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Inside, Outside, USA: Key Developments on the Boundaries of Injunctive Relief in Trademark Disputes

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Does federal trademark law reach conduct outside of the United States? The Supreme Court addressed this question recently in *Abitron Austria v. Hetronic International, Inc.*, which prompted us to revisit a related issue we explored in the fall 2016 edition of The *Katten Kattwalk*.

Seven years ago, we looked at a decision by the Court of Appeals for the Second Circuit. That decision, *Guthrie Healthcare System v. ContextMedia, Inc.*, considered the proper scope of an injunction in a trademark infringement case. Although the district court found defendant ContextMedia liable for trademark infringement, it limited the permanent injunction to plaintiff Guthrie's primary service area (in Pennsylvania and New York). This allowed the defendant to continue using the mark elsewhere, including on websites and social media.

On appeal, the Second Circuit expanded the geographic scope of the injunction: permitting ContextMedia to use the infringing marks online was likely to cause confusion within Gutherie's primary service area. Additionally, ContextMedia's use of the infringing marks in other geographical areas could create consumer confusion if Guthrie expanded beyond Pennsylvania and New York. The court further clarified that while the senior user of a mark must prove probability of confusion to obtain injunctive relief, the same probability of harm is not required to broaden the scope of an injunction beyond the main geographical area of injury. Instead, a court must consider a variety of fact-specific equitable factors to determine the proper scope of an injunction.

This summer, the Supreme Court explored the relief available under federal trademark law when a defendant's use of an infringing mark in commerce occurs outside of the United States. Hetronic, a manufacturer and service provider of radio remote controls for construction equipment, uses a black and yellow color scheme to distinguish its products from those of its competitors. Abitron, a licensed

distributor of Hetronic's, reverse engineered Hetronic's products, applied Hetronic's trademarks and sold the products to consumers in the United States and in Europe. The ultimate destinations for the products sold in Europe included both Europe and the United States. Unsurprisingly, Hetronic sued.

The district court issued a permanent, worldwide injunction against Abitron. The Court of Appeals for the Tenth Circuit then limited the scope of the injunction to certain European counties, but otherwise affirmed the judgment.

The Supreme Court vacated the decision of the Tenth Circuit, ***holding that the sections of the federal trademark statute prohibiting trademark infringement are not extraterritorial and extend only where the claimed infringing "use in commerce" is domestic.*** The Court employed a two-part test to reach this conclusion: (1) whether Congress explicitly intended the law to apply extraterritorially, and (2) whether the conduct relevant to the law's "focus" occurred within the United States. There is a presumption against extraterritorial application of US laws, and the Supreme Court found no clear, affirmative indication by Congress in the federal trademark statute that would overcome that presumption. The Court decided that a sufficiently confusing "use in commerce" is the conduct relevant to the law's focus, thus vacating the Tenth Circuit's judgment and remanding for further proceedings.[1]

In summary, infringing use of trademarks "in commerce" within the United States is actionable under federal law. The case of *Guthrie Healthcare System v. ContextMedia, Inc.* illustrated that consumer confusion need not be probable or occur in a particular geographic location for an injunction to include that location when it is within the United States. However, *Abitron Austria v. Hetronic International, Inc.* demarcated the outer bounds of relief available under federal trademark law when the defendant's use in commerce occurs outside of the United States.

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1 Although the judgment was unanimous, two separate concurrences challenged the majority's reasoning.

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