

No. 21-1043

IN THE
Supreme Court of the United States

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

v.

HETRONIC INTERNATIONAL, INC.,
Respondent.

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

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether the Lanham Act prohibits trademark infringement by a foreign corporation that—through direct sales into the United States, foreign sales that made their way into the United States and caused actual confusion here, and sales that diverted revenue from a U.S. company—had a substantial effect on U.S. commerce.

TABLE OF CONTENTS

QUESTION PRESENTED	i
TABLE OF AUTHORITIES	iii
INTRODUCTION	1
STATEMENT	6
A. Petitioners’ Infringement	6
B. This Litigation	10
C. Resolution Of Ownership Dispute	11
D. Verdict, Injunction, And Contempt Order Against Petitioners	12
E. Decision Below	16
REASONS FOR DENYING THE PETITION	19
I. This Case Does Not Implicate Any Circuit Split.	19
A. Across Circuits, The Test For Applying The Lanham Act To Infringement Overseas Is Fundamentally The Same.	20
B. <i>Tire Engineering</i> Is Not To The Contrary	26
II. The Decision Below Is Correct	28
III. This Case Is An Exceedingly Poor Vehicle	35
CONCLUSION	37

TABLE OF AUTHORITIES

CASES

<i>Aerogroup International, Inc. v. Marlboro Footworks, Ltd.</i> , 152 F.3d 948, 1998 WL 169251 (Fed. Cir. 1998) (unpublished table decision).....	21, 22
<i>American Rice, Inc. v. Arkansas Rice Growers Coop. Ass’n</i> , 701 F.2d 408 (5th Cir. 1983)	21, 22
<i>Cooper Industries, Inc. v. Aviall Services, Inc.</i> , 543 U.S. 157 (2004).....	37
<i>Duignan v. United States</i> , 274 U.S. 195 (1927)	37
<i>EEOC v. Arabian American Oil Co.</i> , 499 U.S. 244 (1991), <i>superseded by statute as stated in Landgraf v. USI Film Products</i> , 511 U.S. 244 (1994)	2, 29
<i>Hartford Fire Insurance Co. v. California</i> , 509 U.S. 764 (1993).....	17, 30
<i>International Café, S.A.L. v. Hard Rock Cafe International (U.S.A.), Inc.</i> , 252 F.3d 1274 (11th Cir. 2001).....	21
<i>McBee v. Delica Co., Ltd.</i> , 417 F.3d 107 (1st Cir. 2005)	21, 24, 32, 34
<i>Morrison v. National Australia Bank Ltd.</i> , 561 U.S. 247 (2010).....	2, 29, 32
<i>Nintendo of America, Inc. v. Aeropower Co., Ltd.</i> , 34 F.3d 246 (4th Cir. 1994).....	21, 22

<i>Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.</i> , 469 U.S. 189 (1985).....	32, 33
<i>Paulsson Geophysical Services, Inc. v. Sigmar</i> , 529 F.3d 303 (5th Cir. 2009).....	23
<i>RJR Nabisco, Inc. v. European Community</i> , 579 U.S. 325 (2016).....	32
<i>Steele v. Bulova Watch Co.</i> , 344 U.S. 280 (1952)	2, 15, 16, 17, 28, 31, 33
<i>Timberlane Lumber Co. v. Bank of America, N.T. & S.A.</i> , 549 F.2d 597 (9th Cir. 1976), <i>superseded by statute as stated in McGlinchy v. Shell Chemical Co.</i> , 845 F.2d 802 (9th Cir. 1988).....	24
<i>Tire Engineering & Distribution, LLC v. Shandong Linglong Rubber Co.</i> , 682 F.3d 292 (4th Cir. 2012).....	26, 27, 28
<i>Totalplan Corp. of America v. Colborne</i> , 14 F.3d 824 (2d Cir. 1994)	32
<i>Trader Joe’s Co. v. Hallatt</i> , 835 F.3d 960 (9th Cir. 2016).....	23, 24
<i>Vanity Fair Mills, Inc. v. T. Eaton Co.</i> , 234 F.2d 633 (2d Cir. 1956)	21, 22
<i>Wells Fargo & Co. v. Wells Fargo Express Co.</i> , 556 F.2d 406 (9th Cir. 1977).....	21, 22, 23, 24
STATUTES	
15 U.S.C. § 1117	14, 31

OTHER AUTHORITIES

Case C-529/21 P, Abitron Germany GmbH
v. EUIPO, ECLI:EU:T:2021:431 (Dec.
13, 2021)..... 11

5 *McCarthy on Trademarks & Unfair
Competition* § 30:63, Westlaw (5th ed.
database updated 2022).....31

INTRODUCTION

Following an eleven-day jury trial, the Petitioners—five foreign companies and their owner—were found liable for repeated and willful trademark infringement in violation of the Lanham Act. The evidence showed that Petitioners took advantage of their distribution and licensing agreements with the Respondent, Hetronic International, Inc. (“Hetronic”), to manufacture and sell copycat products. This infringement was part of an acknowledged scheme to “attack [Hetronic] at their doorstep in the U.S.” Under the scheme, Petitioners reverse-engineered products from Hetronic technology, masqueraded as Hetronic using fake letterhead and email addresses, and sold nearly \$100 million in knockoffs with Hetronic’s product names and signature trade dress. Some sales were made directly into the United States. Others took place abroad yet found their way into the country through resale markets. The result was widespread confusion among U.S. consumers, not to mention tens of millions of dollars in diverted sales from Hetronic, a U.S. company based in Oklahoma.

After the jury returned its verdict of willful infringement, the trial court entered judgment awarding Hetronic \$114 million in damages, including over \$90 million for the Lanham Act violations. The trial court also permanently enjoined Petitioners from using Hetronic’s marks and required Petitioners to surrender Hetronic’s confidential and proprietary information. Petitioners refused. They continued to sell infringing products, failed to turn over Hetronic’s confidential information, and informed the trial court that they had no intention of complying with its orders. Petitioners

were held in contempt and remain in contempt to this day.

On appeal from final judgment, Petitioners argued that the trial court erred by applying the Lanham Act extraterritorially to their infringing sales abroad. Petitioners conceded that the statute reaches foreign infringement that has a substantial effect on U.S. commerce, but they asserted that no such effect was proven here. In a unanimous opinion, the Tenth Circuit disagreed with Petitioners and affirmed. Its decision was firmly grounded in this Court's precedent, which has repeatedly confirmed that the Lanham Act has extraterritorial reach. *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952); *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244 (1991); *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247 (2010). Its decision also was consistent with decisions of other circuits that have considered the Lanham Act's extraterritoriality. All of those courts ask whether the defendant's conduct harms U.S. commerce, and all of them would conclude that the infringement in this case easily satisfies that test.

Petitioners seek review of the Tenth Circuit's straightforward decision, but the petition should be denied for three reasons.

First, this case does not implicate any circuit split. Petitioners grasp at trivial differences in the ways that various circuits have articulated the test for applying the Lanham Act extraterritorially. The reality is that every circuit applies the same factors in service of the same inquiry: Did the foreign conduct harm U.S. commerce, and would enforcement conflict with international trademark law? But even if the semantic

differences in various articulations of this test were meaningful, that would not help Petitioners. The Tenth Circuit's test adopts the formulation that Petitioners themselves contend is the most stringent. In other words, because they lost in the Tenth Circuit, Petitioners would lose in every circuit to have addressed this issue. Or, put yet another way, Petitioners *got* the "substantial effect" standard they argued for below, and *still* lost based on the thick evidentiary record of harms to U.S. commerce. Their quibbling in this Court with the precise phrasing of the test implicates no split of authority for this Court to review.

Apart from irrelevant semantic differences, Petitioners claim there is a split of authority about the role of diverted sales in assessing what constitutes a domestic substantial effect. According to Petitioners, the Fourth and Tenth Circuits disagree on whether there can be a substantial effect on U.S. commerce where a domestic plaintiff establishes that a foreign (as opposed to domestic) competitor has sold an infringing product in a foreign country and thereby diverted those sales from the rightful U.S. trademark holder. Again, this case does not implicate any such split. The Tenth Circuit found that the undisputed evidence that Petitioners' foreign infringing sales caused widespread confusion to domestic consumers was *itself* a substantial effect on U.S. commerce, even before taking into account the harm to Oklahoma-based Hetronic from diverted sales. Every court of appeals—including the Fourth Circuit in the lone decade-old *per curiam* decision Petitioners contend creates a split—recognizes that the

Lanham Act can apply to foreign sales by foreign defendants where there is domestic consumer confusion.

Second, the decision below is correct. Indeed, much of what Petitioners complain about is not just wrong but completely divorced from the legal questions on which they (erroneously) contend there is a split of authority. To start, the Lanham Act's extraterritorial reach is well established and was recently reaffirmed in a passage of *Morrison* that Petitioners all but ignore. And it makes sense that the statute applies extraterritorially. In this increasingly globalized economy, the Lanham Act would have little meaning if former distributors of a U.S. company could evade the statute's reach by selling abroad and willfully infringing to their heart's content, even where, as here, their products ultimately reach and confuse U.S. consumers, and even where, as here, the victim of their unlawful conduct is a U.S. company.

With trademark law firmly against them, the contemnor Petitioners try to pique the Court's interest by emphasizing the size of the jury award, which their petition adverts to no fewer than ten times. Pet. at i, 2, 6, 9, 10, 12, 15, 20, 23, 30. Petitioners characterize that award as resting on "purely foreign sales," but that is wrong on multiple levels. As noted, the courts below found that Petitioners' foreign infringing sales generated substantial *domestic* consumer confusion. Millions of dollars of infringing goods ended up in the hands of U.S. consumers via resale markets, and Petitioners' own U.S. sales representatives admitted that U.S. consumers (as well as the representatives themselves) were confused by the knockoffs. Petitioners were held liable for the foreign sales because

they had a substantial effect on U.S. consumers—not to mention that the sales were stolen from Hetronic, a U.S.-based company. It was entirely appropriate for the jury to award damages for foreign sales to an “American company seeking to stem the flow of such substantial amounts of infringing products.” Pet. App. 43a.

What Petitioners are really complaining about is their evidentiary failure at trial. It is undisputed that Petitioners obtained over \$90 million in revenue from selling infringing products. That sum *could* have been offset by costs, had Petitioners presented admissible evidence of their costs at trial. Petitioners did not do that. All they did was invent after-the-fact estimates of costs, which they tried to introduce through an expert who conceded he did not know if they were accurate. Unsurprisingly, those estimates were excluded in a ruling that was affirmed by the Tenth Circuit and is not challenged here. The jury’s award for Lanham Act damages is fully justified and richly deserved.

Third, this case is an exceedingly poor vehicle for the question presented. Even assuming that any differences between the circuits are meaningful, Respondent would prevail under any circuit’s articulation of the extraterritoriality test. If this Court believes that clarification of that test is warranted, it should issue that clarification in a case where it would make a difference. At a minimum, it should wait for a case where the petitioner’s arguments were preserved and addressed below—not a case like this one, where Petitioners attempt to debut multiple arguments in the court of last resort. Nor should this Court heed Petitioners’ suggestion that the Court “may” wish to reconsider

whether the Lanham Act applies extraterritorially at all. Not only has the Court repeatedly held that the Lanham Act does apply extraterritorially, but Petitioners forfeited this argument below by acknowledging the Act's extraterritorial application (and failing to make the constitutional avoidance argument they press here as well). Petitioners surely wish the Lanham Act did not have an extraterritorial reach, but their displeasure with the verdict is no basis to disturb settled law and grant foreign infringers impunity to harm American consumers and American trademark holders.

The petition should be denied.

STATEMENT

Respondent Hetronic is a U.S. company headquartered in Oklahoma. It manufactures, sells, and services radio remote controls for heavy-duty machinery in dozens of countries around the world, using a network of affiliated companies and third-party distributors. Pet. App. 3a-4a. It is the sole and exclusive owner of the trademarks and trade dress at issue. Pet. App. 8a.

A. Petitioners' Infringement

In 2006, Hetronic's predecessor entered into distribution and licensing agreements with Hydronic Steuersysteme GmbH ("Hydronic"), an Austrian company owned by Petitioner Albert Fuchs. Pet. App. 4a. In 2010, Hetronic entered into similar agreements with Hetronic Germany GmbH ("Hetronic Germany"), a German company likewise owned by Fuchs. *Ibid.* The agreements authorized the companies to assemble and

sell Hetronic remote controls. The companies were required to purchase their parts from Hetronic and refrain from competing with Hetronic. *Ibid.* They also agreed to protect Hetronic's confidential information and act in Hetronic's best interest. *Ibid.* Under these agreements, Hydronic and Hetronic Germany distributed Hetronic's products in over twenty European countries. *Ibid.*

Their compliance with the agreements was short-lived. In late 2011, the companies began to manufacture and sell copycat parts that they installed into Hetronic-branded systems. Pet. App. 5a. These parts were reverse-engineered from Hetronic technology, sourced from unauthorized third parties, and put in systems bearing the Hetronic name. *Ibid.* In 2014, a whistleblower alerted Hetronic to this unlawful scheme. *Ibid.* Hetronic promptly terminated its agreements with both companies. *Ibid.* Undeterred, the companies continued selling Hetronic-branded products, holding themselves out as authorized Hetronic distributors. *Ibid.*

Fuchs then doubled down on this infringement. Using an Austrian holding company he owned, ABI Holding GmbH ("ABI"), Fuchs incorporated two new companies to purchase Hydronic and Hetronic Germany. *Ibid.* "Abitron Austria GmbH" purchased Hydronic, and "Abitron Germany GmbH" purchased Hetronic Germany. Pet. App. 5a-6a. These companies brazenly contacted Hetronic customers using Hetronic letterhead and Hetronic email addresses and claimed to be selling the same Hetronic products, just under a new company name. 3.Supp.App. 747-48; 2.Supp.App. 456-57, 469, 476-

79.¹ In other words, they told customers that Hetronic had become Abitron. But that was a lie. The products that Abitron sold in direct competition with Hetronic had the same product names as Hetronic and used the same signature yellow-and-black trade dress, as shown below. Pet. App. 5a-6a; *see* Plaintiffs' Trial Exhibit 1707, No. 14-cv-650 (below); Pet. App. 6a (below).



¹ “App.____” refers to the Appellants’ Appendix in the Tenth Circuit (Sept. 11, 2020). “Supp. App.____” refers to the Appellee’s Appendix in the Tenth Circuit (Oct. 13, 2020).



A key component of Abitron’s infringement scheme was to “attack [Hetronic] at their doorstep in the U.S.” 3.Supp.App. 743-46; 10.App. 2529-30; 2.Supp.App. 466. To that end, Fuchs made several trips to the United States, and Petitioners hired a Massachusetts company to seek Federal Communications Commission certifications needed to sell products in the United States, registered two marks with the U.S. Patent and Trademark Office, and met with (and ultimately employed) Hetronic’s former president to help Abitron better carry out its scheme of infringement. Pet. App. 18a-19a.

When Hetronic brought suit in 2014, Petitioners had already sold hundreds of thousands of dollars’ worth of knockoff products directly into the United States, Pet. App. 6a, not to mention its growing sales abroad.

B. This Litigation

Hetronic sued Fuchs, ABI, and the related entities (collectively “Petitioners”) in federal court alleging breach of contract, tortious interference, and violations of the Lanham Act. Pet. App. 6a. Petitioners moved to dismiss for lack of personal jurisdiction, but the district court found that Fuchs and his holding company had purposefully availed themselves of a U.S. forum and enforced the forum-selection clause in the distribution and licensing agreements against the other defendants. Pet. App. 7a.

The parties cross-moved for summary judgment. *Ibid.* As relevant here, Petitioners argued that the Lanham Act did not apply to their infringement overseas. They acknowledged that the Lanham Act applies extraterritorially where infringement “had a substantial effect on U.S. commerce,” Defs.’ Mot. for Summ. J. at 24-26, No. 14-cv-650 (W.D. Okla. Mar. 26, 2018), ECF No. 262 (“Summary Judgment Motion”), but contended that there was no evidence of a substantial effect here, Pet. App. 7a. The district court disagreed and cited evidence “sufficient to establish that defendants’ alleged infringing conduct has had a substantial effect on United States commerce.” Pet. App. 79a-80a (discussing Hetronic’s evidence of “customer confusion and harm to reputation to plaintiff in the United States,” Petitioners’ competition “in many of the same markets” as Hetronic, and diversion of sales from Hetronic). The district court also granted partial summary judgment in Hetronic’s favor on the state-law counterclaims Petitioners asserted against Hetronic—a ruling that Petitioners did not appeal. Pet. App. 7a.

C. Resolution Of Ownership Dispute

While those proceedings were underway, Abitron Germany sought to bolster its ownership and extraterritoriality defenses by manufacturing a conflict with international law. In 2015, Abitron Germany filed an application with the European Union Intellectual Property Office (“EUIPO”) claiming that Abitron, and not Hetronic, owned one of the marks at issue for the product name NOVA and asking EUIPO to cancel Hetronic’s NOVA mark. Pet. App. 7a. Abitron Germany contended that its predecessor owned the rights to the product name and all of the technology due to an old research and development agreement. Pet. App. 5a; *see generally* Pet. App. 50a-61a.

EUIPO disagreed. It refused to declare Hetronic’s trademark invalid, and the Board of Appeal affirmed. Pet. App. 57a. The Board of Appeal squarely addressed the ownership dispute, including “whether the Hetronic business operations”—which included “the right to a trademark acquired by use”—“remained with [Abitron Germany’s] legal predecessors.” *Ibid.* (alteration in original). The Board of Appeal concluded: “That is not the case.” *Ibid.* To the contrary, the Board of Appeal held, it was clear that Abitron Germany had “no rights” to the company name or trademarks. Pet. App. 57a-58a. The General Court of the European Union upheld that decision. Pet. App. 58a.²

² Recently, the European Court of Justice, the court of last resort, denied Abitron’s appeal from this decision. Case C-529/21 P, Abitron Germany GmbH v. EUIPO, ECLI:EU:T:2021:431 (Dec. 13, 2021). The ownership determination is therefore final.

Back in the district court, Hetronic moved for judgment on the pleadings or alternatively summary judgment on Petitioners' ownership defense. Pet. App. 8a. Hetronic argued that the Board of Appeal's ruling that Hetronic was the rightful owner of the product names and trade dress precluded Petitioners from arguing otherwise before the district court. *Ibid.* The district court carefully analyzed the EUIPO and Board of Appeal decisions and, after two hearings, agreed. *Ibid.* It therefore granted summary judgment to Hetronic on the issue of ownership of the intellectual property, including product names and trade dress. *Ibid.*

D. Verdict, Injunction, And Contempt Order Against Petitioners

The case proceeded to an eleven-day jury trial. The evidence at trial confirmed that infringing sales abroad ended up in the United States—at least 1.7 million euros of them. Pet. App. 41a. In fact, Petitioners “sold to foreign customers substantial quantities of infringing products which they *knew* were destined for the United States.” Pet. App. 129a (emphasis added). Such sales supported an inference of confusion among U.S. consumers, but Hetronic did not rely on those infringing sales alone. Pet. App. 41a-42a. Its direct evidence of U.S. confusion included:

- An admission from an Abitron Germany employee that “there were instances where [U.S.] customers were confused about the relationship between Abitron and Hetronic.” Pet. App. 42a (alteration in original).

- Testimony from a Hetronic sales representative that “customers sent Abitron products to Hetronic USA for repair.” *Ibid.*
- Examples of U.S. customers contacting Abitron Germany “to obtain Hetronic products under the mistaken belief that Abitron manufactured and sold Hetronic products.” *Ibid.* For example, in one instance a customer in the United States emailed Abitron Germany to buy “a Nova-XL Hetronic.” *Ibid.*
- Testimony from Abitron Germany’s own U.S. distributor acknowledging he did not know whether Hetronic and Abitron were competitors or the same entity. *Ibid.*
- Testimony from Abitron Germany’s own U.S. distributor that he “would have no idea” which product was which when displayed side by side without the company labels. Pet. App. 42a-43a.
- Evidence that Petitioners “exhibited infringing products at international trade shows attended by United States customers.” Pet. App. 130a.

The jury returned a verdict in favor of Hetronic on all counts, and specifically found that Petitioners acted willfully in infringing Hetronic’s trademarks.³ Pet. App.

³ The jury also assessed punitive damages on the tort claims against Abitron Germany, Abitron Austria, ABI, and Fuchs, reflecting a finding that they “acted intentionally and with malice towards others.” Jury Instructions, Second Stage, No. 14-cv-650 (W.D. Okla. Mar. 2, 2020), ECF No. 418; *see* Verdict Form, No. 14-cv-650 (W.D. Okla. Mar. 2, 2020), ECF No. 421.

114a. As the district court explained in addressing injunctive relief after trial, “[t]he jury’s verdicts on liability and ... willfulness[] were well-supported by the evidence” because “the [D]efendants have, for several years, intentionally exploited [Hetronic’s] intellectual property and proprietary information in violation of the laws of the United States and the State of Oklahoma, and in violation of clearly-established contractual obligations.” Pet. App. 114a.

The district court entered final judgment, awarding Hetronic \$114 million in damages, including over \$90 million for the Lanham Act violations. That figure reflected the revenues Petitioners obtained from their infringing sales. Pet. App. 134a-36a. Petitioners would have been able to limit their Lanham Act damages to profits rather than revenues from infringing sales, had they introduced admissible evidence as to their costs. But they failed to do so.⁴ Pet. App. 168a.

After the verdict, Hetronic moved for a permanent injunction against further infringement. The district court granted Hetronic’s motion, citing the jury’s findings of willful and ongoing infringement by the Petitioners, which, without an injunction, would “continue to cause plaintiff Hetronic to suffer ... irreparable injury.” Pet. App. 117a. Specifically, the court found that Petitioners’ use of Hetronic’s intellectual property “has caused and is likely to cause confusion.” Pet. App. 115a. The district court’s

⁴ Although Hetronic was entitled to seek treble damages based on the jury’s finding of willful infringement, 15 U.S.C. § 1117(b)(1), it declined to do so in light of the revenues-based damages award.

injunction prohibited Petitioners from using Hetronic's marks (including its company name, product names, and trade dress), attempting to register Hetronic's marks, or taking any steps to confuse consumers. Pet. App. 117a-19a. It extended to all foreign sales based on the "substantial ... support for entry of an injunction having extraterritorial application." Pet. App. 131-32a (citing *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952)). This support included not only the effects on U.S. commerce, but also the "intricate and carefully crafted contractual relationship with" U.S.-based Hetronic, which was "the vehicle that facilitated the infringement." *Ibid.*; *see also* Pet. App. 129a-132a. In addition, the injunction required Petitioners to turn over their promotional materials and Hetronic-branded products, and to surrender all of Hetronic's confidential and proprietary information. Pet. App. 118a-19a.

Petitioners refused to comply with the injunction. They continued (and are still continuing) to sell infringing products. 1.Supp.App. 202-03. When Hetronic moved for an order to show cause for these blatant violations, Petitioners admitted that they had not complied with the injunction—and that they had no intention of doing so outside the United States. 1.Supp.App. 261-62. As a result, the district court held Abitron Germany, Abitron Austria, ABI, and Albert Fuchs in contempt and imposed penalties. Order at 5-6, No. 14-cv-650 (W.D. Okla. June 2, 2020), ECF No. 465. Petitioners remain in contempt of the district court's injunction to this day.

E. Decision Below

On appeal, Petitioners argued that the district court erred in applying the Lanham Act to their foreign conduct. “Though they accept[ed] that the Lanham Act can sometimes apply extraterritorially,” Petitioners argued that it did not apply here because the infringement lacked a substantial effect on U.S. commerce. Pet. App. 3a. In a unanimous opinion, the Tenth Circuit rejected that argument and affirmed in relevant part.

The Tenth Circuit began with this Court’s holding in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), that “the Lanham Act could apply abroad in at least some circumstances.” Pet. App. 21a. *Steele* applied the Lanham Act to an infringer operating in Mexico. Pet. App. 23a-24a (citing 344 U.S. at 286). This extraterritorial application was based on where the harmful effects of the infringement were felt, what the defendant’s nationality was, and whether applying the Lanham Act would disrupt international comity. *Ibid.* The Tenth Circuit then reviewed approaches in the courts of appeals to applying the Lanham Act extraterritorially, recognizing that “[e]ach of the tests developed by the courts of appeals ... stems from the Supreme Court’s *Steele* decision.” Pet. App. 23a; *see* Pet. App. 23a-28a. The tests incorporated the same basic elements as *Steele*: the infringement’s domestic effects; the defendant’s nationality; and any conflict with international law. *See* Pet. App. 24a-28a.

Using the same elements, the Tenth Circuit articulated a standard for applying the Lanham Act to foreign conduct. First, if the defendant is a U.S. citizen,

the Lanham Act applies to its overseas infringement. Pet. App. 28a. If the defendant is not a U.S. citizen, however, “the plaintiff must show that the defendant’s conduct has a substantial effect on U.S. commerce.” Pet. App. 29a (citing *Steele*, 344 U.S. at 286, and *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 796 (1993)). If so, “courts should also consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under the relevant foreign law.” Pet. App. 30a.

Applying that standard, the Tenth Circuit affirmed. Pet. App. 38a-39a. Although Petitioners were not U.S. citizens, the Tenth Circuit explained, their conduct substantially affected U.S. commerce. *Ibid.* Petitioners sold over 1.7 million euros of knockoff Hetronic products that made their way into the United States, where U.S. customers were exposed to the counterfeit products. Pet. App. 41a-42a. What’s more, Hetronic adduced direct evidence of customer confusion here. Pet. App. 42a. For example, the Tenth Circuit considered the evidence that U.S. customers would reach out to Abitron Germany to try to purchase Hetronic products, as well as evidence from Hetronic’s sales representatives that they received Abitron products for repair (under the mistaken belief that they were Hetronic products). *Ibid.* Indeed, as the Tenth Circuit noted, even Abitron’s own distributor could not tell the two companies’ products apart, nor explain the legal relationship between them.⁵ Pet. App. 42a-43a.

⁵ Petitioners suggest that the district court prevented them from presenting evidence that the confusion was wholly foreign. Pet. 8.

Taken together, the Tenth Circuit concluded, these facts showed an effect on U.S. commerce that justified extraterritorial application of the Lanham Act. Pet. App. 43a (“On this evidence alone ... 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”). But there was more. The Tenth Circuit also considered Hetronic’s evidence that Petitioners had diverted tens of millions of dollars away from Hetronic—a U.S. corporation—in the form of lost sales. Pet. App. 45a. All told, the court concluded, Hetronic had offered “more than enough evidence” to show substantial effects in the United States. Pet. App. 47a.

The Tenth Circuit rejected Petitioners’ other arguments on appeal, including that the district court erred in exercising personal jurisdiction, resolving the ownership defense, and calculating damages. On that final point, the Tenth Circuit agreed with the district court that Petitioners had failed to establish the reliability of the underlying evidence of manufacturing costs for any offset against sales. Pet. App. 66a. The damages award for the Lanham Act violations was therefore appropriate. *Ibid.*; *see also* Pet. App. 44a (“[T]he Supreme Court has made clear that once a court

In reality, Petitioners dispute a single evidentiary ruling about a single witness, and that dispute makes no difference. As the Tenth Circuit explained, there were many other examples of “evidence ... detailing instances of confusion among U.S. consumers,” and Petitioners “never tried to argue that those examples never happened or otherwise refute that portion of Hetronic’s evidence.” Pet. App. 38a.

determines that a statute applies extraterritorially to a defendant's conduct, as we do here, that statute captures all the defendant's illicit conduct."").

The Tenth Circuit ordered a limited remand solely to address questions about the precise geographic scope of the district court's permanent injunction. In particular, the Tenth Circuit clarified that the injunction could reach only those countries where Hetronic sold or marketed its products. Pet. App. 50a. Remand proceedings are presently underway to address the injunction's geographic scope.

REASONS FOR DENYING THE PETITION

I. This Case Does Not Implicate Any Circuit Split.

The Tenth Circuit's straightforward application of the Lanham Act to Petitioners' willfully infringing conduct implicates no circuit split. Every circuit to encounter the question has concluded that the Lanham Act can apply to extraterritorial conduct that affects domestic commerce. Any variation in their formulations of the appropriate test for extraterritorial application is academic here, because the Tenth Circuit chose the most restrictive test for allowing extraterritorial application of the Lanham Act and *still* found that it reached the infringement at issue. Put simply, every court of appeals would hold that Petitioners' infringement is unlawful under the Lanham Act. Nor can Petitioners demonstrate a split over the role of diverted sales in the extraterritoriality analysis. The court below found that the substantial domestic confusion caused by Petitioners' foreign infringement was sufficient by itself to justify the extraterritorial application of the Lanham

Act. Again, every court of appeals to have addressed the question—including the *Tire Engineering* decision cited as the basis for the supposed split—would reach the same outcome.

A. Across Circuits, The Test For Applying The Lanham Act To Infringement Overseas Is Fundamentally The Same.

As the Tenth Circuit explained in its careful opinion, the foreign infringing conduct in this case had a substantial effect on U.S. commerce in at least two different ways. *See* Pet. App. 40a-47a. First, Petitioners’ foreign sales included products that ended up in the United States. “[M]illions of euros worth of infringing products found their way into the United States,” and Petitioners’ “efforts to sell those products caused confusion among U.S. consumers.”⁶ Pet. App. 41a-43a. Second, Petitioners’ infringing sales diverted millions of dollars away from Hetric, a U.S. company that sells its products globally. Pet. App. 44a-46a. Each of these domestic effects, the Tenth Circuit held, independently justified extraterritorial application of the Lanham Act to Petitioners’ infringement.

Every circuit to address the Lanham Act’s extraterritorial reach has held that the statute reaches such conduct. Despite the petition’s attempt to cast the courts of appeals as fractured, there is a clear consensus.

⁶ This excludes the hundreds of thousands of dollars of products that Petitioners sold *directly* into the United States. The Tenth Circuit did not include those sales in its analysis, reasoning that applying the Lanham Act to those sales was not extraterritorial at all. Pet. App. 40a.

All courts ask the same fundamental question: Did the defendant's foreign infringing conduct affect U.S. commerce? If so, the Lanham Act applies and reaches the harmful conduct at issue. See *McBee v. Delica Co., Ltd.*, 417 F.3d 107, 110-11 (1st Cir. 2005); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 641-42 (2d Cir. 1956); *Nintendo of Am., Inc. v. Aeropower Co., Ltd.*, 34 F.3d 246, 250 (4th Cir. 1994); *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 & n.8 (5th Cir. 1983); *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 427-28 (9th Cir. 1977); *Int'l Café, S.A.L. v. Hard Rock Cafe Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001); *Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd.*, 152 F.3d 948, 1998 WL 169251, at *2 (Fed. Cir. 1998) (per curiam) (unpublished table decision); see Pet. App. 28a.

Petitioners seize on differences in the specific language each court uses to articulate this test. But those differences are superficial. And more important, any differences cannot help Petitioners because the Tenth Circuit adopted the most stringent formulation of the test—and Petitioners still lost.

Start with the Second Circuit's articulation in *Vanity Fair*, which Petitioners asked the courts below to apply to this case. It asks whether “the defendant's conduct had a substantial effect on United States commerce,” whether the defendant is a U.S. citizen, and whether domestic and foreign trademark law conflict. *Vanity Fair*, 234 F.2d at 642. The Eleventh Circuit has expressly adopted the same formulation, *Int'l Café*, 252 F.3d at 1278, as has the Federal Circuit, *Aerogroup Int'l*,

152 F.3d 948, 1998 WL 169251, at *2. Petitioners do not dispute that those circuits are in agreement.

The Fourth Circuit's articulation is much the same. Looking to *Steele*, as well as the Second Circuit's decision in *Vanity Fair*, the Fourth Circuit agreed that the Lanham Act could "in appropriate circumstances" cover foreign conduct, if it "would cause harm to United States commerce." *Nintendo*, 34 F.3d at 250. The Fourth Circuit, too, identified three factors: "that the defendant's extraterritorial conduct was not confined in its effects to the foreign nation where it occurred, but could have adverse effects on commerce within the United States," "that the defendant was a citizen of the United States," and that there was no "conflicting right" in another country. *Ibid.* Indeed, the Fourth Circuit noted that the "federal courts have deduced a general rule," which the Fourth Circuit also embraced. *Ibid.* (citing *Vanity Fair*, 234 F.2d at 642, *Am. Rice*, 701 F.2d at 414 & n.8, and *Wells Fargo*, 556 F.2d at 428-29).

The Fifth Circuit's test similarly recites these familiar three factors: "the citizenship of the defendant, the effect on United States commerce, and the existence of a conflict with foreign law." *Am. Rice*, 701 F.2d at 414 (citing *Vanity Fair*, 234 F.2d at 642).

Petitioners place heavy reliance on the different adjectives that the Fourth and Fifth Circuits use to describe the type of domestic effects that are required. *See* Pet. 18. True, the Fourth Circuit asks whether the defendant's conduct had a "significant" effect on U.S. commerce, whereas the Fifth Circuit has in certain cases required only "some" effect. *Compare Nintendo*, 34 F.3d at 250, *with Am. Rice*, 701 F.2d at 414 n.8.

Elsewhere, however, the Fifth Circuit has used the same formulation as the Fourth Circuit. *See, e.g., Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 309 (5th Cir. 2009) (“These activities not only had some effect; they had a substantial effect on United States commerce.”). Cases like *Paulsson* underscore that the semantic differences at the core of the petition have little practical import.

The Ninth Circuit’s test considers the same factors. In *Wells Fargo & Co. v. Wells Fargo Express Co.*, the Ninth Circuit “agree[d]” that the same three factors—“the degree of effect on United States commerce, the citizenship of defendants, and the existence of a conflict with foreign trademark registrations”—“are indeed relevant to the resolution of” the Lanham Act’s extraterritorial scope. 556 F.2d at 428. Thus, the Ninth Circuit’s test also involves the same fundamental inquiry, even though it uses a slightly different formulation—looking to whether “the alleged violations ... create some effect on American foreign commerce,” that “effect [is] sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act,” and “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.” *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (alterations in original) (quoting *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601, 613 (9th Cir. 2010)).

The Ninth Circuit’s factors may have different labels, but they ask the same question—how much the foreign conduct harmed the United States, and how that stacks

up when compared to the potential international ramifications of applying the Lanham Act. These are precisely the same considerations *Vanity Fair* weighs. Indeed, the Ninth Circuit’s third prong explicitly considers “the degree of conflict with foreign law or policy,” as the *Vanity Fair* test does. *Wells Fargo*, 556 F.2d at 428 (quoting *Timberlane Lumber Co. v. Bank of Am., N.T. & S.A.*, 549 F.2d 597, 614 (9th Cir. 1976)). It considers “the nationality ... of the parties” to the dispute, as the *Vanity Fair* test does. *Ibid.* (quoting *Timberlane*, 549 F.2d at 614). And while the first prong requires only some effect on U.S. commerce, the third prong again requires that the effect be “sufficiently strong” to justify application of U.S. law. *Trader Joe’s*, 835 F.3d at 969 (quotation marks omitted).

The First Circuit’s articulation in *McBee v. Delica Co., Ltd.*, 417 F.3d 107, which Petitioners contend is yet another different test, also reduces to the same analysis. In *McBee*, the First Circuit sought to “disaggregate the three prongs of the *Vanity Fair* test,” even as it affirmed their importance to the analysis. *Id.* at 111. Instead of looking to these three prongs as part of a single balancing test, the First Circuit sequenced them. First, the court asks “whether the defendant is an American citizen.” *Ibid.* If so, the Lanham Act applies. If the defendant is foreign, however, the “complained-of activities [must] have a substantial effect on United States commerce”—just as in every other circuit. *Ibid.* If that factor is met, the court may look to “[c]omity considerations, including potential conflicts with foreign trademark law,” as part of its prudential analysis of whether to exercise its jurisdiction. *Ibid.* The fact that

the First Circuit has disaggregated and sequenced these elements does not mean that they are materially different from the elements considered by other circuits.

In the decision below, the Tenth Circuit modeled its analysis after *McBee*'s "framework." Pet. App. 28a. That is, it decided to sequence these elements rather than balancing them in a single inquiry. But in its application of *McBee*, the Tenth Circuit revealed just how similar the supposedly disparate tests really are. Like every other circuit, the Tenth Circuit considered the citizenship of the defendant, observing that "the Lanham Act will usually extend extraterritorially when the defendant is an American citizen." *Ibid.* The court then went on to hold—again, like every other circuit—that the plaintiff must show a harmful effect on U.S. commerce. Pet. App. 29a. And last, the Tenth Circuit followed its sister circuits in considering "conflict with trademark rights established under the relevant foreign law" as part of its analysis. Pet. App. 30a.

In short, every circuit to have weighed in looks for a meaningful domestic effect. Every circuit considers the nationality of the defendant. And every circuit considers the potential conflict with foreign law. That leaves Petitioners to argue there is a split based on differences between three adjectives ("substantial," "significant," and "some") and between considering the same factors sequentially or simultaneously. As explained above, it is far from clear that there is a material variation among these approaches given that the adjectives have been used interchangeably and the order has no effect on the analysis.

But even if there were a meaningful difference between tests, that would not help Petitioners, who would lose under every circuit's test. The Tenth Circuit followed the First and Second Circuits in requiring "substantial" effects on U.S. commerce before applying the Lanham Act, Pet. App. 29a, and not the "significant effects" or "some effects" standard that Petitioners contend is different and less demanding. Similarly, while the First Circuit suggested that it would consider conflict with foreign law as a prudential factor, the Tenth Circuit incorporated that consideration into its merits analysis. Pet. App. 30a (noting that "every other circuit court considers potential conflicts with foreign law"). Again, if there is a difference between those approaches, it is not implicated here because if anything the Tenth Circuit's approach gives greater weight to any conflict with foreign law. Petitioners have nothing to gain from the application of a different circuit's test.

B. *Tire Engineering* Is Not To The Contrary.

Unable to show real disagreement over the factors that the courts of appeals apply, Petitioners try to drum up a split over the specific application of one of those factors: effects on U.S. commerce. Petitioners maintain that the Tenth Circuit's consideration of diverted sales as part of that factor cannot be reconciled with the Fourth Circuit's per curiam opinion in *Tire Engineering & Distribution, LLC v. Shandong Linglong Rubber Co., Ltd.*, 682 F.3d 292 (4th Cir. 2012). Pet. 20-21. On Petitioners' account, *Tire Engineering* creates a split of authority because it supposedly holds that diverted sales in a foreign market can *never* give rise to an effect on U.S. commerce unless *both* the trademark holder and the

defendant are U.S. citizens or companies. Because Petitioners are foreign entities, the argument goes, the Fourth Circuit would hold here that no matter how many sales they stole from Hetronic abroad, the Lanham Act would be powerless to stop them. Petitioners are wrong.

Tire Engineering is irrelevant because this is not just a diverted-sales case. The Tenth Circuit held that extraterritorial application was *independently* justified by the evidence that Petitioners' products reached the United States and caused confusion here. Pet. App. 43a. There was undisputed evidence 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. *See supra* at 12-14. The Tenth Circuit expressly held that "[o]n this evidence alone ... 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." Pet. App. 43a.

Indeed, *Tire Engineering* itself recognized that the Lanham Act could apply in a case like this. In *Tire Engineering*, the plaintiff had not "alleged confusion among U.S. customers." 682 F.3d at 311. Accordingly, the court's analysis centered on whether "harm to a U.S. business's income *absent confusion* among U.S. consumers" could constitute injury to U.S. commerce. *Ibid.* (emphasis added). In that context, the Fourth Circuit concluded that it could not rely solely on diversion of sales to justify extraterritorial application of the Lanham Act to a foreign defendant, particularly where there was also no "infringing activity ... within

the United States.” *Ibid.* Here, conversely, there is ample evidence of U.S. consumer confusion from Petitioners’ knockoff products.

In short, every appellate court to have addressed this issue would have affirmed the jury’s verdict in this case. There is no split for this Court to address.

II. The Decision Below Is Correct.

This Court’s review is also unwarranted because the Tenth Circuit reached the right result.

1. It is well established that the Lanham Act covers extraterritorial conduct that harms U.S. commerce. This Court held as much in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), a decision from which it has not once deviated. In *Steele*, the defendant operated a business from Mexico City marketing watches with the name “Bulova” and selling them in Mexico. *Id.* at 284-85. Some of those watches made their way across the border into the United States, where they came to the attention of Bulova Watch Co., the owner of the U.S. mark. *Id.* at 285. Bulova then sued Steele in the United States under the Lanham Act. *Id.* at 281-82. The Court held that the Lanham Act could reach Steele’s infringing conduct despite the fact that it took place in a foreign country because his “operations and their effects were not confined within the territorial limits of a foreign nation.” *Id.* at 286. Rather, Steele’s foreign conduct “radiate[d] unlawful consequences” and “brought about forbidden results within the United States.” *Id.* at 288 (quoting *United States v. Sisal Sales Corp.*, 274 U.S. 268, 276 (1927)).

Steele is no relic of a bygone era, as Petitioners suggest. In dismissing *Steele* as a “70-year-old decision” out of step with current jurisprudence, Pet. 32, Petitioners all but ignore that the Court addressed the Lanham Act’s scope just over ten years ago in *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010). According to Petitioners, *Morrison* merely noted that *Steele* “might be read” to address the application of a domestic statute to domestic conduct. Pet. 32. In fact, *Morrison* specifically rejected that reading. Here is what *Morrison* actually said: “[A]lthough [*Steele*] might be read to permit application of a nonextraterritorial statute whenever conduct in the United States contributes to a violation abroad, *we have since read it as interpreting the statute at issue—the Lanham Act—to have extraterritorial effect.*” *Morrison*, 561 U.S. at 271 n.11 (citations omitted) (emphasis added). *Morrison* was referring to another case which Petitioners look past, *EEOC v. Arabian American Oil Co.*, 499 U.S. 244 (1991). There, the Court confirmed that *Steele* stands for the proposition that the Lanham Act is “properly interpreted as applying abroad.” *Id.* at 252. Thus, since *Steele*, the Supreme Court has twice confirmed that the Lanham Act applies extraterritorially.

2. The circuits, applying *Steele* and its progeny, have agreed that the Lanham Act can reach foreign conduct that harms U.S. commerce in some meaningful way. And they have agreed that the defendant’s nationality is but one non-dispositive factor to consider when determining whether the Lanham Act applies. A resounding consensus has developed that U.S. courts

can punish and enjoin foreign conduct that harms U.S. companies and U.S. consumers at home.

That is precisely what the Tenth Circuit held here. Indeed, the Tenth Circuit not only considered *Steele* and the cross-circuit consensus in its wake, but also prioritized the Court's teachings from its decisions analyzing extraterritorial application of the Sherman Act. In that context, the Court has reaffirmed that the statute "applies to foreign conduct that was meant to produce and did in fact produce some substantial effect in the United States." *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 796 (1993) (citing *Steele*, 344 U.S. at 288). A foreign defendant's "express purpose to affect United States commerce and the substantial nature of the effect produced," this Court held, could outweigh any concerns of international comity or conflicts with foreign law. *Id.* at 797-98. Bearing this precedent in mind, the Tenth Circuit incorporated *Hartford Fire's* focus on "substantial effects" into its analysis. That standard was readily satisfied by Petitioners' sales into the United States, the demonstrated confusion among U.S. customers, and diversion of tens of millions of dollars in sales from a U.S. company.

3. Petitioners are wrong to claim that their foreign citizenship should protect them from the Lanham Act. They contend that the Lanham Act does not reach foreign infringing sales, at least when the infringer is itself a foreign citizen. That assertion is wrong, and it misconceives what this case is about.

Taking the misconception first, this is not merely a case about foreign sales. There was overwhelming evidence at trial of U.S. consumer confusion. As

explained above, every circuit would find that the Lanham Act can reach the infringing foreign sales of a foreign defendant where, as here, those sales have a substantial effect on U.S. commerce by resulting in widespread consumer confusion here. Thus, when Petitioners complain about the verdict being based on “purely foreign sales,” they miss the point. The Lanham Act applies to foreign infringement that has a substantial domestic effect. Here, there was a substantial domestic effect in spades based on U.S. consumer confusion.⁷

Once that substantial domestic effect from Petitioners’ foreign infringement was established, Petitioners were responsible for all of their foreign infringement. That is the law of Lanham Act damages generally, which permits a plaintiff to recover “any damages sustained by the plaintiff” from infringement once even a likelihood of consumer confusion is established. 15 U.S.C. § 1117(a). Such relief works to deter the infringer from its illegal activities. *See generally* 5 *McCarthy on Trademarks & Unfair Competition* § 30:63, Westlaw (5th ed. database updated 2022). It is also how extraterritorial application of statutes works. As this Court has held, once a statute has been determined to “appl[y] abroad,” the court

⁷ For that matter, *Steele* also recognizes that extraterritorial application is warranted where the defendant has engaged in “operations” conducted in the United States. *Steele*, 344 U.S. at 286-87. Here, Petitioners had an “intricate and carefully crafted contractual relationship” with Hetronic, which they used to steal Hetronic’s intellectual property and compete with Hetronic unlawfully. Pet. App. 131a.

“do[es] not need to determine *which* [offenses] it applies to; it applies to all of them, regardless of whether they are connected to a ‘foreign’ or ‘domestic’ enterprise.” *RJR Nabisco, Inc. v. European Cmty.*, 579 U.S. 325, 342 (2016); *accord Morrison*, 561 U.S. at 267 n.9 (“If [the statute] did apply abroad, we would not need to determine which [acts] it applied to; it would apply to all of them.”).

But Petitioners are also wrong to contend that the sales they diverted from Hetronic, a U.S. company, do not independently justify application of the Lanham Act. Petitioners concede that “[t]he Lanham Act plainly applies” to the diversion of foreign sales by a domestic infringer. Defs.’ Response to Plaintiffs’ Motion for Entry of a Permanent Injunction at 4, No. 14-cv-650 (W.D. Okla. Apr. 2, 2020), ECF No. 427. And for good reason—those foreign infringing sales have an obvious harmful domestic effect on the U.S. trademark holder. The Lanham Act serves two distinct purposes: Protecting U.S. consumers from confusion and protecting U.S. trademark owners from misuse of their property. *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985). Petitioners nonetheless urge the adoption of a rule that the substantial domestic effect is lacking where the infringer is a foreign entity. That rule makes little sense, as the harm to the U.S. trademark holder is the same in both scenarios. *See, e.g., McBee*, 417 F.3d at 126; *Totalplan Corp. of Am. v. Colborne*, 14 F.3d 824, 830 (2d Cir. 1994) (considering foreign diversion of sales absent domestic confusion).

Petitioners would have this Court follow the rule of *Tire Engineering* (and indeed extend it to a case

involving domestic confusion), but as the Tenth Circuit explained, no other court has ever accepted that rule, the Fourth Circuit has never again applied it, and the authority invoked by the *Tire Engineering* court does not support it. Pet. App. 46a-47a (explaining that neither of the cases relied upon by the Fourth Circuit “suggested—let alone held—that the diversion-of-sales theory is inapplicable to foreign defendants”). In short, the domestic consumer confusion caused by Petitioners’ foreign infringement is itself sufficient to apply the Lanham Act extraterritorially, but the harm to Respondent, a U.S. trademark owner, provides an independent basis for doing so.

4. Moreover, rejecting extraterritorial application of the Lanham Act in circumstances like these would vitiate its fundamental purposes and have disastrous consequences for U.S. companies like Hetronic that conduct business around the world. The Lanham Act serves to “secure to the owner of [a] mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.” *Park ‘N Fly*, 469 U.S. at 198 (quoting S. Rep. No. 79-1333, at 3, 5 (1946)). As this Court recognized in *Steele*, wrongdoers cannot “by so simple a device ... evade the thrust of the laws of the United States in a privileged sanctuary beyond our borders.” 344 U.S. at 287.

This case vividly illustrates the problems with a contrary rule. Petitioners sought out a U.S. company and contracted with it to distribute the company’s products. Petitioners then used that access to steal Hetronic’s intellectual property and pawn it off as their own. They then peddled their infringing products in

dozens of countries where Hetronic competes, all the while creating confusion among domestic consumers. Petitioners would have Hetronic sue them in each of those countries, forcing Hetronic to litigate its ownership rights in a variety of forums, each with different laws. Infringers like Petitioners could “either take advantage of international coordination problems or hide in countries without efficacious ... trademark laws, thereby avoiding legal authority.” *McBee*, 417 F.3d at 119. Companies like Petitioners that deliberately violate a U.S. trademark could avoid any consequences simply by keeping the majority of their infringing sales in countries with weak trademark protection, even as those sales flooded into the United States or sowed confusion among U.S. customers. *See* Pet. App. 43a. The Lanham Act’s protections for U.S. companies with U.S. trademarks cannot be so easily circumvented, as the Tenth Circuit (and every court of appeals to address the matter) has correctly recognized.

5. Petitioners’ real complaint is not with this settled law, but with the size of the damages award against them. Pet. 30. Petitioners have only themselves to blame for the size of the damages award for their Lanham Act violations. It is undisputed that Petitioners sold \$90 million of infringing goods. Petitioners *would* have been entitled to offset their damages by their costs (so as to pay damages only on their profits) had they presented admissible evidence of those costs. They failed to do so. The district court excluded Petitioners’ evidence when their expert admitted that he did not know if the costs were accurate. That decision was affirmed on appeal. As the Tenth Circuit explained, the

expert's cost "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."⁸ Pet. App. 66a. Petitioners may be unhappy with the consequences of their failure, but that is no basis for disturbing settled law.

III. This Case Is An Exceedingly Poor Vehicle.

As the above discussion makes clear, this case is anything but an "ideal" vehicle to address the Lanham Act's extraterritorial reach. *Contra* Pet. 34. Even if there were a meaningful disagreement between the courts of appeals (and there is not), review should still be denied because *Hetric* would prevail under *any* circuit's articulation of the standard. *See supra* at 26. Should this Court decide to clarify the standard courts should use when deciding when to apply the Lanham Act extraterritorially, it ought to do so in a case where that clarification would make a difference. This is not that case.

This case is also a uniquely poor vehicle for considering the policy arguments that animate much of the petition. Petitioners carry on about the importance of "territoriality principles" and the "international friction" that will result from the decision below. Pet. 15, 23-26. But the result in this case is hardly an affront to "foreign sovereignty," nor does it "jeopardize American

⁸ In a passing reference, Petitioners suggest that the district court improperly excluded their damages expert at trial. Pet. 30. That issue is beyond the scope of the question presented in the petition.

sovereign interests.” Pet. 25-26. After all, the European courts have specifically considered and roundly rejected Petitioners’ arguments about ownership of the intellectual property at issue. The courts below honored those decisions from foreign courts in rejecting Petitioners’ defense and vindicating Hetronic’s ownership. Given these circumstances, it is hard to imagine a case where the potential for conflict between domestic and foreign law is *less* relevant than this one.

Nor is this case a suitable vehicle for reconsidering whether the Lanham Act applies extraterritorially at all. Pet. 32-34. Petitioners did not raise that bold argument below, even for preservation purposes.⁹ To the contrary, they agreed that the Lanham Act could apply extraterritorially and argued only over the circumstances in which such application is proper. *See supra* at 10, 16. Petitioners urged the courts below to adopt a stringent test, pointing to the Second Circuit’s articulation in *Vanity Fair*. *See* Summary Judgment Motion at 4; Appellants’ Brief in Chief at 34-40, No. 20-6057 (10th Cir. Sept. 2, 2020), ECF No. 10769878. As already explained, the Tenth Circuit *did* adopt a stringent test just as Petitioners urged (yet nonetheless ruled in Hetronic’s favor). *See supra* at 26; Pet. App. 31a, 42a-43a.

Petitioners cannot now reverse course and claim that the very authorities they relied on below are wrongly

⁹ Petitioners failed even to preserve their constitutional avoidance argument based on the Commerce Clause, which the Tenth Circuit declined to address for that reason. Pet. App. 45a n.9; *see also* Pet. 31 n.5 (acknowledging waiver).

decided because the Lanham Act applies only domestically. “This court sits as a court of review,” and does not decide “questions not pressed or passed upon below.” *Duignan v. United States*, 274 U.S. 195, 200 (1927); accord *Cooper Indus., Inc. v. Aviall Servs., Inc.*, 543 U.S. 157, 168-69 (2004). Petitioners come nowhere close to demonstrating “exceptional” circumstances that warrant departure from that prudent practice. *Duignan*, 274 U.S. at 200.

CONCLUSION

The petition should be denied.

Respectfully submitted,

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