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Trademark Counterfeiting Enforcement Beyond Borders: The Complexities of Enforcing Trademark Rights Extraterritorially in a Global Marketplace with Territorial-Based Enforcement

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Cover Page Footnote

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Kari Kammel,* Matthew Azim-Kramer,**
Daniel Duquet*** & Lillie Patterson****

We focus on the enforcement of trademark rights, particularly those used against counterfeiters, or those who use unauthorized trademarks of another. We examine the concept of extraterritorial enforcement of trademark rights—the extending of enforcement across national borders—and reviewing how different countries and jurisdictions view this concept or even allow it.

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INTRODUCTION

Today, e-commerce and the sale of products occurs on a global scale. Whereas commerce and the trade of goods used to be done almost entirely within a territory or through goods moving across borders, the global supply chain now has many different forms and can cross many borders, jurisdictions, and the online space. While reaching consumers has become easier for sellers, protecting intellectual property has become increasingly complex. Globalization is prompting a reevaluation of this field as the Internet reduces the importance of national borders. Trademarks are particularly susceptible to the effects of globalization because, unlike copyrights and patents, trademark law is perceived, at least in the United States, to “extend across national borders.”¹ In this paper, we focus on the enforcement of trademark rights, particularly those used against counterfeiters. We examine the concept of extraterritorial enforcement of trademark rights—the extending of enforcement across national borders—and review how different countries and jurisdictions approach this practice. In order to examine extraterritoriality in this context, we need to review the history and basis of jurisdiction. In the global enforcement of intellectual property rights, a general principle of territoriality exists.² This principle exists beyond the scope of intellectual property and goes to the root of international law, noting that countries, or nation-states, can only enact and enforce laws within their own territory.³ This concept originates in public international law and can be found in international intellectual property conventions and treaties, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights,⁴ the Madrid Agreement Concerning the International Registration of Marks,⁵ and the

¹ Tim W. Dornis, *Behind the Steele Curtain: An Empirical Study of Trademark Conflicts Law, 1952–2016*, 20 VAND. J. ENT. & TECH. L. 567, 570 (2018).

² See Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS]; Madrid Agreement Concerning the International Registration of Marks, arts. 3, 5, Apr. 14, 1891, 817 U.N.T.S. 299 [hereinafter Madrid Agreement].

³ See TRIPS, *supra* note 2.

⁴ *Id.*

⁵ Madrid Agreement, *supra* note 2.

Protocol Relating to the Madrid Agreement.⁶ However, while spelling out details of enforcement in intellectual property, these international agreements contain only minimum standards,⁷ and each individual country must have domestic implementing legislation to enforce that law and fulfill their treaty obligations.⁸ Once a country creates and implements domestic legislation, the executive, judiciary, or other appropriate government body interprets the laws, which is often where we see the doctrine of extraterritoriality arise.⁹

Intellectual property law protects “interests in creations and inventions.”¹⁰ It comprises a set of intangible rights that the creator or inventor has in what they produce.¹¹ The law recognizes a monopoly on the intangible rights associated with the creation or invention. The focus of this paper—the trademark—identifies the source of a product, good, or service;¹² can be any symbol, including a word, name, sign, color, smell, or sound that informs a consumer about the source of the goods;¹³ and is a distinctive indicator within a territory.¹⁴

Historically, trademarks are territorial because a mark may hold different meanings across borders. A trademark holder must use the mark and promptly act against infringement to maintain distinctiveness in countries that require use.¹⁵ Enforcement mechanisms can include civil procedures, criminal procedures, provisional measures, administrative procedures, and border measures.¹⁶ Finally,

⁶ Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, WIPO Document W00116EN [hereinafter Madrid Protocol].

⁷ See e.g., TRIPS, *supra* note 2, at art. 1, ¶ 1.

⁸ TRIPS, *supra* note 2, at arts. 1, 8.

⁹ TRIPS, *supra* note 2, at arts. 1–4, 41; Madrid Agreement, *supra* note 2, at art. 5bis (“Documentary evidence of the legitimacy of the use of certain elements incorporated in a mark . . . other than the name of the applicant, or other like inscriptions, which might be required by the Offices of the contracting countries shall be exempt from any legalization or certification other than that of the Office of the country of origin.”).

¹⁰ STEPHEN MICHAEL SHEPPARD, BOUVIER LAW DICTIONARY (2012) (ebook) (defining “Intellectual Property”).

¹¹ *Id.*

¹² See SHEPPARD, *supra* note 10; see, e.g., 15 U.S.C. § 1127 (2018).

¹³ See SHEPPARD, *supra* note 10.

¹⁴ 15 U.S.C. § 1127 (2018); see SHEPPARD, *supra* note 10.

¹⁵ *Id.*

¹⁶ See TRIPS, *supra* note 2, at arts. 41–61.

trademarks can receive protections under common law,¹⁷ through use, or through registration.¹⁸

Despite the seemingly territorial nature of trademarks, the sale of trademarked goods on e-commerce and social media have exponentially increased the amount of cross-border transactions, and therefore also the amount of infringing goods sold online across multiple jurisdictions. Because infringers can reach potential consumers of goods and services anywhere in the world, a tension now exists between the territorial nature of a trademark and the global nature of the potential consumer. The basis for extraterritorial reach is mainly “to either prevent spillovers from extraterritorial activities into the local market (inbound regulation) or to protect and enforce the interests of the rightsholders also in other territories by implementing the local IP regime (outbound regulation).”¹⁹

In this paper, we explore and analyze (1) the extraterritorial application of trademark enforcement and how it fits into existing international intellectual property law; (2) how it is adjudicated on the nation-state level; and (3) whether this is an appropriate extension of the traditional doctrine of territoriality.

I. INTERNATIONAL TRADEMARK LAW AND THE CONCEPT OF TERRITORIAL JURISDICTION

The concept of territoriality arose from the inception of international law, which gave the power to nation-states to determine the laws in their territories. The basis of international law is derived from four sources: (1) treaties; (2) customary international law; (3) general principles of law; and (4) “judicial decisions and the

¹⁷ See, e.g., *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 267 (4th Cir. 2003) (“Common law determines who enjoys the exclusive right to use an unregistered trademark, the extent of such rights, and the proper geographical scope of any injunctive relief.”).

¹⁸ See, e.g., 15 U.S.C. § 1057 (2018) (“A certificate of a registration of a mark . . . shall be *prima facie* evidence of the validity” of the mark and its ownership in the United States).

¹⁹ Alexander Peukert, *Territoriality and Extraterritoriality in Intellectual Property*, in *BEYOND TERRITORIALITY: TRANSNATIONAL LEGAL AUTHORITY IN AN AGE OF GLOBALIZATION I*, 37 (Günther Handl et al. eds., 2012).

teachings of the most highly qualified publicists of the various nations, as a subsidiary means for the determination of rules of law.”²⁰

A. Sources of International Law

1. Treaties

Treaties are the primary source of international law and have a “direct influence on the content of general international law.”²¹ Treaties serve as a source of law themselves and also provide “evidence of customary rules.”²² A central canon of international law is *pacta sunt servanda*, or the “notion that states must comply with their obligations in good faith.”²³ In this next section, we will discuss how adherence to an international treaty necessarily removes the option for a state to exercise total control over its jurisdiction.

a) International Treaties Providing Cohesion for Dealing with Trademarks

The World Trade Organization (“WTO”) and World Intellectual Property Organization (“WIPO”) currently work to promote and protect global IP rights, including trademarks.²⁴ The WTO administers the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPS”), which contains enforcement provisions for trademarks.²⁵ WIPO oversees the Paris Convention for the

²⁰ JAMES CRAWFORD, BROWNLIE’S PRINCIPLES OF PUBLIC INTERNATIONAL LAW 6–7 (9th ed. 2019). However, a “rigid categorization of sources is inappropriate” and the sources should be considered evidence of the normativity of an international principle rather than the source of that principle. *Id.* at 34.

²¹ *Id.* at 28.

²² *Id.* The United States accepts “self-executing” treaties as “on par” with federal legislation. *Id.* at 73. See U.S. CONST. art. VI, cl. 2 (Supremacy Clause).

²³ CRAWFORD, *supra* note 20, at 434.

²⁴ Trademarks, WIPO, <https://www.wipo.int/portal/en/index.html> [<https://perma.cc/3YK6-TJ6U>]; *Understanding the WTO: The Agreements*, WTO, https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm [<https://perma.cc/G9AB-63YR>].

²⁵ TRIPS, *supra* note 2. Of the three treaties discussed in this section, copyright is only protected under TRIPS. Compare *id.*, at arts. 9–14, with Madrid Protocol, *supra* note 6, at art. 3 and Paris Convention for the Protection of Industrial Property, art. 1, Mar. 20, 1883, 828 U.N.T.S. 305 [hereinafter Paris Convention]. For an example of the harmful effects of copyright protections under TRIPS, see generally Sileshi B. Hirko, *The Implications of*

Protection of Industrial Property (“Paris Convention”),²⁶ the Madrid Agreement Concerning the International Registration of Marks, and the Protocol Relating to the Madrid Agreement (collectively the “Madrid System”).²⁷

The Paris Convention was the first international agreement concerning trademark recognition, is still in force today, and has 179 contracting member countries.²⁸ Under the Paris Convention, an aggrieved trademark holder can request the cancellation of another trademark, even if it is registered in another country in good faith.²⁹ However, the enforcement of any rights is confined to the jurisdiction where the trademark holder registers their trademark.³⁰ This limits the rights of trademark holders to what the domestic court enforces locally, typically seizures, embargos, or the right to seize infringing imported goods.³¹

TRIPs’ Criminal Provisions on Copyright Exception for Education in Ethiopia: A Critical Approach from a Human Rights Perspective, 29 AFR. J. INT’L & COMPAR. L. 263 (2021).

²⁶ Paris Convention, *supra* note 25, at art. 6bis (“The countries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use of, a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered . . . to be well known.”).

²⁷ *Madrid–The International Trademark System*, WIPO, <https://www.wipo.int/madrid/en> [<https://perma.cc/D2UK-F8G4>]. The Protocol updated the terms of the Agreement and required the same international recognition of trademarks that will be discussed. *Id.* Because the Protocol updated the Agreement, this paper will refer to the articles of the Protocol and refer to both collectively as the “Madrid System.” *Madrid Protocol*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/trademarks/laws/madrid-protocol> [<https://perma.cc/9RU6-79UA>].

²⁸ *WIPO-Administered Treaties*, WIPO, <https://wipolex.wipo.int/en/treaties/> [<https://perma.cc/4EQH-36T4>].

²⁹ Paris Convention, *supra* note 25, at arts. 1, 6bis.

³⁰ *See* Paris Convention, *supra* note 25, at art. 6bis (“The countries of the Union undertake, ex officio if their legislation so permits . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.”).

³¹ Paris Convention, *supra* note 25, at art. 9 (“All goods unlawfully bearing a trademark . . . shall be seized on importation . . . [i]f the legislation of a country does not permit seizure on importation, seizure will be replaced by prohibition of importation.”); *id.*, at art. 10ter.

The Madrid System initially expanded on the Paris Convention's system of registering a trademark in each individual country³² and then shifted to a program where a mark holder could register domestically and have that registration act as the basis for registering the trademark in any country that is a member of the Madrid System.³³ The Madrid Agreement created the International Bureau, and the Protocol still provides that registering a trademark in the Bureau protects that mark in the domestic laws of each signatory country in the same manner "as if the mark had been deposited direct[ly]" with that country.³⁴ However, the Madrid System did not expand on the enforcement mechanisms of the Paris Convention and still requires domestic courts to enforce the mark, leaving behind the same extra-territorial issues as the Paris Convention.³⁵

Part III of TRIPS provides both criminal and civil trademark enforcement procedures.³⁶ TRIPS establishes minimum standards for all 164 member states,³⁷ which include fair, adequate, expedient, equitable, and non-complicated enforcement procedures.³⁸ Under TRIPS, member states must provide the opportunity for civil

³² Paris Convention, *supra* note 25, at art. 6(c) ("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, including the country of origin.").

³³ See generally Madrid Agreement, *supra* note 2, at arts. 3, 3ter, 4bis (explaining procedure for submitting an international application). There are 114 countries in the Madrid System. *Madrid Agreement (Marks)*, WIPO (Feb. 6, 2023), https://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf [https://perma.cc/TY6E-EFTK].

³⁴ Madrid Protocol, *supra* note 6, at art. 4(1)(a).

³⁵ Compare Paris Convention, *supra* note 25, at art. 10ter (countries must "provide measures . . . to take action in the courts or before the administrative authorities . . . in so far as the law of the country in which protection is claimed allows such action") with Madrid Protocol, *supra* note 6, at art. 4(1)(a) ("[T]he protection of the mark in the Contracting Party concerned shall . . . be the same as if the mark had been registered by the Office of that Contracting Party.").

³⁶ See TRIPS, *supra* note 2, at arts. 41–61. Other enforcement procedures include provisional measures, administrative procedures, and border measures. *Id.*

³⁷ There are 164 members to the WTO, which requires being a party to TRIPS. *Members and Observers*, WTO, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm [https://perma.cc/769J-W5U5]; *Frequently Asked Questions About TRIPS [Trade-Related Aspects of Intellectual Property Rights] in the WTO*, WTO, https://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm [https://perma.cc/ZDB2-BNZE].

³⁸ See TRIPS, *supra* note 2, at arts. 41(2), 42.

proceedings to protect the trade of imported goods, and infringers must pay damages to trademark holders.³⁹ Injunctions and other provisional measures are also available.⁴⁰ Furthermore, if misleading, a court may invalidate a trademark within its jurisdiction if it contains a geographical indication with respect to goods not originating in the territory.⁴¹ Available criminal remedies must include imprisonment and fines, as well as the seizure, destruction, and forfeiture of infringing goods.⁴² While TRIPS includes specific requirements for enforcing all intellectual property rights,⁴³ including trademarks, it still leaves the particulars of enforcement to domestic courts and legislation.⁴⁴

Despite the existence of these treaties, trademark enforcement still lacks a harmonious global approach.⁴⁵ The treaties rely on national courts to manage trademark litigation domestically.⁴⁶ Countries have introduced new laws that directly address various trademark issues.⁴⁷ However, a purely national approach cannot solve what is an international issue. If the extraterritorial reach of some jurisdictions is not expanded, some infringers will go unpunished and both trademark holders and consumers will be harmed. But *merely* extending the extraterritoriality of domestic jurisdiction will have detrimental effects on the trademark holders and raise further questions about which body enforces the law.

³⁹ See *id.* at arts. 42–49 (setting out procedures for civil proceedings, including damages).

⁴⁰ *Id.* at arts. 44, 50.

⁴¹ See *id.* at art. 22(3).

⁴² *Id.* at art. 61 (particularly when “committed willfully and on a commercial scale”).

⁴³ Members must provide means of “effective action against any act of infringement of intellectual property rights covered by this Agreement.” *Id.* at art. 41(1).

⁴⁴ See *id.* at art. 41(5) (stating that the Agreement “does not create any obligation to put in place a judicial system . . . distinct from that for the enforcement of law in general”).

⁴⁵ See discussion *infra* Section II (describing a variety of approaches to trademark law).

⁴⁶ See, e.g., Madrid Agreement, *supra* note 2, at art. 4(1).

⁴⁷ See, e.g., Zoey Zhang, *China’s New Trademark Law in Effect from November 1*, CHINA BRIEFING (Nov. 19, 2019), <https://www.china-briefing.com/news/chinas-new-trademark-law-effect-november-1-2019> [<https://perma.cc/849C-KEQY>] (China); Khairul Fazli Abdul Kadir & Azarith Sofia Aziz, *Commentaries on the Main Changes to the New Trademarks Act 2019*, LEGAL 500 (Jan. 22, 2021), <https://www.legal500.com/developments/thought-leadership/commentaries-on-the-main-changes-to-the-new-trademarks-act-2019> [<https://perma.cc/E4XC-GDAK>] (Malaysia); Trademark Modernization Act, 15 U.S.C. § 1116 (2020) (United States).

Because trademarks are territorial and current enforcement mechanisms rely on distinct sovereign states that are, by definition, the supreme authorities within their jurisdictions, the reliance on extraterritorial enforcement encourages infringement. Registration with a central office is required in countries that do not allow common law trademark protection.⁴⁸ If a country does not allow a brand to register a particular trademark or disputes the characterization of the trademark, the brand may not be able to enforce its protective rights within that country, even if the trademark is registered internationally.⁴⁹ Domestic courts may respond to international and brand pressure to bring their decisions into compliance with international norms, even if legislatures do not explicitly give such authorization.⁵⁰

2. Customary International Law

Customary rules, or customary international law, are not the same as “custom,” which is a misnomer.⁵¹ The existence of a widespread custom is not conclusive evidence of a customary international law.⁵² Instead, the analysis is a two-pronged approach asking

⁴⁸ For example, China requires registration and does not provide common law protections. Melissa Cyrill, *China’s Trademark Regime: How to Protect Your Brand in the Mainland*, CHINA BRIEFING (Mar. 25, 2019), <https://www.china-briefing.com/news/chinas-trademark-regime-brand-protection> [<https://perma.cc/NL25-GEKQ>] (discussing how to avoid trademark disputes in China, such as those faced by Supreme, New Balance, and other companies).

⁴⁹ For example, in 2010, Christian Louboutin filed an “extension in connection with a UK trademark application” for its red shoe soles with the China Trademark Office. *See Chinese Court Okays Single-Color Trademarks in Latest Louboutin Decision*, FASHION L. (Mar. 12, 2019), <https://www.thefashionlaw.com/chinese-court-okays-single-color-trademarks-in-latest-louboutin-decision> [<https://perma.cc/X9S2-VY57>]; *see also* Aaron Wininger, *China’s Supreme Court Rules in Favor of Christian Louboutin’s Red Sole Trademark*, NAT’L L. REV. (Feb. 18, 2020), <https://www.natlawreview.com/article/china-s-supreme-court-rules-favor-christian-louboutin-s-red-sole-trademark> [<https://perma.cc/N694-WEEZ>]. The Office originally denied the application, leaving Louboutin’s red soles unprotected from trademark infringement in China. In 2020, the Supreme People’s Court ruled that single colors are eligible for registration and the case was sent back to the Office. *See* Wininger, *supra*.

⁵⁰ *See* Wininger, *supra* note 49 (“The Supreme People’s Court explained that the enumeration of eligible elements is not an exclusion of unlisted elements. Elements not specifically excluded by the Trademark Law can also be registered.”).

⁵¹ *See* CRAWFORD, *supra* note 20, at 21.

⁵² *See id.*

if (1) “a general practice” exists *and* (2) that practice is “accepted as international law.”⁵³ For a custom to also be considered customary international law, “substantial uniformity” must be proven, the meaning of which is “a matter of appreciation.”⁵⁴ Thus, certain customs may become customary international law more quickly than others, particularly in new fields of law.⁵⁵ A notable complication when defining a custom is “distinguish[ing] mere abstention from protest by a number of states in the face of a practice followed by others.”⁵⁶ When a state loudly denounces a widespread practice, that protest is evidence against labeling the practice as a custom.⁵⁷ By contrast, silence may indicate “either tacit agreement or a simple lack of interest in the issue.”⁵⁸

3. General Principles of International Law

General principles of law are even harder to define than the prior two sources. General principles of international law may refer to either “rules of customary international law, to general principles of law . . . or to certain logical propositions underlying judicial reasoning on the basis of existing international law.”⁵⁹ Examples include “the principles of consent, reciprocity, . . . good faith, [and] domestic jurisdiction.”⁶⁰ In general, the principles of international law must be so widespread that they “enjoy heightened normativity as peremptory norms.”⁶¹

⁵³ *Id.*

⁵⁴ *See id.*

⁵⁵ *See, e.g., id.* at 6, 22–3 (noting how customs and laws regarding polar seas quickly became customary international law as melting ice changed the region).

⁵⁶ *Id.* at 23.

⁵⁷ *See id.*

⁵⁸ *Id.*

⁵⁹ *Id.* at 34.

⁶⁰ *Id.*

⁶¹ *Id.* Peremptory norms are values and laws that the international community nearly universally accepts and recognizes. *See generally* Dire Tladi (Special Rapporteur), Fourth Rep. on Peremptory Norms of Gen. Int’l L. (*Jus Cogens*), U.N. Doc. A/CN.4/727 (Jan. 31, 2019). Examples of peremptory norms include “the right to self-determination” and prohibitions of genocide, slavery, and torture. *Id.* at 26.

4. Judicial Decisions & Scholarly Writings

Judicial decisions and teachings of accomplished scholars in the field of international law comprise the final source. While these sources are generally not binding, they are “subsidiary means for the determination of rules of law.”⁶² For example, a decision from the International Court of Justice (“ICJ”) is only binding on the case at hand.⁶³ This case-by-case adjudication means that “the doctrine of *stare decisis* is not part of international law,” as a party not involved in a prior proceeding should be unaffected by that decision.⁶⁴ However, over the years, the decisions of the ICJ have gained more influence in the international sphere because it is the “principal judicial organ of the UN”; consequently, a decision by the ICJ may “be treated by the international community as the most authoritative statement on the subject and accepted as the law.”⁶⁵ Notably, even though the ICJ rejects *stare decisis* in its founding statute, it sometimes treats prior decisions as binding.⁶⁶

International courts will often rely on the decisions of other jurisdictions “the way American courts cite decisions from other jurisdictions.”⁶⁷ So, while the decision of another court is not binding, it is persuasive for determining the “soundness of their reasoning or analysis.”⁶⁸

⁶² Thomas Buergenthal, *Lawmaking by the ICJ and Other International Courts*, PROC. ANN. MEETING (AM. SOC’Y INT’LL.), 2009, at 403.

⁶³ Statute of the International Court of Justice art. 59, June 26, 1945, 59 Stat. 1031, 33 U.N.T.S. 993 (“The decision of the Court has no binding force except between the parties and in respect of that particular case.”).

⁶⁴ Buergenthal, *supra* note 62.

⁶⁵ *Id.* at 404.

⁶⁶ *Stare decisis* is treated as binding mostly in matters of human rights. *See, e.g., id.* at 405 (citing Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro), Judgment (Feb. 26, 2007) (“[The ICJ] will not depart from its settled jurisprudence unless it finds very particular reason to do so.”)).

⁶⁷ *Id.*

⁶⁸ *Id.*

B. *Sovereignty and Territoriality as Expressed in International Law*

Two of the most widely accepted principles of international law are the concepts of sovereignty and territoriality. Sovereignty is synonymous with independence and is generally defined as “[s]upreme authority within a territory.”⁶⁹ In practice, it influences the relationships between states, and the United Nations itself is founded on “the sovereign equality of all its Members.”⁷⁰ As the state, or country, is the main form of polity in the world, the concept of sovereignty, although challenged, maintains a vital place in international political theory.⁷¹ Territoriality is one aspect of sovereignty, as a sovereign state will exercise jurisdiction over its territory.⁷² As a result, territoriality is one way to define members of a community, and membership within that community is “derive[d] from their residence within borders.”⁷³

1. Jurisdiction over Criminal Activities through Territoriality

With regard to criminal law, a sovereign state exercising jurisdiction over crimes committed within its territory is a universally recognized right known as territorial jurisdiction.⁷⁴ The exercise of territorial jurisdiction is “now deeply taken for granted . . . [and] is a feature of authority across the globe.”⁷⁵ There are two forms of territoriality: subjective and objective.⁷⁶ Subjective territoriality occurs when a state exercises jurisdiction “over crimes commenced within the state even if completed or consummated abroad.”⁷⁷ In contrast, objective territoriality occurs when a state exercises

⁶⁹ Daniel Philpott, *Sovereignty*, STAN. ENCYC. PHIL. (June 22, 2020), <https://plato.stanford.edu/entries/sovereignty/#:~:text=A%20final%20ingredient%20of%20sovereignty,from%20their%20residence%20within%20borders> [https://perma.cc/5QYT-4ZDX]; see also CRAWFORD, *supra* note 20, at 124.

⁷⁰ U.N. Charter art. 2, ¶ 1. The Charter also prohibits attacks against “the territorial integrity or political independence,” equating sovereignty and territoriality. *Id.* at art. 2, ¶ 4.

⁷¹ See Philpott, *supra* note 69.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ See CRAWFORD, *supra* note 20, at 442.

⁷⁵ Philpott, *supra* note 69.

⁷⁶ CRAWFORD, *supra* note 20, at 442.

⁷⁷ *Id.*

jurisdiction over a crime “when any essential constituent element of [the] crime” occurs within the state’s territory.⁷⁸ The effect of territoriality is that multiple states may have jurisdictional claims over the same offense when “constituent elements of [the] crime occur across an interstate boundary.”⁷⁹ Additionally, but beyond the scope of this article, there is universal jurisdiction, which allows any state to exercise jurisdiction over individuals who have committed any *jus cogens* crimes.⁸⁰ However, for the purpose of this article, we look at the context of intellectual property enforcement: an intellectual property rights holder can pursue both criminal enforcement and civil enforcement; thus, making this area of criminal territorial jurisdiction relevant.

2. Jurisdiction over Civil Matters through Territoriality or Substantial Effects

Common law systems, such as the United States, can assert civil jurisdiction over an entity or individual when they “set[] foot [in] or establish[] a commercial presence in the jurisdiction.”⁸¹ This exercise of authority is “as of right” because a state will “have authority over persons present in their territory.”⁸² Because civil jurisdiction is “ultimately reinforced by criminal sanctions through contempt of court,” courts face similar issues when asserting jurisdiction over both criminal and civil matters involving a non-citizen, even when their actions did not occur within the jurisdiction.⁸³

Absent personal jurisdiction, a jurisdiction may still exercise authority over an infringer that has substantially affected the jurisdiction.⁸⁴ Under the “effects doctrine,” a state will exercise jurisdiction

⁷⁸ *Id.* at 442–43.

⁷⁹ *Id.* at 443.

⁸⁰ *See* Prosecutor v. Kupreškić et al., Case No. IT-95-16-T, Judgment, ¶ 520 (Int’l Crim. Trib. for the Former Yugoslavia Jan. 14, 2000) (“[M]ost norms of international humanitarian law, in particular those prohibiting war crimes, crimes against humanity and genocide, are also peremptory norms of international law or *jus cogens*, i.e. of a non-derogable and overriding character.”); *see also* CRAWFORD, *supra* note 20, at 34.

⁸¹ CRAWFORD, *supra* note 20, at 456.

⁸² *Id.*

⁸³ *Id.* at 455.

⁸⁴ *Id.* at 447. *See generally* Gibbons v. Ogden, 22 U.S. 1 (1824) (regulating intrastate maritime commerce due to effect on interstate commerce); NLRB v. Jones & Laughlin Steel Corp., 301 U.S. 1 (1937) (regulating industrial activities due to effect on interstate

over an extraterritorial offense that “causes some harmful effect in the prescribing state” even though it does not meet the criteria of territorial jurisdiction.⁸⁵ The effects doctrine is implemented in the United States and, to a lesser extent, the European Union.⁸⁶ However, it is not universally accepted, and some jurisdictions have enacted legislation to protect against the infiltration of foreign courts exercising the effects doctrine.⁸⁷

Exercising jurisdiction over an issue becomes more complicated if that issue impacts “internal or external security or other key interests of the state.”⁸⁸ A state will typically assume jurisdiction out of protective or security concerns.⁸⁹ These issues are not “confined to political acts” and have included “[c]urrency, immigration, and economic offences.”⁹⁰ While the state has jurisdiction over these acts when they occur within that state’s territory, it becomes complex if the act occurs outside that state’s territory because “[n]early all states assume jurisdiction over aliens” in those instances.⁹¹ The “protective principle” does not have explicit criteria, except for “a vague sense of gravity” for establishing jurisdiction.⁹² This vagueness grants states wide latitude upon which to establish jurisdiction.⁹³

One example of a possible adaptation to this would be the use and recognition of comity between states in the context of

commerce); *Wickard v. Filburn*, 317 U.S. 111 (1942) (regulating individual activities due to aggregate effect on interstate commerce); *United States v. Lopez*, 514 U.S. 549 (1995) (no regulation because no effect on interstate commerce).

⁸⁵ CRAWFORD, *supra* note 20, at 447. A court must assess the “existence and strength of a territorial nexus to the subject matter of the cause of action.” *Id.* at 456.

⁸⁶ *Id.* at 447.

⁸⁷ *Id.* at 447–48. The European Union, in particular, has enacted legislation to prevent the United States from exercising the effects doctrine. *Id.*; see generally Christopher L. Blakesley, *A Conceptual Framework for Extradition and Jurisdiction over Extraterritorial Crimes*, 1984 UTAH L. REV. 685 (analyzing the bases of extraterritorial jurisdiction in criminal law context).

⁸⁸ CRAWFORD, *supra* note 20, at 446.

⁸⁹ *Id.* at 446–47.

⁹⁰ *Id.* at 446.

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.* The criteria for establishing jurisdiction has been described as “knowing it when one sees it.” *Id.*

trademarks and brand protection. Comity is a custom with general usage but “does not reflect a legal obligation.”⁹⁴ Instead, comity is “a species of accommodation . . . [a] friendly waiver of technicalities,”⁹⁵ that, over time, may develop into customary law.⁹⁶ One aspect of international comity is mutual national respect, demonstrated by “the informal and voluntary recognition by courts of one jurisdiction of the laws and judicial decisions of another.”⁹⁷ For example, in the United States, federal courts typically decline to assert jurisdiction over a case if it “would be an affront to [a foreign state’s] sovereignty”⁹⁸ in order to respect and promote international comity with the foreign state. Without a cohesive multi-state approach, states will be left with conflicting answers as to which state has the authority to prosecute, which risks states taking no action at all.

C. Impact of the Internet on Territoriality and Enforcement of Intellectual Property Rights.

The internet has made it easier to infringe on intellectual property rights both civilly and criminally in multiple territories simultaneously. Compounding this problem is that, in the physical world, multiple companies can legally hold the same or similar trademarks in different geographic markets.⁹⁹ This complicates the question of which sovereign can establish jurisdiction over an act of infringement without violating the sovereignty of another state,¹⁰⁰ or whether all sovereigns can exercise jurisdiction if they can show

⁹⁴ *Id.* at 21. Comity may include granting diplomatic tax exemptions or parking privileges to foreign ambassadors. *Id.* at 21 ns.17, 21. However, comity may become a legal requirement. *Id.* at 21 n.17 (explaining diplomatic tax exemptions in the Vienna Convention on Diplomatic Relations).

⁹⁵ *Id.* at 21.

⁹⁶ *Id.*

⁹⁷ *Comity*, MERRIAM-WEBSTER.COM, <https://www.merriam-webster.com/dictionary/comity> [<https://perma.cc/TG4R-KXEW>].

⁹⁸ *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 328 (2008). *See also* James Janison, *Justifying the Presumption Against Extraterritoriality: Congress as a Foreign Affairs Actor*, 53 N.Y.U. J. INT’L L. & POLS. 1, 1 (2020), <https://www.nyujilp.org/wp-content/uploads/2021/02/Janison-Formatted.pdf> [<https://perma.cc/SGG5-DB6T>].

⁹⁹ *See, e.g.*, *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1007 (9th Cir. 2004) (holding in favor of a Japanese computer company against a U.S. car company for rights to a domain name).

¹⁰⁰ *See, e.g.*, *FITn40, LLC v. Glanbia Nutritionals (Ir.) Ltd.*, No. 2:20-cv-00871-JNP-DAO, 2022 U.S. Dist. LEXIS 3726, at *1, *23 (D. Utah Jan. 7, 2022).

some minimal territorial or personal nexus. Moreover, some authors have suggested a sovereign state should be cautious in expanding the scope of its jurisdiction, as it may risk creating a reputation for “international responsibility.”¹⁰¹

Additionally, enforcement against violators of IP rights holders has become increasingly difficult when they cannot be found, which occasionally occurs with third-party sellers online or other online sellers who are not located in the territory in which they are selling and can disappear when any type of notice or sanction is sent their way.¹⁰²

In cases where there might be international cooperation in the form of mutual legal assistance treaties, extradition treaties, or other state-to-state formal cooperation, the state mechanisms are traditionally slow and outdated; they cannot keep pace with the quick, global networks and responses of bad actors that sell fake and potentially dangerous trademark counterfeit products.

While we can see the roots of territoriality and sovereignty, particularly in regard to the enforcement of trademarks, we posit that the basis of territoriality and sovereignty are changing because of the nature of criminal activity online, whether or not international law concepts and principles are changing with it. In a world where “law disruptive technology” such as e-commerce, social media, and the internet are used to sell goods to consumers without traditional territorial boundaries, existing legal frameworks must be

¹⁰¹ CRAWFORD, *supra* note 20, at 455.

¹⁰² See generally Kari Kammel et al., *Responsibility for the Sale of Trademark Counterfeits Online: Striking a Balance in Secondary Liability While Protecting Consumers*, 49 AIPLA Q.J. 201 (2021); John H. Zacharia & Kari Kammel, *Congress’s Proposed E-Commerce Legislation for Regulation of Third-Party Sellers: Why It’s Needed and How Congress Should Make It Better*, 21 U.C. DAVIS BUS. L.J. 91 (2020); see also Dornis, *supra* note 1, at 594.

applied in new ways.¹⁰³ This changes both traditional intellectual property enforcement and secondary liability enforcement.¹⁰⁴

Additionally, where in the past cooperation remained primarily state-to-state, corporate actors, or multi-national corporations, are taking on some of the roles that states used to play in regard to investigations and gathering evidence or multi-jurisdictional coordination. For example, a company might travel to or cooperate with state officials in another country to support criminal prosecution for trademark counterfeit of their products, as the trademark owner often has much of the evidence needed to support a criminal case, particularly if it involves the online space. We anticipate the need to define jurisdiction and protection for IP rights holders and consumers will continue to evolve as technology expands into unknown areas that do not fit neatly into our existing legal framework.

II. THE CURRENT LANDSCAPE OF EXTRATERRITORIAL APPLICATION OF TRADEMARK ENFORCEMENT IN THE UNITED STATES

In order to explore trademark enforcement in the extraterritorial space, we will first examine it generally within the United States. While the “presumption that jurisdiction (in all its forms) is

¹⁰³ Kari P. Kammel, *Examining Trademark Counterfeiting Legislation, Free Trade Zones, Corruption and Culture in the Context of Illicit Trade: The United States and United Arab Emirates*, 28 MICH. ST. INT’L L. REV. 209, 230–33 (2020). See William Sowers, *How Do You Solve a Problem Like Law-Disruptive Technology?*, 82 L. & CONTEMP. PROBS. 193, 196 (2019).

¹⁰⁴ Primary liability for trademark infringement is a statutory violation of the trademark rights enunciated in the Lanham Act; secondary liability for trademark infringement is a judicial made law stemming from the concept of liability for those who knew or should have known that infringement would happen based on their role in the supply chain. See Kari Kammel et al., *supra* note 102, at 215. For proposed legislation to codify secondary liability, see Stopping All Nefarious Toys in America (SANTA) Act of 2019, S. 3073, 116th Cong. (2019); Stopping Harmful Offers on Platforms by Screening Against Fakes in E-commerce (SHOP SAFE) Act of 2020, H.R. 6058, 116th Cong. (2020). The Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers (INFORM Consumers) Act, S. 3431, 116th Cong. (2020) was passed into law in December of 2022.

territorial” exists in international law,¹⁰⁵ the federal courts in the United States have a specific presumption against extraterritoriality.¹⁰⁶

Unless congressional intent clearly indicates otherwise, courts will apply federal statutes only within the territory of the United States.¹⁰⁷ The emerging “cardinal principle” is that there must be a “genuine connection between the subject matter of jurisdiction and the territorial base or reasonable interests of the state in question.”¹⁰⁸ In the United States, the Supreme Court established a two-step analysis in keeping with this cardinal principle to determine if an act has extraterritorial reach.¹⁰⁹ The first step asks if Congress gave a “clear, affirmative indication that it applies extraterritorially.”¹¹⁰ If Congress did, the second step considers the limits Congress imposes on that extraterritorial reach.¹¹¹ Within this general scope of extraterritoriality, we look at the Lanham Act to see how this is specifically dealt with by Congress and the resulting case law.

A. *Extraterritorial Considerations with the Lanham Act*

Congressional authority to enact the Lanham Act comes from the Commerce Clause of the U.S. Constitution rather than the Intellectual Property Clause, as is the case with patent and copyright.¹¹² Consequently, trademark law deals with commerce rather than invention, and implicates trade policies with foreign nations.¹¹³ In

¹⁰⁵ CRAWFORD, *supra* note 20, at 440.

¹⁰⁶ RESTATEMENT (FOURTH) OF THE FOREIGN REL. L. OF THE UNITED STATES § 203 (AM. L. INST. 2018).

¹⁰⁷ *Id.*

¹⁰⁸ CRAWFORD, *supra* note 20, at 441.

¹⁰⁹ *RJR Nabisco, Inc. v. European Cmty.*, 579 U.S. 325, 337 (2016).

¹¹⁰ *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 966 (9th Cir. 2016) (citing *RJR Nabisco, Inc.*, 579 U.S. at 337).

¹¹¹ *Id.* However, this articulation by the Ninth Circuit has been criticized as “simply incorrect” and congressional limits should be assessed at step one. Timothy R. Holbrook, *Is There A New Extraterritoriality in Intellectual Property?*, 44 COLUM. J.L. & ARTS 457, 489 (2021) While this does not change the end result, it does add “unneeded confusion into the case law.” *Id.*

¹¹² Holbrook, *supra* note 111, at 461. Compare U.S. CONST. art. I, § 8, cl. 3 (“To regulate Commerce . . .”) with U.S. CONST. art. I, § 8, cl. 8 (“To promote the Progress of Science and useful Arts . . .”).

¹¹³ Holbrook, *supra* note 111, at 461.

essence, U.S. trademark law “aims to regulate market communication.”¹¹⁴ Trademarks are also the intellectual property “most susceptible to extraterritorial application” because the reputation of a mark can easily cross borders.¹¹⁵

Prior to the Lanham Act, the universality principle guided circuit courts in trademark infringement cases.¹¹⁶ Under this principle, as long as a mark was lawfully “affixed . . . merchandise would carry [a] mark lawfully wherever it went and could not be deemed an infringer” even if “the exclusive right to the mark was held by [another].”¹¹⁷ This rendered trademark holders based in the United States powerless against importers.¹¹⁸ In response, Congress enacted the Tariff Act of 1922,¹¹⁹ making it illegal to import merchandise that “bears a trademark owned by a citizen of, or by a corporation . . . unless the written consent of the owner is produced at the time of making entry.”¹²⁰ This recognition that “a trademark has a separate legal existence under each country’s laws” replaced the universality principle with the territoriality principle.¹²¹

The territoriality principle recognizes that trademarks indicate and represent the “goodwill” that a brand cultivates in a particular country.¹²² This goodwill was protected by a “rather confusing amalgam of law” that failed to “adequately” protect mark holders’ interests and left few causes of action open for mark holders when their rights were infringed.¹²³ In 1946, Congress passed the Lanham Act and rooted it in territorial, rather than universal, principles.¹²⁴

¹¹⁴ Dornis, *supra* note 1, at 647.

¹¹⁵ *Id.*

¹¹⁶ *Osawa & Co. v. B&H Photo*, 589 F. Supp. 1163, 1171 (S.D.N.Y. 1984).

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ Tariff Act of 1922, Pub. L. No. 67-318, tit. III § 526, 42 Stat. 858, 975.

¹²⁰ *Osawa & Co.*, 589 F. Supp. at 1171 (quoting Genuine Goods Exclusion Act, § 526 of the Tariff Act of 1922, 19 U.S.C. § 1526).

¹²¹ *Id.*

¹²² See Jennifer E. Rothman, *Navigating the Identity Thicket: Trademark’s Lost Theory of Personality, the Right of Publicity, and Preemption*, 135 HARV. L. REV. 1271, 1313 (2022).

¹²³ Ethan Horwitz & Benjamin Levi, *Fifty Years of the Lanham Act: A Retrospective of Section 43(a)*, 7 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 59, 60–64 (1996).

¹²⁴ See *id.* at 62–63.

The Lanham Act reflects this recognition in Section 32¹²⁵ and does not require a plaintiff to show consumer confusion about the origin of the goods.¹²⁶ The Supreme Court embedded the territoriality of trademark rights in several opinions and “in the view that trademark rights arise out of use of the mark in a particular geographic market”¹²⁷ While U.S. courts promote comity in their decisions, they do so only after determining if they have jurisdiction.¹²⁸ Thus, a court will decide whether it *can* hear the case, and then it will determine whether it is, or *should be*, the appropriate forum for the case.¹²⁹

The Supreme Court established the extraterritorial reach of the Lanham Act¹³⁰ in the 1952 case of *Steele v. Bulova Watch Co.*,¹³¹ where it debated how the Lanham Act applies extraterritorially. In *Steele*, the Supreme Court characterized extraterritoriality as “jurisdictional.”¹³²

More recently, the Ninth Circuit held that the extraterritorial application of the Lanham Act is based on the merits of a case.¹³³ The Ninth Circuit reached this conclusion in light of recent Supreme Court decisions concerning securities regulation¹³⁴ and employment law.¹³⁵ However, the Supreme Court has not revisited the Lanham

¹²⁵ 15 U.S.C. § 1114.

¹²⁶ *Osawa & Co.*, 589 F. Supp. at 1173. *See* 15 U.S.C. § 1114 (providing no remedies that require a plaintiff to prove the origin of a product).

¹²⁷ *Osawa & Co.*, 589 F. Supp. at 1172. *See id.* at 1173 (“[A] mark may have not only a separate legal basis but also a different factual significance in each separate country where the local mark owner has developed an independent goodwill.”).

¹²⁸ *See supra* notes 81–98 and associated text for a discussion on obtaining jurisdiction.

¹²⁹ *See, e.g.*, FITn40, LLC v. Glanbia Nutritionals (Ir.) Ltd., No. 2:20-cv-00871-JNP-DAO, 2022 U.S. Dist. LEXIS 3726, at *1–2 (D. Utah Jan. 7, 2022); Juicy Couture, Inc. v. Bella Int’l, Ltd., 930 F. Supp. 2d 489, 508 (S.D.N.Y. 2013).

¹³⁰ 15 U.S.C. §§ 1051–141.

¹³¹ 344 U.S. at 280.

¹³² *See id.* at 285.

¹³³ *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 968 (9th Cir. 2016) (“We hold that the extraterritorial reach of the Lanham Act is a merits question that does not implicate federal courts’ subject-matter jurisdiction”); *La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 873 (9th Cir. 2014) (“Nothing suggests that Congress intended that ‘use in commerce’ be interpreted as a jurisdictional requirement”).

¹³⁴ *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 253–54 (2010).

¹³⁵ *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 512–16 (2010). *See also* Dornis, *supra* note 1, at 573 n.14.

Act since *Steele*, making the Ninth Circuit's decision an outlier that stands in contrast to the "traditional principle" that courts need explicit Congressional direction in the text of the statute to apply extraterritorially.¹³⁶ Despite this incongruity, courts still hold that the Lanham Act does apply extraterritorially, no matter the jurisprudential basis.¹³⁷

Under the Lanham Act, "[a]ny person who shall use in commerce" a "colorable imitation of a registered mark,"¹³⁸ or who uses a mark that is "likely to cause confusion," "mistake," or "deceive as to the affiliation" or source of a product is subject to civil liability.¹³⁹ In *Steele*, the Court acknowledged the presumption against extraterritoriality; however, it nevertheless held that the Lanham Act applied to infringing conduct of U.S. Citizens' that occurred outside of the United States, if part of that conduct occurred in the U.S. and the product of that infringement entered the domestic market.¹⁴⁰ However, since that decision, the Court has yet to determine the extent of the Act as applied to non-citizen defendants acting abroad whose products do not make their way into U.S. commerce.¹⁴¹

¹³⁶ See *Morrison*, 561 U.S. at 261 ("The results of judicial-speculation-made-law—divining what Congress would have wanted if it had thought of the situation before the court—demonstrate the wisdom of the presumption against extraterritoriality. Rather than guess anew in each case, we apply the presumption in all cases, preserving a stable background against which Congress can legislate with predictable effects.").

¹³⁷ See *infra* Section II.A.1.

¹³⁸ 15 U.S.C. § 1114(1).

¹³⁹ 15 U.S.C. § 1125(a)(1).

¹⁴⁰ *Steele v. Bulova Watch Co.*, 344 US 280, 285–87 (1952). The defendant was a citizen of Texas and the Court held that "the United States is not debarred . . . from governing the conduct of its own citizens upon the high seas or even in foreign countries when the rights of other nations or their nationals are not infringed." *Id.* at 285–86. The products in *Steele* were made with parts legally purchased in the U.S. and then sold in U.S. commerce. *Id.* at 286–87.

¹⁴¹ See, e.g., *McBee v. Delica Co.*, 417 F.3d 107, 117 (1st Cir. 2005) ("The Supreme Court has long since made it clear that the Lanham Act could sometimes be used to reach extraterritorial conduct . . . it has never laid down a precise test for when such reach would be appropriate." (footnote and citations omitted)).

1. The Circuit Court Splits on Applicability to Foreign Defendants

The Supreme Court affirmatively answered the first step of the extraterritorial analysis question in *Steele*.¹⁴² Thus, the Lanham Act can apply extraterritorially.¹⁴³ The second step of the extraterritorial analysis considers “the limits Congress has (or has not) imposed on the statute’s foreign application”¹⁴⁴ Once a court concludes that “a statute *can* apply extraterritorially,” it must decide if it *will*.¹⁴⁵ The courts will exert jurisdiction over acts committed domestically, acts committed by U.S. citizens, and acts that affect U.S. commerce.¹⁴⁶ However, what qualifies as affecting U.S. commerce and how significant that effect must be is an unanswered question, particularly when the acts occur outside U.S. territory and there is no U.S. citizen involved.¹⁴⁷ These unanswered questions have created a circuit court split over the extent of extraterritorial application of the Lanham Act.¹⁴⁸ As a result, the circuit courts have adopted one of three three-pronged tests to determine if the Lanham Act governs

¹⁴² Even though the two-step framework did not exist in 1952, “[s]ince [*Steele*], the Court has fundamentally altered the framework for determining whether a statute should be applied to conduct outside the United States.” Robert Reznick & Peter Vogl, *Two Recent Decisions Highlight Divergent Extraterritorial Application of Lanham Act and Copyright Act*, ORRICK HERRINGTON & SUTCLIFFE LLP (Aug. 29, 2017), <https://www.orrick.com/en/Insights/2017/08/Two-Recent-Decisions-Highlight-Divergent-Extraterritorial-Application-of-Lanham-Act-and-Copyright-A>

[<https://perma.cc/9BAL-MTBL>]. See generally *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247 (2010) (provisions of securities legislation do not apply to extraterritorial fraud); *RJR Nabisco, Inc. v. European Cmty.*, 579 U.S. 325 (2016) (provisions of RICO apply extraterritorially); *Steele*, 344 U.S. at 286.

¹⁴³ See *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956); *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977); *McBee v. Delica Co.*, 417 F.3d 107, 117 (1st Cir. 2005).

¹⁴⁴ *RJR Nabisco, Inc.*, 579 U.S. at 337.

¹⁴⁵ *Hetric Int’l, Inc. v. Hetric Ger. GmbH*, 10 F.4th 1016, 1034 (10th Cir. 2021), cert. granted sub nom. *Abitron Austria GmbH v. Hetric Int’l, Inc.*, 143 S. Ct. 398 (2022) (No. 21-1043).

¹⁴⁶ *Dornis*, supra note 1, at 581.

¹⁴⁷ *Id.*

¹⁴⁸ Commentators tend to label the different rules as an “enormous inconsistency in the tests” rather than a “circuit split.” *Id.* However, the “courts themselves seem to harbor a perspective of harmony” and claim that the results are “the same” despite the different tests. *Id.* at 582.

a defendant's foreign conduct: (1) the *Vanity Fair Mills* test; (2) the *Wells Fargo* test; and (3) the *McBee* test.

<i>Steele</i> Factors ¹⁴⁹			
	Vanity Fair Mills ¹⁵⁰	Wells Fargo ¹⁵¹	McBee ¹⁵²
Citizenship of accused	Weighted	Weighted	If U.S., dispositive Otherwise, analyze the effects
Effect on U.S. Commerce	"substantial"	"some"	"substantial"
Conflicts with Foreign Law	Any conflicts	Consideration of seven factors	Any potential conflicts ¹⁵³
Circuit Court	Second, Fourth, Fifth, Eleventh, & Federal Circuit	Ninth Circuit	First & Tenth Circuit

¹⁴⁹ *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952).

¹⁵⁰ *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956).

¹⁵¹ *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406 (9th Cir. 1977). The test arose in *Wells Fargo* but is most often referred to as the *Timberlane* test. *See, e.g.*, Holbrook, *supra* note 111, at 487. This article will use *Wells Fargo* to emphasize the application of the factors with the Lanham Act.

¹⁵² *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005).

¹⁵³ The First Circuit does not make this factor a separate step. Instead, the court considers conflicts with foreign law as part of the "effect on United States commerce" analysis. *Id.* at 122. The Tenth Circuit made the international analysis a distinct sub-factor under the *McBee* test. *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1034 (10th Cir. 2021), *cert. granted sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 143 S. Ct. 398 (2022) (No. 21-1043).

a) *The Vanity Fair Mills* test of the Second Circuit

The Second Circuit developed the first test in *Vanity Fair Mills, Inc. v. T. Eaton Co.*¹⁵⁴ The *Vanity Fair Mills* test considers three factors: (1) whether the defendant's conduct had a "substantial effect" on U.S. commerce; (2) whether the defendant was a U.S. citizen; and (3) whether a conflict exists with trademark rights under relevant foreign law.¹⁵⁵ No factor of the *Vanity Fair Mills* test is dispositive, but the absence of one factor "might well be determinative" and "the absence of both is certainly fatal."¹⁵⁶ As a result, the factors of the *Vanity Fair Mills* test are conditional rather than balanced, and each is necessary for the test to apply. The Fourth, Fifth, and Eleventh Circuit Courts and the Federal Circuit Court have adopted this approach.¹⁵⁷

b) The *Wells Fargo* test of the Ninth Circuit

The Ninth Circuit adopted a three-part test based on the extraterritorial reach of antitrust law and the Sherman Act¹⁵⁸ in *Wells Fargo & Co. v. Wells Fargo Express Co.*¹⁵⁹ In the Ninth Circuit's

¹⁵⁴ *Vanity Fair Mills*, 234 F.2d 633 at 642.

¹⁵⁵ *Id.* at 642.

¹⁵⁶ *Id.* at 643.

¹⁵⁷ See *Nintendo Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994) (changing "substantial effect" on U.S. commerce to a "significant effect"); *Am. Rice, Inc. v. Ark. Rice Growers Co-op.*, 701 F.2d 408, 414 n.8 (5th Cir. 1983) (lowering the "substantial effect" requirement to "some effect") (emphasis in original); *Int'l Cafe, S.A.L. v. Hard Rock Cafe Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001) (quoting *Vanity Fair Mills*); *Aerogroup Int'l, Inc., v. Marlboro Footworks, Ltd.*, 152 F.3d 948, 1998 WL 169251, at *3 (Fed. Cir. Apr. 13, 1998) (per curiam) (unpublished) (adopting the *Vanity Fair Mills* test).

¹⁵⁸ 15 U.S.C. § 1.

¹⁵⁹ The test was first articulated in an antitrust case applying the Sherman Act. See *Timberlane Lumber Co. v. Bank of Am., N.T. & S.A.*, 549 F.2d 597, 613 (9th Cir. 1976). The Ninth Circuit applied the *Timberlane* test to the Lanham Act analysis. See *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 427–28 (9th Cir. 1977). The Ninth Circuit applied the "jurisdictional rule of reason" of the Sherman Act to the Lanham Act because both "contain[] sweeping jurisdictional language." *Id.* at 427. Compare 15 U.S.C. §§ 1–2, (encompassing "every contract" and "every person") with 15 U.S.C. §§ 1114(1)(a), 1127 (encompassing "any person" and "any word, name, symbol, or device"). See also *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1394 (9th Cir. 1985); *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601, 612 (9th Cir. 2010).

test, the Lanham Act applies extraterritorially if “(1) the alleged violations . . . create some effect on American foreign commerce; (2) the effect [is] sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act; and (3) the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.”¹⁶⁰ The Ninth Circuit “considers international comity” in the third prong and provides seven factors to weigh before deciding to apply extraterritorial jurisdiction.¹⁶¹ The use of clear guiding factors and focus on the effects rather than the existence of an infringement in the *Wells Fargo* test stands in contrast to the conditional approach of *Vanity Fair Mills*.¹⁶²

c) The *McBee* test of the First Circuit

The First Circuit formulated its own two-step test relying on antitrust laws in *McBee*.¹⁶³ First, the court focuses on the defendant’s nationality.¹⁶⁴ If the defendant is a U.S. citizen, the Lanham Act has jurisdiction; if not, the court determines whether the defendant’s conduct has a “substantial effect” on U.S. commerce.¹⁶⁵ Unlike the other tests, the *McBee* test does not explicitly analyze the effect of extraterritorial application of the Lanham Act on lawfully granted

¹⁶⁰ *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (alterations in original) (citation and footnote omitted).

¹⁶¹ *See id.* at 972–73. The seven factors are

(1) the degree of conflict with foreign law or policy, (2) the nationality or allegiance of the parties and the locations or principal places of business of corporations, (3) the extent to which enforcement by either state can be expected to achieve compliance, (4) the relative significance of effects on the United States as compared with those elsewhere, (5) the extent to which there is explicit purpose to harm or affect American commerce, (6) the foreseeability of such effect, and (7) the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.

Id. (citation omitted).

¹⁶² The Ninth Circuit is known as a “haven for trademark owners” despite being “hardly more willing to apply U.S. trademark law than other circuits” according to a recent empirical study. Tim Lince, *Groundbreaking Study Suggests Extraterritorial Application of US Trademark Law “Burdens” Rights Holders*, WORLD TRADEMARK REV. (July 25, 2017), <https://www.worldtrademarkreview.com/anti-counterfeiting/groundbreaking-study-suggests-extraterritorial-application-of-us-trademark-law-burdens-rights-holders> [https://perma.cc/F6L8-5K34] (quoting Dornis, *supra* note 1).

¹⁶³ *McBee v. Delica Co, Ltd.*, 417 F.3d 107 (1st Cir. 2005).

¹⁶⁴ *Id.* at 118.

¹⁶⁵ *Id.* at 111.

foreign trademark rights.¹⁶⁶ Additionally, in contrast to the other tests that examine all factors, the *McBee* test is a two-step approach.¹⁶⁷ The “substantial effect” step is not analyzed unless the defendant is not a U.S. citizen.¹⁶⁸ Under this analysis, the First Circuit takes for granted that Congress can regulate the actions of any U.S. citizen.¹⁶⁹

The Tenth Circuit adopted the *McBee* test but added a sub-step to consider the existence of and effects on lawful foreign trademark rights.¹⁷⁰ Doing so adds a half step at the end, but without a robust separate analysis, making it step two-point-five.¹⁷¹ Thus, the First and Tenth Circuits use the *McBee* test, but with different degrees of international considerations.

2. The Extent of Foreign Acts by Foreign Actors

All of the tests agree that Congress has the ability to regulate the conduct of its’ citizens acting at home and abroad.¹⁷² But the question remains unanswered as to what is necessary to establish jurisdiction over foreign actors acting wholly abroad.¹⁷³ Moreover, there is inconsistency among the courts as to whether extraterritoriality is a “jurisdictional question or a question of . . . the merits.”¹⁷⁴ Instead, those that have addressed the issue have “concluded that extraterritoriality does not relate to a court’s subject matter” and “[t]his trend

¹⁶⁶ *See id.* at 118.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.* at 121.

¹⁶⁹ *Id.*

¹⁷⁰ *Hetric Int’l, Inc. v. Hetric Ger. GmbH*, 10 F.4th 1016, 1037 (10th Cir. 2021) *cert. granted, sub nom. Abitron Austria GmbH v. Hetric Int’l, Inc.*, 143 S. Ct. 398 (2022) (stating the court must consider “whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under the relevant foreign law”).

¹⁷¹ *See id.* at 1038 (“[O]nly if the plaintiff has satisfied the substantial-effects test, courts should consider . . . a conflict with trademark rights established under foreign law.”).

¹⁷² *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952) (“Congress has the power to prevent unfair trade practices in foreign commerce by citizens of the United States, although some of the acts are done outside the territorial limits of the United States.”). Although the analysis and weight given to citizenship considerations varies among the circuits. *See supra* Section II.A.1.

¹⁷³ CRAWFORD, *supra* note 20, at 440–41 (noting that even internationally, “what amounts to extraterritorial jurisdiction is increasingly a matter of appreciation.”).

¹⁷⁴ Holbrook, *supra* note 111, at 463.

seems likely to continue.”¹⁷⁵ The courts seemingly appear to side-step the jurisdictional question and focus on the harm caused in extraterritorial trademark cases to justify deciding a case.¹⁷⁶ Under this focus, the extent of foreign acts must be sufficient to justify infringing on the sovereignty of another jurisdiction and control activities in foreign fora.¹⁷⁷

The Courts disagree even on which of the three prongs should receive the most weight.¹⁷⁸ According to a study published in 2018 analyzing trademark cases decided after *Steele*, the *Wells Fargo* test weighs comity the most, while the other two tests favor the “effects factor.”¹⁷⁹ Post-*Steele*, courts have “discuss[ed] or appl[ied] the ‘effects on U.S. commerce’ factor” in 85.53% of cases.¹⁸⁰ When a court did not use the *Wells Fargo* test, “‘nationality’ and ‘conflicts with foreign law’” were discussed in 56.78% and 50.85% of cases.¹⁸¹ In contrast, courts applying the *Wells Fargo* test applied or considered comity in 80.49% of cases.¹⁸² This study also notes that “any of the [*Steele*] factors could be determinative and dominant” because the Supreme Court “did not clarify the interrelations among factors.”¹⁸³ In fact, a strict reading of *Steele* would require the existence of all three factors.¹⁸⁴ The study posits that the “absence of one” statement in *Vanity Fair Mills* “set the stage for an extension” of the extraterritoriality of the Lanham Act.¹⁸⁵ This expansion haphazardly grew over the following decades due to a “cross-circuit proliferation of precedents” and borrowing elements of the different tests from each

¹⁷⁵ *Id.* at 486.

¹⁷⁶ *Id.* at 488.

¹⁷⁷ Some critics note the “fractured results of the courts” application of *RJR Nabisco* demonstrates that *Steele* is in “tension” with recent Supreme Court decisions and may no longer be viable. *Id.* at 485–

91 (describing extraterritoriality in *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247 (2010) and *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325 (2016)).

¹⁷⁸ Dornis, *supra* note 1, at 567.

¹⁷⁹ *Id.* at 602.

¹⁸⁰ *See id.* at 606–07. Or 136 of 159 cases. *Id.*

¹⁸¹ *Id.* at 607.

¹⁸² *Id.* 33 of 41 cases applying the *Wells Fargo* test. *Id.*

¹⁸³ *Id.* at 603.

¹⁸⁴ *Id.* at 604.

¹⁸⁵ *Id.*

other while paying lip service to their adopted three-prong test.¹⁸⁶ The current system is a patchwork of tests with a “penchant for discriminating against U.S. nationals and extending U.S. trademark protection,” leading some to call for a “complete jettisoning” of the nationality factor.¹⁸⁷

The 1952 *Steele* decision is the latest Supreme Court guidance for trademark law. Since that time, an apparent discrepancy has developed between the courts, with some considering all three factors and others ignoring at least one.

In the next few years, the Supreme Court may resolve whether or not a foreign defendant acting entirely outside the United States will have to pay damages for those actions. The question arises out of the Tenth Circuit, in *Abitron Austria GmbH v. Hetronic International, Inc.*¹⁸⁸ The defendant in *Hetronic* filed for a writ of certiorari, and the case has been granted.¹⁸⁹ In this case, the plaintiff is a U.S. company that manufactures remote controls, and the defendant is a foreign company that produced the plaintiff’s products under the plaintiff’s trademarks.¹⁹⁰ Under a contract, the defendant “distributed [the plaintiff’s] products, mostly in Europe.”¹⁹¹ This relationship continued for nearly a decade until the defendant exploited a perceived loophole in the licensing agreement and began manufacturing its own products using the plaintiff’s trademarks and designs without compensating the plaintiff.¹⁹² In response, the plaintiff sued under the Lanham Act, and the district court issued a “worldwide injunction barring defendants from selling” infringing products, which the defendant has ignored.¹⁹³

¹⁸⁶ *Id.* at 639–40, 650.

¹⁸⁷ *Id.* at 643, 646–47.

¹⁸⁸ *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021), *cert. granted, sub nom. Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 143 S. Ct. 398 (2022).

¹⁸⁹ Petition for Writ of Certiorari, *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 143 S. Ct. 398 (2022) (No. 21-1043), <https://www.supremecourt.gov/docket/docketfiles/html/public/21-1043.html>. [<https://perma.cc/UC6T-KQZV>].

¹⁹⁰ *Hetronic Int’l, Inc.*, 10 F.4th at 1023.

¹⁹¹ *Id.*

¹⁹² *Id.* The Tenth Circuit rejected the defendant’s “creative legal interpretation of the agreement.” *Id.*

¹⁹³ *Id.* at 1024.

The Tenth Circuit was left with the issue of whether the Lanham Act, which can be applied extraterritorially, can reach foreign conduct by foreign defendants that targets foreign consumers.¹⁹⁴ If so, the court can enforce damages as a remedy for the plaintiff.¹⁹⁵ Using the modified *McBee* test, the Tenth Circuit concluded that the Lanham Act does apply to foreign actors and foreign conduct but narrowed the extent of the district court's worldwide injunction.¹⁹⁶

To establish an effect on U.S. commerce and satisfy the second prong of the *McBee* test, the plaintiff used a "diversion-of-sales" theory.¹⁹⁷ Under this theory, the court has an interest in protecting U.S. companies "from the economic harm [they] suffer[] in the form of lost sales that [they] would have made if it weren't for Defendants' trademark infringement."¹⁹⁸ The defendant argued that this theory only applies when the defendant is a U.S. corporation.¹⁹⁹ The court rejected the defendant's argument and held that the diversion-of-sales theory is actually stronger when the defendant is a foreign actor because the plaintiff and the American economy are both deprived of revenue.²⁰⁰

As *Hetronic* comes up for review,²⁰¹ the Supreme Court appears poised to expand extraterritoriality. The United States has historically applied extraterritoriality with comity considerations as far back as 1952.²⁰² Currently, the Court shows no signs of contracting U.S. jurisdiction over intellectual property claims and, in fact, may expand. In the 2018 patent law case *WesternGeco LLC v. ION Geophysical Corp.*, only Justices Stephen Breyer and Neil Gorsuch dissented, and, with Justice Breyer's retirement, only Justice Gorsuch

¹⁹⁴ *Id.*

¹⁹⁵ *Id.* at 1036–38.

¹⁹⁶ "Hetronic isn't entitled to injunctive relief in markets it hasn't actually penetrated." *Id.* at 1047.

¹⁹⁷ *Id.* at 1042.

¹⁹⁸ *Id.* at 1045.

¹⁹⁹ *Id.*

²⁰⁰ *Id.*

²⁰¹ *Abitron Austria GmbH v. Hetronic International, Inc.*, SCOTUSBLOG, <https://www.scotusblog.com/case-files/cases/abitron-austria-gmbh-v-hetronic-international-inc> [<https://perma.cc/ZFL6-VQHY>].

²⁰² *See Steele v. Bulova Watch Co.*, 344 U.S. 280, 289 (1952); Holbrook, *supra* note 112, at 461–66.

remains known to heavily favor comity and the effect of extraterritoriality in other intellectual property cases.²⁰³ Even though patent law does not have the same precedent of expanding extraterritoriality as trademark law, the Court expanded into foreign jurisdictions to provide damages to American corporations in *WesternGeco*.²⁰⁴ Should the Court as currently constituted hear *Hetronic*, it would appear poised to expand the enforcement of U.S. intellectual property law into foreign jurisdictions.

B. *Future Applicability of United States' Caselaw*

Over the next term, the Supreme Court may resolve these readily apparent Circuit splits, along with potentially deciding whether or not a foreign defendant acting entirely outside the U.S. will have to pay damages. We next look to see how these cases will be applied beyond direct infringement to secondary infringement (or secondary liability), in other words, when defendants can be found, but a judgment cannot be enforced against them. To date, most international trademark disputes involve some trademark counterfeit goods.²⁰⁵

Many disputes feature straightforward scenarios of piracy, counterfeiting, or other kinds of evidently infringing conduct. Accordingly, an assertion of “undue extraterritoriality” is not just one

²⁰³ See *WesternGeco LLC v. Geophysical Corp.*, 138 S. Ct. 2129, 2139–44 (2018) (Gorsuch, J., dissenting). Chief Justice John Roberts and Justices Clarence Thomas, Samuel Alito, Sonia Sotomayor, and Elena Kagan were in the majority of *WesternGeco*, and the majority applied a textualist approach. See, e.g., *id.* at 2138–39 (“And [the dissent’s position] is not the better reading of the plain text of the Patent Act.” (citations and quotation marks omitted)). In his dissent, Justice Gorsuch addressed the implications of expanding patent law extraterritorially. *Id.* at 2139 (“Permitting damages of this sort would effectively allow U.S. patent owners to use American courts to extend their monopolies to foreign markets. That, in turn, would invite other countries to use their own patent laws and courts to assert control over our economy.”). Justice Gorsuch dissented from the other textualists on the Court despite being a self-described textualist. See *Confirmation Hearing on the Nomination of Hon. Neil M. Gorsuch to Be an Associate Justice of the Supreme Court of the United States: Hearing Before the S. Comm. on the Judiciary*, 115th Cong. 131 (2017) (statement of Judge Neil M. Gorsuch). Regardless of which way Justices Brett Kavanaugh, Amy Barrett, and Ketanji Jackson hold, the majority that expanded patent outside the United States in *WesternGeco* remain on the Court to potentially expand trademark outside the United States.

²⁰⁴ *WesternGeco LLC v. Geophysical Corp.*, 138 S. Ct. at 2139.

²⁰⁵ Dornis, *supra* note 1, at 587 (reviewing the author’s comprehensive examination of international trademark disputes in the context of extraterritoriality).

among several available defenses, but the only one. If this is true, however, one should suggest that rational defendants settle weak cases out of court rather than try to defend their cases half-heartedly on the basis of a weak extraterritoriality argument.²⁰⁶

III. OTHER STATES' APPROACHES TO EXTRATERRITORIALITY

Countries other than the United States vary in their extraterritorial reach. Some do not grant extraterritorial jurisdiction in disputes, while others will grant limited jurisdiction over a case depending on an alleged infringer's location, the infringer's citizenship, and the intellectual property infringed. Other jurisdictions have legislation concerning the issue but have not addressed it yet, so while a court could exercise extraterritoriality, the outcome remains speculative.

Some countries, such as Argentina, Brazil, China, Ecuador, and Turkey, have established that their courts' jurisdiction is limited to the country's territorial boundaries.²⁰⁷ In these countries, it is not possible for courts to grant cross-border or extraterritorial decisions or injunctions. In contrast, other countries allow enforcement with seemingly no requirements. For instance, "[u]nder Russian law, Russian courts can issue rulings[,] the enforcement of which is expected to be carried out abroad."²⁰⁸ However, in practice, this enforcement is unreliable.²⁰⁹ Additionally, with respect to the current status of intellectual property enforcement in Russia, multinational companies have not been able to enforce many of their intellectual

²⁰⁶ *Id.* at 593.

²⁰⁷ Gustavo P. Giay & Martin Chajchir, *Trade Mark Litigation in Argentina: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-010-0847 (law stated as of Feb. 1, 2022); Elisabeth Kasznar Fekete & Gabriel Leonardos, *Trade Mark Litigation in Brazil: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-011-2481 (law stated as of Nov. 1, 2018); Erica Liu, *Trade Mark Litigation in China: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-010-4924 (law stated as of Oct. 1, 2021); Sasha Mandakovic, *Trade Mark Litigation in Ecuador: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-011-1167 (law stated as of Jan. 1, 2022); Murat Volkan Dülger, *Trade Mark Litigation in Turkey: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-009-5513 (law stated as of June 1, 2022).

²⁰⁸ Natalia Gulyaeva, *Trade Mark Litigation in Russia: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-009-7721 (law stated as of Dec. 1, 2022).

²⁰⁹ *Id.*

property rights since the beginning of the country's invasion of Ukraine.²¹⁰

Many other countries allow some extraterritorial reach by their courts based on specific requirements. For example, the justice system in India has set the precedent that its courts have extraterritorial jurisdiction over trademark infringement cases, provided that the infringer has “sufficient contacts” with India.²¹¹ Sufficient contact requires three factors: (1) that the defendant intends to act or to cause consequences in India; (2) that the cause of action in India arises from the defendant's activities outside the country; and (3) that the consequences of the defendant's activities have a substantial connection with India.²¹²

Meanwhile in Hong Kong, courts allow injunctions outside of their jurisdiction if (1) the court has personal jurisdiction over the defendant; and (2) either (a) “the defendant is trying to export an instrument of deception . . . with a view to deceive the public and consumers outside Hong Kong” or (b) the defendant's infringement is also actionable in the foreign jurisdiction concerned, labeled the “double actionability rule.”²¹³

A third method is to apply extraterritoriality only if the product physically enters the court's jurisdiction. In Australia, extraterritorial injunctions are only granted “[i]f goods bearing an impugned mark are placed by an overseas manufacturer/trader into the market in Australia.”²¹⁴ This is similar to the practice in Finland, where courts do not grant extraterritorial injunctions “except for decisions

²¹⁰ See e.g., Hannah Knowles & Zina Pozen, *Russia Says Its Businesses Can Steal Patents from Anyone in 'Unfriendly' Countries*, WASH. POST (Mar. 9, 2022, 8:19 PM), <https://www.washingtonpost.com/business/2022/03/09/russia-allows-patent-theft> [<https://perma.cc/9SQ6-NRY7>].

²¹¹ Pravin Anand et al., *Trade Mark Litigation in India: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-010-1547 (law stated as of July 1, 2022).

²¹² *Id.*

²¹³ Lilian Shi et al., *How Far Can Injunctions Go? Part I: The Extraterritorial Reach of Trademark Injunctions from Hong Kong to China*, JD SUPRA (Mar. 3, 2022), <https://www.jdsupra.com/legalnews/how-far-can-injunctions-go-part-i-the-8902537>. [<https://perma.cc/N45V-JCTU>].

²¹⁴ Michael Williams et al., *Trade Mark Litigation in Australia: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A w-010-4406 (law stated as of Sept. 1, 2017).

on preventing the transit of counterfeit goods into and out of Finland.”²¹⁵

When the countries involved are part of the same regional organization, regional territoriality also plays a role in the approach to extraterritoriality in trademark law. For instance, European Union countries handling cases involving EU trademarks (“EUTMs”) will consider their jurisdiction as reaching every EU country.²¹⁶ In France, the courts established that a “likelihood of confusion in a part of the European territory is sufficient to characteri[z]e infringement of a EUTM, and the injunction should extend to the whole European area.”²¹⁷

However, the issue of actual enforcement of intellectual property rights is relevant here, even with regional agreements in place. Even though “injunctions are generally recognized and enforced” within the EU, their enforcement may be difficult and “subject to delays” when they “target conduct on the internet.”²¹⁸ Accused infringers may raise “territorial challenges” regarding what law is applied, particularly when the infringing acts involve this category of conduct.²¹⁹ Even if an extraterritorial decision is successfully obtained, rights holders may still have trouble due to the limited availability of actual enforcement of that decision.

Within their respective territories, countries are largely free to handle infringement cases in the ways their courts see fit. Some countries, such as Austria and Switzerland, have set a precedent that a defendant’s domicile must first be established in order to determine whether the court has jurisdiction over the case at hand.²²⁰ In

²¹⁵ Rainer Hilli et al., *Trade Mark Litigation in Finland: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-011-2304 (law stated as of Oct. 1, 2018).

²¹⁶ Eléonore Gaspar, *Trade Mark Litigation in France: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-011-1849 (law stated as of Oct. 1, 2017).

²¹⁷ *Id.*

²¹⁸ Marketa Trimble, *Extraterritorial Intellectual Property Enforcement in the European Union*, 18 SW. J. INT’L L. 101, 108 (2011), <https://scholars.law.unlv.edu/facpub/567> [<https://perma.cc/4JQF-BHKK>].

²¹⁹ *Id.*

²²⁰ Sascha Salomonowitz & Florian Rath, *Trade Mark Litigation in Austria: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-009-8366 (law stated as of Oct. 1, 2021); Jürg Simon et al., *Trade Mark Litigation in Switzerland: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-010-7889 (law stated as of June 1, 2022).

Italy, for cases that involve EU trademarks, the courts can issue and recognize “[c]ross border injunctions effective through the entire EU” if there is an “action [] taken in the member state where the infringer has its registered office.”²²¹

Finally, the principle of reciprocity is recognized by some countries. For example, while the courts of the United Arab Emirates usually do not grant cross-border injunctions, “it may be possible on the basis of reciprocity with certain states.”²²²

A stark example of the “chilling effect” of anti-counterfeiting measures through trademark enforcement is illustrated in the vagueness of the Kenyan Anti-Counterfeit Act of 2008 (“the Act”).²²³ Section 2 of the Act defines “counterfeiting” as, among other things, manufacturing, packaging, labeling, or producing goods “without the authority of the owner of [the] intellectual property right”²²⁴ Notably, the Act covers actions that occur “in Kenya” or “outside Kenya.”²²⁵ This inclusion and the vague definition of “counterfeit product” compelled the Kenyan High Court to declare the Act “unconstitutional for potential violations of the rights to life, human dignity and health,” and the Court “requested the Kenyan legislature to amend the Act.”²²⁶

The Court made its declaration and request because of its potential effects on the availability of generic medications domestically and the risk of Kenya becoming a global arbiter for trademark infringement.²²⁷ Under the language of Section 2 of the Act, a mark does not need to be registered in Kenya to gain recognition; the inclusion of “or elsewhere” makes any claim in a foreign country

²²¹ Massimo Sterpi & Damiana Masi, *Trade Mark Litigation in Italy: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-010-0167 (law stated as of Apr. 1, 2022).

²²² Farrukh Irfan Khan, *Trade Mark Litigation in the United Arab Emirates: Overview*, WESTLAW PRACTICAL LAW COUNTRY Q&A W-011-8550 (law stated as of July 1, 2022).

²²³ TRIPS Flexibilities and Anti-Counterfeit Legislation in Kenya and the East African Community: Implications for Generic Producers 16, UNCTAD/DIAE/PCB/2015/6 (2016) [hereinafter TRIPS Flexibilities], https://unctad.org/system/files/official-document/diaepcb2015d6_en.pdf [<https://perma.cc/LET2-5GKS>]; see generally Anti-Counterfeit Act, No. 13 (2008) (Kenya).

²²⁴ Anti-Counterfeit Act, No. 13 § 2 (2008) (Kenya).

²²⁵ *Id.*

²²⁶ TRIPS Flexibilities, *supra* note 223, at 11–12.

²²⁷ *Id.* at 11–12.

potentially actionable.²²⁸ Finally, foreign registrations may be prosecuted in Kenyan courts even if that registration “do[es] not meet the substantive requirements of protection under Kenyan IP laws.”²²⁹ This positioning “is in contradiction to the principle of territoriality that underlies IP law.”²³⁰ If rights based in the law of another jurisdiction were brought before a Kenyan court, there would be no guidance on what law to apply or how to obtain jurisdiction.²³¹ Every decision under this Act would potentially be an application of extraterritoriality with no way for those who obtain territorial IP rights to predict when or if a Kenyan court will order their appearance.

Moreover, the wide definition of intellectual property rights under Section 2 of the Act would negatively impact the availability of low-cost generic medication. The Act includes all intellectual property rights, including patents.²³² If the Act were enforced, cheaper, generic medications could potentially qualify as infringement, deterring generic medication producers from making their lower-cost medications available in the country and cutting off access to generic medications for the poorest regions of Kenya.²³³

Although the Act was declared unconstitutional, no redrafting has occurred.²³⁴ In addition to being unconstitutional, the expansive definition of intellectual property has exposed a major potential drawback of extraterritoriality agreements between nations. By opening the doors of its courtrooms to foreign mark holders, Kenya risks endangering the production and availability of critical goods. Furthermore, producers of these generic pharmaceuticals are disincentivized to invest in jurisdictions with vague extraterritorial enforcement frameworks, and all producers of intellectual property are left unsure of when or if they will be found liable despite complying with the laws of other countries.

²²⁸ *See id.* at 13.

²²⁹ *Id.* at 15.

²³⁰ *Id.*

²³¹ *Id.*

²³² *See Id.* at 14–15.

²³³ *See id.* at 8.

²³⁴ *See id.* at 11–12.

Overall, “the prevailing international court practice does require some kind of substantial connection.”²³⁵ Courts do not make it a regular practice to extend their jurisdiction extraterritorially if there are no actual effects in the country itself.²³⁶ Yet, some intellectual property statutes and court decisions still reach “beyond the border despite weak or virtually nonexistent relations to the respective territory.”²³⁷

The exact manner of extraterritorial application of trademark enforcement is still developing in many courts of the world, each in their own time and in their own way. Some countries are beginning to see the potential benefits of applying their national intellectual property law extraterritorially, while still others are concerned about such application.²³⁸ Other countries argue that “unilateral ‘extraterritorialism’ deserves as much scrutiny as does an overly rigid ‘territorialism’.”²³⁹ It remains to be seen what the final form of trademark extraterritoriality will look like in practice in international courts.

Ultimately, it is important to note that “[n]ational laws can reach extraterritorial conduct only if the laws are effectively enforced, either through enforcement actions in the protecting country or in another country that recognizes court decisions from the protecting country and is willing to enforce them.”²⁴⁰ No matter what one court may decide, there must be some level of cooperation between countries to ensure that the decision is recognized and that the proper action is taken.

CONCLUSION

Extraterritoriality has become increasingly attractive and necessary as the global economy becomes more interconnected and traditional barriers of territory and jurisdiction are not recognized or

²³⁵ Peukert, *supra* note 19, at 37.

²³⁶ *See supra*, notes 92–96 and accompanying text.

²³⁷ *Id.* at 37–38.

²³⁸ *See, e.g.*, OFF. OF U.S. TRADE REPRESENTATIVE, 2021 SPECIAL 301 REPORT 47–48, [https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20\(final\).pdf](https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20(final).pdf) (The United States is concerned about recent “statements from President Xi [of China] about promoting the extraterritorial application of China’s IP law.”)

²³⁹ Peukert, *supra* note 19, at 39.

²⁴⁰ Trimble, *supra* note 218, at 107.

rendered obsolete. Sellers in e-commerce have expanded their potential customer base to the entire world. Counterfeiters, too, have been able to co-opt these same technologies to distribute their products.²⁴¹ Unlike long-established customary law, “it has only been since the advent of digitization and the internet in the early 1990s that the notion of extraterritoriality was taken up with regard to IP matters.”²⁴²

The collision of the territorial nature of trademarks and the global reach of the Internet represents the tension inherent in applying extraterritoriality and trying to establish international comity. Incentivizing the expansion of the extraterritorial reach of a jurisdiction might, for example, encourage forum shopping in each country where a resident can access a website based in another country. This expansion would require every individual operating online to know the laws of every state. From a practical perspective, this is an untenable proposition.

In recent years, there has been a marked rise in cases concerning technology and the Internet, particularly those “centered on conflicting jurisdictions and territorial over-reach in cyberspace.”²⁴³ It is clear that such cases require an understanding not only of the relevant intellectual property law but also of technology, privacy, free expression issues, data protection, intermediary liability, and more.²⁴⁴

If the U.S. Supreme Court adopts the “diversion of sales” theory in *Abitron*, companies will likely remain unsure of what does and does not infringe on a trademark.²⁴⁵ The *Abitron* case is uniquely positioned to upend trademark laws in the United States because the alleged infringers obtained the trademarks legally, consciously

²⁴¹ See generally, supra notes 102–03 where we discuss the entire phenomenon.

²⁴² Peukert, supra note 19, at 12.

²⁴³ Asaf Lubin & Sandra Baron, *Extraterritorial Enforcement: Developing Norms for the Information Society*, YALE INFO. SOC’Y PROJECT, 3 (2018), https://law.yale.edu/sites/default/files/area/center/isp/documents/extraterritorial_enforcement_paper.pdf.

²⁴⁴ *Id.*; see generally John H. Zacharia & Kari Kammel, *Congress’s Proposed E-Commerce Legislation for Regulation of Third-Party Sellers: Why It’s Needed and How Congress Should Make It Better*, 21 U.C. DAVIS BUS. L.J. 91 (2020).

²⁴⁵ Supra notes 193–98 and accompanying text.

chose to exploit a perceived loophole in their contract to infringe, and but-for the Internet, acted wholly outside of U.S. territory.²⁴⁶ If the Court adopts the plaintiff's theory and finds damages and connection with the jurisdiction through claimed diverted sales, there is no limit on what does and does not touch a jurisdiction. The Internet makes an individual with access to a particular website a potential consumer, so absent a siloed national Intranet,²⁴⁷ there is a global reach of potentially diverted sales. As can be seen in Kenya's 2008 Act, even the threat of extraterritorial enforcement can have unforeseen detrimental effects on the citizens of a country.²⁴⁸

But some change must be made, as acting entirely outside of a jurisdiction, but-for the use of the Internet, in essence immunizes infringers against trademark violation claims, and those injured will be left with no way to make up for their diverted sales. The state will also be harmed in the form of lost tax revenue and shuttered businesses when infringement occurs wholly outside of its territorial reach. Kenya specifically enacted the Anti-Counterfeit Act in response to local pressures to prevent trademark counterfeiting, but this backfired with negative health impacts on the poorest of the country.²⁴⁹

As technology expands exponentially, more cases will deal with questions of choice of jurisdiction, choice of law, proper remedies,

²⁴⁶ See *supra* note 191 and accompanying text.

²⁴⁷ See, e.g., Elizabeth C. Economy, *The Great Firewall of China: Xi Jinping's Internet Shutdown*, *GUARDIAN* (June 29, 2018, 1:00 AM), <https://www.theguardian.com/news/2018/jun/29/the-great-firewall-of-china-xi-jinpings-internet-shutdown> [<https://perma.cc/UKC4-T6SN>] (describing the "Great Firewall of China"); *Iran's Intranet: A Master Plan for Internet Censorship*, *IRAN NEWS WIRE* (Oct. 30, 2020), <https://irannewswire.org/irans-intranet-a-master-plan-for-internet-censorship> [<https://perma.cc/P87D-EBF6>] (describing Iran's "National Information Network"); Adam Satariano & Valerie Hopkins, *Russia, Blocked From the Global Internet, Plunges Into Digital Isolation*, *N.Y. TIMES* (Mar. 7, 2022), <https://www.nytimes.com/2022/03/07/technology/russia-ukraine-internet-isolation.html> [<https://perma.cc/9D43-YYD6>] (describing the combination of Russian policies and foreign companies isolating Russians from the global internet). Although there are ways around these national intranets. See Rob Marvin, *Why Internet Users Around the World Use VPNs*, *PC MAG*. (Jan. 2, 2019), <https://www.pcmag.com/news/why-internet-users-around-the-world-use-vpns> [<https://perma.cc/L6QE-2S3M>] (describing the use of virtual private networks, VPNs, to circumvent restrictions).

²⁴⁸ See *supra* notes 220–30 and accompanying text.

²⁴⁹ See *supra* note 223.

and actual enforcement.²⁵⁰ The territoriality principle of intellectual property enforcement must evolve for it to actually protect intellectual property, such as trademarks; otherwise, the principle will become obsolete. A shift towards extraterritoriality principles in intellectual property is one way to meet the many challenges presented by this modern-day reality.

²⁵⁰ Lubin & Baron, *supra* note 243.