No. 21-513

IN THE

Supreme Court of the United States

AUSTRALIAN LEATHER PTY. LTD. AND ADNAN OYGUR,
Petitioners,

v.

DECKERS OUTDOOR CORPORATION,
Respondent.

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

BRIEF OF THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA AS *AMICUS CURIAE* IN SUPPORT OF THE PETITIONERS

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QUESTION PRESENTED

Whether a term that is generic in the English-speaking foreign country from which it originated is ineligible for trademark protection in the United States.

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INTEREST OF THE *AMICUS CURIAE*[1]

The Government of the Commonwealth of Australia ("the Government") is committed to the rule of law as an essential part of an international system of global trading and investment, and it has periodically appeared as *amicus curiae* in this Court, especially when important Australian interests were at stake.[2] In this case, the Government is concerned with the apparent discriminatory treatment that Australian goods would receive from a rule that prevents the trademarking of the generic terms of only non-English speaking countries. While the Government respects each country's right to develop its trademark law as it sees fit, the Government submits that it should do so in a non-discriminatory manner.

SUMMARY OF ARGUMENT

This case concerns traditional Australian fleece-lined sheepskin boots, known as "ugg" boots, which became popular among surfers as a way of keeping their feet warm. These boots, and their generic descriptor, reached the United States when, as the district court below recognized, "American surf-shop owners started selling sheepskin boots in their shops in the late 1960s." App. 12a. Several Australian companies were making sales of ugg boots in the

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[1] No party's counsel authored this brief in whole or in part and no person or entity other than *amicus* or its counsel made a monetary contribution to the preparation or submission of this brief. All counsel of record consented to the filing of this brief.

[2] *See, e.g.*, Brief of the Government of the Commonwealth of Australia as *Amicus Curiae* in Support of the Defendants-Appellees, filed Feb. 26, 2010, in *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247 (2010) (No. 08-1191), 2010 U.S. S. Ct. Briefs LEXIS 172.

United States during the 1970s and 1980s. Petitioner began producing and selling boots under their prevalent generic name, "ugg" boots, in Australia in the mid-1990s. It made sales to American consumers via the internet. App. 14a.

Meanwhile, Respondent had obtained a U.S. trademark for "UGG" for use on boots and other products in 2006.[3] It sued Petitioner for infringing this mark with its mostly internet sales to U.S. consumers.

In upholding the infringement claim, the district court accepted the generic use of "ugg" in Australia, but found that "generic usage in Australia is not enough on its own to infer generic meaning in the United States." App. 18a. The term was therefore eligible to be trademarked based on this test. The district court also questioned whether the doctrine of foreign equivalents – case law that would deny a trademark for foreign generic terms for products (like cappuccino) – necessarily applied to generic product descriptors from English-speaking countries. App. 18a-19a. This decision was affirmed without opinion by the Federal Circuit in an unreported order. App. 1a.

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[3] Ironically, Respondent is using this trademark based on an Australian generic name to (i) exclude imports by Petitioners and other ugg boot suppliers from Australia and (ii) promote U.S. sales of its own UGG boots products made by "manufacturers, which are primarily located in Asia." Deckers Brands, *2020 Annual Report* (2020), at 6, available at https://www.annualreports.com/HostedData/AnnualReports/PDF/NASDAQ_DECK_2020.pdf (last retrieved Nov. 3, 2021).

ARGUMENT

I. THE DOCTRINE OF FOREIGN EQUIVALENTS IS AN IMPORTANT CONCEPT THAT SHOULD BE UNIFORMLY APPLIED AMONG FOREIGN SOURCES

Trademark law seeks to provide consumers with accurate information about the source of products, while preventing improper acquisition of the legal right to exclude competitive choices available in a market. The doctrine of foreign equivalents applies the basic U.S. rule that generic terms cannot be trademarked in the United States[4] to generic terms that have originated outside the United States.[5] It thus protects U.S. consumers who may be familiar with foreign generic terms from travel, the internet, or other sources. It also protects foreign producers using familiar generic terms in their home markets from being excluded from the U.S. market to the detriment of those producers as well as American consumers.

The practical importance of the foreign equivalents doctrine continues to grow in the modern 21st century economy. Travel had continued to grow prior to the Covid-19 disruption and is expected to resume over time. Thus more American consumers are enjoying direct access to foreign products as visitors to the countries of origin. Even more importantly, the growth of the internet and major social media networks

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[4] 2 J. Thomas McCarthy on Trademarks & Unfair Competition (5th ed. Nov. 2019) § 12:1 ("Clearly, one seller cannot appropriate a previously used generic name of a thing and claim exclusive rights in it as a 'trademark' for that thing.").

[5] *See, e.g., Enrique Bernat F., S.A. v. Guadalajara, Inc.,* 210 F.3d 439, 443 (5th Cir. 2000) (doctrine of foreign equivalents "requires courts to translate foreign words into English to test them for genericness or descriptiveness" [citations omitted]).

means growing numbers of American consumers are exposed to foreign product descriptors either generally or in specific fields. Finally, online buying by American residents has risen rapidly, and this includes buying directly from overseas suppliers and from U.S. sources of overseas products (including major global digital platforms).

None of these considerations is less applicable to countries in which English is the primary language, as those countries have their own unique terminology. It is therefore an unnecessary and discriminatory application of the doctrine of foreign equivalents to exclude English-speaking countries from its scope.

II. NO RATIONAL BASIS EXISTS FOR CONSTRUING THE DOCTRINE OF FOREIGN EQUIVALENTS MORE NARROWLY FOR GENERIC CONCEPTS IN ENGLISH THAN THOSE BASED ON A FOREIGN LANGUAGE

While many decided cases on this doctrine involve generic terms originating in non-English speaking countries,[6] the concerns behind the doctrine are not tied to language. The concern is to prevent a private appropriation of a familiar foreign term to legally exclude other sellers of products within the generic category from serving U.S. consumers.[7] This concern is no less important for English-speaking countries.

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[6] *See, e.g., Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266 (2d Cir. 1999) (concerning Japanese word for a type of sake).

[7] *See Otokoyama*, 175 F.3d at 271 ("No merchant may obtain the exclusive right over a trademark designation if that exclusivity would prevent competitors from designating a product as what it is in the foreign language their customers know best.").

Indeed, the concern may be greater because of the extent of U.S. trade with many of those countries.

The essential problem is created when one producer or importer of a product sold under a generic name in an English-speaking foreign market obtains a U.S. trademark for that generic term in order to prevent all competing producers of the product from using the generic term in the American market. This is exactly what has happened in this case, where Respondent purchased the UGG trademark from a prior importer of ugg products and is using it to prevent Australian producers of the product[8] from using the generic and familiar descriptor of the product in the U.S. market for ugg boots. The doctrine of foreign equivalents would have prevented this situation in the first instance had the generic term been based on a foreign language used in its place of origin as opposed to Australian English.

A. English-Speaking Countries Account for a High Proportion of U.S. International Commerce and Imports.

English speaking countries are among the most important sources of U.S. imports. Canada is the second-largest trading partner with the United States and its third-largest source of imports.[9] For 2019, imports of goods from Canada totaled $319.4 billion and accounted for 12.8% of U.S. imports.[10] This compares

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[8] As explained above at note 3, Respondent is not an Australian producer of its UGG products which creates confusion over the source, sponsorship, and cultural authenticity of those products.

[9] Office of the United States Trade Representative, *Canada: U.S.-Canada Trade Facts* (undated), available at https://ustr.gov/countries-regions/americas/Canada (last retrieved Nov. 3, 2021).

[10] *Id.*

to $452 billion of imports from China and $358 billion from Mexico.[11] Given Canada's proximity to the U.S. and the substantial volume of cross-border trade and travel, the denial of the application of the doctrine of foreign equivalents makes no sense. Generic product descriptors, widely used in Canada, may be more familiar to American consumers than their foreign counterparts from Continental Europe, but may not reach generic status in the United States. For example, Canadians have a pastry known as a "butter tart," a type of sweet tart characteristic of Canadian cooking. It would be undesirable indeed if a company could trademark "butter tart" in the United States, apply it to the pastry, and prevent other producers of the pastry from using the familiar term simply because Canada is predominantly an English-language country.[12] It would cause tremendous confusion among those people in the United States who were familiar with the product as to the source and sponsorship of the product and would unnecessarily prevent producers, accustomed to using the term as a product descriptor in Canada, from using that term to describe the product in the United States, increasing their costs and diluting their competitive impact.

Similarly, the United Kingdom, another major English-language trading partner, was the United States' 8th largest source of imports in 2019, with imports totaling $63.2 billion. This represented 2.5%

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[11] Office of the United States Trade Representative, *Countries & Regions* (undated), available at https://ustr.gov/countries-regions (last retrieved Nov. 3, 2021).

[12] Of course, under the district court's construction of the rule of foreign equivalents, any generic designations from French-speaking Quebec would probably be treated differently from those originating in all the English-speaking regions of Canada.

of U.S. imports.[13] It too has many generic product descriptors that are familiar to United Kingdom consumers, but are not generally recognized in the United States. For example, a "lorry" is a large truck used to transport goods. Again, it would be an undesirable result if someone could appropriate that term in the United States and sell trucks under a "lorry" trademark, excluding U.K. makers of trucks from calling them by their generic name if selling them into the United States.

B. The Amount of Commerce and Travel between Australia and the United States is Substantial.

There are significant numbers of American consumers of Australian goods. Australia was the 25th largest source of imports to the United States for 2020, with imports of goods totaling $14.4 billion.[14] By the same token, the United States is a critical market for Australian exports. The potential adverse impact on American consumers and Australian exporters raises concerns regarding the exclusion of Australian generic terms from the application of the doctrine of foreign equivalents.

Australia is also an important destination for U.S. travelers. In 2019 (i.e., the last available pre-Covid-19 data year), the United States was Australia's third-largest inbound visitor market, with 767,023 adult

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[13] Office of the United States Trade Representative, *United Kingdom* (undated), available at https://ustr.gov/countries-regions/europe-middle-east/europe/united-kingdom (last retrieved Nov. 3, 2021).

[14] Office of the United States Trade Representative, *Australia* (undated), available at https://ustr.gov/countries-regions/southeast-asia-pacific/australia (last retrieved Nov. 3, 2021).

visitor arrivals.[15] Thus, significant numbers of Americans are gaining exposure to Australian terminology including generic concepts and slang.

There are also substantial numbers of people employed in the United States by Australian companies. It is estimated that Australian companies employ over 150,000 people in the United States.[16] Such people are likely to be exposed to unique Australian phrases and product descriptors.

It is well recognized that Australians have developed their own slang and phraseology and even English-speaking tourists are often advised to learn some of the unique Australian phrases and terms before visiting. For instance, Australians use the term "flat white" to refer to a coffee and milk beverage with a higher proportion of coffee than is in a latte or cappuccino. It would be contrary to the purpose of the U.S. doctrine of foreign equivalents and discriminatory to allow someone to appropriate this term in the United States and sell goods trademarked with this generic descriptor simply because the country of origin is predominantly English speaking.

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[15] See Commonwealth of Australia, *International Market Performance Statistics: 2019 Performance Dashboard* (2021), available at https://www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-market-performance.html (last retrieved Nov. 4, 2021).

[16] *See* Commonwealth of Australia, *Innovation, Jobs, Prosperity – Australia-United States Free Trade Agreement: 15 Years and Beyond* (2021), at 9, available at https://usa.embassy.gov.au/sites/default/files/2919_austrade_innovationjobsprosperity_13_final.pdf (last retrieved Nov. 3, 2021).

C. This Court Should End the Confusion over the Foreign Equivalents Doctrine.

As the Petition makes clear, there has been substantial litigation over the foreign equivalents doctrine which has produced diverse results over the requirements for establishing that a foreign term is generic for Lanham Act purposes. Petition, at 9-16. This problem is exacerbated by the divergent views on whether the doctrine even applies to generic descriptors of products in English language-based foreign countries. *Id*., at 16-19. All this confusion complicates the task for any ordinary foreign producer such as Petitioner trying to reach U.S. consumers.

There is no policy reason to allow this anticompetitive confusion to persist to the detriment of foreign producers and U.S. consumers. In particular, no policy reason exists to discriminate against exporters from one set of countries vis-à-vis those in another set of countries based on the different languages commonly used there. This Court could promptly resolve all this confusion by granting certiorari and ruling appropriately after full briefing and argument in this case.

CONCLUSION

Australia recognizes that each country is free to adopt its own rules for intellectual property and that these rules may differ somewhat among different countries. However, what international comity dictates is that a country should not apply its intellectual property rules in ways that unjustly discriminate among its trading partners.

By refusing to bar U.S. trademarking of generic terms originating only in an English-speaking country of origin, the United States is unnecessarily discriminating against producers of products from those countries,

while creating confusion for U.S. consumers as to the origin and sponsorship of the alternative sources of such products from important trading partners.

The problem of consumer confusion that the foreign equivalents doctrine seeks to address may be more acute with respect to English-speaking countries. Generic products in those countries may, if anything, be more familiar to U.S. consumers than those from foreign-language countries because (i) websites and sales platforms in English-speaking countries are likely to be more easily understood by Americans and (ii) American tourists often choose to visit other English-speaking countries where they face no serious language barriers.

This regrettable situation could be promptly and effectively resolved by this Court agreeing to hear this case, and the Government respectfully urges it to do so.

Respectfully submitted,

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