defendants' rights to use Hetronic's product marks (NOVA, ERGO, etc.). And Hetronic would probably be right. But that contract claim wouldn't necessarily support a trademark claim, much less injunctive relief under the Lanham Act.

Accordingly, we narrow the injunction to the countries in which Hetronic currently markets or sells its products. To the extent those countries have changed since the district court entered the injunction, we remand for the court to modify the injunction in accordance with this opinion.

## II. Defendants' Ownership Defense

### A. Background

Leading up to trial, Defendants repeatedly argued that Hetronic's claims failed because Defendants owned all the disputed intellectual property, including the products' trademarks and trade dress. To explain Defendants' rationale, we first provide additional background about the products' origins and Hetronic's formation.

Hetronic was initially founded in Germany in the early 1980s as Hetronic Steuersysteme GmbH. In 2000, Hetronic Steuersysteme's founder, Max Heckl, moved to the United States and formed Hetronic International, Inc. (the company we have called "Hetronic"), which became the headquarters for Hetronic-related companies. By this time, there were several Hetronic-related subsidiary companies, including Hetronic Malta Limited and Hetronic USA.

In July 2000, Hetronic entered a research-and-development agreement with Hetronic Steuersysteme, Hetronic Malta, and Hetronic USA to "pool their resources" and to "share the costs equally between them" as they worked to further develop, market, and sell radio remote controls. Appellants' App. vol. 7 at 1617. The R&D Agreement refers to Hetronic as the "Contractor" and refers to the other three Hetronic companies collectively as "Developer." *Id.* The R&D Agreement contains this later-disputed provision:

> Contractor acknowledges that the Developer [i.e., Hetronic Steuersysteme, Hetronic Malta Limited, and Hetronic USA] is, and shall remain, the sole owner of all that which is done, produced or developed by the Contractor, *including but not limited to the know-how, technical information, designs, product descriptions, trade marks, trade names* and of all and any data or information that the Developer has supplied to the Contractor or which may have been developed by the Contractor in connection with the Work and of any improvements . . . made by either the Developer or the Contractor during the term of this agreement or at any other time if these relate to the Work, *and acknowledges Developer's exclusive right, title, and interest in and to such property*.

*Id.* at 1617–18 (emphasis altered).

By 2006, Hetronic Steuersysteme—Heckl's original company—had a minor role in the company's wider operations. It sold to Hetronic its "Hetronic" trademarks registered in Germany, the United States, South Korea, Japan, China, Taiwan, and the European Union. And because Hetronic Steuersysteme's business "was focused on the marketing, sales and assembly of [radio remote controls] in Germany," it changed its name to Hetronic Deutschland (which would later be purchased by Fuchs's company, Hetronic Germany). *Id.* at 1618.

In January 2008, years after the R&D Agreement was signed, Methode Electronics, Inc., a Delaware corporation, sought to acquire all the Hetronic-related companies. But during negotiations, Methode learned that Hetronic's distributor in Germany, Hetronic Deutschland, was embroiled in a tax dispute with the German government, so Methode declined to purchase that company.

Before completing the sale to Methode, Heckl sought to consolidate all of his companies' intellectual property in Hetronic. So Hetronic Deutschland sold to Hetronic the trademarks for the "Hetronic" name that it had registered in South America and Malta. Heckl believed that when the sale to Methode was completed, Hetronic had owned the rights to all the intellectual property held by the Hetronic-related companies, including the NOVA and ERGO trademarks and their trade dress.

In September 2008, Methode completed its purchase of the Hetronic companies. The purchase agreement included "All Intellectual Property owned by, licensed by or used by any [Hetronic-related company not including Hetronic Deutschland]." *Id.* at 1620. The agreement defined "Intellectual Property" as "[a]ll trademarks, service marks, certification marks, trade dress, logos, trade names, Internet domain names, and corporate names, . . . including all goodwill associated therewith." *Id.* at 1621.

After the sale, Heckl continued to own and manage Hetronic Deutschland. But in 2009, he considered selling the company. In response to a due-diligence inquiry from Fuchs, Hetronic Deutschland represented that it had no "patents, utility models or design rights . . . copyrights, trademarks, and/or respective applications." *Id.* at 1623. Yet when Hetronic Germany bought Hetronic Deutschland in 2010, the purchase agreement provided that "Seller sells and hands over to the Buyer . . . any and all intangible assets . . . including, in particular, patents, trademarks, rights relating to designs and utility models . . . that the Seller holds and can dispose of . . . ." *Id.* at 1624.

Based on that series of transactions, Hetronic Germany alleges it believed that it owned all the technology developed under the 2000 R&D Agreement as well as "legacy" technology developed before the Agreement was executed. *Id.* at 1629. Its rationale was as follows. Hetronic Germany is the successor of Hetronic Deutschland, which, when it was known as Hetronic Steuersysteme, became a party to the R&D Agreement. Under that agreement, Hetronic Steuersysteme—along with Hetronic Malta and Hetronic USA—retained ownership over "the know-how, technical information, designs, product descriptions, trade marks, [and] trade names." *Id.* at 1617–18. Though Hetronic Deutschland later sold to Hetronic the trademark rights to the "Hetronic" name, Hetronic Germany maintained that the sale didn't include any other intellectual property. And because Methode didn't purchase

Hetronic Deutschland (or any of its assets, intangible or otherwise), Hetronic Germany claimed that it owns the intellectual property that its predecessor, Hetronic Deutschland, retained under the R&D Agreement. Defendants have continued to rely on that same theory in defending against Hetronic's trademark claims.

**B. The District Court Correctly Barred Defendants from Raising Their Ownership Defense**

Based on their reading of the R&D Agreement, Defendants planned to assert their ownership defense at trial. But just two months before trial, the EUIPO Board of Appeal issued its decision in Hetronic's favor, and Hetronic moved for summary judgment on Defendants' ownership defense.[10] Relying on the Board of Appeal's decision in the EUIPO proceedings, Hetronic argued that preclusion principles barred Defendants from claiming any ownership interest in the relevant intellectual property. The district court granted the motion via oral ruling after a hearing, and, after *another* hearing addressing Defendants' "Motion to Clarify" (essentially a motion to reconsider), the court prohibited Defendants from arguing at trial that they owned any of the trademarks or trade dress. Defendants assert that the district court erred in so ruling.

Because the district court construed Hetronic's motion as one for summary judgment, we review the district court's ruling de novo. *Savant Homes, Inc. v. Collins*, 809 F.3d 1133, 1137 (10th Cir. 2016) (citation omitted).

---

[10] For reasons unimportant here, Hetronic initially moved under Rule 50(a), but the district court rightly construed the motion as one for summary judgment.

The issue-prelusion dispute before us is atypical in that we're considering the preclusive effect of a foreign judgment. Federal courts recognize and enforce foreign judgments if they meet due-process standards. *See Phillips USA, Inc. v. Allflex USA, Inc.*, 77 F.3d 354, 359 (10th Cir. 1996) (quoting *Hilton v. Guyot*, 159 U.S. 113, 202 (1895));[11] Restatement (Second) of Conflict of Laws § 98 cmt. b (1971) (explaining that valid "[j]udgments rendered in a foreign nation . . . will be accorded the same degree of recognition to which sister State judgments are entitled"). The parties agree that the judgments rendered in the EUIPO proceedings satisfy this standard, as do we.

But although we consider the preclusive effect of a foreign judgment, as a federal court examining a federal-law question, we rely on the federal law of issue preclusion. *See Murdock v. Ute Indian Tribe of Uintah and Ouray Reservation*, 975 F.2d 683, 687 (10th Cir. 1992) (footnote and citations omitted); *cf. Blonder-Tongue Lab'ys, Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 324 n.12 (1971) (discussing res judicata and noting that "[i]n federal-question cases, the law applied is federal

[11] This due-process standard is met if "there has been opportunity for a full and fair trial abroad before a court of competent jurisdiction, conducting the trial upon regular proceedings, after due citation or voluntary appearance of the defendant, and under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country and those of other countries, and there is nothing to show either prejudice in the court, or in the system of laws under which it is sitting, or fraud in procuring the judgment." *Phillips USA*, 77 F.3d at 359 (quoting *Hilton*, 159 U.S. at 202); *see also Soc'y of Lloyd's*, 402 F.3d at 999 (quoting same *Hilton* language).

law").[12] "[I]ssue preclusion bars a party from relitigating an issue once it has suffered an adverse determination on the issue, even if the issue arises when the party is pursuing or defending against a different claim." *Park Lake Res. Ltd. Liab. v. U.S. Dep't of Agric.*, 378 F.3d 1132, 1136 (10th Cir. 2004) (citation omitted). In the civil context, four criteria must be met before a court may apply the doctrine of issue preclusion:

> (1) the issue previously decided is identical with the one presented in the action in question,
>
> (2) the prior action has been finally adjudicated on the merits,
>
> (3) the party against whom the doctrine is invoked was a party, or in privity with a party, to the prior adjudication, and
>
> (4) the party against whom the doctrine is raised had a full and fair opportunity to litigate the issue in the prior action.

*Id.* (citation omitted). Though Hetronic argues why it has met each element, Defendants seriously contest only the first two elements. Focusing our discussion on those elements, we conclude that the district court rightly precluded Defendants from presenting their ownership defense to the jury.

---

[12] At least one authority suggests that U.S. courts should apply foreign preclusion law if the foreign rules "are substantially the same as the rules of the [U.S.] court." Restatement (Second) of Conflict of Laws § 98 cmt. f (1971). Under that principle, it's arguable that EU preclusion law should govern this dispute. But the parties agree that federal issue-preclusion law applies, and they didn't provide any discussion of EU preclusion law. Given the lack of briefing on EU preclusion law, we follow the parties' lead and the authority we identify above in considering this issue under federal issue-preclusion law.

Under the first element, we assess whether the issue Defendants seek to litigate "is the same as the one addressed previously by" EUIPO. *Murdock*, 975 F.2d at 687. That is, we aim "to prevent repetitious litigation of what is essentially the same dispute." Restatement (Second) of Judgments § 27 cmt. c (1982). Here, the issue—whether Defendants own the disputed intellectual property—is essentially the same one decided in the EUIPO proceedings. That becomes clear, though, only after reading *both* the Cancellation Division's decision and the Board of Appeal's decision.

Defendants are correct that the Cancellation Division didn't decide the ownership issue. Recall that Abitron Germany initiated the EUIPO proceedings, arguing that the EU should nullify Hetronic's "NOVA" trademark because Hetronic had filed for the mark in bad faith (i.e., Hetronic supposedly knew that Abitron Germany had a stronger claim to ownership of the mark). Both parties to that proceeding based much of their arguments on their respective claims to ownership of the intellectual property. But the Cancellation Division equivocated on the ownership issue: "The arguments . . . give the impression that both [Defendants] and [Hetronic] were authorized to use" the NOVA trademark. Appellants' App. vol. 13 at 3180. So that initial tribunal decided the dispute on a narrow basis. It concluded only that Hetronic didn't act in bad faith when it filed for (and obtained) the NOVA trademark because Hetronic had a valid basis to believe that it owned the mark, regardless of whether it actually had the superior claim to ownership. If the EUIPO proceedings had ended with the Cancellation Division, issue preclusion would not apply.

But unlike the Cancellation Division, the Board of Appeal tackled the ownership issue head-on. It framed the dispute this way: When a company transfers all of its "business operation"—as the original Hetronic International did when Methode acquired it—that necessarily includes "the right to a trademark acquired by use." *Id.* at 3112. In other words, though Abitron Germany tried to argue that Methode's purchase of Hetronic International didn't include the rights to use the *non-registered* "NOVA" trademark, the Board of Appeal concluded that it was impossible to separate the rights to a company's trademarks from the operation of the business as a whole.

In reaching its decision, the Board of Appeal reasoned that "[t]he decisive question is . . . whether the Hetronic business operation remained with [Abitron Germany's] legal predecessors. That is not the case." *Id.* at 3112. Indeed, the Board of Appeal reached the opposite conclusion, holding that "[i]t is clear from all the[] agreements that Hetronic Deutschland, as one of the legal predecessors to [Abitron Germany], had no rights to the company name [or] the German 'Hetronic' trademarks." *Id.* at 3113. It based its ruling on its conclusion that Methode's purchase of Hetronic International "comprise[d] *all* of the intellectual property." *Id.* at 3112 (emphasis added). In short, the Board of Appeal resolved the exact issue that Defendants sought to dispute at trial: that when Methode bought Hetronic

International, it obtained ownership of all the Hetronic-related intellectual property.[13] Thus, the district court rightly concluded that the EUIPO proceedings resolved the same issue that Defendants sought to dispute at trial.

Defendants' contrary arguments fail to persuade us. They argue that the Board of Appeal didn't decide the same issue because the parties' dispute before EUIPO was limited to the NOVA trademark and no others. According to Defendants, because the Board of Appeal's decision didn't mention EURO, GL, GR or any of the other product marks, its decision governs only ownership of the NOVA trademark.

But we read the Board of Appeal's decision the same way as the district court: "ownership of the intellectual property at issue was very much an either/or proposition. Either it all passed to [Hetronic] in 2008 or to [D]efendants in 2010." Supp. App. vol. 2 at 361. It's evident that the Board of Appeal concluded that all the intellectual property passed to Hetronic, not just the NOVA trademark. *See* Appellants' App. vol. 13 at 3112 (explaining that the relevant agreements "show that the assets transferred . . . comprise *all of the intellectual property*, including all Intellectual Property incorporated into the radio remote control products developed, manufactured, marketed or sold by [Hetronic]." (emphasis added) (internal quotation marks omitted)). Moreover, Defendants fail to explain how the ownership dispute

---

[13] Several months after oral argument, Hetronic filed a Rule 28(j) letter informing us that the General Court of the European Union had upheld the Board of Appeal's decision. In response, Defendants renewed their assertion that the General Court, like EUIPO, lacked jurisdiction to decide the ownership issue. But as we explain below, Defendants waived any argument about EUIPO lacking jurisdiction by not raising it in the district court.

would differ as to the other trademarks. Indeed, Abitron Germany's claim to the other intellectual property would be based on the same theories, documents, and arguments it presented vis-à-vis the NOVA mark and that the Board of Appeal rejected. *See* Restatement (Second) of Judgments § 27 cmt. c (1982) (suggesting that in assessing whether the previous tribunal decided the same issue, courts should ask if "there [is] a substantial overlap between the evidence or argument to be advanced in the second proceeding and that advanced in the first").

Defendants fare no better on the second element. There, we consider whether "the prior action has been finally adjudicated on the merits." *United States v. Rogers*, 960 F.2d 1501, 1508 (10th Cir. 1992) (citation omitted). It has. After resolving the parties' dispute, EUIPO dismissed Abitron Germany's petition and ordered it to pay the costs of the proceeding.

Defendants nevertheless insist that the Board of Appeal's finding concerning ownership is mere dicta, and thus it didn't actually decide the issue. True, "[a]djudication on the merits requires that the adjudication be necessary to the judgment," so dicta wouldn't suffice. *Murdock*, 975 F.2d at 687 (citations omitted). But the Board of Appeal's ownership ruling wasn't dicta. Dictum refers to "[a] judicial comment made while delivering a judicial opinion, but one that is unnecessary to the decision in the case and therefore not precedential (although it may be considered persuasive)." *Dictum*, Black's Law Dictionary (11th ed. 2019). Here, the Board of Appeal's decision turned on its conclusions regarding who owned the intellectual property: "[Abitron Germany] bases its allegation of bad faith on supposedly earlier rights in the mark 'NOVA'. As already pointed out . . . , however, it has no rights to a 'NOVA' trademark acquired by use." Appellants' App. vol. 13 at 3114. Stated differently, the Board of Appeal's ruling that Hetronic owned all the intellectual property was a necessary predicate to its conclusion that Defendants' bad-faith claim failed. So the ownership ruling wasn't dicta.[14]

In brief, because Hetronic has met each of the required elements, we affirm the district court's summary-judgment ruling on Defendants' ownership defense.

## III. District Court's Evidentiary Rulings at Trial

Defendants challenge three of the district court's trial rulings. First, Defendants argue that the district court erroneously sustained Hetronic's relevance objection, precluding them from arguing that the Lanham Act didn't reach their foreign-sales activity. We already dealt with that issue above: Any error by the district court was harmless because we conclude as a matter of law that the Lanham Act reaches Defendants' conduct. *See Bridges v. Wilson*, 996 F.3d 1094, 1099 (10th

[14] Defendants raise a number of other arguments in passing—usually devoting little more than a sentence to each—that we decline to address. First, they argue that EUIPO lacked jurisdiction to decide the ownership issue. Defendants have forfeited that argument by failing to raise it in the district court. And because Defendants failed to identify plain error as the standard of review governing this new argument (let alone contend that the argument survives that exacting standard), we decline to consider it. *See Grupo Cementos*, 970 F.3d at 1282–83 ("[I]n order to avoid a waiver on appeal, a party is required to identify plain error as the standard of review in their opening brief and to provide a defense of that standard's application." (citations omitted)). Second, addressing the third element, Defendants argue that issue preclusion could bind only Abitron Germany, as the other Defendants weren't parties to the EUIPO proceedings. But like their jurisdictional argument, they didn't argue the third element in the district court, nor do they make the case that their argument can survive plain-error review, so we consider that argument waived. *Id.*

Cir. 2021) ("[E]ven if the trial court is mistaken, it will not be reversed unless its ruling results in substantial prejudice, or had a substantial effect on the outcome of the case." (alteration in original) (quotation omitted)).

Second, Defendants argue that the district court wrongly precluded them from using their evidence that they owned the intellectual property for purposes unrelated to the court's issue-preclusion ruling. And third, Defendants contest the district court's exclusion of their damages expert. We reject both of these challenges in turn.

"Evidentiary rulings generally are committed to the very broad discretion of the trial judge, and they may constitute an abuse of discretion only if based on an erroneous conclusion of law, a clearly erroneous finding of fact or a manifest error in judgment." *Leprino Foods Co. v. Factory Mut. Ins. Co.*, 653 F.3d 1121, 1131 (10th Cir. 2011) (internal quotation marks and citation omitted). And "[e]ven if the court finds an erroneous evidentiary ruling, a new trial will be ordered only if the error 'affected the substantial rights of the parties.'" *Id.* (quoting *Webb v. ABF Freight Sys., Inc.*, 155 F.3d 1230, 1246 (10th Cir. 1998)).

### A. Waiver-and-Acquiescence and Good-Faith-Belief-in-Ownership Defenses

Despite the district court's issue-preclusion ruling that Defendants couldn't assert at trial that they owned the intellectual property, Defendants argue that they should have been allowed to introduce ownership evidence for a different purpose. Specifically, Defendants sought to present a waiver-and-acquiescence defense to Hetronic's contract claims and a good-faith-belief-in-ownership defense to combat the willful-infringement element of the trademark claims. The district court didn't abuse its discretion in handling either of these issues.

First, the district court ruled—over Hetronic's objection—that Defendants *could* assert a waiver-and-acquiescence defense. But the district court clarified that that defense "raises no issue as to whether *defendants* believed they owned the trademarks or the technology"; "[t]he question is whether *Hetronic* had the factual knowledge and subjective intent necessary to establish the acquiescence defense." Supp. App. vol. 2 at 362 (emphasis added). In other words, to present this defense and show that Hetronic acquiesced to Defendants' contractual breaches, Defendants needed to prove that Hetronic believed that Defendants owned the intellectual property—it was irrelevant whether Defendants believed that they owned it. Based on that ruling, Defendants apparently chose not to pursue the defense. That was no fault of the district court's.

Second, Defendants challenge the district court's refusal to permit them to assert a good-faith-belief-in-ownership defense, but they ignore the district court's rationale. The district court prohibited Defendants from raising that defense, not because of its preclusion ruling, but because Defendants had forfeited it: They had failed to raise it in their answers, at summary judgment, or in their pretrial briefing. And Defendants don't challenge the district court's conclusion that allowing them to raise that defense on the eve of trial would have significantly prejudiced Hetronic. We thus conclude that the district court rightly prevented Defendants from raising this defense.

### B. Exclusion of Defendants' Damages Expert

During the trial, Defendants sought to introduce testimony from their damages expert, Alexander Demuth, that any damages the jury awarded under the Lanham Act must be reduced by Defendants' costs of goods (i.e., their expenses in producing their remote controls). The district court permitted Demuth to testify but prohibited him from opining about the costs-of-goods issue. Defendants appeal that ruling.

During discovery, Defendants "consistently claimed . . . that they could not determine their costs of goods sold because their accounting system of 'total cost method' does not contain the requisite information." Supp. App. vol. 1 at 77 (citations omitted). Yet in his expert report, Demuth purported to calculate Defendants' costs of goods sold based on spreadsheets that Defendants had prepared "after-the-fact" "in which they . . . 'allocated' total costs for the companies into several categories—but not costs associated with particular sales." *Id.* Hetronic moved to exclude Demuth's costs-of-goods testimony, asserting that it was based on "unreliable data that defendants ginned up for Demuth after claiming for months that they had no way to estimate their costs of goods sold." *Id.* at 76.

At the *Daubert* hearing, the district court provisionally denied Hetronic's motion based on Defendants' representation that "[a]n independent person from the company will testify to the validity of the numbers." *Id.* vol. 2 at 288 ("He will not confirm these numbers are, in fact, accurate. That's up to the company to confirm, to support his expert opinion.”). The district court conditioned its ruling on Defendants verifying the underlying numbers upon which Demuth would base his testimony: “I do conclude that . . . *if* the defendants do carry their burden of presenting evidence to support . . . the cost of goods sold, then Mr. Demuth will be permitted to testify that cost of goods sold should be deducted from any Lanham Act recovery of the defendants’ profits.” *Id.* at 291–92 (emphasis added).

But by the time of trial, Defendants had failed to introduce any testimony or evidence confirming the accuracy of the underlying numbers upon which Demuth based his expert report. So, in an oral ruling near the end of the trial, the district court prohibited Demuth from testifying about the costs-of-goods issue: “We don’t have the witness that I was told [at the *Daubert* hearing] I would have . . . , but more importantly, we don’t have . . . the independently admissible evidence that I was told that we would have, and which I conclude is required under Section 35 of the Lanham Act.” Appellants’ App. vol. 13 at 3334–35.

Complicating matters, the district court’s brief oral ruling doesn’t clearly establish the legal basis for its decision. The parties advance competing—and equally erroneous—theories. Defendants argue that the district court excluded Demuth’s testimony under Rule 602 because he lacked “*personal knowledge* of the cost information about which he testified.” Appellants’ Opening Br. at 49. But Defendants misconstrue the court’s point about Rule 602. The court merely pointed out that Demuth himself couldn’t testify about the accuracy of the underlying numbers because he hadn’t verified them. Appellants’ App. vol. 13 at 3334 (“[Demuth] is not a Rule 602 percipient witness *as to the reliability of the numbers* supplied by [the Abitron entities' CEO]." (emphasis added)).

For its part, Hetronic contends that the district court excluded Demuth's testimony "under *Daubert*." Appellee's Resp. Br. at 54. But that's equally incorrect. The district court recognized that Demuth's testimony sufficed under Rules 702 and 703 but explained that more was required under the Lanham Act:

> It's very likely that the basis that Mr. Demuth has offered for testifying about cost of goods sold is sufficient for use by an expert under Rule 703 for purposes of expert testimony under Rule 702. . . .
>
> But it's one thing for a source of information to be sufficient for use by an expert under Rule 703 for purposes of Rule 702 expert [testimony]; in my view, it is quite another thing for the jury to have testimony and evidence that passes muster *under the substantive demands of Section 35 of the Lanham Act.*

Appellants' App. vol. 13 at 3334 (emphasis added). Thus, the district court appears to have concluded that Defendants failed to "prove all elements of cost or deduction claimed," as required by the Lanham Act. 15 U.S.C. § 1117(a).

Though the district court's precise rationale is unclear, "we may affirm the district court for any reason supported by the record." *Spring Creek Expl. & Prod. Co., LLC v. Hess Bakken Inv., II, LLC*, 887 F.3d 1003, 1032–33 (10th Cir. 2018) (citation omitted). We have previously recognized that a district court may exclude an economic expert if the expert's "opinions lacked foundation because they were based on the self-serving statements of an interested party." *Champagne Metals v. Ken-Mac Metals, Inc.*, 458 F.3d 1073, 1080 n.4 (10th Cir. 2006) (brackets and internal quotation marks omitted). That's what happened here. It was the underlying data supplied to Demuth—not Demuth's testimony itself—that was problematic. After consistently asserting that they kept no costs-of-goods records, Defendants suddenly produced just the financial records they needed to offset any potential damages award. The district court was rightly skeptical of those fortuitous documents. And even though the district court concluded that Demuth had used reliable methods to form his opinion, his testimony wouldn't be worth much if it was based on unreliable, manufactured numbers. Defendants had ample time and opportunity to authenticate the disputed numbers (as they promised they would), but they never did. On these facts, the district court didn't abuse its discretion in excluding Demuth's costs-of-goods testimony.

## CONCLUSION

For the forgoing reasons, we affirm in part, reverse in part, and remand to the district court to modify its injunction in accordance with our opinion.[15]

---

[15] We also grant Defendants' unopposed motion to file five documents under seal. Each of the documents was marked as confidential under the district court's protective order, and we are satisfied that the parties have demonstrated "a real and substantial interest that justifies depriving the public of access to the records." *JetAway Aviation, LLC v. Bd. of Cnty. Comm'rs*, 754 F.3d 824, 826 (10th Cir. 2014) (citation and internal quotation marks omitted).