

No. 21-1043

In the Supreme Court of the United States

ABITRON AUSTRIA GMBH, ET AL., PETITIONERS

v.

HETRONIC INTERNATIONAL, INC.

*ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT*

**BRIEF FOR THE UNITED STATES AS AMICUS CURIAE
SUPPORTING NEITHER PARTY**

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QUESTION PRESENTED

Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act impose civil liability on any person who “use[s] in commerce” a trademark in a manner that “is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a), 1125(a)(1). The question presented is as follows:

Whether the court of appeals erred in applying Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act to petitioners’ foreign sales, which included foreign sales of goods that never reached the United States and that were not found to have created a likelihood of consumer confusion in the United States.

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INTEREST OF THE UNITED STATES

This case presents the question whether and under what circumstances a plaintiff may obtain relief under Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act for uses of a trademark that occurred outside the United States. The United States has a substantial interest in the resolution of that question, since it concerns the scope of liability for infringing a trademark that is registered with the United States Patent and Trademark Office (USPTO). See 15 U.S.C. 1114(1)(a). In addition, the government has an interest in the proper application of the presumption against extraterritorial application of U.S. law. At the invitation of the Court, the United States filed a brief as amicus curiae at the petition stage of this case.

STATEMENT

1. a. A trademark is a “word, name, symbol, or device” used by a person “to identify and distinguish his or her goods” in commerce and “to indicate the source of the goods.” 15 U.S.C. 1127; see *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879). The Lanham Act, 15 U.S.C. 1051 *et seq.*, is the “foundation of current federal trademark law.” *Matal v. Tam*, 137 S. Ct. 1744, 1752 (2017).

Section 32(1)(a) of the Lanham Act imposes civil liability upon any person who “use[s] in commerce” a “reproduction, counterfeit, copy, or colorable imitation” of a mark registered with the USPTO where “such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a). Section 43(a)(1)(A) provides a cause of action to the owner of a mark, whether registered or unregistered, against any person who “uses in commerce” a mark, description, or representation that “is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1125(a)(1). The Act defines “commerce” to include “all commerce which may lawfully be regulated by Congress.” 15 U.S.C. 1127. A trademark owner may obtain an injunction “to prevent” a “violation” of certain Lanham Act provisions. 15 U.S.C. 1116(a). An owner may also recover “any damages sustained” from “a violation” of certain provisions of the Act, as well as the infringing defendant’s “profits.” 15 U.S.C. 1117(a).

“Infringement law protects consumers from being misled by the use of infringing marks and also protects producers from unfair practices by an imitating competitor.” *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003) (citation and internal quotation marks omitted). By identifying the source of particular

goods, a trademark “helps consumers identify goods and services that they wish to purchase, as well as those they want to avoid.” *Tam*, 137 S. Ct. at 1751. Use of infringing trademarks impedes consumers’ ability to make informed purchasing decisions based on their prior experiences with particular sources.

“At the same time, [trademark] law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). Where a particular mark has come to be associated with a specific source, allowing others to use the same mark “would in effect represent their goods to be of [the mark owner’s] production and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy.” *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916). A competitor’s use of infringing trademarks can also subject the mark owner to reputational harm if the infringing marks are placed on inferior goods. See p. 18, *infra*.

b. In *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), this Court considered the Lanham Act’s application to foreign sales of goods marked with a copy of a U.S.-registered mark. The Bulova Watch Company, which marketed watches under the registered U.S. mark “Bulova,” sued defendant Sidney Steele, a U.S. citizen residing in Texas. *Id.* at 281. Using component parts he had procured from the United States and Switzerland, Steele assembled watches in Mexico City. *Id.* at 281, 285. Acting “without Bulova’s authorization and with the purpose of deceiving the buying public, [Steele] stamped the name ‘Bulova’ on watches there

assembled and sold.” *Id.* at 281. As a result of Steele’s conduct, “Bulova Watch Company’s Texas sales representative received numerous complaints from retail jewelers in the Mexican border area [of Texas] whose customers brought in for repair defective ‘Bulovas’ which upon inspection often turned out not to be products of that company.” *Id.* at 285.

The Court held that Steele’s activities were covered by the Lanham Act. *Steele*, 344 U.S. at 285. The Court “d[id] not deem material that [Steele] affixed the mark ‘Bulova’ in Mexico City rather than here.” *Id.* at 287. The Court explained that Steele had bought components for his watches in the United States. *Id.* at 286. In addition, “spurious ‘Bulovas’ filtered through the Mexican border into this country,” with potential adverse effects on Bulova’s “trade reputation in markets cultivated by advertising here as well as abroad.” *Ibid.* The Court further noted that, because Steele did not have Mexican-law trademark rights to the “Bulova” mark, applying the Lanham Act to his conduct would not create any conflict with foreign law. *Id.* at 289. The Court also appeared to give weight to the fact that Steele was a U.S. citizen. *Id.* at 285-286.

Steele reached this Court at a preliminary stage of the case, 344 U.S. at 282, and the Court held only that the suit could go forward, *id.* at 285, 289, without determining the scope of the relief that would be appropriate if Bulova ultimately prevailed at trial.

2. Respondent Hetric International, Inc. is a U.S. company headquartered in Oklahoma. Pet. App. 88a. It “manufactures radio remote controls” for “heavy-duty construction equipment,” which it sells and services in dozens of countries around the world. *Id.* at 2a; see *id.* at 3a. Respondent’s remote controls

feature a distinctive appearance. *Id.* at 3a. In this Court, it is undisputed that respondent is the sole owner of U.S. trademarks and trade dress associated with those distinguishing features, including marks registered under the Lanham Act. See *id.* at 53a-61a, 115a; Pet. i.

Petitioners are five German and Austrian companies and their Austrian owner. Pet. App. 4a-5a, 88a. Pursuant to contracts between the parties, petitioners initially acted as distributors of respondent's remote controls abroad, mostly in Europe. *Id.* at 2a, 4a. The relationship subsequently soured. *Id.* at 2a. Petitioners reverse-engineered respondent's products and "began manufacturing their own products—identical to [respondent's]—and selling them under [respondent's] brand." *Ibid.*; see *id.* at 5a. Through these practices, petitioners made "tens of millions of dollars." *Id.* at 2a.

Respondent sued petitioners under the Lanham Act, alleging, as relevant here, infringement of registered trademarks in violation of Section 32(1)(a), 15 U.S.C. 1114(1)(a), and unfair competition and infringement of unregistered trademarks and trade dress in violation of Section 43(a)(1)(A), 15 U.S.C. 1125(a)(1)(A). See Pet. App. 114a. A jury returned a verdict for respondent, finding that petitioners had willfully infringed respondent's trademarks. *Id.* at 8a. The jury awarded respondent more than \$90 million for petitioners' Lanham Act violations. *Id.* at 8a, 114a.

The district court entered final judgment consistent with the jury's verdict. See Pet. App. 134a-137a. The monetary award included: (i) approximately \$240,000 for products that petitioners had sold from abroad "directly into the United States," *id.* at 40a n.8; (ii) ap-

proximately \$2 million, or about 3% of the total award, for products that petitioners had sold abroad to foreign buyers who designated the United States as “the ultimate location where the product was intended to be used,” and that ultimately entered the United States, *id.* at 71a n.2 (brackets and citation omitted); see *id.* at 40a-41a; and (iii) approximately \$87 million, or almost 97% of the total award, for other products that petitioners had sold abroad to foreign buyers, see *id.* at 32a, 40a, 43a.

The district court also entered a worldwide permanent injunction that barred petitioners from using respondent’s marks “both within and outside of the United States.” Pet. App. 121a; see *id.* at 8a, 122a-132a.

3. The court of appeals affirmed in relevant part. Pet. App. 1a-67a.

a. The court of appeals first observed that, under this Court’s decision in *Steele*, *supra*, the Lanham Act “could apply abroad at least in some circumstances.” Pet. App. 21a. After surveying “various tests” developed by courts of appeals after *Steele*, the court concluded that where (as in this case) a defendant is “a foreign national,” “the plaintiff must show that the defendant’s conduct has a substantial effect on U.S. commerce.” *Id.* at 23a, 29a.¹

b. Applying that test, the court of appeals held that the Lanham Act “reach[es] all of [petitioners’] foreign infringing conduct.” Pet. App. 47a; see *id.* at 39a-47a.

¹ By contrast, the court stated that where the defendant is a U.S. citizen, “the Lanham Act reaches that defendant’s extraterritorial conduct even when the effect on U.S. commerce isn’t substantial.” Pet. App. 28a.

The court of appeals first determined that holding petitioners liable for direct sales into the United States “isn’t an extraterritorial application of the Act.” Pet. App. 41a. The court next concluded that petitioners were liable for “foreign sales [that] ended up in the United States,” *ibid.*, because exposing “American consumers” to infringing products was likely to (and did) cause “confusion and reputational harm” in this country. *Id.* at 41a-42a (citation omitted).

Relying on a combination of two rationales, the court of appeals further held that respondent was entitled to recover damages for the remaining 97% of petitioners’ sales as well. See Pet. App. 43a, 47a. First, the court explained that petitioners’ sales of goods that entered the United States and caused confusion here gave “the United States a reasonably strong interest in the litigation.” *Id.* at 43a. It construed this Court’s precedents to establish that, “once a court determines that a statute applies extraterritorially to a defendant’s conduct, * * * that statute captures all the defendant’s illicit conduct.” *Id.* at 44a.

Second, the court of appeals endorsed a “diversion-of-sales theory,” Pet. App. 44a, premised on record evidence that petitioners’ conduct had deprived respondent of “tens of millions of dollars in” foreign sales that respondent otherwise would have made, *id.* at 45a. The court stated that, because respondent is a U.S. company, “this monetary injury to [respondent] also caused substantial effects on U.S. commerce.” *Ibid.*

c. The court of appeals narrowed the district court’s injunction “to the countries in which [respondent] currently markets or sells its products,” and it remanded to the district court to identify those countries. Pet. App. 50a; see *id.* at 48a-50a.

SUMMARY OF ARGUMENT

To determine the territorial reach of federal statutes, this Court has articulated a two-step framework that reflects the background presumption that Congress is primarily concerned with domestic conditions. Under step one of that framework, the language of the pertinent Lanham Act provisions provides no clear, affirmative indication that Congress intended those provisions to apply extraterritorially. At step two, the “focus” of the provisions is consumer confusion, the *sine qua non* of trademark law. Sales of trademarked goods abroad therefore can violate those provisions if, but only if, those sales are likely to cause consumer confusion within the United States.

That interpretation is consistent with this Court’s holding in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), that the Act applied to a course of conduct in which foreign sales of goods bearing a mark identical to one registered in the United States had caused consumer confusion in this country. Interpreting the relevant Lanham Act provisions to reach only those foreign acts that are likely to cause consumer confusion in the United States best reflects the fundamental trademark-law principle that trademark rights have a separate existence under each country’s law. This approach is also consistent with international agreements to which the United States is a party.

Petitioners contend that use of a mark in commerce, rather than a likelihood of consumer confusion, is the focus of the relevant Lanham Act provisions. In *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010), however, the Court made clear that the focus of particular federal statutes can be markets or transactions that Congress seeks to protect, rather

than the conduct that the statute proscribes. That approach is warranted here, especially given the centrality of consumer confusion to the traditional purposes and contours of trademark protection.

The court of appeals held that petitioners could be found liable in damages for *all* of their foreign uses of respondent's trademark. The court based that conclusion on its determinations that (a) petitioners' overall course of conduct substantially affected U.S. commerce and (b) all of petitioners' foreign sales diverted funds that would otherwise have flowed to respondent, a U.S. company. Those rationales are not appropriate bases for extending Lanham Act liability to foreign uses that did *not* cause a likelihood of confusion in the United States.

Respondent's contrary arguments are unavailing. Respondent contends that the government's interpretation requires overruling *Steele*. But the approach we advocate here is consistent with the *Steele* Court's holding that Bulova's suit could proceed, as well as with the modern two-step framework this Court has recently articulated for determining the territorial reach of federal statutes. Respondent also argues that some additional uses of its trademarks abroad, beyond the 3% of petitioners' sales that were shown to have reached the United States, were likely to cause consumer confusion in this country. Those arguments are best addressed by the lower courts on remand.

ARGUMENT

SECTIONS 32(1)(A) AND 43(A)(1)(A) OF THE LANHAM ACT PROVIDE A REMEDY FOR USE OF A PLAINTIFF'S U.S. TRADEMARK ABROAD ONLY IF THAT USE IS LIKELY TO CAUSE CONSUMER CONFUSION IN THE UNITED STATES

Consistent with the presumption that “Congress is primarily concerned with domestic conditions,” *Foley Bros. v. Filardo*, 336 U.S. 281, 285 (1949), a foreign use of another’s trademark can violate the Lanham Act if, but only if, it creates a likelihood of consumer confusion in this country. Petitioners are wrong in arguing that the Act is limited to domestic uses of trademarks. But the court of appeals erred by extending Lanham Act liability to all of petitioners’ foreign uses without determining which of those uses created a likelihood of consumer confusion in the United States.

A. Under This Court’s Modern Two-Step Framework For Assessing The Territorial Reach Of Federal Statutes, Application Of The Lanham Act Provisions At Issue Here Turns On The Likelihood Of Consumer Confusion Within The United States

1. Congress is ordinarily presumed to legislate with domestic concerns in mind

“It is a longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States.” *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247, 255 (2010) (citations and internal quotation marks omitted). That presumption reflects the “commonsense notion that Congress generally legislates with domestic concerns in mind.” *RJR Nabisco, Inc. v. European Cmty.*, 579

U.S. 325, 336 (2016) (quoting *Smith v. United States*, 507 U.S. 197, 204 n.5 (1993)). It also “protect[s] against unintended clashes between our laws and those of other nations which could result in international discord.” *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) (*Aramco*); see *RJR Nabisco*, 579 U.S. at 347.

In recent decisions, this Court has articulated a two-step framework for determining the territorial reach of an Act of Congress. See *RJR Nabisco*, 579 U.S. at 337. First, the Court asks “whether the presumption against extraterritoriality has been rebutted” by “a clear, affirmative indication that [the statute] applies extraterritorially.” *Ibid.* “[W]hen a statute provides for some extraterritorial application, the presumption against extraterritoriality operates to limit that provision to its terms.” *Morrison*, 561 U.S. at 265.

If the presumption against extraterritorial application is un rebutted, the Court “look[s] to the statute’s ‘focus’” to determine “whether the case involves a domestic application of the statute.” *RJR Nabisco*, 579 U.S. at 337. A statute’s focus “is the object of its solicitude, which can include the conduct it seeks to regulate, as well as the parties and interests it seeks to protect or vindicate.” *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129, 2137 (2018) (brackets, citations, and internal quotation marks omitted). At step two of the framework, a court asks whether the statute’s focus occurred within the United States. See *ibid.* Under that approach, Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act are best construed to make actionable those uses of a trademark in commerce, whether in the United States or abroad, that

are likely to have the ultimate effect of confusing or deceiving consumers in the United States.

2. *The relevant Lanham Act provisions do not clearly manifest a congressional intent that the Act should apply extraterritorially*

At step one of the two-step framework, the Court asks “whether the presumption against extraterritoriality has been rebutted.” *RJR Nabisco*, 579 U.S. at 337. Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act prohibit a “use[] in commerce” of a protected mark where “such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a), 1125(a)(1)(A). Those provisions contain no “clear, affirmative indication that [the statute] applies extraterritorially.” *RJR Nabisco*, 579 U.S. at 337.

The only language in Sections 32(1)(a) and 43(a)(1) that references conduct outside the United States is each provision’s prohibition on certain “use[s] in commerce,” 15 U.S.C. 1114(1)(a), 1125(a)(1). The Lanham Act’s broad definition of “commerce” as “all commerce which may lawfully be regulated by Congress,” 15 U.S.C. 1127, unambiguously encompasses some foreign transactions with a particular effect in the United States. U.S. Const. Art. I, § 8, Cl. 3. But this Court has repeatedly rejected arguments that a “general reference to foreign commerce in the definition of ‘interstate commerce’” “defeat[s] the presumption against extraterritoriality.” *Morrison*, 561 U.S. at 263; see *Aramco*, 499 U.S. at 251 (citing *New York Cent. R.R. v. Chisholm*, 268 U.S. 29, 31 (1925)). For that reason, the Lanham Act’s definition of “commerce” cannot establish extraterritorial reach at step one merely because it *encompasses* some foreign commerce. 15 U.S.C. 1127.

In distinguishing the Lanham Act from another federal statute, this Court in *Aramco* described *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), as construing the Lanham Act to “apply abroad.” 499 U.S. at 252; see *Morrison*, 561 U.S. at 271 n.11 (stating that the Court in *Aramco* “read [*Steele*] as interpreting * * * the Lanham Act * * * to have extraterritorial effect”). The Court in *Steele* found the Lanham Act applicable to the defendant’s foreign sales of goods bearing a copy of a U.S.-registered mark. See pp. 3-4, *supra*. Holding someone liable for conduct he performed abroad could colloquially be described as an “extraterritorial” application of a statute. But the Court’s more recent decisions articulating and applying the modern two-step framework make clear that, in determining whether a particular application of a statute qualifies as “extraterritorial” or “domestic,” the location of the defendant’s own conduct is not necessarily dispositive. See *Morrison*, 561 U.S. at 266-267. Instead, “[i]f the conduct relevant to the statute’s focus occurred in the United States,” then “the case involves a permissible *domestic* application even if other conduct occurred abroad.” *RJR Nabisco*, 579 U.S. at 337 (emphasis added). Conversely, a statute is being applied extraterritorially only when the conduct relevant to the statute’s “focus” occurred outside the United States.

Neither the Lanham Act’s text nor this Court’s precedents suggest that the Act applies “extraterritorially” in the sense of covering foreign conduct relevant to the statute’s focus. *Aramco* predated this Court’s articulation of the current two-step framework, and the *Aramco* Court mentioned the Lanham Act only in “rebuttal to a counterargument” about its

interpretation of a different statute. *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 548 (2013). The *Aramco* Court’s description of *Steele* therefore should not control the determination whether the presumption against extraterritorial application has been rebutted now that the question is directly presented.²

3. At step two of the Court’s modern framework, the focus of the relevant Lanham Act provisions is consumer confusion

a. In determining the territorial reach of various federal laws, this Court has identified as the “focus” of the relevant statute—the object of its solicitude, which must occur in the United States—some conduct or event that the statute expressly referenced. Under the Lanham Act, the key statutory referents are the conduct prohibited (the “use in commerce” of another entity’s trademark) and the effect of that conduct (a “likel[i]hood” of “confusion,” “mistake,” or “decei[t]”). 15 U.S.C. 1114(1)(a); see 15 U.S.C. 1125(a)(1)(A). The text, context, and purposes of the relevant Lanham Act provisions indicate that the focus of those provisions is consumer confusion or mistake. Where such effects are likely to occur in the United States, application of Sections 32(1)(a) and 43(a)(1)(A) is a permissible domestic application of the Act, even if the defendant’s own conduct occurred elsewhere.

The Lanham Act provisions at issue here do not categorically prohibit all uses of another’s mark, but

² In *Morrison* (which itself mentioned the Lanham Act only in responding to a counterargument), the Court did not state either that the Lanham Act “ha[s] extraterritorial effect,” or even that the Court in *Steele* had so held, but only that the Court in *Aramco* had “read [*Steele*]” as standing for that proposition. *Morrison*, 561 U.S. at 271 n.11.

only those uses that are “likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a), 1125(a)(1)(A). “In almost all aspects of trademark law, ‘likelihood of confusion’ is the test of infringement and of the scope of rights in a trademark.” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:1, at 23-8 (5th ed. 2022) (*McCarthy on Trademarks*). Even when a trademark registrant has acquired an “incontestable” and “‘exclusive right to use the mark in commerce,’ the plaintiff’s success” in an infringement suit “requires a showing that the defendant’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004) (citations and ellipsis omitted). Thus, as the court of appeals in this case recognized, “market confusion” is “the hallmark of a trademark claim.” Pet. App. 49a.

As explained above (see pp. 2-3, *supra*), Congress viewed use of infringing trademarks as objectionable because of its adverse effects both on consumers and on trademark owners. A violation of the Lanham Act “deprives the owner of the goodwill which he spent energy, time, and money to obtain” and, “[a]t the same time, [it] deprives consumers of their ability to distinguish among the goods of competing manufacturers.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.14 (1982); see 1 *McCarthy on Trademarks* § 2.10, at 2-24 (“The trademark laws exist * * * to protect the consuming public from confusion, concomitantly protecting the trademark owner’s right to a non-confused public.”) (quoting *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir.

1976)). Given the background understanding that “Congress is primarily concerned with domestic conditions,” *Foley Bros.*, 336 U.S. at 285, and in the absence of clear textual evidence to the contrary, it is appropriate to infer that Congress sought to prevent those ill effects from occurring *in the United States*.

For both consumers and trademark owners, the most likely location of the harms that trademark law is designed to prevent is the place where consumers are confused or deceived. That is particularly so because the injuries that infringement inflicts on trademark owners are derivative of consumer confusion: Mark owners can suffer diminished sales and impaired goodwill precisely because, and to the extent that, consumers form misimpressions about the sources of particular goods. To the extent that petitioners’ sales created a likelihood of consumer confusion in the United States, Congress’s purposes therefore are squarely implicated, even though petitioners’ own conduct occurred abroad.

b. The Court in *Morrison* applied a similar analysis in determining the territorial reach of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. 78j(b). See 561 U.S. at 262. The Court explained that “Section 10(b) does not punish deceptive conduct, but only deceptive conduct ‘in connection with the purchase or sale of’” securities. *Id.* at 266 (quoting 15 U.S.C. 78j(b)). The Court concluded that “the focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in the United States.” *Ibid.* “Those purchase-and-sale transactions,” the Court concluded, “are the objects of the statute’s solicitude.” *Id.* at 267. *Morrison* thus makes clear that, for some federal stat-

utes, the “focus” will be markets or transactions that Congress sought to *protect*, rather than the harmful conduct that Congress *proscribed*.

In much the same way, the Lanham Act does not punish all uses in commerce of another’s mark, but only those uses that are “likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a), 1125(a)(1)(A). In enacting the Lanham Act, Congress sought to ensure that consumers in the United States can rely on trademarks as accurate source-identifiers, and that U.S. trademark owners doing business in this country can reap the benefits of their accumulated goodwill. Those purposes are best achieved by treating consumer confusion and mistake as the “focus” of the relevant Lanham Act provisions.

The logical implication of *Morrison* is that the Exchange Act covers deceptive conduct outside the United States that encourages the domestic purchase or sale of a security. See 561 U.S. at 266 (concluding that “the focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in the United States”); *id.* at 270 (referring to securities purchases or sales that are “made in the United States, or involve[] a security listed on a domestic exchange”); see also, *e.g.*, *Stoyas v. Toshiba Corp.*, 896 F.3d 933, 950 (9th Cir. 2018) (treating “the foreign location of the allegedly deceptive conduct” as irrelevant in determining whether Section 10(b) applies under *Morrison*), cert. denied, 139 S. Ct. 2766 (2019). Similarly under Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act, foreign uses of a mark in commerce that cause a likelihood of U.S. consumer confusion can be actionable because

they create the domestic harm that is the focus of those provisions.

B. Treating Consumer Confusion As The Focus Of The Lanham Act Provisions At Issue Here Is Consistent With This Court's Disposition Of *Steele*

In *Steele*, the Court found the Lanham Act applicable, despite the foreign locus of the defendant's sales, where the trademark owner's "Texas sales representative received numerous complaints from retail jewelers in the Mexican border area whose customers brought in for repair defective 'Bulovas' which upon inspection often turned out not to be products of that company." 344 U.S. at 285. The Court observed that, when the "spurious 'Bulovas' filtered through the Mexican border into this country," Steele's counterfeit goods "could well reflect adversely on Bulova Watch Company's trade reputation" in the United States. *Id.* at 286.

Steele clarifies the types of harm, both to consumers and to the trademark owner, that the Lanham Act's trademark-infringement provisions are intended to prevent. Perhaps the most obvious ill effect of trademark infringement occurs at the point of sale, when a consumer buys goods based on a misimpression as to their source. In *Steele*, that happened in Mexico, where consumers bought the counterfeit watches. But a different harm occurred within the United States when the purchasers returned to this country and found that their watches needed repairs. See 344 U.S. at 285. To the extent that consumers then formed mistaken negative impressions of the U.S. mark owner in the United States, see *id.* at 286, that is a type of domestic injury (both to the consumers and to the trademark owner) that the Lanham Act is intended to prevent.

To be sure, the *Steele* Court also relied in part on two additional connections to the United States—the U.S. citizenship of the defendant, and the defendant’s importation of watch parts from the United States in preparing to affix the infringing mark. See 344 U.S. at 285-286. But the Court did not suggest that those facts need be present in every case for the Lanham Act to apply to foreign conduct, and no lower court has understood *Steele* to embrace such a rule. Instead, the Court’s emphasis on the U.S. consumer confusion that *Steele*’s conduct produced, and its ultimate holding that Bulova’s Lanham Act suit could go forward, see *id.* at 285, 289, are consistent with the conclusion that the Act applies to foreign uses of a mark in commerce that create a likelihood of consumer confusion in the United States.³

C. Petitioners’ Criticisms Of The Government’s Position Are Unsound

Petitioners argue (Br. 39-45) that, under step two of the Court’s two-step framework, the defendant’s use of a mark in commerce, rather than consumer confusion, is the focus of the pertinent Lanham Act provisions. Under that approach, petitioners would be liable only for the \$240,000 worth of goods that they sold directly

³ As this case comes to the Court, it is undisputed that petitioners have no foreign trademark rights to the marks at issue. This case therefore does not present the complications that could arise if the foreign exercise of such rights led to consumer confusion in the United States. See *Steele*, 344 U.S. at 288-289. If such circumstances arose, comity considerations could place additional limits on the reach of the Lanham Act. See *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 798 (1993) (“assuming,” without deciding, that “international comity” could “counsel against exercising jurisdiction” in certain circumstances).

into this country, and not for the additional \$2 million worth of goods they sold abroad that were designated for use in the United States, that ultimately entered the United States, and that were likely to (and at least some of which in fact did) cause consumer confusion in the United States, Pet. App. 40a-43a, 71a n.2. See Pet. Br. 44-45. That argument lacks merit.

1. Petitioners suggest (Br. 42) that the presumption against extraterritoriality can perform its intended function only if the focus of the relevant Lanham Act provisions is the conduct (use of a mark in commerce) that the Act prohibits. But *Morrison* establishes that the focus of a federal statute—which, if it occurs in the United States, gives rise to a permissible domestic application—can be the market or transactions that Congress seeks to protect, rather than the conduct that the statute declares to be unlawful. The clear implication of *Morrison* is that a defendant who made misrepresentations wholly outside the United States can be liable under the Exchange Act if the requisite nexus to domestic securities transactions exists. See pp. 16-17, *supra*.

Petitioners argue (Br. 43) that “*Morrison* does not help the government” because the Court held that Section 10(b)’s focus was on “conduct—there, sales of securities.” But not every Section 10(b) violation produces an actual securities transaction. A person who knowingly makes a false statement for the purpose of inducing a securities purchase or sale violates the statute, even if his deception is unsuccessful and no actual purchase or sale occurs. Cf. *SEC v. Zandford*, 535 U.S. 813, 819 (2002); *SEC v. Rana Research, Inc.*, 8 F.3d 1358, 1361-1364 (9th Cir. 1993). In any event, the consumer confusion that the Lanham Act is de-

signed to prevent is typically manifested by consumer conduct. Indeed, the prospect that confused consumers' behavior will be affected (*i.e.*, that consumers will make different purchases if they misapprehend the sources of particular goods) is why infringement threatens the interests of legitimate mark owners.

2. Petitioners suggest (Br. 43-44) that the inquiry the government contemplates would be unduly speculative or inherently unworkable. Determining whether particular uses of trademarks are likely to produce consumer confusion is concededly an inexact science. Under established trademark principles, however, that determination is at the very core of the infringement inquiry. See pp. 14-15, *supra*. Petitioners identify no sound reason to believe that the inquiry will be less manageable when a defendant's own conduct occurs outside the United States.

Petitioners also suggest (Br. 44) that the government's approach would produce no meaningful practical benefit because "[t]he only 'foreign' conduct with any genuine likelihood of confusing U.S. consumers would occur when companies located abroad sell to *buyers in the U.S.*," in which case the defendant's own use of the mark in commerce will be treated as domestic. The circumstances of this case refute that suggestion. Petitioners sold approximately \$2 million worth of the goods at issue here to buyers abroad who designated the United States as "the ultimate location where the product was intended to be used." Pet. App. 71a n.2 (brackets and citation omitted). Those sales had an evident potential to cause confusion within the United States, and the court of appeals found that at least some of the sales ultimately had that effect. See *id.* at 42a-43a. Petitioners assert (Br. 44) that, if a for-

eign intermediary buys goods abroad and imports them into the United States for resale, application of the Lanham Act to the *intermediary's* conduct would be a permissible domestic application. But the intermediary might lack the scienter of the original seller, which would limit the forms of relief available to the plaintiff, see 15 U.S.C. 1117(b) and (c)(2), even if the original seller's deliberately deceptive conduct foreseeably caused U.S. consumer confusion. And petitioners' approach would allow a seller deliberately using a mark to deceive U.S. consumers to escape liability whenever it employs the expedient of carrying out abroad its U.S.-targeted operations.

3. Petitioners agree (Br. 39) that a likelihood of "domestic confusion is *necessary* for a Lanham Act claim." But it is not clear why that would be so under petitioners' own theory. Neither Section 32(1)(a) nor Section 43(a)(1)(A) refers explicitly to *U.S.* confusion or mistake. That limitation follows naturally if consumer confusion is identified as the focus of those provisions. But if the provisions' focus is instead use of the mark in commerce, a domestic use (*e.g.*, affixing a counterfeit mark within the United States to goods that are intended for export and sale abroad) would potentially be actionable, even if the only consumers who are likely to be confused are potential buyers in a foreign country. There is no reason to suppose that Congress would have viewed that scenario as a greater threat to the U.S. interests that the Lanham Act protects than the circumstances presented here, where \$2 million worth of petitioners' foreign sales were found to have caused a likelihood of domestic consumer confusion.

D. Treating Consumer Confusion As The Focus Of The Pertinent Lanham Act Provisions Accords With Fundamental Trademark Principles And With International Agreements To Which The United States Is A Party

1. “The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme.” *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985) (footnote omitted); see *Ingenohl v. Olsen & Co.*, 273 U.S. 541, 544 (1927) (“A trade-mark started elsewhere would depend for its protection in Hongkong upon the law prevailing in Hongkong and would confer no rights except by the consent of that law.”). That principle has been widely accepted in U.S. law since this Court’s decision in *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923) (Holmes, J.). The Court there recognized that a given mark may signify to consumers in one country that the trademarked goods come from a particular source, and to consumers in another country that the goods come from a different source. See *id.* at 691-692.

So understood, a trademark has a separate existence under each country’s laws, “symboliz[ing] the domestic goodwill of the domestic mark-holder so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner.” 5 *McCarthy on Trademarks* § 29:1, at 29-6 (citation omitted). Consequently, “ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country.” *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 155 (2d Cir.), cert. denied, 552 U.S. 827 (2007). “Rather, a mark owner must take the

proper steps to ensure that its rights to that mark are recognized in any country in which it seeks to assert them.” *Ibid.*

Those principles apply with particular force to Section 32(1)(a) of the Lanham Act, which specifically addresses infringement of trademarks that are registered with the USPTO. Where allegedly infringing conduct abroad creates a likelihood of confusion only in a foreign country, providing a Section 32(1)(a) remedy would effectively treat a U.S. trademark as if it granted exclusive rights beyond the United States. Treating consumer confusion as Section 32(1)(a)’s focus, by contrast, is consistent with trademark law’s territoriality principle because it limits U.S.-law infringement remedies to uses that misappropriate the U.S. goodwill protected by a USPTO-registered mark.

The other Lanham Act provision at issue here, Section 43(a) reaches “beyond trademark protection” to other forms of unfair competition. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003). Conduct that confuses U.S. consumers can be actionable under that provision regardless of whether a defendant’s conduct misuses a U.S. mark, or uses a trademark at all. See 15 U.S.C. 1125(a)(1); *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 702 (4th Cir. 2016), cert. denied, 137 S. Ct. 1202 (2017). But “[t]he law of unfair competition * * * focus[es] * * * on the protection of consumers, not the protection of producers.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989). Section 43(a) therefore is best understood not to reach conduct that, while unfair to consumers abroad, has no likely adverse effect on U.S. consumers.

2. The trademark territoriality principle is reflected in international agreements to which the United States is a party. The Paris Convention, for example, provides that “[t]he conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation,” and that “[a] mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union.” Paris Convention for the Protection of Industrial Property, *done* July 14, 1967, art. 6(1) and (3) (Paris Convention), 21 U.S.T. 1639, 828 U.N.T.S. 325. The Convention (which the Lanham Act implements, see 15 U.S.C. 1126) commits member countries to accord to the nationals of other contracting parties trademark rights comparable to those accorded its own nationals. See Paris Convention arts. 2 and 3, 21 U.S.T. 1631, 828 U.N.T.S. 313. Applying these Lanham Act provisions to foreign sales that have not been shown to create a likelihood of U.S. consumer confusion is at odds with the Convention’s underlying “principle that each nation’s law shall have only territorial application,” 5 *McCarthy on Trademarks* § 29:25, at 29-98.

The international intellectual-property system in which the United States participates contemplates mechanisms for an actor to secure protection of its mark in multiple jurisdictions. See Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, *adopted* June 27, 1989, S. Treaty Doc. No. 41, 106th Cong., 2d Sess. (2000), T.I.A.S. 03-112. The purposes of that system are best served by recognizing that the owner of a U.S. mark lacks a right under U.S. law to be protected against foreign confusion, and by leaving to foreign jurisdic-

tions the authority to remedy confusion within their territories.

E. The Court Of Appeals And Respondent Are Mistaken In Their Broader View Of The Lanham Act's Application To Foreign Sales

1. The court of appeals did not assess whether each use of respondent's trademarks was likely to cause consumer confusion in the United States, or whether a reasonable jury could have so found. Rather, the court identified two rationales for holding that respondent could recover even for foreign sales that were *not* likely to result in consumer confusion within the United States. Those rationales lack merit.

First, the court of appeals observed that "millions of euros worth of infringing products found their way into the United States and * * * caused confusion among U.S. consumers." Pet. App. 43a. The court acknowledged that those sales "represented only 3% of [petitioners'] total sales." *Ibid.* The court stated, however, that it would "ask only whether the effects of [petitioners'] foreign conduct produce substantial impacts on U.S. commerce" because "[o]therwise, 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." *Ibid.*

That reasoning was mistaken. Contrary to the court of appeals' suggestion, computation of a Lanham Act damages award in a case like this one does not require an all-or-nothing choice between holding the defendant liable for every foreign sale or allowing it to escape liability altogether. Rather, Sections 32(1)(a) and 43(a)(1)(A) make actionable a particular "use[] in commerce" only where the Act prohibits "such use."

15 U.S.C. 1114(1)(a); see 15 U.S.C. 1125(a)(1)(A) (prohibiting a “use[] in commerce” that “is likely to cause confusion”). To award relief for uses that have no likelihood of confusing or deceiving U.S. consumers would improperly provide a remedy for conduct that does not violate the Act. Cf. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 456 (2007) (rejecting a plaintiff’s effort to “convert[] a single act” in the United States “into a springboard for liability” for acts abroad) (citation omitted).

Second, the court of appeals endorsed respondent’s “diversion-of-sales theory—the idea that [petitioners] stole sales from [respondent] abroad, which in turn affected [respondent’s] cash flows in the United States.” Pet. App. 44a. The court viewed that diversion of sales as the sort of “substantial effect on U.S. commerce” that could justify applying the Lanham Act to all of the foreign sales at issue here. *Ibid.*; see *id.* at 44a-47a. But because respondent’s trademark rights under U.S. law protect only its domestic goodwill, respondent is entitled to monetary relief under the Act only for harms resulting from misappropriation of that goodwill. See pp. 15-16, 23-24, *supra*. The “causal chain linking [respondent’s] injuries to consumer confusion,” *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 139 (2014), therefore must be a link to U.S. consumer confusion. Economic losses proximately caused by confusion of foreign consumers are a matter for those foreign jurisdictions to redress, even when those losses are suffered by U.S. companies.

Under the proper analysis, the court of appeals should have considered whether particular uses of respondent’s marks created a likelihood of consumer confusion in the United States (whether at the point of

sale or subsequently), giving appropriate deference to any jury finding on that issue. And the court should have tailored the relief awarded to those uses. For example, an award of damages under the Act requires a showing of “actual injury,” such as “loss of sales, profits, or present value (goodwill)” caused by “actual confusion among consumers of the plaintiff’s product” resulting from the defendant’s infringement. *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1205 (7th Cir. 1990). The actual confusion required by that analysis is confusion in the United States. Similarly, in defending against a claim for infringer’s profits, a Lanham Act defendant can seek to prove that some of the sales it made were not attributable to the use of an infringing mark. 5 *McCarthy on Trademarks* § 30:65, at 30-215. A defendant can likewise reduce the award of infringer’s profits by proving that some of its sales were not attributable to U.S. confusion. And any injunctive relief awarded should be tailored to preventing future violations of the Lanham Act as properly construed.

2. Respondent’s contrary arguments are likewise unavailing.

a. Respondent has not contended that the government’s interpretation of the Lanham Act is incorrect under this Court’s modern two-step framework for assessing the territorial reach of federal statutes. Rather, respondent’s primary submission is that applying that framework to the Lanham Act requires “overruling *Steele*.” Supp. Br. 4. That argument is mistaken.

In *Morrison* and *RJR Nabisco*, the Court set out the paradigm “for analyzing extraterritoriality issues” with respect to federal statutes generally. *RJR Nabisco*, 579 U.S. at 337; see *WesternGeco*, 138 S. Ct.

at 2136 (“This Court has established a two-step framework for deciding questions of extraterritoriality.”). The result in *Steele*, including the Court’s recognition that some foreign sales of trademarked goods are actionable under the Lanham Act, is consistent with that framework. See *WesternGeco*, 138 S. Ct. at 2137-2138; see pp. 18-19, *supra*. *Steele* therefore should not dissuade this Court from applying its modern methodology here.

To be sure, if the Court in *Steele* had set out a specific test for determining the territorial reach of the Lanham Act, principles of statutory *stare decisis* might counsel in favor of adhering to that test, even if it was inconsistent with the general two-step framework set forth in the Court’s subsequent decisions.⁴ But the Court in *Steele* did not establish a test for determining when the Lanham Act applies to conduct abroad. Rather, the Court simply identified factors that “when viewed as a whole” established that *Steele*’s own activities “f[e]ll within the jurisdictional scope of the Lanham Act,” without specifying whether any of those factors was sufficient or necessary. 344

⁴ That is so, for instance, with respect to this Court’s decisions under the Sherman Act, 15 U.S.C. 1 *et seq.* See *Hartford Fire*, 509 U.S. at 796 (setting out a “substantial effect” test and citing a long line of this Court’s decisions adopting that test). In any event, giving the Sherman Act extraterritorial effect is consistent with the Court’s modern framework because the Foreign Trade Antitrust Improvements Act of 1982, Pub. L. No. 97-290, Tit. IV, § 402, 96 Stat. 1246, clearly manifests Congress’s intent that the Sherman Act and the Federal Trade Commission Act (FTC Act), 15 U.S.C. 41 *et seq.*, should apply extraterritorially, while establishing specific limits on their reach. See 15 U.S.C. 6a (Sherman Act) and 45(a)(3) (FTC Act); see also *F. Hoffmann-La Roche Ltd. v. Em-pagran S. A.*, 542 U.S. 155, 162-163, 169 (2004).

U.S. at 285; see *id.* at 285-286; *McBee v. Delica Co.*, 417 F.3d 107, 117 (1st Cir. 2005) (observing that, although this Court made clear in *Steele* that the Lanham Act reaches some foreign conduct, the Court “has never laid down a precise test for when such reach would be appropriate”). Given the minimal guidance that *Steele* could provide for analyzing diverse fact patterns going forward, the soundest course is to apply the general two-step framework articulated in the Court’s recent decisions. That is particularly so because one of the factors the *Steele* Court relied on was the demonstrated confusion of consumers within the United States, precisely the consideration that matters when these Lanham Act provisions are properly interpreted under the Court’s modern two-step framework.

The additional circumstances that the Court in *Steele* treated as relevant—the U.S. citizenship of the defendant, and the fact that some components of the defendant’s watches were imported from the United States—are unconnected to the Lanham Act’s text, and the Court’s consideration of those factors appears to have been linked to its view that the question before it concerned the district court’s subject-matter jurisdiction over the case. See 344 U.S. at 283-286; see also, *e.g.*, *McBee*, 417 F.3d at 111 (developing test for determining the Lanham Act’s territorial reach by “isolat[ing] the factors pertinent to subject matter jurisdiction”). This Court has more recently made clear, however, that issues concerning the territorial reach of particular federal statutes are merits rather than jurisdictional questions. See *Morrison*, 561 U.S. at 253-254. The court of appeals in this case recognized the non-jurisdictional character of the issue before it, see Pet. App. 36a, and respondent does not appear to ar-

gue that the Court should adhere as a matter of statutory *stare decisis* to the contrary understanding expressed in *Steele*. There is no sound reason to treat the defendant's citizenship and/or the location of its preparatory conduct as aspects of a binding test once the apparent predicate for considering those factors has been abandoned.

b. Respondent argues that the Lanham Act's definition of "commerce" is particularly broad because it refers to "*all* commerce which may lawfully be regulated by Congress." See Supp. Br. 4 (quoting *Aramco*, 499 U.S. at 252). To the extent that argument relies on *Aramco*'s description of the Lanham Act, the *Aramco* Court's brief discussion of the Act in the course of construing a different statute does not suffice for the reasons set forth above. See p. 13, *supra*. And as explained above, the Lanham Act's definition of "commerce" is insufficient to establish extraterritorial effect at step one of the modern framework. See p. 12, *supra*.

Respondent is correct that the Lanham Act's broad definition of commerce gives the Act "sweeping reach." Supp. Br. 4 (quoting *Aramco*, 499 U.S. at 252). But the breadth of the language is in service of *domestic* interests. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985) (explaining that Congress sought to give trademarks "*nationally* the greatest protection that can be given them") (quoting S. Rep. No. 1333, 79th Cong., 2d Sess. 6 (1946)) (emphasis added). More is required to show that Congress intended to protect U.S. mark owners from harms occurring abroad.

The apparent implication of respondent's argument (see Br. in Opp. 31-32) is that the Lanham Act covers

all foreign uses of a U.S. mark that the Constitution authorizes Congress to regulate. On that reading, the Act would encompass purely foreign transactions that cause no likelihood of consumer confusion in the United States, so long as some other constitutionally sufficient nexus to this country is present. But there is no good reason to conclude that Congress intended for “American law [to] supplant, for example, Canada’s or Great Britain’s or Japan’s own determination about how best to protect Canadian or British or Japanese customers from” confusion caused by trademark misuse. *F. Hoffmann-La Roche Ltd. v. Empagran S. A.*, 542 U.S. 155, 165 (2004).

c. Respondent also defends the court of appeals’ judgment on the “independent” ground that respondent “would have made every single sale at issue but for [petitioners’] willful infringement.” Supp. Br. 9. But that theory assumes that the “infringement” prohibited by the Lanham Act includes uses of respondent’s mark that are likely to cause confusion only in a foreign country. Because that premise is mistaken, the diversion-of-sales theory cannot justify the full award here. See p. 27, *supra*.

In defending the diversion-of-sales theory, respondent asserts that “a core purpose” of the Lanham Act is to allow “U.S. trademark holders” to “capitalize on the goodwill their marks generate.” Supp. Br. 10. The Act undoubtedly protects a U.S. trademark holder’s ability to capitalize on the *U.S.* goodwill that consumers in this country associate with the mark. But the “right to a non-confused public,” 1 *McCarthy on Trademarks* § 2.10, at 2-24 (citation omitted), that the Lanham Act protects does not extend to the public of other countries. See pp. 23-24, *supra*. The Act accord-

ingly provides a remedy for profits lost because of the confusion of U.S. consumers, but not, for example, for profits lost because the confusion of French consumers caused respondent to lose sales in France. Rather, any misappropriation of French goodwill is for French law to redress.

Finally, respondent suggests that the entire damages award can be affirmed because some uses of its marks besides the sales destined for the United States were likely to confuse U.S. customers. See Supp. Br. 5-7. But the jury was not instructed to confine its analysis to consumer confusion that was likely to occur in the United States, see C.A. App. 2460-2461, nor did the lower courts view the actionable uses or the appropriate relief as so limited. Accordingly, although respondent may be entitled to additional relief beyond damages for the 3% of petitioners' goods that were shown to have reached the United States, affirming the entire award on the present record is unwarranted.⁵

The lower courts in this case never determined the scope of appropriate relief under the correct interpretation of the Lanham Act. On remand, those courts can conduct the proper inquiry, considering any additional arguments by the parties as relevant in assessing which of petitioners' uses of respondent's

⁵ For example, to the extent petitioners' uses of the mark at a foreign trade show reached some American attendees who were likely to be confused and to remain confused once they returned to the United States, see Resp. Supp. Br. 6, such uses may be actionable if applicable proximate-causation and other requirements are met. But respondent's actual damages for those uses would be limited to damages resulting from that U.S. confusion (and not otherwise compensated by other portions of the award, such as the damages for sales into the United States).

marks created a likelihood of confusion in the United States and what monetary and injunctive relief is appropriate for those uses.

CONCLUSION

The judgment of the court of appeals should be vacated and the case remanded for further proceedings.

Respectfully submitted.

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