No. 21-1043

IN THE
Supreme Court of the United States

ABITRON AUSTRIA GMBH, ET AL.,
Petitioners,

v.

HETRONIC INTERNATIONAL, INC.,
Respondent.

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

BRIEF OF PROFESSOR WILLIAM S. DODGE AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

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December 27, 2022

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INTEREST OF *AMICUS CURIAE*[1]

Amicus William S. Dodge is Martin Luther King, Jr. Professor of Law and John D. Ayer Chair in Business Law at the University of California, Davis, School of Law. He served as Counselor on International Law to the Legal Adviser at the U.S. Department of State from 2011 to 2012 and as Co-Reporter for the American Law Institute's Restatement (Fourth) of the Foreign Relations Law of the United States (Am. L. Inst. 2018) (Restatement (Fourth)) from 2012 to 2018. Professor Dodge was responsible for drafting Restatement (Fourth) § 404, which restates the presumption against extraterritoriality. He has written extensively about the history of the presumption and its current application. *See, e.g.*, William S. Dodge, *The New Presumption Against Extraterritoriality*, 133 Harv. L. Rev. 1582 (2020); William S. Dodge, *Presumptions Against Extraterritoriality in State Law*, 53 U.C. Davis L. Rev. 1389 (2020); William S. Dodge, Chevron *Deference and Extraterritorial Regulation*, 95 N.C. L. Rev. 911 (2017). *Amicus* believes that his expertise can assist the Court's consideration of whether and how the current presumption against extraterritoriality applies to the Lanham Act.

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[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus* represents that he authored this brief in its entirety and that none of the parties or their counsel, nor any other person or entity other than *amicus* or his counsel, made a contribution intended to fund the preparation or submission of this brief. Pursuant to Rule 37.3(a), counsel for *amicus* also represents that all parties have consented to the filing of this brief.

SUMMARY OF ARGUMENT

In recent years, this Court has substantially revised the presumption against extraterritoriality—*i.e.*, the interpretive principle that statutes do not apply extraterritorially absent a clear and affirmative indication. It has also clarified the analysis for determining when an application is domestic, even when conduct occurs abroad. *See*, *e.g.*, *RJR Nabisco, Inc. v. European Cmty.*, 579 U.S. 325, 337 (2016). That framework should be applied to resolve the geographic scope and application of the Lanham Act, even though the Act was passed when a different version of the presumption prevailed. And under the current framework, the Lanham Act does not apply extraterritorially. Nevertheless, because the domestic "focus" of the Act is consumer confusion, the Act can apply to fact patterns—including some in this case—that involve use of a trademark abroad that is likely to result in consumer confusion here.

Critically, this Court should clarify that a statute's domestic "focus" need not be conduct, and, when it is not, no additional requirement exists that the defendant's conduct occur here. Language in *RJR Nabisco* suggesting that application of a provision may be considered domestic only if "conduct relevant to the statute's focus occurred in the United States," 579 U.S. at 337, is dictum, unsupported by the Court's cases, and a potential source of confusion. *Amicus* suggests that the Court eliminate the "conduct relevant to" language from its statement of the presumption against extraterritoriality to avoid potential frustration of Congress's intent.

I. Congress passed the Lanham Act in 1946, when a different version of the presumption against extraterritoriality prevailed, largely depending on where the defendant's conduct occurred. In *Steele v. Bulova*

Watch Co., 344 U.S. 280 (1952), the Court interpreted the geographic scope of the Act in a way that varied from the then-prevailing presumption by relying in part on effects in the United States rather than on the location of conduct. Using a multifactored analysis, the Court held that the Act applied to a U.S. citizen's use of a U.S. trademark abroad on products that reached the United States and caused consumer confusion here. *Id.* at 285.

The Court should apply the current presumption against extraterritoriality to determine the geographic scope of the Lanham Act in this case. Many canons of statutory interpretation have changed over time, yet the Court has consistently applied existing canons of interpretation notwithstanding a statute's earlier enactment. That accords with the judicial function: courts cannot announce new interpretive frameworks only for prospective application. Rather, courts apply current interpretive modes in construing earlier enacted laws.

The Court is likewise free to apply its current two-step framework, rather than the approach used in *Steele*. *Stare decisis* principles apply to the holding of a case and not to the interpretive methodology used to reach that holding. And *Steele*'s holding that the Lanham Act can apply to the use of a U.S. trademark abroad that likely causes confusion here is consistent with the Court's current mode of analysis. Specifically, applying the Court's "focus" analysis, foreign uses in commerce may be reached under the Act when a likelihood of consumer confusion exists in the United States—as *Steele* itself held.

II. Under the Court's current "two-step framework," *RJR Nabisco*, 579 U.S. at 337, step one asks whether there is a clear indication of the provision's geographic

scope and, if there is not, step two proceeds by identifying its focus. The two Lanham Act provisions at issue contain no clear indication of geographic scope. The Court must therefore proceed to step two and determine their focus.

Both provisions create liability for using a trademark in commerce only when 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). Consumer confusion and mistake, therefore, "are the objects of the statute's solicitude." *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247, 267 (2010). "Use in commerce," standing alone, is not the focus of Congress's concern—consumer confusion must be the likely result. Accordingly, an application of the Act is domestic when the provisions' focus—likelihood of consumer confusion—occurs in the United States, even if the "use" of the trademark occurs elsewhere.

When use of a U.S. trademark abroad is likely to cause consumer confusion in the United States, the Lanham Act should apply without any additional requirement that conduct occur here. Although the Court stated in *RJR Nabisco* that a case "involves a permissible domestic application" of a provision if "conduct relevant to the statute's focus occurred in the United States," 579 U.S. at 337, the Court has required domestic conduct only when the focus of the provision itself is conduct. When, in contrast, the focus of a provision is something other than conduct, the Court has required only that the focus occur in the United States and has not imposed any additional requirement of domestic conduct. Imposing a domestic-conduct requirement in that situation would only frustrate congressional intent by excluding from the provision's scope some of the cases that were "the 'focus' of congressional concern." *Morrison*, 561 U.S. at 266.

That is true in this case. Because the focus of the two Lanham Act provisions is consumer confusion, those provisions should apply whenever use of a U.S. trademark abroad is likely to cause consumer confusion in the United States, irrespective of whether conduct relevant to such confusion occurs here as well.

Amicus suggests that the Court take this opportunity to eliminate the potentially misleading "conduct relevant to" language from its statement of the presumption against extraterritoriality. When the focus of the provision *is* conduct, that language is redundant; when the focus of the provision is *not* conduct, that language may frustrate Congress's purposes. In the absence of a clear indication of a provision's geographic scope at step one, the Court should simply require at step two that whatever is the focus of the provision occur in the United States.

ARGUMENT

I. THE COURT'S CURRENT PRESUMPTION AGAINST EXTRATERRITORIALITY SHOULD BE APPLIED TO DETERMINE THE GEOGRAPHIC SCOPE OF THE LANHAM ACT.

The current presumption against extraterritoriality applies to the Lanham Act in this case even though Congress passed the Act in 1946, long before the Court adopted its current "two-step framework." *RJR Nabisco, Inc. v. European Cmty.*, 579 U.S. 325, 337 (2016). Canons of statutory interpretation often change, and the presumption against extraterritoriality is no exception. This Court has routinely applied changed canons, including the presumption against extraterritoriality, retroactively to interpret earlier enacted statutes. Similary, the fact that *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), applied a different presumption analysis does not preclude the

Court from applying its current presumption in this case. *Stare decisis* principles apply to the holding of the Court in *Steele* but not to its interpretive methodology.

A. The Nature of the Judicial Process Justifies Applying the Current Presumption Retroactively to Earlier Enacted Statutes.

1. The presumption against extraterritoriality has changed repeatedly over the past two centuries. *See* William S. Dodge, *The New Presumption Against Extraterritoriality*, 133 Harv. L. Rev. 1582, 1589-1603 (2020). The presumption originally developed to avoid violation of international-law rules governing jurisdiction to prescribe. *See The Apollon*, 22 U.S. (9 Wheat.) 362, 371 (1824) (applying presumption to avoid "violation of the law of nations"); *see also* John H. Knox, *A Presumption Against Extrajurisdictionality*, 104 Am. J. Int'l L. 351, 361-78 (2010). When international law evolved to permit greater extraterritorial regulation, the Court retooled the presumption as an instrument of international comity, explaining in *American Banana Co. v. United Fruit Co.*, 213 U.S. 347 (1909), that for a nation to treat a defendant "according to its own notions rather than those of the place where he did the acts . . . would be an interference with the authority of another sovereign, contrary to the comity of nations." *Id.* at 356.[2] In *Foley Bros. v. Filardo*, 336 U.S. 281 (1949), the court added another rationale for the presumption: "the assumption that Congress is primarily concerned with domestic conditions." *Id.* at 285.

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[2] On the distinction between international law and international comity, see William S. Dodge, *International Comity in American Law*, 115 Colum. L. Rev. 2071, 2120-24 (2015).

Between *American Banana* in 1909 and *Foley Bros.* in 1949, the Court applied the presumption against extraterritoriality inconsistently. *See* Dodge, *New Presumption*, at 1591-95. *American Banana* stated "that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done." 213 U.S. at 356. The Court used this presumption to limit the geographic scope of labor statutes. *See, e.g.*, *Foley Bros.*, 336 U.S. at 290 (Eight Hour Law); *N.Y. Cent. R.R. Co. v. Chisholm*, 268 U.S. 29, 31-32 (1925) (Employers' Liability Act); *Sandberg v. McDonald*, 248 U.S. 185, 195 (1918) (Seamen's Act). But it interpreted the Sherman Act and the National Prohibition Act to apply to conduct abroad based on harmful effects in the United States. *See United States v. Sisal Sales Corp.*, 274 U.S. 268 (1927) (Sherman Act); *Ford v. United States*, 273 U.S. 593 (1927) (National Prohibition Act).

In 1946, during this period of inconsistent application, Congress passed the Lanham Act. *Steele* then applied the Act to foreign sales of infringing items based in significant part on the harmful effects of the defendant's infringement in the United States. Rejecting the dissent's objection, the Court distinguished *American Banana*'s location-of-conduct approach. *Compare* 344 U.S. at 286-87 *with id.* at 290-91 (Reed, J., dissenting). Then, for nearly four decades, the presumption fell into disuse. *See* Dodge, *New Presumption*, at 1595-97. In 1991, the Court resurrected the presumption in *EEOC v. Arabian American Oil Co.*, 499 U.S. 244 (1991) *(Aramco)*. Like *American Banana*'s version of the presumption, *Aramco*'s version turned on the location of the conduct and was applied inconsistently between 1991 and 2010. *See* Dodge, *New Presumption*, at 1597-1603.

2. In 2010, the Court adopted a new approach to the presumption against extraterritoriality in *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010). In 2016, building on *Morrison*, the Court articulated a "two-step framework" in *RJR Nabisco,* 579 U.S. at 337; *see also* Restatement (Fourth) § 404 (restating presumption against extraterritoriality). Step one asks whether there is a "clear" indication of a provision's geographic scope. *RJR Nabisco*, 579 U.S. at 337.[3]

If there is no such indication, then step two asks whether an application of a law that reaches foreign activity is nonetheless domestic because the provision's *focus* occurred in the United States. *See id.* The Court has held that various provisions of federal law are focused on things other than conduct. *See, e.g.*, *id.* at 354 (focus of private right of action under Racketeer Influenced and Corrupt Organizations Act (RICO) is injury to business or property); *Morrison*, 561 U.S. at

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[3] The Court has typically phrased step one as asking whether there is a clear indication of *extraterritoriality*. *See RJR Nabisco*, 579 U.S. at 337 ("At the first step, we ask . . . whether the statute gives a clear, affirmative indication that it applies extraterritorially."); *Morrison*, 561 U.S. at 255 ("When a statute gives no clear indication of an extraterritorial application, it has none."). But courts must also follow Congress's direction when it clearly indicates that a provision applies *territorially*. *See, e.g.*, 15 U.S.C. § 78dd-3(a) (prohibiting bribery of foreign officials by a person other than an issuer or a domestic concern "while in the territory of the United States"); 18 U.S.C. § 1837(2) (applying economic espionage statute if "an act in furtherance of the offense was committed in the United States"). For this reason, a better way to phrase the step-one inquiry is whether there is a clear indication of a provision's geographic scope.

266 (focus of § 10(b) of Securities Exchange Act of 1934 is transaction not fraudulent conduct).[4]

3. The presumption against extraterritoriality is not the only interpretive canon that has changed over time. *See* William Baude & Stephen E. Sachs, *The Law of Interpretation*, 130 Harv. L. Rev. 1079, 1136 (2017) ("Interpretive rules can change over time."); Philip P. Frickey, *Interpretive-Regime Change*, 38 Loy. L.A. L. Rev.1971, 1989-90 (2005) (observing that "the particulars of even longstanding canons drift over time" and that "the Court occasionally creates new canons"); Abbe R. Gluck, *Intersystemic Statutory Interpretation: Methodology as "Law" and the* Erie *Doctrine*, 120 Yale L.J. 1898, 1988 (2011) ("The Supreme Court continues . . . to generate new interpretive rules."); Adrian Vermeule, *The Cycles of Statutory Interpretation*, 68 U. Chi. L. Rev. 149, 149 (2001) ("[T]he Court has changed its practice, and sometimes the formally stated rules, with remarkable frequency."). For example, the Court changed the interpretive rule for determining whether statutory limitations should be considered jurisdictional in 2006 by requiring a clear statement to that effect. *See Arbaugh v. Y&H Corp.*, 546 U.S. 500, 515 (2006); *see also* Nina A. Mendelson, *Change, Creation, and Unpredictability in Statutory Interpretation: Interpretive Canon Use in the Roberts Court's First Decade*, 117 Mich. L. Rev. 71, 110-23 (2018) (discussing this and other examples).

When the Court changes a canon of interpretation or articulates a new one, it routinely applies the new canon retroactively to earlier enacted statutes. This is true of the presumption against extraterritoriality.

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[4] Part II argues that domestic conduct is not additionally required when the focus of a provision is something other than conduct.

In *RJR Nabisco*, the Court acknowledged that it had "honed [its] extraterritoriality jurisprudence in *Morrison*," 579 U.S. at 353, yet applied its "current extraterritoriality doctrine," *id.* at 354, to RICO, a statute passed in 1970 at a time when (as noted above) the Court had stopped using the presumption. *See also Morrison*, 561 U.S. 247 (applying current presumption retroactively to Securities Exchange Act of 1934); *Aramco*, 499 U.S. 244 (applying revived, conduct-based presumption retroactively to Title VII of the Civil Rights Act of 1964).

Some have found retroactive application of changed canons problematic. *See, e.g.*, John F. Manning, *The Absurdity Doctrine*, 116 Harv. L. Rev. 2387, 2474 n.318 (2003) (courts should "identify and apply the conventions in effect at the time of a statute's enactment"). But to announce new canons for prospective application only would be "incompatible with the judicial role, which is to say what the law is, not to prescribe what it shall be." *Am. Trucking Ass'ns, Inc. v. Smith*, 496 U.S. 167, 201 (1990) (Scalia, J., concurring in the judgment); *see also* Dodge, *New Presumption*, at 1643 (a court cannot make law "for cases that [a]re not before it"); Brian G. Slocum, *Overlooked Temporal Issues in Statutory Interpretation*, 81 Temp. L. Rev. 635, 644 (2008) (similar).

Applying a changed canon retroactively may sometimes run counter to the prevailing interpretive background when Congress acted. The version of the presumption against extraterritoriality supposedly in effect when the Lanham Act was passed in 1946 was *American Banana*'s limitation of statutes to conduct in the United States. *See Am. Banana*, 213 U.S. at 356. But the Court's inconsistent application of the presumption during the period when Congress passed

the Lanham Act—particularly when conduct abroad caused harmful effects in the United States, *see* Dodge, *New Presumption*, at 1591-95—undercuts the extent to which Congress may have relied on *American Banana*'s presumption as a background principle of interpretation, even assuming that Congress was aware of it. *See* Abbe R. Gluck & Lisa Schultz Bressman, *Statutory Interpretation from the Inside—An Empirical Study of Congressional Drafting, Delegation, and the Canons: Part I*, 65 Stan. L. Rev. 901, 1016 (2013) (finding that Congress is aware of some canons of interpretation and unaware of others). Moreover, to apply the *American Banana* presumption today to limit the Lanham Act to use of trademarks in the United States would violate the principle of statutory *stare decisis*, discussed below, since *Steele* distinguished *American Banana* and held that the Act applies to at least some trademark infringement abroad. 344 U.S. at 288-89.

B. *Stare Decisis* Does Not Preclude Applying the Current Presumption in This Case.

In *Steele*, the Court held that the Lanham Act applies to trademark infringement outside the United States, based on several factors including the U.S. nationality of the defendant, his purchase of parts in the United States, and the harmful effects on the reputation of Bulova's trademark in the United States. 344 U.S. at 285-87. Based on this combination of factors, the Court concluded "that petitioner's activities, when viewed as a whole, fall within the jurisdictional scope of the Lanham Act." *Id.* at 285. *Steele*'s failure to articulate a clear test for the Act's application is likely responsible for the proliferation in the lower courts of different tests based on different combinations of factors. *See Hetronic Int'l, Inc. v. Hetronic*

Germany GmbH, 10 F.4th 1016, 1035-38 (10th Cir. 2021) (discussing various tests).

Petitioners suggest that the Court should overrule *Steele* because "the Court has repudiated nearly every aspect of [its] reasoning." Pet. Br. 35. But *stare decisis* has "special force in the area of statutory interpretation." *Patterson v. McLean Credit Union*, 491 U.S. 164, 172 (1989); *see also* Amy Coney Barrett, *Statutory Stare Decisis in the Courts of Appeals*, 73 Geo. Wash. L. Rev. 317, 317 (2005). The Court has refused to overturn statutory precedents even when the rules of statutory interpretation on which those precedents rested have changed. *See, e.g.*, *John R. Sand & Gravel Co. v. United States*, 552 U.S. 130, 137, 139 (2008) (noting new presumption with respect to tolling of statutes of limitations but refusing to overturn prior interpretation); *see also Kisor v. Wilkie*, 139 S. Ct. 2400, 2447 (2019) (Gorsuch, J., concurring in the judgment) ("decisions construing particular statutes continue to command respect even when the interpretive methods that led to those constructions fall out of favor"); *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 814 (1993) (Scalia, J., dissenting) (presumption against extraterritoriality should not be applied to the Sherman Act because the question was "governed by precedent"). When the Court revived the presumption against extraterritoriality in *Aramco*, it distinguished *Steele*; it did not suggest that *Steele*'s holding was subject to question. *See Aramco*, 499 U.S. at 252-53.

Respecting *Steele*'s holding without being shackled to its analytical approach makes sense. Although the principle of *stare decisis* applies to the holding of a case, it does not apply to the interpretive methodology used to reach that holding. *See* Randy J. Kozel, *Statutory Interpretation, Administrative Deference, and the*

Law of Stare Decisis, 97 Tex. L. Rev. 1125, 1127 (2019) ("Interpretive methodologies do not receive stare decisis effect from the Supreme Court."); Jonathan R. Siegel, *The Polymorphic Principle and the Judicial Role in Statutory Interpretation*, 84 Tex. L. Rev. 339, 389 (2005) ("[W]hen the Court issues opinions interpreting statutes, stare decisis effect attaches to the ultimate holding as to the meaning of the particular statute interpreted, but not to general methodological pronouncements, no matter how apparently firm."). As Justice Gorsuch recently noted, "we do not regard statements in our opinions about such generally applicable interpretive methods, like the proper weight to afford historical practice in constitutional cases or legislative history in statutory cases, as binding future Justices with the full force of horizontal *stare decisis*." *Kisor*, 139 S. Ct. at 2444 (Gorsuch, J., concurring in the judgment).

With those principles in mind, *Steele*'s mode of analysis does not preclude the Court from applying its current framework for extraterritoriality, so long as the Court adheres to *Steele*'s holding. Adhering to *Steele*'s holding makes particular sense here because it substantially aligns with the second step of the Court's current approach. That step asks whether a provision's focus occurs here. Although *Steele* did not articulate a "focus" test and relied on several factors other than consumer confusion, *Steele* highlighted that the defendant's actions "brought about forbidden results within the United States." 344 U.S. at 288; *see id.* at 286 (emphasizing adverse domestic effect on trademark holder). Applying the Court's current framework to the Lanham Act is substantially consistent with *Steele*'s holding.

II. THE LANHAM ACT APPLIES TO USE OF A TRADEMARK ABROAD THAT IS LIKELY TO CAUSE CONFUSION IN THE UNITED STATES.

In *Morrison* and *RJR Nabisco*, as noted, the Court adopted a "two-step framework" for the presumption against extraterritoriality. *RJR Nabisco*, 579 U.S. at 337; *see also Morrison*, 561 U.S. at 261-71. Here, at step one, the Lanham Act provisions lack a clear indication of geographic scope. Moving to step two, the text of each provision makes clear that its focus is consumer confusion.

RJR Nabisco suggested in dictum that, for a provision's application to be domestic, not just the focus of the provision but also "conduct relevant to the statute's focus" must have occurred in the United States. 579 U.S. at 337. But the Court did not apply such a requirement in either *RJR Nabisco* or *Morrison*, adopting in each case a test for applying the relevant provision that does not require U.S. conduct. *See id.* at 354 ("Section 1964(c) requires a civil RICO plaintiff to allege and prove a domestic injury to business or property"); *Morrison*, 561 U.S. at 267 ("[I]t is in our view only transactions in securities listed on domestic exchanges, and domestic transactions in other securities, to which § 10(b) applies."). Requiring conduct in the United States in addition to the focus of the provision threatens to frustrate Congress's intent in cases where the focus of the provision is something other than conduct. For that reason, the Court should use this opportunity to abandon *RJR Nabisco*'s "conduct relevant to" dictum and make clear that only the focus of a provision must occur in the United States for the application of that provision to be considered domestic.

A. Sections 32(1)(a) and 43(a)(1)(A) Have No Clear Indication of Geographic Scope.

At the first step of the analysis, the Court looks for a clear indication of geographic scope. *See RJR Nabisco*, 579 U.S. at 337; *Morrison*, 561 U.S. at 255. Neither Section 32(1)(a) nor Section 43(a)(1)(A) has such an indication.

Section 32(1)(a) provides civil liability for any person who "use[s] in commerce" a registered trademark without the permission of the registrant when "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 civil liability for any person who "uses in commerce" an unregistered trademark that "is likely to cause confusion, or to cause mistake, or to deceive." *Id.* § 1125(a)(1)(A). Both provisions are silent about geographic scope.

Although the Lanham Act defines "commerce" to mean "all commerce which may lawfully be regulated by Congress," *id.* § 1127, the Court has repeatedly held that definitions of commerce are insufficient to provide the clear indication of extraterritoriality that step one of the presumption analysis requires. *See RJR Nabisco*, 579 U.S. at 353 ("[W]e have emphatically rejected reliance on such language, holding that 'even statutes . . . that expressly refer to "*foreign* commerce" do not apply abroad.'") (quoting *Morrison*, 561 U.S. at 262-63) (emphasis in *Morrison*; ellipsis in *RJR Nabisco*); *Morrison*, 561 U.S. at 263 ("The general reference to foreign commerce in the definition of 'interstate commerce' does not defeat the presumption against extraterritoriality.").[5]

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[5] In *Aramco*, the Court distinguished *Steele* based in part on the Lanham Act's broad commerce language. 499 U.S. at 252. But *Aramco* also distinguished *Steele* on the ground "that the

B. The Focus of Sections 32(1)(a) and 43(a)(1)(A) Is Consumer Confusion.

At step two of the analysis, the Court must "determine whether the case involves a domestic application of the statute . . . by looking to the statute's 'focus.'" *RJR Nabisco*, 579 U.S. at 337. To determine "the focus of congressional concern," the Court examines "the objects of the statute's solicitude," the subjects "that the statute seeks to regulate," and the parties "that the statute seeks to protect." *Morrison*, 561 U.S. at 266-67 (cleaned up).

1. The texts of Sections 32(1)(a) and 43(a)(1)(A) indicate that both provisions focus on consumer confusion. Both create civil liability for the use of a trademark in commerce only when 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).

The structure of each provision strongly resembles the structure of Securities Exchange Act § 10(b), 15 U.S.C. § 78j(b), which the Court construed in *Morrison*. Section 10(b) does not punish all deceptive conduct, *Morrison* noted, "but only deceptive conduct 'in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered.'" 561 U.S. at 266 (quoting 15 U.S.C. § 78j(b)). Those transactions, the Court concluded, "are the objects of the statute's solicitude." *Id.* at 267. Similarly, Sections 32(1)(a) and 43(a)(1)(A)

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allegedly unlawful conduct had some effects within the United States." *Id.* Moreover, *Aramco* was decided before *Morrison* adopted the current two-step framework. *Aramco* therefore did not address whether congressional definitions of commerce are sufficient to provide a clear indication of geographic scope of the purposes of step one.

do not create liability for all uses of trademarks in commerce but only 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). Those are the uses that each provision "seeks to regulate" and the consumers that each provision "seeks to protect." *Morrison*, 561 U.S. at 267 (cleaned up). And because "use[s] in commerce" are only the gateway to regulation, and not its object, the "focus" of the statute is consumer confusion alone. *Contra* Pet. Br. 40-45.

The Court has also stated that "[i]nfringement 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) (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995)). Both consumer protection and producer protection are among the purposes found in the Lanham Act's general statement of intent: "to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce" and "to protect persons engaged in such commerce against unfair competition." 15 U.S.C. § 1127.

The notion of protecting producers could arguably support applying the Lanham Act to use of a U.S. trademark abroad that causes a producer to lose export sales. The Tenth Circuit relied on such a "diversion of sales" theory to justify most of the damages that the district court awarded in this case, *Hetronic Int'l*, 10 F.4th at 1044-45, and other courts have also considered lost exports in applying the Act to use of a U.S. trademark abroad, *see Love v. Assoc. Newspapers, Ltd.*, 611 F.3d 601, 613 (9th Cir. 2010); *McBee v. Delica Co.*, 417 F.3d 107, 126 (1st Cir. 2005);

Am. Rice, Inc. v. Arkansas Rice Growers Co-op. Ass'n, 701 F.2d 408, 414-15 (5th Cir. 1983); *see also Tire Eng'g & Distrib., LLC v. Shandong Linglong Rubber Co.*, 682 F.3d 292, 311 (4th Cir. 2012) (per curiam) (endorsing diversion-of-sales theory only when the defendant is a U.S. company).

To say the Lanham Act is intended to protect producers, however, begs the question of when producers are entitled to protection. The international system of trademark protection presumes that a trademark owner must register its mark in each jurisdiction where it seeks protection. Article 6(1) of the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305, states 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 Article 6(3) provides 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." These provisions have made territoriality "'a cornerstone of international trademark law.'" Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 Va. J. Int'l L. 505, 543 (1997) (quoting Walter J. Derenberg, *Territorial Scope and Situs of Trademarks and Good Will*, 47 Va. L. Rev. 733, 734 (1961)); *see also* Brief for the United States as Amicus Curiae at 20, *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, No. 21-1043 (U.S. Sept. 23, 2022) ("U.S. Invitation Br.") ("By treating the Lanham Act as applicable to foreign sales that created no likelihood of consumer confusion within the United States, the court of appeals' decision could undermine this system of international trademark protection."). Respondent's remedy for the sale of infringing goods abroad that are

not intended for use in the United States lies in the trademark laws of other countries rather than in the Lanham Act.[6]

2. Applying that analysis, the Lanham Act covers petitioners' sales that were likely to cause consumer confusion in the United States. This could include both petitioners' direct sales to the United States as well as foreign sales constituting "use[s] in commerce" that were likely to find their way to the United States and cause confusion here.[7] Although it is less likely that foreign sales will cause confusion in the United States than direct sales, it is certainly possible, as

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[6] In *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018), the Court held that a patent owner who proves infringement under 35 U.S.C. § 271(f)(2) can recover damages for profits lost on foreign contracts under § 284, the Patent Act's general damages provision. But the statutory structure of the Patent Act is different from the Lanham Act's. *WesternGeco* held that the focus of § 284 is the infringement and that the focus of § 271(f)(2) is on the "domestic conduct" of supplying components in or from the United States. 138 S. Ct. at 2137. Thus, "the focus of § 284, in a case involving infringement under § 271(f)(2), is on the act of exporting components from the United States." *Id.* at 2138. If a patent owner can show infringing conduct in the United States, it can recover all damages that flow from the infringement. *Id.* at 2139. By contrast, the focus of the Lanham Act provisions at issue here is consumer confusion rather than infringing conduct. Unless use of a trademark is likely to cause consumer confusion in the United States, the trademark owner is not entitled to damages or injunctive relief.

[7] Because the Lanham Act defines "commerce" to reach to the limits of Congress's constitutional authority, it covers at least some foreign sales. 15 U.S.C. § 1127. The precise scope of Congress's power "to regulate commerce with foreign nations," U.S. Const. art. I, § 8, cl. 3, need not be defined here in order to say that at least some domestic effects from foreign uses are covered. *Cf. In re Sealed Case*, 936 F.3d 582, 591 (D.C. Cir. 2019) (surveying approaches and finding persuasive "some sort of effects test").

Steele itself demonstrates. 344 U.S. at 285. Proceedings on remand could appropriately resolve those factual questions.

In sum, the focus of Sections 32(1)(a) and 43(a)(1)(A) is consumer confusion. These provisions should apply when, but only when, the use of a U.S. trademark abroad is likely to cause consumer confusion in the United States because the goods are sold into the United States or are sold abroad and likely to find their way here.

C. When Use of a Trademark Abroad Is Likely To Cause Consumer Confusion in the United States, Conduct in the United States Is Not Required.

In *RJR Nabisco*, the Court suggested for the first time that "conduct relevant to the statute's focus" must occur in the United States for application of a statutory provision to be considered domestic. 579 U.S. at 337. But, as explained below, the Court has required conduct relevant to a provision's focus only when the focus of the provision at issue *is* conduct. *See Nestlé USA, Inc. v. Doe*, 141 S. Ct. 1931, 1936 (2021); *WesternGeco*, 138 S. Ct. at 2138. When, by contrast, the focus of the provision is something other than conduct, the Court has required only the focus to have occurred in the United States and not, additionally, conduct relevant to the focus.

This was true in *Morrison*, where the focus of § 10(b) was "purchases and sales of securities," 561 U.S. at 266, and the Court held that the provision applies to "transactions in securities listed on domestic exchanges, and domestic transactions in other securities," *id.* at 267. It was also true in *RJR Nabisco* itself, where the focus of RICO's private right of action was injury to business or property, and the Court held that the

provision "requires a civil RICO plaintiff to allege and prove a domestic injury to business or property." 579 U.S. at 354. In neither case did the Court impose a requirement of conduct in the United States relevant to the focus of those provisions.

When the focus of a provision is something other than conduct, requiring domestic conduct would only frustrate Congress's intent by excluding from the scope of the provision some cases that were "the 'focus' of congressional concern." *Morrison*, 561 U.S. at 266. That is true in this case. Because the focus of Sections 32(1)(a) and 43(a)(1)(A) is consumer confusion, those provisions should apply whenever the use in commerce of a U.S. trademark abroad is likely to cause consumer confusion in the United States. Imposing an additional conduct requirement would allow some cases with which Congress was concerned to escape liability.

1. The Court Has Required Domestic Conduct When the Focus of the Provision Is Conduct.

In articulating step two of the presumption, *RJR Nabisco* said "[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." 579 U.S. at 337. The "conduct relevant to" language seems to come from *Kiobel v. Royal Dutch Petroleum Co.*, 569 U.S. 108 (2013), where the Court observed that "all the relevant conduct took place outside the United States," *id.* at 124, and where the Court did not analyze the focus of the Alien Tort Statute (ATS), 28 U.S.C. § 1350. *RJR Nabisco* drew a connection between these two things, reasoning that, "[b]ecause 'all the relevant conduct' regarding those violations 'took place outside the United States,' we did not need to determine, as we

did in *Morrison*, the statute's 'focus.'" 579 U.S. at 337 (quoting *Kiobel*, 569 U.S. at 124).

The "focus" step of the presumption was not well-established until *RJR Nabisco* clearly articulated a "two-step framework," *id.*, and the parties' briefs in *Kiobel* discussed the focus of the ATS only in passing. Respondents argued that the focus of the ATS was on "the last conduct that caused injury, which here occurred in Nigeria." Supplemental Brief for Respondents at 13, *Kiobel v. Royal Dutch Petroleum Co.*, 569 U.S. 108 (2013) (No. 10-1491 (U.S. Aug. 1, 2012)). Petitioners, on the other hand, seemed to conflate *Morrison*'s two steps and simply argued that the presumption was rebutted by the text and context of the ATS. Petitioners' Supplemental Reply Brief at 12, *Kiobel v. Royal Dutch Petroleum Co.*, 569 U.S. 108 (2013) (No. 10-1491 (U.S. Aug. 31, 2012)) ("*Morrison* instructs courts to consider the 'focus' of a statute to determine whether Congress intended extraterritorial application. The presumption is rebutted where, as here, the statute's text and context indicate that it has extraterritorial application.") (citation omitted). The significant point is that neither of the parties argued that the focus of the ATS was anything other than conduct. *Kiobel* therefore did not address whether domestic conduct is required when the focus of a provision is something other than conduct.

The Court recently relied on the "conduct relevant to" language in deciding another ATS case, *Nestlé USA, Inc. v. Doe*, *supra.* The Court again found it unnecessary to determine the focus of the ATS because "[n]early all" the relevant conduct occurred abroad. 141 S. Ct. at 1937. But in *Nestlé*, as in *Kiobel*, none of the parties argued that the focus of the ATS is anything other than conduct; they simply disagreed about

what conduct is the focus. Petitioners argued that the focus of the ATS is the conduct that directly caused respondents' injuries, which occurred in Ivory Coast. *Id.* at 1936. Respondents argued that the focus of the ATS (at least for aiding-and-abetting claims) is the conduct that aids and abets violations of international law, some of which allegedly occurred in the United States. *Id.* The Court reasoned that, even if it decided the focus question in respondents' favor, the ATS would still not apply because "[n]early all the conduct that they say aided and abetted forced labor—providing training, fertilizer, tools, and cash to overseas farms—occurred in Ivory Coast." *Id.* at 1937. Because both parties agreed that the ATS focuses on conduct, the Court had no occasion to address the need for domestic conduct when a provision focuses on something else.

WesternGeco also involved provisions that focus on conduct. The question there was whether a patent owner could recover profits lost on foreign contracts under 35 U.S.C. § 284, the Patent Act's general damages provision. The Court "conclude[d] that 'the infringement' is the focus of this statute." 138 S. Ct. at 2137. Looking next to § 271(f)(2), under which infringement was claimed, the Court concluded that it "focuses on domestic conduct," specifically the act of supplying components from the United States. *Id.* Because "domestic infringement" was the focus of § 271(f)(2), it was also the focus of § 284 when damages were sought for violation of § 271(f)(2). *Id.* at 2138. "The conduct in this case that is relevant to that focus clearly occurred in the United States," *id.*, the Court concluded, because the focus of these provisions *was* conduct.

2. The Court Has Not Required Domestic Conduct When the Focus of the Provision Is Something Other Than Conduct.

Statutory provisions often focus on something other than conduct. *See, e.g.*, *RJR Nabisco*, 579 U.S. at 354 (focus of RICO's private right of action is injury to business or property); *Morrison*, 561 U.S. at 266 (focus of Securities Exchange Act § 10(b) is purchases and sales of securities). In these cases, the Court has not required domestic conduct and has simply required that the focus of the provision occurs in the United States.[8]

Morrison interpreted the geographic scope of Securities Exchange Act § 10(b), which makes it illegal "[t]o use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered, . . . any manipulative or deceptive device or contrivance." 15 U.S.C. § 78j(b). Although fraudulent conduct allegedly occurred in the United States, the securities in *Morrison* were purchased in Australia. The Court concluded "that the focus of the Exchange Act is not upon the

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[8] Petitioners' contention that "extraterritoriality is primarily concerned with *conduct*, not *effects*," is mistaken. Pet. Br. 15; *see also id.* at 42 ("Asking where *effects* of conduct are felt, rather than where the *conduct* occurred, overlooks the primary concern animating extraterritoriality doctrine . . . ."). As noted above, *Morrison* and *RJR Nabisco* abandoned the traditional view that the presumption turns on the location of the conduct. "*Morrison* recognized that something other than conduct might be the focus of congressional concern and that the application of a statutory provision should be considered extraterritorial only if . . . whatever was the focus of concern is outside the United States." Dodge, *New Presumption*, at 1603. As discussed below, *Morrison* and *RJR Nabisco* each concluded that the focus of the relevant statutory provision was something other than conduct and articulated a test that did not require conduct in the United States.

place where the deception originated, but upon purchases and sales of securities in the United States." 561 U.S. at 266. The Court therefore adopted a "transactional test" that asks "whether the purchase or sale is made in the United States, or involves a security listed on a domestic exchange." *Id.* at 269-70; *see also id.* at 267 ("[I]t is in our view only transactions in securities listed on domestic exchanges, and domestic transactions in other securities, to which § 10(b) applies."). Nowhere did *Morrison* articulate a requirement for conduct in the United States relevant to a domestic transaction in securities, an omission that is all the more striking because relevant domestic conduct had been alleged in that case. Lower courts have read *Morrison* to reject any additional domestic-conduct requirement. *See Absolute Activist Value Master Fund Ltd. v. Ficeto*, 677 F.3d 60, 69 (2d Cir. 2012) ("[T]he transactional test announced in *Morrison* does not require that each defendant alleged to be involved in a fraudulent scheme engage in conduct in the United States.").

RJR Nabisco similarly imposed no requirement of domestic conduct, despite the decision's reference to "conduct relevant to the statute's focus" when describing the presumption's second step. 579 U.S. at 337. With respect to RICO's criminal provisions, the Court found a clear indication of extraterritoriality in their incorporation of extraterritorial predicate acts, *id.* at 338-41, and therefore did not reach the focus step. With respect to RICO's private right of action, the Court found no such indication and therefore looked to that provision's focus. *Id.* at 354. Section 1964(c) provides: "Any person injured in his business or property by reason of a violation of [18 U.S.C. § 1962] may sue therefor in any appropriate United States

district court and shall recover threefold the damages he sustains." 18 U.S.C. § 1964(c). Based on this language, the Court concluded that injury was the provision's focus and held that "Section 1964(c) requires a civil RICO plaintiff to allege and prove a domestic injury to business or property and does not allow recovery for foreign injuries." 579 U.S. at 354. *RJR Nabisco*'s holding did not, however, require any conduct in the United States relevant to the domestic injury.[9]

3. When the Focus of a Provision Is Something Other Than Conduct, a Domestic-Conduct Requirement Would Frustrate Congressional Intent.

When the focus of a provision is something other than conduct, it makes no sense to require conduct in the United States in addition to the focus. *Morrison* held that the focus of congressional concern in § 10(b) is "domestic transactions." 561 U.S. at 267. If a plaintiff must prove not just a domestic transaction but also domestic conduct relevant to that transaction, a class of transactions that Congress sought to protect will fall outside the scope of § 10(b). *RJR Nabisco* held that the focus of congressional concern in RICO's private right of action is injury to business or property. 579 U.S. at 354. If a plaintiff must prove not just domestic injury but also domestic conduct, some injuries that Congress intended to redress will fall outside the scope of RICO's private right of action. When the focus of a provision is not conduct, requiring conduct in the

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[9] The Restatement (Fourth) similarly reads *RJR Nabisco* and *Morrison* to require only the focus, and not additional conduct, in the United States. *See* Restatement (Fourth) § 404 cmt. c ("If whatever is the focus of the provision occurred in the United States, then application of the provision is considered domestic and is permitted.").

United States serves only to frustrate congressional intent by excluding from the provision's scope some of the cases that were "the 'focus' of congressional concern." *Morrison*, 561 U.S. at 266.

The same is true with the provisions of the Lanham Act at issue here. Because the focus of Sections 32(1)(a) and 43(a)(1)(A) is consumer confusion, those provisions should apply whenever use of a U.S. trademark abroad is likely to cause consumer confusion in the United States because, for example, the products are destined for this country. Imposing an additional domestic-conduct requirement would diminish the protections of domestic consumers and leave unaddressed the harms Congress sought to forestall. As the Solicitor General explained at the certiorari stage, "[t]o the extent that petitioners' sales created a likelihood of consumer confusion in the United States, Congress's purposes . . . are squarely implicated, even though petitioners' own conduct occurred abroad." U.S. Invitation Br. 14.

A domestic-conduct requirement is not necessary to prevent "international discord." *RJR Nabisco*, 579 U.S. at 335. *Contra* Pet. Br. 30-32.[10] International law permits countries to regulate conduct abroad on many bases, including effects, nationality, passive personality, the protective principle, and universal jurisdiction. *See* Restatement (Fourth) §§ 409-413. The tests that the Court has developed for the geographic scope of many provisions permit their application to conduct abroad. *See, e.g.*, *Morrison*, 561 U.S. at 267 (Securities

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[10] Retaliatory legislation such as petitioners cite, Pet. Br. 32, is rare. None of their examples was passed in response to the application of the Lanham Act to conduct abroad, despite the fact that U.S. courts have been applying the Act to such conduct for more than 70 years.

Exchange Act § 10(b) applies to fraudulent conduct if the transaction is domestic); *Hartford Fire*, 509 U.S. at 796 ("[T]he Sherman Act applies to foreign conduct that was meant to produce and did in fact produce some substantial effect in the United States."); *Steele*, 344 U.S. at 285 (Lanham Act applies to use of trademark abroad). Because conduct in one country frequently causes effects in another, the application of domestic legislation to foreign conduct is routine. Indeed, such application follows naturally from one of the fundamental reasons for the presumption—the "'commonsense notion that Congress generally legislates with domestic concerns in mind.'" *RJR Nabisco*, 579 U.S. at 336 (quoting *Smith v. United States*, 507 U.S. 197, 204 n.5 (1993)). When the domestic focus of a provision can be implicated by conduct abroad, it is logical to conclude that Congress intends to cover the foreign conduct to achieve its domestic aims. Put another way, the legislature has already balanced the relevant interests and has prioritized protection of domestic intersts. That is the case here with the Lanham Act, and that determination is entitled to judicial respect.

CONCLUSION

The Court should vacate the decision below and remand for application of the standards articulated in this brief.

Respectfully submitted,

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December 27, 2022