

ARTICLES

CONFUSION OVER TRADEMARK EXTRATERRITORIALITY . . . AND BEYOND

TIMOTHY R. HOLBROOK* & ANSHU GARG**

The Supreme Court afforded the Lanham Act extraterritorial reach over seventy years ago in Steele v. Bulova, but its recent extraterritoriality jurisprudence called that decision into question. This Article explains the history of trademark extraterritoriality and the splits that emerged among the circuit courts of appeals. It then canvases all of the Supreme Court's recent decisions on the presumption against extraterritoriality and their effort to reinvigorate and standardize the law in that regard.

We then provide a detailed exploration of the Supreme Court's decision in Abitron Austria GmbH v. Hetronic International, Inc. Next, we critique the decision and explore its implications not only for trademark law but also beyond. The Article demonstrates that Steele is effectively overruled, even if the Supreme Court failed to state as such. That means that circuit court case law developed over decades has been sent to the dustbin with nary a consideration of stare decisis. As a result, the previous tests that included considerations of the effects on U.S. commerce and the citizenship of the accused infringer are gone, left with a hopefully ambiguous "use in commerce" test.

Additionally, under Steele, courts formally considered potential conflicts with foreign law when deciding whether to apply the Lanham Act extraterritorially. The role of comity is now uncertain, which is unfortunate in the context of intellectual property law. Consideration of foreign law would be useful in creating soft harmonization with foreign law while also surfacing

* Provost's Professor and Robert B. Yegge Endowed Distinguished Professor in Law, University of Denver Sturm College of Law.

** J.D. Candidate, Emory University School of Law, Class of 2024.

potential disagreements among countries that could become the source of future negotiations.

The Supreme Court also missed an opportunity to elaborate on the availability of damages for activities outside of the United States in the case of domestic intellectual property infringement. However, the case should nudge courts to adopt a narrow perspective on the availability of those damages.

Finally, the review of the Supreme Court's decisions on extraterritoriality demonstrates that its effort to formalize the test has been mixed at best. At times, the Court uses the presumption as it had done before its recent engagement: as a soft, secondary statutory canon. Additionally, the justices sharply disagree on step two of its extraterritoriality methodology, leaving lower courts in a state of uncertainty moving forward.

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INTRODUCTION

Imagine that, while abroad, you bought an expensive bag with the name COACHE on it. Coache is the name of the family selling these bags. Upon returning to the United States, you realize you don't really like the bag and decide to sell it on eBay. What potential consequences might arise if the company owning the famous COACH trademark for bags in the United States were to sue you? Would you be liable for trademark infringement? What about the Coache family overseas?

That hypothetical gained considerable traction at the Supreme Court during the October 2022 term, bringing forth a Pandora's box of issues.¹ In *Abitron Austria GmbH v. Hetronic International, Inc.*,² the Supreme Court considered whether the federal trademark statute, known as the Lanham Act, could reach activity outside of the United States.³ This issue of extraterritoriality remains a pressing one, given that counterfeit goods remain a significant problem for brand owners

1. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 430–31 (2023) (Jackson, J., concurring); *see also infra* notes 271–78 and accompanying text (summarizing Justice Jackson's proposed Coache hypothetical). In the hypothetical, we think Justice Jackson is right about your potential liability but wrong about the Coache family. *See infra* note 278 and accompanying text.

2. 600 U.S. 412 (2023).

3. *Id.* at 417.

and the general public across a wide range of industries.⁴ Counterfeit goods, even if not originally meant to enter the U.S. market, have the potential to infiltrate U.S. commerce and reach U.S. consumers.⁵ Consequently, this decision had the potential to significantly impact a company's ability to effectively seek damages for international trademark infringement. In this case alone, a \$96 million damages verdict was at stake, the majority of which stemmed from overseas sales, along with an injunction covering activity outside of the United States.⁶ The U.S. Court of Appeals for the Tenth Circuit upheld the damages award for Hetronic International on the grounds that the Lanham Act can have an impact on conduct that significantly affects U.S. commerce, although it curtailed the scope of the district court's injunction.⁷ This includes the products Hetronic Germany and others sold to consumers in Europe.⁸

Extraterritoriality is not a trademark-specific dynamic; these issues can arise in nearly every field of law. The Supreme Court has recognized that Congress has the authority to regulate activity outside of the United States.⁹ Nevertheless, the Court has long expressed concern with the extraterritorial extension of U.S. laws.¹⁰ From this

4. Brief of Stussy, Inc. as Amicus Curiae in Support of Respondent at 19, *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023) (No. 21-1043).

5. *Id.*

6. *Abitron Austria GmbH*, 600 U.S. at 416.

7. *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1024 (10th Cir. 2021), *cert. granted sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 143 S. Ct. 398 (2022).

8. *See id.* at 1046 (concluding that the products Hetronic Germany sold to consumers in Europe had impacts within the United States of a sufficient character and magnitude to give the United States a reasonably strong interest in the litigation).

9. *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) ("Congress has the authority to enforce its laws beyond the territorial boundaries of the United States."), *superseded by statute as stated in* *Arbaugh v. Y & H Corp.*, 546 U.S. 500 (2006); *Foley Bros. v. Filardo*, 336 U.S. 281, 284 (1949) ("The question before us is not the power of Congress to extend the Eight Hour Law to work performed in foreign countries. Petitioner concedes that such power exists."); *United States v. Bowman*, 260 U.S. 94, 98 (1922) ("If punishment of them is to be extended to include those committed outside [sic] of the strict territorial jurisdiction, it is natural for Congress to say so in the statute, and failure to do so will negat[e] the purpose of Congress in this regard."); *see also* *Branch v. FTC*, 141 F.2d 31, 35 (7th Cir. 1944) ("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.").

10. *Foley*, 336 U.S. at 285; *Am. Banana Co. v. United Fruit Co.*, 213 U.S. 347, 356 (1909); *Murray v. Schooner Charming Betsy*, 6 U.S. 64, 65-66 (1804).

apprehension emerged the presumption against extraterritoriality: courts will presume that a statute does not apply to activity outside of the United States absent a clear signal from Congress.¹¹

In recent years, the presumption against extraterritoriality has been a key target of the Supreme Court for reinvigoration. In addition to *Abitron*, the Court has decided at least eight cases that implicate the presumption against extraterritoriality since 2010.¹² Over the course of these interventions, the Supreme Court has articulated a two-step methodology for extraterritoriality issues. A court should first look at the relevant statutory provision to determine if the presumption has been rebutted through clear language by Congress.¹³ If the presumption is not rebutted, in the second step of the analysis, a court looks to see whether the case “involves a domestic application of the statute . . . by looking to the statute’s ‘focus.’”¹⁴ If the regulated activity relevant to the focus is within the United States, even if other acts are not, then the case involves domestic activity that can properly be covered by the statute.¹⁵ If the conduct relevant to the focus, however, is outside of the United States, then “the case involves an impermissible

11. For a concise discussion of the history and emergence of the presumption against extraterritoriality, see William S. Dodge, *The New Presumption Against Extraterritoriality*, 133 HARV. L. REV. 1582, 1589–1603 (2020).

12. *E.g.*, *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 255, 278 (2010) (applying presumption against extraterritoriality to class action against foreign banking corporation for securities fraud), *superseded by statute as stated in* *City of Highland Park v. EPA*, 817 F. App’x 42 (6th Cir. 2020); *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 117, 127 (2013) (finding the presumption to constrain a class action against foreign corporations for human rights abuses); *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 335 (2016) (noting the presumption when holding that RICO’s private right of action does not apply extraterritoriality); *WesternGeco LLC v. ION Geophysical Corp.*, 585 U.S. 407, 412–13 (2018) (explaining the presumption limits patent law to domestic application); *Hernandez v. Mesa*, 140 S. Ct. 735, 747 (2020) (applying presumption to Bivens claim where a child was shot across the United States-Mexico border); *Nestlé USA, Inc. v. Doe*, 141 S. Ct. 1931, 1936–37 (2021) (citing the presumption when determining that the Alien Tort Statute does not apply extraterritorially); *Fed. Republic of Ger. v. Phillip*, 592 U.S. 169, 173–74 (2021) (citing the Foreign Sovereign Immunities Act’s presumption that foreign nations are immune from suit in U.S. courts); *Yegiazaryan v. Smagin*, 599 U.S. 533, 541–42 (2023) (invoking the presumption to hold that courts should determine if the alleged injury relating to a civil RICO suit arose in the United States). For a further discussion of these cases, see *infra* Part II.

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

14. *Id.*

15. *Id.*

extraterritorial application regardless of any other conduct that occurred in U.S. territory.”¹⁶

That seems simple enough. However, in practice, this two-step methodology has created challenges for other courts, and, as this Article reveals, has generated disagreement within the Supreme Court. For trademark law, there had been an additional wrinkle. Unlike most other areas of the law, the Supreme Court had already spoken to the extraterritorial reach of the Lanham Act over seventy years ago in the case *Steele v. Bulova Watch Co.*¹⁷ In that case, the Court held that the federal trademark statute, the Lanham Act, applied extraterritorially.¹⁸ Remarkably, until *Abitron*, the Supreme Court did not meaningfully engage with *Steele*. It merely gestured to *Steele* in one of its more recent decisions on extraterritoriality and failed to even cite it in others.¹⁹ Even before the articulation of the two-step methodology, the courts of appeals had long disagreed on how to interpret *Steele*. The creation of the new two-step methodology only added greater confusion to the matter, with some courts either misconstruing the new test or simply ignoring it.²⁰

Given this fracture, it was not surprising that the Supreme Court finally stepped in to answer these complicated questions in *Abitron*. What was surprising is the Court’s decision departed starkly from *Steele*, silently eviscerating it as precedent while offering little substantive guidance as to how to apply the decision.

This Article is the first to explore the Supreme Court’s recent extraterritoriality jurisprudence, culminating in the *Abitron* decision. It offers a thorough interrogation of the *Abitron* decision and provides novel insights into the consequences of the Court’s decision. These consequences are particularly important in trademark law, given the decision’s lack of guidance, and the confusion that may ensue for litigants and lower courts. But the tentacles of the *Abitron* decision

16. *Id.*

17. 344 U.S. 280 (1952).

18. *Id.* at 285–86.

19. See *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 421–22 (2023) (setting aside *Steele* because it concerned only “domestic conduct and a likelihood of domestic confusion”).

20. See Timothy R. Holbrook, *Is There a New Extraterritoriality in Intellectual Property?*, 44 COLUM. J.L. & ARTS 457, 487–91 (2021) [hereinafter Holbrook, *New Extraterritoriality in Intellectual Property*] (outlining conflicting applications of the *RJR Nabisco* test in trademark cases across multiple circuits).

reach far beyond the Lanham Act, with implications not only for other forms of intellectual property but also for other areas of law.

This Article proceeds by providing the historical background of extraterritoriality in trademark law in Part I, examining *Steele* and how the lower courts split on interpreting that decision. In Part II, the Article surveys the series of cases in which the Supreme Court has reworked and reinvigorated the presumption against the extraterritorial application of U.S. laws. This Part reveals how the Supreme Court, while coalescing around the two-step methodology, has internal disagreements on how to apply the presumption and the proper analysis for step two. Part III then rigorously explores the *Abitron* decision, highlighting the sharp disagreement between Justice Alito, the author of the majority decision, and Justice Sotomayor, who penned a concurrence joined by three other Justices. This disagreement is about far more than trademark law. Part IV then offers a thorough account of the considerable implications of the decision. It notes that *Steele* is certainly no longer good law, rendering considerations of an infringer's citizenship and any effects on U.S. commerce irrelevant. Part IV also highlights the Court's missed opportunity to clarify that potential conflicts with foreign law should be formally addressed in any extraterritoriality case, leaving the role of conflicts and comity unclear. The Court also neglected to evaluate the issue of damages in the case, but its reasoning may suggest a narrower approach to damages in the copyright and patent contexts for activity outside of the United States. Finally, extending beyond intellectual property, the Article highlights the disagreement within the Supreme Court over the presumption, which has consequences for the consistent application of the presumption in other courts. The Article then concludes.

I. EXTRATERRITORIALITY IN TRADEMARK LAW BEFORE THE SUPREME COURT'S RECENT ACTIVITY

Trademark law attempts to strike a balance between protecting consumers, protecting producer goodwill, and ensuring market competition.²¹ Given that reputations and goodwill can effortlessly cross borders, trademark rights have a strong tendency towards

21. Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1033–35 (2006).

extraterritorial application.²² This phenomenon enables American consumers to become familiar with marks that originate from foreign countries. Think about the Wimbledon trademark. While the annual tennis competition takes place in the United Kingdom, U.S. consumers are quite familiar with the mark even though no matches take place in the United States. Given the focus on consumers, courts typically concentrate on evaluating the effect of the infringement on commerce and these consumers, rather than determining the specific location where the act of infringement occurred.²³

For decades, the governing decision on the extraterritorial reach of the Lanham Act was the Supreme Court's decision in *Steele v. Bulova*.²⁴ In *Steele*, a U.S. citizen, Steele, sold watches in Mexico using the BULOVA mark.²⁵ Originally, Steele held a registration for the BULOVA mark in Mexico, but that registration was later revoked.²⁶ Some of these infringing watches managed to get back into the United States, particularly along the Texas-Mexico border.²⁷ "In the light of the broad jurisdictional grant in the Lanham Act," the Supreme Court held that the Lanham Act reached this activity and thus applied U.S.

22. Graeme W. Austin, *Importing Kazaa-Exporting Grokster*, 22 SANTA CLARA COMPUT. & HIGH TECH. L.J. 577, 602 (2006). Indeed, the multilateral Agreement on Trade Related Aspects of Intellectual Property ("TRIPS") requires signatories to protect famous marks within their borders even if there is no domestic use of the mark. See generally Agreement on Trade-Related Aspects of Intellectual Property Rights, 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]. The status of this famous mark doctrine within the United States is uncertain. Compare *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004) (holding there is a famous mark exception under the Lanham Act), with *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 164 (2d Cir. 2007) (holding no famous mark exception under the Lanham Act). See generally James Faris, Note, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law*, 59 CASE W. RES. L. REV. 451 (2009) (analyzing how the courts' decisions in *ITC* and *Grupo Gigante* indicate the importance of Congress incorporating TRIPS into the Lanham Act).

23. *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977) ("[T]he extraterritorial coverage of the Lanham Act should be gauged not so much by the locus of the activity sought to be reached . . . as by the nature of its effect on that commerce which Congress may regulate.").

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

25. *Id.* at 281.

26. *Id.* at 285.

27. *Id.*

trademark law extraterritorially.²⁸ The Court reasoned that Steele’s “operations and their effects were not confined within the territorial limits of a foreign nation.”²⁹ The Court noted that the Lanham Act confers broad jurisdictional powers upon the courts of the United States and concluded that Congress’s definition of commerce in the Act encompasses “all commerce which may lawfully be regulated by Congress,” including the extraterritorial conduct involved in this case.³⁰ In holding that U.S. law applied, the Court recognized that Congress has the authority to regulate U.S. citizens like Steele wherever they may be in the world.³¹ Finally, the Court highlighted that, with Steele’s Mexican registration of BULOVA cancelled, there was no conflict with foreign law.³²

Conspicuously, the Court’s majority opinion made only a veiled reference to the presumption against extraterritoriality and appeared not to apply it,³³ although the dissent noted this omission.³⁴ As Professor William Dodge has pointed out, the Court decided *Steele* during a period when the presumption, at best, was moribund.³⁵

Importantly, in *Steele*, the Supreme Court characterized the issue as jurisdictional.³⁶ Likewise, in the later case of *EEOC v. Arabian American*

28. *Id.* at 286. The issue of whether the question of extraterritoriality under the Lanham Act is a jurisdictional or merits question remains open. *See infra* notes 308–23 and accompanying text (outlining how the Supreme Court has not answered whether extraterritoriality under the Lanham Act is a question of subject matter jurisdiction or instead one of merits, though courts are trending towards interpreting it as a merits question).

29. *Steele*, 344 U.S. at 286; *see also id.* at 288 (“Unlawful effects in this country . . . are often decisive.”).

30. *Id.* at 287 (“We do not deem material that petitioner affixed the mark ‘Bulova’ in Mexico City rather than here, or that his purchases in the United States when viewed in isolation do not violate any of our laws. They were essential steps in the course of business consummated abroad; acts in themselves legal lose that character when they become part of an unlawful scheme.”).

31. *Id.* at 282.

32. *Id.* at 289.

33. *Id.* at 285 (“This Court has often stated that the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears.”).

34. *See id.* at 290 (Reed, J., dissenting) (questioning whether the Lanham Act expressed enough congressional intent to overcome the canon against extraterritoriality).

35. Dodge, *supra* note 11, at 1595.

36. *Steele*, 344 U.S. at 281 (“The issue is whether a United States District Court has jurisdiction [over the case] . . .”).

Oil Co.,³⁷ the Court explicitly stated that extraterritoriality is a jurisdictional matter.³⁸ Jurisdictional questions pertain to the court's authority to hear a case, whereas substantive questions concern whether the plaintiffs have adequately pleaded or proven their claims.³⁹ This distinction between extraterritoriality as a jurisdictional or a merits issue holds significant procedural importance. Jurisdictional questions can be raised at any stage of the proceedings, whereas merits questions can only be addressed during the trial phase.⁴⁰ In the subsequent case of *Arbaugh v. Y&H Corp.*,⁴¹ the Court acknowledged the need to clarify the distinction between jurisdictional limits and substantive requirements of claims, attempting to establish a bright-line rule, but extraterritoriality was not at issue in that particular case.⁴²

In earlier work, one of the Authors noted that many of the circuit courts had distilled the *Steele* decision into three key factors: (1) whether the alleged infringing activities have an effect (of some level) on U.S. commerce, (2) the citizenship status of the accused infringer, and (3) whether exercising jurisdiction would create conflict with foreign law.⁴³ Most of these tests predate the Supreme Court's recent engagement and transformation of the presumption against extraterritoriality. The courts diverged on several grounds in implementing these factors, however, such as whether the effect on the

37. 499 U.S. 244 (1991), *superseded by statute as stated in* *Arbaugh v. Y & H Corp.*, 546 U.S. 500 (2006).

38. *Id.* at 249 ("Petitioners argue that by its plain language, Title VII's 'broad jurisdictional language' reveals Congress' intent to extend the statute's protections to employment discrimination anywhere in the world by a United States employer who affects trade 'between a State and any place outside thereof.'").

39. See Howard M. Wasserman, *Jurisdiction, Merits, and Substantiality*, 42 TULSA L. REV. 579, 579 n.1, 586 (2007) (explaining that jurisdiction gives the court power to hear the subject matter at issue, whereas a merits consideration considers the substantive validity of the pleading).

40. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 506–07 (2006) (explaining that a motion for lack of subject matter jurisdiction can be made at any stage in the life of a case, whereas a motion for failure to state a claim will not be entertained post-trial).

41. 546 U.S. 500 (2006).

42. *Id.* at 512–13.

43. Holbrook, *supra* note 19, at 465; see *McBee v. Delica Co.*, 417 F.3d 107, 120–21 (1st Cir. 2005) (applying the substantial effects test); *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977) (citing all three factors as important to resolving the jurisdictional issue); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956) (noting the assessment of all three factors in the Fifth Circuit's *Steele* holding).

United States had to be substantial or whether any effect sufficed.⁴⁴ One court elevated the role of U.S. citizenship: if the accused infringer were a U.S. citizen, then a lesser level of effect would be sufficient.⁴⁵ The courts also diverged on how to handle conflicts of law, with most courts viewing it as part of the extraterritorial analysis,⁴⁶ while another viewed it as a separate, jurisprudential consideration.⁴⁷

Such was the state of trademark law: divergent approaches to assessing the extraterritorial scope of the Lanham Act, all rooted in the Supreme Court's decision in *Steele*. For decades, the circuit courts of appeals utilized these varying approaches, with nary a word from the Supreme Court. However, the Supreme Court's silence on extraterritoriality generally ended in 2010, launching a sea change in the law. The next Part discusses the Court's series of cases elaborating the presumption against the extraterritorial application of U.S. laws.

II. THE SUPREME COURT'S REINVIGORATION AND TRANSFORMATION OF THE PRESUMPTION AGAINST EXTRATERRITORIALITY

Over the last fourteen years, the Supreme Court has sought to reinvigorate the presumption against extraterritoriality and make its application methodology more straightforward. Over the course of several cases outside of the trademark context, the Court distilled a two-step framework for assessing whether a statute can apply extraterritorially. At step one, a court must determine whether the presumption against extraterritoriality has been rebutted.⁴⁸ To do so, a court must search for a clear indication from Congress that it intended the statute to have extraterritorial reach, although the Court has noted that step one does not strictly adhere to a "clear statement"

44. Compare *Vanity Fair Mills, Inc.*, 234 F.2d at 642 (substantial effect), with *Wells Fargo & Co.*, 556 F.2d at 428 (any effect).

45. *McBee*, 417 F.3d at 118 ("[T]he domestic effect of the international activities may be of lesser importance and a lesser showing of domestic effects may be all that is needed. We do not explore this further because our case does not involve an American citizen as the alleged infringer.").

46. See e.g., *Wells Fargo & Co.*, 556 F.2d at 428 (positing that conflict of laws is just one factor to be balanced in the extraterritoriality consideration); *Vanity Fair Mills, Inc.*, 234 F.2d at 642 (determining conflict of laws consideration under extraterritoriality three factor analysis).

47. *McBee*, 417 F.3d at 121 ("We also transplant for Lanham Act purposes *Hartford Fire's* holding that comity considerations are properly analyzed not as questions of whether there is subject matter jurisdiction, but as prudential questions of whether that jurisdiction should be exercised.").

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

rule.⁴⁹ If the presumption is rebutted, then the statute can apply extraterritorially. Courts must then consider “the limits Congress has (or has not) imposed on the statute’s foreign application” in assessing the extraterritorial scope of the provision at issue.⁵⁰ If the presumption is not rebutted at step one, then a court proceeds to step two. At step two, the court must identify the focus of the relevant statutory provision and determine whether the regulated activity related to this focus is domestic.⁵¹ If the conduct relevant to the focus takes place within the United States—even if other activity in the case may be outside of the United States—then the statute permissibly regulates domestic activity.⁵²

This Part reviews the Supreme Court’s numerous recent cases on extraterritoriality. As this Part shows, the emergence of the two-step methodology and its continued evolution have been far from consistent and linear. Moreover, there remains disagreement among the Justices about this methodology, especially as it relates to step two.

A. *Morrison v. National Australian Bank Ltd.*

The first case in the Court’s reinvigoration of the presumption against extraterritoriality was *Morrison v. National Australian Bank Ltd.*,⁵³ in which the Court offered its first interpretation of what would eventually become step two of the extraterritoriality analysis.⁵⁴ In

49. *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 265 (2010), *superseded by statute as stated in* *City of Highland Park v. EPA*, 817 F. App’x 42 (6th Cir. 2020).

50. *RJR Nabisco, Inc.*, 579 U.S. at 337–38.

51. *See, e.g., Morrison*, 561 U.S. at 266–67 (discussing how the focus of the Exchange Act is upon purchases and sales of securities in the United States and not foreign securities exchanges).

52. *See id.* at 266–69 (explaining the applicability of the Securities Exchange Act regulation of to domestic purchases, exchanges, and other securities transactions regardless of where deception originated).

53. 561 U.S. 247 (2010), *superseded by statute as stated in* *City of Highland Park v. EPA*, 817 F. App’x 42 (6th Cir. 2020).

54. Arguably the Court began to revisit the presumption in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007). The Court in *Microsoft* confronted 35 U.S.C. § 271(f) of the Patent Act which makes the exportation of components of a patented invention an act of infringement if various requirements are met. *Id.* at 441. It is, by definition, extraterritorial in nature because it regulates the invention in foreign markets. *Id.* at 442. In supporting a narrow definition of “component” under the statute, the Court noted “[t]he presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.” *Id.* at 454–55. The

Morrison, the Court examined the extraterritorial reach of U.S. securities laws, specifically whether section 10(b) of the Securities and Exchange Act applied to activity taking place in Australia.⁵⁵ The majority opinion, authored by Justice Scalia, emphasized that, absent clear congressional intent, U.S. laws should be presumed not to regulate conduct occurring outside the United States.⁵⁶ The Court rejected the “conduct” and “effects” tests used by lower courts and established a “transactional” test, holding that the presumption against extraterritoriality applied unless there was a clear indication that Congress intended otherwise.⁵⁷ Highlighting the significance of the presumption, the Court pointed out that the presumption would be inadequate in fulfilling its role if it were a “craven watchdog” who “retreated to its kennel” whenever the case involved “some domestic activit[ies].”⁵⁸ The presumption against extraterritoriality “represents a canon of construction, or a presumption about a statute’s meaning, rather than a limit upon Congress’s power to legislate.”⁵⁹

Nevertheless, the Court went further, noting that a statute could apply to extraterritorial conduct, notwithstanding the presumption, if the conduct relevant to the focus of the statute was domestic.⁶⁰ In this way, the Court stepped away from using the location of the relevant conduct as central to the presumption.⁶¹ The Court concluded that, in this case, “the focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in

presumption, however, played a supporting role in the Court’s interpretation of the statute, and the analysis in the decision does not reflect the two-step framework. *See id.* at 454–56. Indeed, one could argue the presumption has been rebutted under § 271 (f) because Congress adopted that provision to overrule legislatively the Supreme Court’s decision in *Deepsouth Packing Co. v. Laitram Corp.*, which drew a strict territorial line for patent infringement by holding that there is no infringement of a U.S. patent when the invention is assembled outside of the United States from components manufactured in the United States. 406 U.S. 518, 531–32 (1972), *superseded by statute as stated in* *Life Techs. Corp. v. Promega Corp.*, 280 U.S. 140 (2017). For a discussion of *Deepsouth* and Congress’s adoption of 35 U.S.C. § 271 (f), see Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701, 719–21 (2004).

55. *Morrison*, 561 U.S. at 250–51.

56. *Id.* at 265.

57. *Id.* at 258–59, 269–70.

58. *Id.* at 266.

59. *Id.* at 255.

60. *Id.* at 266–67.

61. *See* Dodge, *supra* note 11, at 1585 (“*Morrison* abandoned the presumption’s traditional dependence on the location of the conduct.”).

the United States.”⁶² In other words, “[t]hose purchase-and-sale transactions are the objects of the statute’s solicitude.”⁶³ As the Court noted, “[t]his case involves no securities listed on a domestic exchange, and all aspects of the purchases complained of by those petitioners who still have live claims occurred outside the United States.”⁶⁴ Consequently, the Court concluded the petitioners did not state a claim under the Act.⁶⁵

Not all the Justices agreed with that methodology, however. Justice Stevens, joined by Justice Ginsburg, would have adhered to the test articulated by the Second Circuit: “(1) whether the wrongful conduct occurred in the United States, and (2) whether the wrongful conduct had a substantial effect in the United States or upon United States citizens.”⁶⁶ Justice Stevens faulted the majority for “elect[ing] to upend a significant area of securities law based on a plausible, but hardly decisive, construction of the statutory text.”⁶⁷ The concurrence, thus, disagreed with the majority as a matter of statutory construction and did not seem to view the majority’s analysis as a first step towards a new extraterritoriality methodology.⁶⁸ After *Morrison*, the question remained whether the Court’s analysis was specific to the Securities Exchange Act or was generalizable to other areas of law. It was far from clear that *Morrison* was setting the stage for the reworking of the presumption against extraterritoriality.

B. *Kiobel v. Royal Dutch Petroleum*

It did not take long for the Court to have an occasion to consider *Morrison* in a different setting. *Kiobel v. Royal Dutch Petroleum*⁶⁹ involved extraterritorial claims under the Alien Tort Statute (ATS).⁷⁰ The ATS is “strictly jurisdictional” in nature because “[i]t does not directly regulate conduct or afford relief;” instead, it permits “federal courts to recognize certain causes of action based on sufficiently definite norms

62. *Morrison*, 561 U.S. at 266.

63. *Id.* at 267.

64. *Id.* at 273.

65. *Id.*

66. *Id.* at 275 (Stevens, J., concurring in the judgment) (quoting *Morrison v. Nat’l Austl. Bank Ltd.*, 547 F.3d 167, 171 (2d Cir. 2008)).

67. *Id.* at 286.

68. *Id.* at 285–86.

69. 569 U.S. 108 (2013).

70. *Id.* at 112.

of international law,” i.e., the law of nations.⁷¹ The case involved allegations of atrocities perpetrated by Nigerian military and police, aided and abetted by a subsidiary of Royal Dutch Petroleum.⁷² The victims of these acts were granted asylum in the United States and brought suit under the ATS.⁷³

The Court held that the presumption barred claims under the ATS unless the alleged conduct “touch[es] and concern[s]” the United States with sufficient force to displace the presumption.⁷⁴ Further, in adherence to the presumption against extraterritoriality, the Court reasoned it is impermissible to interpret a federal statute as applying to actions taking place within the jurisdiction of a foreign nation unless there is explicit guidance from Congress.⁷⁵ The presumption embodies the concerns of international comity by aiming to prevent unintended conflicts between U.S. laws and those of other nations that could lead to international discord.⁷⁶

The majority generated a plethora of concurrences. Justice Kennedy lauded the majority for leaving various questions open, noting that “proper implementation of the presumption . . . may require some further elaboration and explanation.”⁷⁷ Justice Alito, joined by Justice Thomas, agreed with the “touch and concern” test for rebutting the presumption and acknowledged, like Justice Kennedy, that this test left “much unanswered.”⁷⁸ Drawing on *Morrison*’s focus analysis, however, Justice Alito noted that “a putative ATS cause of action will fall within the scope of the presumption against extraterritoriality—and will therefore be barred—unless the domestic conduct is sufficient to violate an international law norm that satisfies *Sosa*’s requirements of definiteness and acceptance among civilized nations.”⁷⁹

Justice Breyer, joined by Justices Ginsburg, Sotomayor, and Kagan, concurred with the judgment but otherwise disagreed with the majority’s approach, noting that he “would not invoke the presumption,” but instead would find jurisdiction where

71. *Id.* at 116 (quotations omitted).

72. *Id.* at 113.

73. *Id.*

74. *Id.* at 124–25.

75. *Id.* at 115.

76. *Id.*

77. *Id.* at 125 (Kennedy, J., concurring).

78. *Id.* at 125–26 (Alito, J., concurring).

79. *Id.* at 127.

(1) the alleged tort occurs on American soil, (2) the defendant is an American national, or (3) the defendant's conduct substantially and adversely affects an important American national interest, and that includes a distinct interest in preventing the United States from becoming a safe harbor (free of civil as well as criminal liability) for a torturer or other common enemy of mankind.⁸⁰

Justice Breyer viewed the presumption as inapposite because the ATS was explicitly enacted with foreign matters in mind.⁸¹ He would afford jurisdiction "only where distinct American interests are at issue" and specifically called out comity as a limit on the reach of the ATS.⁸² While he rejected the majority's approach, he concurred because, when applying his principles, there was no jurisdiction due to the lack of American interests.⁸³

Although the Supreme Court decided *Kiobel* after *Morrison*, the case provides a different approach to assessing the extraterritorial application of the relevant statute. The analysis explored the presumption and concluded that the presumption had not been rebutted.⁸⁴ That approach effectively is a step-one analysis, which means the Court should have next turned to the step-two focus analysis. But the Court did not do so. Instead, the Court created the "touch and concern" test to determine whether the presumption had been rebutted.⁸⁵ However, it cited *Morrison* for this proposition, even though *Morrison* held that the presumption had not been rebutted.⁸⁶ This move has the look and feel of the subsequently articulated step two, the assessment of the statute's focus. Yet the Court discusses the "touch and concern" test as a way of rebutting the presumption, which is inconsistent with *Morrison*'s holding.⁸⁷ Because the ATS is entirely jurisdictional, it would be difficult to perform a focus analysis since the statute itself regulates no express conduct. Thus, the ATS, by its structure, is ill-fitting for the subsequently articulated two-step framework. But *Kiobel* appears more concerned with when the presumption would be rebutted at step one, even if the rebuttal would

80. *Id.* at 127 (Breyer, J., concurring).

81. *Id.* at 129.

82. *Id.* at 133.

83. *Id.* at 139.

84. *Id.* at 124 (majority opinion).

85. *Id.* at 124–25.

86. *Id.*

87. *Id.*; *Morrison*, 561 U.S. at 266.

depend on the facts of the given case rather than an express statement from Congress.

C. RJR Nabisco, Inc. v. European Community

The Supreme Court fully articulated its two-step framework for assessing the extraterritorial reach of a statute in *RJR Nabisco, Inc. v. European Community*.⁸⁸ After outlining the two-step framework, the Supreme Court applied it to determine the extraterritorial reach of two substantive provisions from the Racketeer Influenced and Corrupt Organizations Act (RICO): its substantive provisions in § 1962 and its private right of action in § 1964(c).⁸⁹ RJR Nabisco, an American cigarette manufacturer, faced a civil RICO suit filed by the European Community and its twenty-six member states.⁹⁰ In the suit, RJR was accused of involvement in a global money laundering scheme through cigarette sales to launder drug-trafficking money, resulting in harm to state-owned cigarette businesses and various other injuries.⁹¹

In a unanimous decision authored by Justice Alito, the Court reasoned that “*Morrison* and *Kiobel* reflect a two-step framework for analyzing extraterritoriality issues.”⁹² This framework first seeks a definitive indication that Congress meant for the statute to reach outside of the United States, and, if such indication is lacking, a court then applies *Morrison*’s “focus” test.⁹³ “Absent clearly expressed congressional intent to the contrary,” the presumption provides that federal laws will be interpreted to apply exclusively domestically.⁹⁴ But even lacking such intent, a statute may cover foreign activity so long as the activities covered by the focus of the statute are domestic, as assessed at step two.⁹⁵

At step one, the Court found sufficient congressional intent to find the presumption rebutted for specific applications of RICO’s substantive provisions.⁹⁶ Notably, some of RICO’s predicate acts explicitly apply to actions conducted abroad.⁹⁷ The Court concluded

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

89. *Id.* at 333–35.

90. *Id.* at 332.

91. *Id.* at 332–33.

92. *Id.* at 337.

93. *Id.*

94. *Id.* at 335.

95. *Id.* at 337.

96. *Id.* at 338.

97. *Id.* at 338–39.

that the structure of the RICO statute was adequate to rebut the presumption concerning § 1962(b) and (c) of RICO. It held that these sections applied extraterritorially “to the extent that the predicates alleged in a particular case themselves apply.”⁹⁸ Thus, the extraterritorial reach was constrained by the predicate acts prescribed by the statute. The Court was not concerned about the lack of explicit language in the RICO statute defining its geographic scope and stated that an express statement of extraterritoriality is not essential to rebut the presumption.⁹⁹ Since the Court rebutted the presumption at step one, it forwent a step two analysis.¹⁰⁰

Regarding the private cause of action, however, the Court arrived at a different conclusion. Notably, the Court applied the presumption against extraterritoriality separately to this particular provision, rather than treating it as part of the same issue addressed in the Court’s holding on the substantive provisions of RICO.¹⁰¹ The presumption against extraterritoriality is not applied at the statutory level but instead independently applies to different provisions within the same statute. The Court concluded that § 1964(c) did not overcome the presumption against extraterritoriality at step one.¹⁰² The Justices reasoned that the cause of action is limited to injuries to the business or property of any person, but that language is not broad enough to rebut the presumption.¹⁰³ Therefore, the private right of action “is not coextensive with § 1962’s substantive prohibitions.”¹⁰⁴ The Court concluded that a private RICO plaintiff must “allege and prove a domestic injury to its business or property and does not allow recovery for foreign injuries.”¹⁰⁵ The Court’s reasoning appears to be rooted in § 1964(c)’s focus on injuries to business or property, implied by the language used in the provision.¹⁰⁶ Conspicuously, the Court never

98. *Id.* at 339.

99. *Id.* at 340.

100. *Id.* at 342 (“We therefore do not proceed to the ‘focus’ step.”).

101. *Id.* at 346 (“The same logic requires that we separately apply the presumption against extraterritoriality to RICO’s cause of action despite our conclusion that the presumption has been overcome with respect to RICO’s substantive prohibitions.”).

102. *Id.* at 349–50.

103. *Id.*

104. *Id.* at 350.

105. *Id.* at 354.

106. 18 U.S.C. § 1964(c) (“Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court . . .”).

specifically noted that it was performing a step two analysis and did not offer much guidance as to step two.¹⁰⁷

While all the Justices agreed that RICO's substantive provisions under § 1962 applied extraterritorially, three Justices disagreed with the majority's conclusion that the private right of action did not extend extraterritorially and objected to limiting that provision to domestic injuries.¹⁰⁸ The primary concurrence, authored by Justice Ginsburg, concluded that "[o]ne cannot extract [a territorial limit] from the text of § 1964(c)."¹⁰⁹ She would have made the private right of action coextensive with § 1962.¹¹⁰ In her view, concerns of comity (not present in the case) can be handled by other doctrines, like *forum non conveniens* and due process limits on general personal jurisdiction.¹¹¹ The three concurring Justices all joined Part II of the majority, embracing the two-step framework.¹¹² The concurrence, though, did not couch its analysis in the language of the framework, and instead viewed the presumption as rebutted at step one and disagreed that step two was even required.¹¹³

In formalizing the two-step methodology, the Court also explored both steps with a fair amount of rigor. The unanimous agreement on the new methodology, though, obscures what ultimately develops as a disagreement over the step two analysis among the Justices. Indeed, as the following discussion shows, the Court is beginning to splinter on how to apply step two.

107. Timothy R. Holbrook, *Extraterritoriality and Proximate Cause After WesternGeco*, 21 YALE J.L. & TECH. 189, 213 (2019) [hereinafter Holbrook, *Extraterritoriality and Proximate Cause*] ("Oddly, in discussing whether RICO's private right of action accommodates extraterritorial activity, the Court held that it did not but never used the word 'focus' to assess this provision.")

108. *RJR Nabisco*, 579 U.S. at 357 (Ginsburg, J., concurring-in-part and dissenting-in-part, joined by Breyer and Kagan, JJ.). Justice Breyer also authored a short opinion, concurring-in-part and dissenting in the judgement to reject the United States' argument regarding international friction and refusing to "place controlling weight" on the United States' view. *Id.* at 363–64 (Breyer, J., concurring-in-part, dissenting-in-part, and dissenting from the judgment). Justice Sotomayor recused herself from the case, so the vote on the private right of action was 5-3.

109. *Id.* at 357 (Ginsburg, J., concurring-in-part and dissenting-in-part).

110. *Id.*

111. *Id.* at 362.

112. *Id.* at 355.

113. *Id.* at 337–38.

D. *WesternGeco LLC v. ION Geophysical Corp.*

The Supreme Court continued to refine the presumption against extraterritoriality in subsequent cases. In *WesternGeco LLC v. ION Geophysical Corp.*,¹¹⁴ the Court examined the extraterritorial reach of patent damages under 35 U.S.C. § 271(f) and applied the new framework for the first-time post-*RJR*.¹¹⁵ This provision, unique to U.S. law, defines as an act of infringement, the exportation of “all or a substantial portion of the components of a patented invention” or of a component with no substantial non-infringing uses with the intent that those components be assembled abroad into the patented invention.¹¹⁶ The issue in the case was not liability under this provision but what damages should be available to a prevailing patent holder.¹¹⁷ The Federal Circuit had held that damages for lost profits from the patented invention’s uses outside of the United States were not available.¹¹⁸ The Supreme Court disagreed.

The Court’s decision, authored by Justice Thomas, declined to address step one. The Court recognized that doing so would require answering difficult questions that could impact other statutes.¹¹⁹ As the Court noted, “WesternGeco argues that the presumption against extraterritoriality should never apply to statutes, such as § 284, that merely provide a general damages remedy for conduct that Congress has declared unlawful. Resolving that question could implicate many other statutes besides the Patent Act.”¹²⁰ Turning then to step two, the Court first addressed § 284, the general damages provision of the

114. 585 U.S. 407 (2018).

115. *Id.* Likely because of its extraterritorial reach, § 271(f) has been a popular statute for the Supreme Court to review. In addition to *WesternGeco* and *Microsoft*, see *supra* note 54, the Court also reviewed that provision in *Life Techs. Corp. v. Promega Corp.*, 580 U.S. 140 (2017). Many believed the Court would address the presumption against extraterritoriality in that case, especially after the questions in oral argument, but the Court’s opinion never mentions the presumption. See Timothy R. Holbrook, *Boundaries, Extraterritoriality, and Patent Infringement Damages*, 92 NOTRE DAME L. REV. 1745, 1758–59 (2017) [hereinafter Holbrook, *Boundaries*].

116. 35 U.S.C. § 271(f). For a discussion of the history of this provision, see *supra* note 54.

117. *WesternGeco LLC*, 585 U.S. at 409.

118. *WesternGeco LLC v. ION Geophysical Corp.*, 791 F.3d 1340, 1351 (Fed. Cir. 2015), *rev’d*, 585 U.S. 407. There was no doubt, though, that damages were appropriate for the exportation of the components. See Holbrook, *Extraterritoriality and Proximate Cause*, *supra* note 107, at 197–98.

119. *WesternGeco LLC*, 585 U.S. at 412–13.

120. *Id.*

Patent Act that covers the various forms of infringement.¹²¹ The text of that provision merely states that a “court shall award the claimant damages adequate to compensate for the infringement” and contains no territorial limits.¹²² The Court identified “infringement” as the focus of § 284, but that provision does not define infringement.¹²³ Instead, infringement is defined by the various provisions of 35 U.S.C. § 271. Because the infringement provision at issue in the case was § 271(f)(2), the Court turned to that section to further elaborate the focus of the general remedial provision in this case. The Court concluded that:

the focus of § 284, in a case involving infringement under § 271(f)(2), is on the act of exporting components from the United States. In other words, the domestic infringement is “the objec[t] of the statute’s solicitude” in this context. The conduct in this case that is relevant to that focus clearly occurred in the United States, as it was ION’s domestic act of supplying the components that infringed WesternGeco’s patents. Thus, the lost-profits damages that were awarded to WesternGeco were a domestic application of § 284.¹²⁴

The Court, therefore, permitted the award of damages for activity occurring outside of the United States, albeit with no consideration of the type of damages sought in this case—lost profits for uses of the invention outside of the United States rather than sales of the component.¹²⁵

Unlike *RJR*, however, there was a dissent written by Justice Gorsuch, joined by Justice Breyer, who viewed § 271(f) as a narrow exception to the otherwise strictly territorial patent regime.¹²⁶ Justice Gorsuch agreed with the majority that the relevant liability provision should inform the territorial limits of a general damages provision.¹²⁷ He diverged from the majority in concluding that the acts here are truly

121. *Id.* at 414.

122. 35 U.S.C. § 284.

123. *WesternGeco LLC*, 585 U.S. at 414.

124. *Id.* at 415–16 (alteration in original) (quoting *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 267 (2010)).

125. See Holbrook, *Extraterritoriality and Proximate Cause*, *supra* note 107, at 202 (explaining that the majority in *WesternGeco* distinguished the injury of infringement from the damages arising out of that infringement and concluded that because patent damages are compensatory, foreign lost profits could be a permissible award to compensate for the damages).

126. *WesternGeco LLC*, 585 U.S. at 418–20 (Gorsuch, J., dissenting).

127. *Id.*

domestic in nature.¹²⁸ Justice Gorsuch drew an essential line between *making* and *using* the claimed invention.¹²⁹ In his view, § 271(f)(2) creates a narrow exception as to the making of the invention because exporting the component, with the intent to assemble the invention abroad, is now an act of infringement; using the invention abroad is not.¹³⁰ Because the damages here were tied to the uses of the invention by the infringer, Justice Gorsuch would not permit the damages requested.¹³¹ As he recognized, affording damages for foreign acts resulting from a domestic infringement can lead to significant consequences in the foreign territory.¹³²

Thus, while *WesternGeco* was an elaboration on step two, the majority and dissent disagreed on the nature of the act of infringement. Although Justice Gorsuch did not frame it as a disagreement as to the focus of the statute, that is the source of the dispute. The opinions effectively disagree on what is meant by “infringement” and what damages flow from those acts.¹³³ Minimally, the focus analysis by the majority is thin and focuses exclusively on the statutory language with little consideration of the infringer’s acts.¹³⁴ The dissent implicitly addresses that matter by examining that conduct, the use (not the making) of the patented invention outside of the United States.¹³⁵

E. *Hernandez v. Mesa*

The Court’s previously established two-step methodology fell by the wayside in *Hernandez v. Mesa*.¹³⁶ Instead, the Court treated the presumption as it did before *Morrison*: a secondary tool to support its conclusion.¹³⁷ In *Hernandez*, the Court had to determine whether the

128. *See id.* at 418 (emphasizing that the lawful monopoly supplied by a U.S. patent does not extend beyond the nation’s borders).

129. *Id.* at 420–23.

130. *Id.* at 419 (“The jury was free to award *WesternGeco* royalties for the infringing products ION produced in this country; indeed, ION has not challenged that award either here or before the Federal Circuit. . . . At the same time, *WesternGeco* is not entitled to lost profits caused by the use of its invention outside the United States.”).

131. *Id.* at 420–23.

132. *Id.* at 424–25.

133. *Id.* at 418–22.

134. *Id.* at 414–16 (majority opinion).

135. *Id.* at 422–24 (Gorsuch, J., dissenting).

136. 140 S. Ct. 735 (2020); *see id.* at 747 (considering the presumption only as fortification for the prior-reasoned decision not to extend *Bivens*).

137. *See supra* note 54 (discussing a similar use of the presumption in *Microsoft Corp. v. AT&T Corp.*).

parents of a foreign national who had been shot and killed in a cross-border incident could bring a *Bivens* claim for damages.¹³⁸ The Court rejected the claim.¹³⁹ In so doing, the Court looked to analogous statutory causes of action created by Congress.¹⁴⁰ However, it noted that this consideration merely “reinforced” the Court’s conclusion not to extend *Bivens* to this case.¹⁴¹ The Court compared this claim to those under 42 U.S.C. § 1983, which created a cause of action for constitutional violations under the color of state law.¹⁴² The Court, citing *RJR Nabisco*, reasoned that “[s]ection 1983’s express limitation to the claims brought by citizens and persons subject to United States jurisdiction is especially significant, but even if this explicit limitation were lacking, we would presume that § 1983 did not apply abroad.”¹⁴³ The Court emphasized the concern that extraterritorial interpretations of statutes could have foreign policy implications, and those considerations are typically the purview of the executive branch. Such concerns are “magnified” when the issue is a “judge-made cause of action.”¹⁴⁴ The Court then turned to other analogous statutes to support its decision not to extend *Bivens* to the facts of this case.¹⁴⁵

The Court, however, was split 5-4, with Justice Ginsburg, joined by Justices Breyer, Sotomayor, and Kagan dissenting.¹⁴⁶ The thrust of the dissent was the clear applicability of *Bivens* to the facts of this case.¹⁴⁷ As to the presumption, however, the dissent noted, if the Court had applied *RJR Nabisco* thoughtfully, the relevant conduct occurred in the United States: the discharge of the firearm that killed Hernandez.¹⁴⁸

138. *Hernandez*, 140 S. Ct. at 741. In *Bivens v. Six Unknown Named Agents of Fed. Bureau of Narcotics*, 403 U.S. 388 (1971), the Supreme Court permitted a claim for damages for violations of the Fourth Amendment even though no statute authorized such a cause of action. In recent years, the Supreme Court has been incredibly reluctant to extend *Bivens*. See *Hernandez*, 140 S. Ct. at 741–42.

139. *Hernandez*, 140 S. Ct. at 738.

140. *Id.* at 747–48.

141. *Id.* at 747.

142. *Id.*

143. *Id.* (citing *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325 (2016)).

144. *Id.* (quoting *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 133 (2013)).

145. *Id.* at 748–49.

146. *Id.* at 753 (Ginsburg, J., dissenting). Justice Thomas concurred on the basis that he would overrule *Bivens*. *Id.* at 753 (Thomas, J., concurring).

147. *Id.* at 755–56 (Ginsburg, J., dissenting).

148. *Id.* at 756, 759.

The case, therefore, “scarcely resemble[d] those in which” concerns of international friction would implicate the presumption.¹⁴⁹

The presumption in *Hernandez* thus played a supporting role in the decision, providing additional reasons for the Court to refuse to extend *Bivens*. In this posture, the Court declined to utilize anything resembling the two-step methodology of *RJR Nabisco*, even though the Court cites the case.¹⁵⁰ Instead, the Court merely spoke broadly about the presumption in a manner akin to its pre-*Morrison* case law.¹⁵¹ The use of the presumption in *Hernandez* dilutes the efforts of the Court to utilize its two-step methodology as a trans-substantive approach to all issues of extraterritoriality.

F. Nestlé USA, Inc. v. Doe

*Nestlé USA, Inc. v. Doe*¹⁵² appears to be a bookend to *Kiobel*.¹⁵³ Bookend cases arise when the Court agrees reviews a case in order to assess an application of one of its earlier decisions, creating the bookend of the two cases.¹⁵⁴ The Court again addressed claims under the ATS against U.S.-based companies for aiding and abetting forced child slave labor on foreign soil.¹⁵⁵ The Court reiterated its holding in *Kiobel* that the presumption against extraterritoriality had not been rebutted.¹⁵⁶ In contrast with *Kiobel*, the Court did place its analysis squarely in the category of step two.¹⁵⁷ The question was thus whether the relevant conduct occurred within the United States.¹⁵⁸ The vast majority of the objectionable conduct was found to have occurred in the Ivory Coast.¹⁵⁹ The only domestic conduct performed by the respondents was general corporate conduct, such as making

149. *Id.* at 759.

150. *Id.* at 747 (majority opinion).

151. *Id.* at 744.

152. 141 S. Ct. 1931 (2021).

153. *Id.* at 1936.

154. *Cf.* Timothy R. Holbrook, *Explaining the Supreme Court's Interest in Patent Law*, 3 IP THEORY 62, 72–73 (2013) (explaining the “bookend” concept in patent and other intellectual property cases).

155. *Nestlé USA, Inc.*, 141 S. Ct. at 1935.

156. *Id.* at 1936.

157. *Id.* (quoting *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 337 (2016) (“Second, where the statute, as here, does not apply extraterritorially, plaintiffs must establish that ‘the conduct relevant to the statute’s focus occurred in the United States.’”).

158. *Id.*

159. *Id.* at 1937.

operational decisions.¹⁶⁰ Just as the Court made clear in *Kiobel* that “mere corporate presence” does not meet the criteria for applying the ATS domestically, neither does general corporate activity.¹⁶¹

Like the other decisions on extraterritoriality, there were dissents and concurrences. Unlike those other cases, none of the additional opinions engaged with the presumption against extraterritoriality. Justice Alito’s dissent noted that he would only answer the narrow question presented: whether corporations are immune from liability under the ATS.¹⁶² He answered in the negative.¹⁶³ He viewed the extraterritoriality issue as premature.¹⁶⁴ The concurring opinions diverged on the power of federal courts to create new causes of action under the ATS.¹⁶⁵

Of course, the Court’s analysis of the statute’s focus is interesting because there is no statute that regulates conduct. The Court itself noted that “the ATS does not expressly ‘regulate conduct’ at all.”¹⁶⁶ Instead, as in *Kiobel*, the analysis reflects a quasi-step two analysis through the judicially created “touch and concern” test articulated in *Kiobel*.¹⁶⁷ Nevertheless, the analysis demonstrates further judicial development of the focus inquiry of step two, even if it is not tied to a particular language in the statute.

G. Federal Republic of Germany v. Philipp

In *Federal Republic of Germany v. Philipp*,¹⁶⁸ the Court grappled with jurisdictional immunity concerning claims against a foreign state under the Foreign Sovereign Immunities Act (FSIA).¹⁶⁹ Specifically,

160. *See id.* (noting that the Ninth Circuit allowed the suit to proceed because all operational decisions made by the companies were within the United States).

161. *Id.*

162. *Id.* at 1950–51 (Alito, J., dissenting).

163. *Id.*

164. *Id.*

165. *Id.* at 1940, 1942 (Gorsuch, J., concurring) (“[T]he time has come to jettison the misguided notion that courts have discretion to create new causes of action under the ATS.”); *id.* at 1944 (Sotomayor, J., concurring in part) (“Justice THOMAS would limit the ATS’ reach to only the three international law torts that were recognized in 1789. That reading contravenes both this Court’s express holding in *Sosa* and the text and history of the ATS.”).

166. *Id.* at 1936 (majority opinion) (quoting *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 116 (2013)).

167. *Id.*; *Kiobel*, 569 U.S. at 124–25.

168. 141 S. Ct. 703 (2021).

169. *Id.* at 707–08.

the Court addressed the question of whether an exception to that immunity, the taking of property in violation of international law, applies when “a country’s alleged taking of property [is] from its own nationals.”¹⁷⁰ The Court unanimously held, with no dissents or concurrences, that the exception did not apply because international law surrounding the expropriation of property applies only when a sovereign takes the property of a foreign national, not its own citizens.¹⁷¹

The majority did not prominently discuss the presumption against extraterritoriality, although the Court did cite both *RJR Nabisco* and *Kiobel*.¹⁷² The Court reasoned that it was “interpret[ing] the FSIA as we do other statutes affecting international relations: to avoid, where possible, ‘producing friction in our relations with [other] nations and leading some to reciprocate by granting their courts permission to embroil the United States in expensive and difficult litigation.’”¹⁷³ The Court specifically noted the reciprocity problem: “As a Nation, we would be surprised—and might even initiate reciprocal action—if a court in Germany adjudicated claims by Americans that they were entitled to hundreds of millions of dollars because of human rights violations committed by the United States Government years ago.”¹⁷⁴ Such concerns typically arise in the context of the presumption.

170. *Id.*

171. *Id.* at 709–12, 715 (“We hold that the phrase ‘rights in property taken in violation of international law,’ as used in the FSIA’s expropriation exception, refers to violations of the international law of expropriation and thereby incorporates the domestic takings rule.”). The Court rejected the petitioner’s efforts to expand “violation of international law” to include human rights law. *Id.* at 711–12. The allegedly illegal transfer of property occurred during the Nazi regime, and the owners were Jewish. *See id.* at 708 (outlining the ownership history of the Welfenschatz property).

172. *See id.* at 714 (relying on *Kiobel*, 569 U.S. at 115, 116, and *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 335 (2016), in its discussion of the principles governing when United States law should not be applied to other nations).

173. *Id.* (quoting *Bolivarian Republic of Venez. v. Helmerich & Payne Int’l Drilling Co.*, 581 U.S. 170, 183 (2017), and citing *RJR Nabisco*, 579 U.S. at 335–36) (discussing the purpose of the presumption that domestic law does not apply extraterritorially, namely to “avoid the international discord that can result when U.S. law is applied to conduct in foreign countries”).

174. *Id.*

H. Yegiazaryan v. Smagin

In yet another bookend decision, issued a week before the *Abitron* decision, the Court addressed the “domestic injury” requirement for a private civil suit under RICO, as determined in *RJR Nabisco*.¹⁷⁵ The Court had to interpret what its decision in *RJR Nabisco*, resulting in a pair of bookend decisions. In *Yegiazaryan v. Smagin*,¹⁷⁶ the Court addressed a circuit split between the Seventh and Ninth Circuits regarding the locus of an injury to intangible property.¹⁷⁷ The Seventh Circuit adopted a formalistic residency requirement: the injury to intangible property arises at the owner’s residence.¹⁷⁸ Under the Seventh Circuit’s standard, the petitioner in *Yegiazaryan* would have lost because he was a Russian resident.¹⁷⁹ In contrast, the Ninth Circuit embraced a contextual, fact-intensive approach to the issue in this case.¹⁸⁰ In analyzing this clear circuit split, the case surfaced a significant disagreement within the Court regarding step two of the *RJR Nabisco* framework.

The majority, written by Justice Sotomayor, adopted the Ninth Circuit’s approach to the domestic injury requirement, embracing a contextual, fact-based approach to assessing whether the alleged injury was domestic.¹⁸¹ The analysis entailed examining “the nature of the alleged injury, the racketeering activity that directly caused it, and the injurious aims and effects of that activity.”¹⁸² Justice Sotomayor

175. *Yegiazaryan v. Smagin*, 143 S. Ct. 1900, 1906–09 (2023); *RJR Nabisco*, 579 U.S. at 346.

176. 143 S. Ct. 1900 (2023).

177. *Id.* at 1907.

178. *Armada (Sing.) PTE Ltd. v. Amcol Int’l Corp.*, 885 F.3d 1090, 1094 (7th Cir. 2018), *abrogated by* *Yegiazaryan v. Smagin*, 143 S. Ct. 1900 (2023) (“It is well understood that a party experiences or sustains injuries to its intangible property at its residence, which for a corporation like Armada is its principal place of business.”). The Second Circuit had previously held, for tangible property, “an injury . . . is generally a domestic injury only if the property was physically located in the United States.” *Bascuñán v. Elsaca*, 874 F.3d 806, 819 (2d Cir. 2017).

179. *Yegiazaryan*, 143 S. Ct. at 1907.

180. *Smagin v. Yegiazaryan*, 37 F.4th 562, 570 (9th Cir. 2022), *aff’d and remanded*, 143 S. Ct. 1900 (2023); *accord* *Humphrey v. GlaxoSmithKline PLC*, 905 F.3d 694, 702 (3d Cir. 2018) (explaining that relying only on tangible factors may be misleading and, instead, a court must consider several factors to determine whether there is a domestic injury).

181. *See Yegiazaryan*, 143 S. Ct. at 1907 (holding that the Ninth Circuit’s context-specific approach was the most consistent with the Court’s decision in *RJR Nabisco*).

182. *Id.* at 1909 (footnote omitted).

believed her approach to be “most consistent with *RJR Nabisco*,” which was authored by Justice Alito, who dissented in *Yegiazaryan*.¹⁸³ The Court noted in *RJR Nabisco* that foreign plaintiffs could still bring suit and that the domestic injury may not always be self-evident, suggesting a contextual analysis rather than a bright-line rule.¹⁸⁴ Additionally, given the genesis of the domestic injury requirement in step two of *RJR Nabisco*, the majority looked to the focus of § 1964(c), which is “on the injury, not in isolation, but as the product of racketeering activity.”¹⁸⁵ Given the expansive nature of what constitutes racketeering activity, the majority concluded that a fact-intensive analysis of the domestic injury is required, as opposed to a bright-line residency rule.¹⁸⁶

Justice Alito dissented on two different grounds. As to the first, Justice Alito (joined by Justices Thomas and Gorsuch) would have dismissed certiorari as improvidently granted because the issue had not percolated below sufficiently, especially given the Seventh Circuit’s anemic reasoning in embracing its bright-line rule.¹⁸⁷ Likely foreshadowing *Abitron*, Justice Alito noted that, in addressing other forms of intangible property, “there could be a rule that injuries to trademark rights should be sited in the country that provided the trademark.”¹⁸⁸ Justice Alito would dismiss certiorari (joined only by Justice Thomas) on a second basis: the majority decision “risk[s] significant harm, particularly to the uniformity of our case law.”¹⁸⁹ Relying on international comity, Justice Alito argued that the Court “should not lightly give foreign plaintiffs access to U.S. remedial schemes that are far more generous than those available in their home nations,” especially given “RICO’s unusually plaintiff-friendly remedies.”¹⁹⁰ Justice Alito decried the lack of “workability” under the majority’s contextual approach to domestic injury; instead, he would allow further development of the law by the lower courts, especially given that *RJR Nabisco*, in his view, was decided relatively recently.¹⁹¹

183. *Id.*

184. *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 354, 361, 363 (2016).

185. *Yegiazaryan*, 143 S. Ct. at 1910.

186. *Id.* at 1909–10.

187. *Id.* at 1913 (Alito, J., dissenting).

188. *Id.* (“[N]o court of appeals has even broached the possibility that different categorical rules might be available for different types of intangible property . . .”).

189. *Id.* at 1914.

190. *Id.*

191. *Id.* at 1914–15.

This latter argument demonstrates significant disagreement over step two of *RJR Nabisco*. Justice Sotomayor embraced a contextual analysis of the domestic injury requirement that depends on the facts of the case.¹⁹² Necessarily, such an approach offers little guidance to lower courts beyond resorting to common law reasoning, comparing the facts of cases against each other. Justice Alito, in contrast, while suggesting the Court should dismiss the case, clearly believes that a more transparent, workable rule would be appropriate for the domestic injury requirement.¹⁹³ As we will see, these positions are effectively flipped in the Court's decision in *Abitron*.

III. THE SUPREME COURT'S DECISION IN *ABITRON*

All this fermentation regarding the presumption against extraterritoriality finally led the Supreme Court to face a glaring omission in its case law: *Steele v. Bulova Watch Company*.¹⁹⁴ The Supreme Court had decided *Steele* over seventy years ago, and the courts of appeals had extensively relied on that decision in developing their case law, despite disagreements among them. But *Steele* was beginning to appear like an outlier. Only one of the Supreme Court's recent cases on the presumption against extraterritoriality had even cited *Steele*.¹⁹⁵ In *Morrison*, the Court discussed *Steele* in a footnote rejecting arguments made by the U.S. Solicitor General, noting:

And although a final case cited by the Solicitor General, *Steele* . . . might be read to permit application of a nonextraterritorial statute whenever conduct in the United States contributes to a violation abroad, we have since read it as interpreting the statute at issue—the Lanham Act—to have extraterritorial effect¹⁹⁶

After that brief reference and acknowledgment that the Supreme Court had afforded the Lanham Act extraterritorial reach, *Steele* disappears from all the Supreme Court's decisions regarding extraterritoriality. That omission was conspicuous and a harbinger of things to come, suggesting that the Court knew *Steele* was not easily reconciled with its current case law.

This new extraterritorial landscape left many open questions for the Supreme Court to resolve, especially the inconsistencies between *Steele*

192. *Id.* at 1909 (majority opinion).

193. *Id.* at 1914–15 (Alito, J., dissenting).

194. 344 U.S. 280 (1952).

195. *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 271 n.11 (2010).

196. *Id.* (citations omitted).

and its recently articulated two-step framework. The Ninth Circuit was one of the first to attempt to reconcile *Steele* with the new methodology. In *Trader Joe's Company v. Hallatt*,¹⁹⁷ the Ninth Circuit noted that it applied the two-step framework, but then confusingly diverged from that test.¹⁹⁸ The Ninth Circuit noted that the Supreme Court had settled the question of whether the presumption had been rebutted at step one, concluding that the presumption was rebutted.¹⁹⁹ The court then said it was moving to step two, considering the limits that Congress may have imposed on any extraterritorial scope of the statute.²⁰⁰ Of course, this is not actually step two of the methodology.²⁰¹ It is a subsidiary analysis of step one, assessing the actual extraterritorial scope of the statute, and not the focus analysis. The Ninth Circuit then shoehorned its earlier jurisprudence into this analysis.²⁰² The court never paused to consider whether any of this analysis was consistent with the new framework. Moreover, the Ninth Circuit created a circuit split on the question of whether the extraterritoriality of the Lanham Act was jurisdictional or a merits issue; the court, departing from all the other circuits, concluded it was a merits question, especially in light of the Supreme Court's decision in *Arbaugh v. Y&H Corp.*²⁰³

The D.C. Circuit half-heartedly engaged with the *RJR Nabisco* framework. In *IMAPizza, LLC v. At Pizza Ltd.*, the court cited *RJR Nabisco* and articulated step one, but then proceeded to turn to *Steele* without considering the statutory language or the presumption.²⁰⁴ Step two was never mentioned. The D.C. Circuit recognized the various tests of the other circuits but concluded it did not need to choose one to answer the question before it.²⁰⁵ The court's analysis of the effects on U.S. commerce, though, is factually specific to the case before it, which is nothing like the statutory interpretation contemplated by *RJR*

197. 835 F.3d 960 (9th Cir. 2016).

198. *Id.* at 966.

199. *Id.*

200. *Id.*

201. Holbrook, *New Extraterritoriality in Intellectual Property*, *supra* note 22, at 489 (“This statement is simply incorrect. The assessment of any congressionally imposed limits is part of the first step under *RJR Nabisco*, which assesses whether the presumption has been rebutted. Step two, instead, is the focus analysis.”).

202. *See Trader Joe's Co.*, 835 F.3d at 969–75 (applying its *Timberlane* three-pronged test to determine whether the Lanham Act should be extraterritorially applied in this case).

203. *Id.* at 966–67; *Arbaugh v. Y & H Corp.*, 546 U.S. 500 (2006).

204. 965 F.3d 871, 879 (D.C. Cir. 2020).

205. *Id.* at 881.

Nabisco.²⁰⁶ Instead, the court’s reasoning feels more like a step-two analysis, even though the court never mentioned step two.

Confusion over *Steele* and its consistency with the new extraterritoriality framework continued to grow, and these divergent views all came to a head in *Abitron*.

A. *The Path to the Supreme Court*

The facts in *Abitron* are complicated. Hetronic, an Oklahoma-based company specializing in manufacturing and selling radio remote controls for heavy-duty construction equipment, possessed exclusive trademarks for the distinctive features of these controls.²⁰⁷ Abitron was a European distributor, and Hetronic granted a license to assemble and sell Hetronic’s remote controls under the Hetronic brand in Europe.²⁰⁸ However, Abitron was obligated by contract to obtain the necessary parts from Hetronic.²⁰⁹

According to Hetronic, Abitron utilized confidential information obtained through the licensing agreement to reverse engineer Hetronic’s products and then sold these replicated products to Hetronic’s customers, falsely presenting them as genuine Hetronic products.²¹⁰ Hetronic further alleged that this unauthorized selling persisted even after the parties had terminated the licensing agreements.²¹¹

Despite the misconduct in Europe, Hetronic filed a trademark infringement lawsuit against Abitron in the United States under the Lanham Act.²¹² At trial, a jury held that Abitron infringed Hetronic’s trademarks and awarded over \$96 million in damages related to Lanham Act violations,²¹³ of which nearly ninety-seven percent arose

206. *Id.* at 880–81; see *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 354 (2016) (interpreting the Racketeer Influenced and Corrupt Organizations Act to require a “domestic injury”).

207. *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1023–24 (10th Cir. 2021), *vacated and remanded sub nom.*, *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412 (2023). The 10th Circuit decision references Hetronic Germany, which eventually becomes Abitron at the Supreme Court. We refer to Abitron for ease of reference.

208. *Id.* at 1024–25.

209. *Id.* at 1025.

210. *Id.*

211. *Id.*

212. *Id.* at 1026. There was parallel litigation in the European Union, with Abitron seeking to invalidate certain Hetronic trademarks. *Id.* at 1026–27.

213. *Id.* at 1027.

from Abitron's sales abroad to foreign buyers for use outside the United States.²¹⁴ The district court also granted a worldwide injunction.²¹⁵

The U.S. Court of Appeals for the Tenth Circuit affirmed the judgment regarding damages.²¹⁶ The court recognized that its sibling circuits had splintered on the test for assessing the extraterritorial reach of the Lanham Act.²¹⁷ From this morass,²¹⁸ the court generally embraced the approach of the First Circuit,²¹⁹ with one caveat.²²⁰ Like the First, the Tenth Circuit concluded that the Lanham Act would apply extraterritorially when the defendant is an American citizen because Congress undeniably can regulate its own citizens' conduct.²²¹ For foreign defendants, which was the situation in the case, there must be a substantial effect on U.S. commerce for extraterritorial application of the Lanham Act.²²² Finally, if there is a substantial effect, the court will consider the possibility of conflicts with foreign law.²²³ The caveat was that the Tenth Circuit did not believe the First Circuit considered conflicts formally,²²⁴ although the First Circuit did consider comity as a prudential matter.²²⁵

The Tenth Circuit faulted the district court for not addressing the extraterritorial issue as a matter of law.²²⁶ In so doing, the court agreed with the district court that extraterritoriality was a merits question, not

214. *Id.* at 1038.

215. *Hetric Int'l, Inc. v. Hetric Ger. GmbH*, No. CIV-14-650-F, 2020 WL 1941309, at *5 (W.D. Okla. Apr. 22, 2020), *aff'd in part, rev'd in part and remanded*, 10 F.4th 1016 (10th Cir. 2021), *vacated and remanded sub nom.*, *Abitron Austria GmbH v. Hetric Int'l, Inc.*, 600 U.S. 412 (2023).

216. *Hetric Int'l Inc.*, 10 F.4th at 1046.

217. *Id.* at 1034–38.

218. *See generally* Holbrook, *New Extraterritoriality in Intellectual Property*, *supra* note 22, at 464–65 (canvassing the variations across the circuit courts).

219. *McBee v. Delica Co.*, 417 F.3d 107, 111, 118, 120 (1st Cir. 2005).

220. *Hetric Int'l Inc.*, 10 F.4th at 1036 (10th Cir. 2021).

221. *Id.* at 1036–37.

222. *Id.*

223. *Id.* at 1037–38.

224. *Id.* (noting “the *McBee* court eschewed” an analysis of potential conflicts).

225. *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005) (“We reject the notion that a comity analysis is part of subject matter jurisdiction. Comity considerations, including potential conflicts with foreign trademark law, are properly treated as questions of whether a court should, in its discretion, decline to exercise subject matter jurisdiction that it already possesses.”).

226. *Hetric Int'l Inc.*, 10 F.4th at 1041.

jurisdictional.²²⁷ Nevertheless, addressing the matter as a question of law, the court concluded that, while the defendants were not U.S. citizens, a substantial effect on U.S. commerce justified the extraterritorial application of the Lanham Act in this case.²²⁸ The court noted evidence that “U.S. consumers were confused about Hetronic’s products relationship to the Abitron companies”²²⁹ and that “millions of euros worth of infringing products made their way into the United States.”²³⁰ The court also recognized that the diversion of sales substantially affected U.S. commerce.²³¹ The “diversion-of-sales theory” acknowledges that Abitron “stole sales from Hetronic abroad, which in turn affected Hetronic’s cash flows in the United States.”²³² For these reasons, the Tenth Circuit held that the extraterritorial application of the Lanham Act was appropriate.²³³

The Tenth Circuit rejected the worldwide injunction granted by the district court.²³⁴ The injunction applied “not only to countries in which Hetronic currently sells its products, but to every country in the world.”²³⁵ If Abitron entered a market where Hetronic was not present, then there would be no consumer confusion in that country.²³⁶ As a result, the court narrowed the injunction to cover only those countries in which Hetronic currently marketed or sold its products.²³⁷

Given the Tenth Circuit’s comprehensive review of the fractured approaches taken by the other circuit courts, it is unsurprising that the case grabbed the attention of the Supreme Court. Moreover, the Supreme Court’s current interest in extraterritoriality further reinforced the decision to grant certiorari.

B. *The Supreme Court’s Fractured Decision*

In *Abitron*, the Supreme Court was finally forced to consider the inconsistencies between its decision in *Steele* and its reworking of the

227. *Id.* at 1040.

228. *Id.* at 1040–42.

229. *Id.* at 1043.

230. *Id.* at 1044.

231. *Id.* at 1044–46.

232. *Id.* at 1044–45.

233. *Id.* at 1045–46.

234. *Id.* at 1046.

235. *Id.*

236. *Id.* at 1047.

237. *Id.*

presumption against extraterritoriality.²³⁸ While many observers hoped the Court would resolve the myriad issues surrounding the extraterritorial application of the Lanham Act, they were disappointed as the Court essentially punted on most of the difficult issues and embraced an ambiguous approach to the extraterritorial scope of the Lanham Act.

While the Supreme Court's decision was 9-0, an analysis of the Court's decisions demonstrates that the Court actually was split, 5-4, about not only the extraterritorial reach of the Lanham Act but also on how to apply step two of the *RJR Nabisco* methodology generally.²³⁹ Justice Alito authored the majority decision, and Justice Sotomayor authored a concurrence that garnered the support of three other Justices.²⁴⁰ Justice Jackson joined the majority but authored her own concurrence as well.²⁴¹

The Justices all agreed on one thing: that the Lanham Act did not rebut the presumption against extraterritoriality, contrary to the holdings of every circuit court to address the matter in light of *Steele*.²⁴² In reaching this conclusion, the majority first questioned whether § 1114(1)(a) and § 1125(a)(1) of the Lanham Act provided “a clear, affirmative indication” that the relevant provisions apply extraterritorially.²⁴³ The Court concluded that they do not. Following the step one analysis in *RJR Nabisco*, the Court viewed neither of the provisions as explicitly stating that it applies outside the country or offers any other evidence that it is one of the “rare” provisions with extraterritorial application.²⁴⁴ Purely foreign conduct is not subject to the two provisions because both prohibit the use “in commerce” of protected trademarks when that use “is likely to cause confusion.”²⁴⁵ Further, the Court stated that it has consistently maintained mentions of “foreign commerce” when defining “commerce” are insufficient to

238. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 421–22 (2023); *Steele v. Bulova Watch Co.*, 344 U.S. 280, 285 (1952).

239. See *Abitron*, 600 U.S. at 432 (Jackson, J., concurring) (disagreeing with the majority's decision to grant dismissal on extraterritoriality grounds); *id.* at 435 (Sotomayor, J., concurring in the judgment) (disagreeing with the majority's analysis for step two).

240. *Id.* at 415 (majority opinion); *id.* at 432 (Sotomayor, J., concurring in the judgment).

241. *Id.* at 429 (Jackson, J., concurring).

242. *Id.* at 419–21 (majority opinion).

243. *Id.* at 419 (quoting *RJR Nabisco*, 579 U.S. at 337).

244. *Id.* at 420.

245. 15 U.S.C. §§ 1114(1)(a), 1125(a)(1).

extend a statute extraterritorially.²⁴⁶ Justice Sotomayor’s concurrence also reached this conclusion, noting that “generic terms like ‘any’ or ‘every’ do not rebut the presumption” but instead speak to breadth.²⁴⁷

The majority and concurrence, however, parted ways at step two, surfacing a considerable disagreement within the Court’s application of *RJR Nabisco*. At step two, the majority diverged from its earlier analyses. Instead of addressing the statute’s focus and then evaluating whether the relevant domestic conduct fell within the focus, the Court turned to the conduct alone, with no consideration of the statute’s focus.²⁴⁸ The majority recognized that “[m]uch of the parties’ dispute in this case misses this critical point and centers on the ‘focus’ of the relevant provisions without regard to the ‘conduct relevant to that focus,’” with the parties and the United States arguing whether the focus should be likely consumer confusion, goodwill, or preventing infringing uses of the mark.²⁴⁹ The Court declined to engage with that debate and instead decided the case based on what the majority viewed as the relevant conduct.²⁵⁰ The majority reasoned that “[t]he ultimate question regarding permissible domestic application turns on the location of the conduct relevant to the focus. And the *conduct* relevant to any focus the parties have proffered is infringing use in commerce, as the Act defines it.”²⁵¹ Thus, “use in commerce” is the conduct pertinent and provides the “dividing line” to any potential focus of § 1114(1)(a) and § 1125(a)(1), as Congress determined that a violation of either provision takes place when a trademark is utilized.²⁵² The majority, however, offered little guidance on what constitutes a “use in commerce” other than reciting the statutory definition.²⁵³

Justice Sotomayor’s concurrence disagreed with this analysis, particularly the bifurcation of analyzing the focus from identifying the

246. *Abitron*, 600 U.S. at 420–21.

247. *Id.* at 435–36 (Sotomayor, J., concurring) (quoting *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 118 (2013)).

248. *Id.* at 422.

249. *Id.* at 421; *see also id.* at 436–37 (Sotomayor, J., concurring) (summarizing the arguments of the parties and the Solicitor General).

250. *Id.* at 422.

251. *Id.*

252. *Id.* at 423.

253. *Id.* at 428 (“[T]he ‘term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade,’ where the mark serves to ‘identify and distinguish [the mark user’s] goods . . . and to indicate the source of the goods.’” (quoting 15 U.S.C. § 1127)).

regulated conduct relevant to the focus.²⁵⁴ As the concurrence noted, “[t]he aim of determining the statutory focus is to assess what constitutes a domestic application of the statute” even if some conduct may be outside the United States.²⁵⁵ Because step two depends on the actual conduct in the case, Justice Sotomayor viewed step two as necessarily contextual.²⁵⁶ The concurrence embraced the views of the United States that the focus of the statute is potential consumer confusion in the United States.²⁵⁷ Per *Morrison*, Justice Sotomayor noted that conduct can be deemed domestic even if some foreign activity is involved.²⁵⁸ Justice Sotomayor’s concurrence faulted the majority for failing to follow the appropriate analysis at step two: “instead of discerning the statute’s focus and assessing whether that focus is found domestically, as the Court’s precedents command, the majority now requires a third step: an assessment of whether the “conduct relevant to the focus” occurred domestically, even when the focus of the statute is not conduct.”²⁵⁹ Calling the majority’s approach an “unprecedented three-step framework,” the concurrence expressed the fear that, under the majority’s holding, “no statute can reach relevant conduct abroad, no matter the true object of the statute’s solicitude.”²⁶⁰ Justice Sotomayor viewed the majority’s “conduct-only test” as “in direct conflict with this Court’s jurisprudence”²⁶¹ primarily because some statutes may regulate something other than conduct, such as “interests” or “parties” regardless of where any attendant conduct may arise.²⁶² Thus, Justice Sotomayor contended that “those statutes may not cover relevant conduct occurring abroad, even if that conduct impacts the domestic interests that Congress sought to protect,” frustrating “a key function of the presumption: to discern congressional meaning and ‘preserv[e] a stable background against which Congress can legislate with predictable effects’ to protect

254. *Id.* at 439.

255. *Id.* at 436.

256. *Id.*

257. *Id.* at 437.

258. *Id.* at 438. This view is also consistent with *WesternGeco*. *WesternGeco v. ION Geophysical Corp.*, 585 U.S. 407, 409–10 (2018).

259. *Abitron*, 600 U.S. at 439.

260. *Id.*

261. *Id.*

262. *Id.* at 441 (“The Court’s transformative approach thwarts Congress’ ability to regulate important ‘interests’ or ‘parties’ that Congress has the power to regulate. Some statutes may have a statutory focus that is not strictly conduct and that implicates some conduct abroad.” (quoting *WesternGeco LLC*, 585 U.S. at 414–15)).

domestic interests.”²⁶³ In the concurrence’s view, embracing consumer confusion as the focus of the statute would be consistent with the territorial nature of trademark rights as well as with the international trademark system.²⁶⁴

The majority, of course, did not remain silent in the face of Justice Sotomayor’s concurrence. Justice Alito disputed whether those earlier cases only dealt with conduct, noting that “in each case, these holdings came *before* we began analyzing the focus of the provisions at issue.”²⁶⁵ Indeed, courts need not determine the focus when all potentially relevant conduct occurred outside the United States.²⁶⁶ Calling Justice Sotomayor’s approach a “focus-only approach” (in contrast with her viewing his approach as “conduct-only”), Justice Alito contended that no case concluded that assessing the “statutory focus was dispositive.”²⁶⁷ In his view, “almost any claim involving exclusively foreign conduct could be repackaged as a ‘domestic application.’”²⁶⁸ Thus, “the watchdog” of the presumption “is nothing more than a muzzled Chihuahua.”²⁶⁹ The concurrence’s approach would also create problems internationally, given the territorial nature of trademark rights, creating the risk of conflicts and incompatibility with the laws of other countries.²⁷⁰

Justice Jackson attempted to strike a middle ground. While agreeing with the majority that the conduct regulated under the Lanham Act is the use of trademarks in commerce (and not consumer confusion), Justice Jackson’s concurrence elaborated her views of what constitutes use in commerce.²⁷¹ She highlighted that, for there to be a use in commerce, the symbol must be used as a mark,²⁷² harkening (perhaps unknowingly) to the long-standing debate over trademark use.²⁷³

263. *Id.* at 441 (quoting *Morrison*, 561 U.S. at 261).

264. *Id.* at 443–44.

265. *Id.* at 424–25 (majority opinion).

266. *Id.* at 425.

267. *Id.*

268. *Id.*

269. *Id.* at 426.

270. *Id.* at 427.

271. *Id.* at 429 (Jackson, J., concurring).

272. *Id.*

273. Compare Graeme B. Dinwoodie & Mark D. Janis, *Confusion over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1608 (2007) (rejecting trademark use as a separate requirement), with Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1673 (2007)

According to Justice Jackson, “a ‘use in commerce’ does not cease at the place the mark is first affixed, or where the item to which it is affixed is first sold. Rather, it can occur wherever the mark serves its source-identifying function.”²⁷⁴ To explore this idea, Justice Jackson presented two hypotheticals based on questions she had asked at oral argument.²⁷⁵

In the first hypothetical, the Lanham Act was not implicated when the students purchased handbags from Germany marked with COACHE (the German producer’s family name) and brought them into the United States for personal purposes.²⁷⁶ Her reasoning was because “[t]he mark affixed to the students’ bags is not being ‘use[d] in commerce’ domestically as the Act understands that phrase: to serve a source-identifying function ‘in the ordinary course of trade,’ § 1127.”²⁷⁷ In contrast, the second scenario involved changing one fact: the students decide to resell the bags in the United States. Under this scenario, according to Justice Jackson, there is a use in commerce in the United States, “triggering potential liability” for the German Coache family for infringing the COACH trademark in the United States.²⁷⁸

All this elaboration and dispute over the two-step methodology is interesting, but how did the Justices reconcile *Steele* with its modern jurisprudence? None of the opinions squarely addresses the status of *Steele*. Instead of expressly overruling *Steele*, the majority, in an offhand fashion, limited *Steele* to its facts and found that the decision was “of little assistance here.”²⁷⁹ The Court determined that in *Steele*, the facts presented were enough to challenge the presumption against extraterritoriality.²⁸⁰ However, because *Steele* involved both domestic conduct and a likelihood of domestic confusion, it did not clarify

(embracing trademark use). For a discussion of how *Abitron* implicates the trademark use debate, see Margaret Chon & Christine Haight Farley, *Trademark Extraterritoriality: Abitron v. Hetronic Doesn't Go the Distance*, TECH. & MKTG. L. BLOG (July 17, 2023), <https://blog.ericgoldman.org/archives/2023/07/trademark-extraterritoriality-abitron-v-hetronic-doesnt-go-the-distance-guest-blog-post.htm> [<https://perma.cc/WPR4-AH2P>].

274. *Abitron*, 600 U.S. at 430 (Jackson, J., concurring).

275. Transcript of Oral Argument at 29–30, *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023) [hereinafter *Abitron* Oral Argument Transcript].

276. *Abitron*, 600 U.S. at 430 (Jackson, J., concurring).

277. *Id.* at 431.

278. *Id.*

279. *Id.* at 421.

280. *Id.* at 422.

which factor governs the domestic applications of the statutes at hand.²⁸¹ The Court simply “put [*Steele*] aside” without considering its precedential value nor whether its approach in *Abitron* was consistent with *Steele*’s holding and reasoning.²⁸²

The concurrence was only slightly better in its treatment of *Steele*. Justice Sotomayor, writing in a way that feels more like a majority opinion,²⁸³ gave a thorough account of *Steele* and the subsequent development of the law across the circuit courts of appeals.²⁸⁴ As a result, the Lanham Act would cover foreign activity that creates consumer confusion within the United States.²⁸⁵ Justice Sotomayor viewed this approach as “consistent with *Steele*, which focused on the domestic ‘effects’ of the defendant’s foreign conduct.”²⁸⁶ Consequently, “consistent with the statutory text, *Steele* focused on the impact of the defendant’s foreign conduct on the consumer market in the United States . . . , not the location of the original sale of the infringing product or the location of the trademark owner’s business”²⁸⁷

The concurrence faulted the majority for its refusal to address the focus of the statute.²⁸⁸ It accused the majority of “transform[ing] the Court’s extraterritoriality framework into a myopic conduct-only test” and creating a new, three-step framework.²⁸⁹ The problem with the focus on conduct is that the activity regulated under the Lanham Act is not conduct directly; instead, the focus is on acts that cause consumer confusion. Justice Sotomayor explicitly acknowledged that the majority’s approach was inconsistent with *Steele*.²⁹⁰ The majority contended that “*Steele* implicated both domestic conduct and a likelihood of domestic confusion.”²⁹¹ As Justice Sotomayor correctly noted, “[n]o court of appeals has read *Steele* that way, and for good reason: *Steele* clearly recognized that infringing acts consummated

281. *Id.*

282. *Id.*

283. We speculate that Justice Sotomayor’s opinion was originally the majority but that she lost Justice Jackson’s vote.

284. *Abitron*, 600 U.S. at 433–34 (Sotomayor, J., concurring).

285. *Id.* at 435.

286. *Id.* at 437 (quoting *Steele*, 344 U.S. at 286).

287. *Id.* at 438.

288. *Id.* at 439.

289. *Id.*

290. *Id.* at 442.

291. *Id.* at 422 (majority opinion).

abroad fall under the purview of the Lanham Act when they generate consumer confusion in the United States.”²⁹²

Justice Sotomayor stated that *Steele* “addressed the weighty question whether the Lanham Act ‘extend[s] beyond the boundaries of the United States,’” and held it did.²⁹³ In her view, identifying the focus as likely confusion in the United States “is consistent with *Steele*, which focused on the domestic ‘effects’ of the defendant’s foreign conduct.”²⁹⁴ Justice Jackson’s concurrence was silent as to the status of *Steele* and failed even to cite it. But neither the majority nor the concurrence explicitly stated whether *Steele* remained good law. As the next Part explores, it does not.

IV. THE IMPLICATIONS OF *ABITRON* FOR TRADEMARK, INTELLECTUAL PROPERTY, AND BEYOND

Many expected the Supreme Court to offer more explicit parameters regarding trademark extraterritoriality. While the ruling did not completely fulfill these hopes, it presents an opportunity to explore the Court’s utilization of the two-step framework for the presumption against extraterritoriality. *Abitron* is a significant decision, not only for trademark law but also for intellectual property law more broadly. Moreover, there are important implications for the Court’s broader efforts to guide how lower courts should approach issues of extraterritoriality generally.

For example, prior to *Abitron*, the courts of appeals were in conflict over aspects of *Steele*, such as the required level of an effect on U.S. commerce.²⁹⁵ The decision has considerable implications for trademark law. Additionally, *Abitron* involved the award of damages for, and an injunction over, foreign conduct, which has implications for remedial schemes in other areas.²⁹⁶ Finally, an apparent schism has developed within the Court regarding how to analyze step two of the *RJR Nabisco* framework properly.²⁹⁷ In this Part, we discuss these implications. It first explains how the Supreme Court effectively overruled *Steele*, even if it failed to state so explicitly. Next, it examines

292. *Id.* at 442 (Sotomayor, J., concurring).

293. *Id.*

294. *Id.* at 437 (Sotomayor, J., concurring).

295. Margaret Chon, *Kondo-Ing Steele v. Bulova: The Lanham Act’s Extraterritorial Reach Via the Effects Test*, 25 B.U.J. SCI. & TECH. L. 530, 541–52 (2019).

296. *Abitron*, 600 U.S. at 416–17.

297. *Id.* at 423–24.

how *Abitron* reflects a silent rejection of the decades of circuit court precedent developed after *Steele*. The Supreme Court rejected those courts' conclusions that the presumption against extraterritoriality had been rebutted.²⁹⁸ It also failed to answer the split as to whether the issue of extraterritoriality is a jurisdictional or merits question. Additionally, the Court *sub silentio* rendered citizenship and effects on U.S. commerce no longer relevant to the extraterritoriality analysis and failed to explain comity's continuing role in the analysis. Beyond the impact on *Steele*, however, the decision has implications for remedies under trademark law and, potentially, other areas. Finally, *Abitron*, when contrasted with the string of Supreme Court cases on extraterritoriality, reveals internal discord over the application of *RJR Nabisco*'s two step framework, particularly concerning step two. This Part explores all these implications.

A. The End of Decades of Jurisprudence . . . and Nary a Thought of Stare Decisis

At oral argument, the Justices appeared to be wrestling with what to do about *Steele* in the face of their more recently articulated two-step methodology. While questioning the petitioner, Justice Sotomayor noted, "you're just saying [to] overrule it."²⁹⁹ Justice Barrett, when inquiring whether *Steele* would "come out the same way today," queried whether "the cleanest thing and the way to bring our cases in – in line, to bring *Steele* and maybe this case before us in line with our modern extraterritoriality jurisprudence, is just to overrule it?"³⁰⁰

The Justices similarly engaged with the U.S. government on the issue. Justice Gorsuch asked the United States, "[w]hat should we do about *Steele*?"³⁰¹ He followed by noting that the petitioner's "first best solution would be to apply our modern extraterritoriality jurisprudence and be done with *Steele*."³⁰² However, the Government suggested it was possible to apply the modern jurisprudence "without overruling *Steele*."³⁰³ Justice Alito also inquired as to the appropriate role the accused infringer's citizenship should play, noting that "in

298. *Id.*

299. *Abitron* Oral Argument Transcript, *supra* note 275, at 9.

300. *Id.* at 11. Justice Barrett did give the petitioner an out by suggesting narrowing *Steele* to avoid overruling it. *Id.* at 12.

301. *Id.* at 46.

302. *Id.* at 47

303. *Id.*

Steele, it seems to have been quite relevant.”³⁰⁴ When the Government responded that citizenship was “something you can set aside,” Justice Alito retorted, “I’m not sure how that links with the issue of stare decisis,” and inquired whether the Government viewed *Steele* as already being overruled or whether the Court “should partially overrule it by getting rid of the citizenship element.”³⁰⁵ Justice Alito concluded, “[i]t sounds to me like you’re asking us to overrule *Steele* in part.”³⁰⁶ Justice Kagan suggested that “everyone might be underselling *Steele* here” and contended that *Steele* could be viewed as a step two analysis.³⁰⁷ Justice Kavanaugh, focusing on citizenship, also recognized that there would be problems treating United States and foreign citizens differently, potentially causing “real-world problems . . . if you left the law in that place after we try to deal with *Steele*.”³⁰⁸

The current Court, of course, has shown a glaring lack of respect for long-standing precedent.³⁰⁹ Yet, notwithstanding the colloquies between the Justices and the attorneys at oral argument, there is no mention in the decision itself of whether the Court was overruling *Steele*. The majority limited *Steele* to its facts, putting it “aside,” but made no effort to reconcile *Steele* with its modern jurisprudence.³¹⁰ Nor did the Court assess whether *Steele* remains good law. Justice Sotomayor’s concurrence attempted to wrestle with *Steele* and effectively treated it as a step two analysis, akin to Justice Kagan’s suggestion at oral argument. A focus analysis, however, would not surface a role for

304. *Id.* at 48.

305. *Id.* at 49. This exchange and language of setting citizenship aside seem ironic given Justice Alito’s language in the opinion of putting *Steele* aside.

306. *Id.* at 50–51.

307. *Id.* at 53–54.

308. *Id.* at 58.

309. See *Students for Fair Admissions, Inc. v. President & Fellows of Harv. Coll.*, 600 U.S. 181, 230 (2023) (ruling race-based admissions programs unconstitutional under Equal Protection, ending the use of affirmative action in higher education and effectively overruling *Regents of Univ. of Cal. v. Bakke*, 438 U.S. 265 (1978), *Grutter v. Bollinger*, 539 U.S. 306 (2003), and *Fisher v. Univ. of Tex. at Austin*, 570 U.S. 297 (2013)); *Dobbs v. Jackson Women’s Health Org.*, 597 U.S. 215, 231–32 (2022) (overruling *Roe v. Wade*, 597 U.S. 215 (1973), which held the right to an abortion is a fundamental right under the Constitution). As another example, the Court will revisit its long-standing precedent in *Chevron v. Natural Resources Defense Council*, granting deference to the expertise of administrative agencies. See Amy Howe, *Supreme Court Will Consider Major Case on Power of Federal Regulatory Agencies*, SCOTUSBLOG (May 1, 2023, 11:54 AM), <https://www.scotusblog.com/2023/05/supreme-court-will-consider-major-case-on-power-of-federal-regulatory-agencies> [<https://perma.cc/FKC5-RP9D>].

310. *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 421–22 (2023).

citizenship or the level of effect on U.S. commerce that might be required, issues the Court failed to explicitly tackle. The concurrence's emphasis on potential consumer confusion is inconsistent with *Steele*'s methodology, making Justice Sotomayor's attempted reconciliation of *Steele* with *RJR Nabisco* unsatisfactory. As a result, even though the Justices expressed concern over *Steele* during oral argument, their treatment of the case was entirely underwhelming.

The reality is that *Steele* is no longer good law, and the Court effectively overruled it. Decades of case law by the courts of appeals have been wiped away and replaced with the "use in commerce" test. The changes brought by *Abitron* are numerous, even if the Court did not outright address them.

B. Abitron Reflects a Silent Rejection of All Approaches by the Circuit Courts of Appeals

The cleanest way for the Supreme Court to address *Steele* would have been to explicitly overrule it because, in effect, it has. The colloquy between the attorneys and various Justices demonstrated that they were aware that the Court may have to overrule *Steele*.³¹¹ Instead of doing so, the majority put *Steele* to the side without attempting to address its inconsistency with the Court's modern jurisprudence. Justice Sotomayor more laudably attempted to shoehorn *Steele* into the modern framework, as was suggested during oral argument. It is clear, however, that *Steele*—and all the circuit court precedent interpreting *Steele*—is no longer good law. Instead, we now have an ambiguous "use in commerce" standard to govern the extraterritorial reach of the Lanham Act, with the question of the provisions' "focus" still up in the air.

1. Contrary to every decision by the courts of appeals, the Supreme Court held that the Lanham Act does not rebut the presumption against extraterritoriality

At a minimum, the Supreme Court's decision reverses the conclusion of every court of appeals that the presumption against extraterritoriality has been rebutted for the Lanham Act. Considering the Court's holding in *Steele* that the Lanham Act did apply extraterritorially, understandably, these courts all concluded post-*RJR*

311. *Abitron* Oral Argument Transcript, *supra* note 275, at 8–11, 46–58 (arguing with petitioner's attorney that petitioner was essentially asking the Court to overrule *Steele*).

that, at step one, the presumption had been rebutted.³¹² The Court rejected that conclusion.

2. *The Supreme Court left unanswered whether extraterritoriality under the Lanham Act is a question of subject matter jurisdiction or of the merits*

Additionally, the Court's decision left a split standing within the courts as to whether the issue of trademark extraterritoriality is a question of subject matter jurisdiction or one of the merits. *Steele* used jurisdictional language to describe the issue before it,³¹³ and before the recent evolution of the presumption at the Supreme Court, the courts of appeals similarly held that question to be jurisdictional.³¹⁴

Although the *Arbaugh* case did not involve the extraterritorial application of a federal statute, the subsequent *Morrison* case did touch

312. *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1034 (10th Cir. 2021) ("*Steele* already answered that question in the affirmative."), *vacated and remanded sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023); *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 966 (9th Cir. 2016) ("The Supreme Court settled this question with regard to the Lanham Act when it held that the Act's 'use in commerce' element and broad definition of 'commerce' clearly indicate Congress's intent that the Act should apply extraterritorially." (citing *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952))). Many district courts were of accord. *See* *BLK Enters., LLC v. Unix Packaging, Inc.*, No. 2:18-CV-02151-SVW-KS, 2018 WL 5993844, at *5 (C.D. Cal. June 14, 2018) ("As to the first question, the Supreme Court has concluded that the Lanham Act applies extraterritorially."). Many district courts did not even address step one in light of *Steele*. *See, e.g.*, *Updateme Inc. v. Axel Springer SE*, No. 17-CV-05054-SI, 2018 WL 1184797, at *7 (N.D. Cal. Mar. 7, 2018).

313. *Steele*, 344 U.S. at 281 ("The issue is whether a United States District Court has jurisdiction to award relief . . .").

314. *See* *Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 309 (5th Cir. 2008) (per curiam) (relying on *Steele* to affirm the district court's finding of subject matter jurisdiction); *McBee v. Delica Co.*, 417 F.3d 107, 120 (1st Cir. 2005) (holding that "the Lanham Act grants subject matter jurisdiction over extraterritorial conduct by foreign defendants only where the conduct has a substantial effect on United States commerce"); *Liberty Toy Co. v. Fred Silber Co.*, No. 97-3177, 1998 WL 385469, at *6 (6th Cir. June 29, 1998) (endorsing the "three factor balancing test applied in *Vanity Fair Mills v. The T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956)" to determine whether subject matter jurisdiction exists for extraterritorial Lanham Act claims); *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250-51 (4th Cir. 1994) (remanding to the district court for a full-application of the *Steele* factors for extraterritorial injunctions); *Am. Rice, Inc. v. Ark. Rice Growers Co-op. Ass'n*, 701 F.2d 408, 417 (5th Cir. 1983) (finding that the district court did not abuse its discretion when it rejected the defendant's forum non conveniens grounds claim); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956) (finding subject matter jurisdiction lacking under the *Steele* factors).

upon this issue.³¹⁵ In *Morrison*, the Court asserted that determining the extraterritorial reach of conduct under section 10(b) of the Securities and Exchange Act of 1934 is a matter of merits.³¹⁶ The Court distinguished merits questions from subject-matter jurisdiction, which “refers to a ‘tribunal’s power to hear a case.’”³¹⁷ As the Supreme Court has noted, this distinction has consequences, such as the ability of a litigant to waive an issue and raise the issue post-trial.³¹⁸

More recently, in light of *Arbaugh*, courts of appeals have viewed the issue as a merits question.³¹⁹ In the court below, the Tenth Circuit relied on the *Morrison* ruling and concluded that its rationale also applies to the extraterritoriality of the Lanham Act.³²⁰ Following *Arbaugh*, the Court’s response to this division among circuits should have been to hold that the extraterritorial scope of the Lanham Act is a merits question, not a jurisdictional one, since there is no language in the Lanham Act indicating that Congress intended it to be a matter of jurisdiction. Indeed, both the district court and the Tenth Circuit addressed the question of whether the extraterritorial reach of the Lanham Act is jurisdictional, with both courts concluding it was a merits question and not jurisdictional.³²¹ As such, they diverged from other courts of appeals, creating a split. Moreover, it also means the issue was present in the case, even though the question was not formally part of the grant of certiorari. An amici brief by three intellectual property law professors framed this issue for the Court,

315. *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 255–56 (2010).

316. *Id.* at 254.

317. *Id.* (quoting *Union Pac. R.R. Co. v. Bhd. of Locomotive Eng’rs & Trainmen Gen. Comm. of Adjustment, Cent. Region*, 558 U.S. 67, 81 (2009)).

318. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 513–14 (2006); see *Chon*, *supra* note 295, at 541–52 (considering earlier jurisdictional rulings, such as *Arbaugh* and *Morrison*, and their discussions regarding crucial distinctions between subject-matter jurisdiction and merits-related determinations).

319. *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1040 (10th Cir. 2021), *cert. granted sub nom. Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 143 S. Ct. 398 (2022), *vacated and remanded sub nom. Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412 (2023); *Derma Pen, LLC v. 4EverYoung Ltd.*, 736 F. App’x 741, 748 (10th Cir. 2018); *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 968 (9th Cir. 2016).

320. *Hetronic Int’l, Inc.*, 10 F.4th at 1040.

321. *Id.*; *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, No. CIV-14-650-F, 2020 WL 1941309, at *2 (W.D. Okla. Apr. 22, 2020).

noting that the Court is free to determine questions of jurisdiction *sua sponte*.³²²

The Court did not take up that request, and the question remains open. The trend seems to treat it as a merits question rather than jurisdictional, especially after *Arbaugh* and *Morrison*,³²³ but technically the matter remains unresolved.

3. *The tests by the courts of appeals are no longer good law, meaning the effects on U.S. commerce and citizenship factors are no longer relevant*

The more significant consequence of *Abitron* is the elimination of the varied tests previously employed by the courts of appeals. Despite their differences, all approaches by the courts of appeals included consideration of the citizenship of the accused infringer, some level of effect on U.S. commerce (albeit with varying thresholds across circuits), and the consideration of conflicts of law.³²⁴ The Supreme Court's decision does not expressly address these factors. The language of the decision and the conversation at oral argument confirm, however, that at least the first two factors are no longer relevant.

With use in commerce now as the toggle for extraterritoriality, the citizenship of the accused infringer is irrelevant. Part of *Steele's* reasoning was that Congress undeniably had the power to regulate U.S. citizens anywhere in the world.³²⁵ That power is no longer relevant. Instead, the location of the use is determinative regardless of the citizenship of the infringer. The discussion at oral argument bolsters this view: several Justices appeared to endorse it by questioning whether there should be different rules based on the citizenship of the accused infringer.³²⁶ Unfortunately, the Court did not directly address this matter. Nevertheless, the Court's reasoning forecloses the

322. Brief for Three Intellectual Property Law Professors as Amici Curiae in Support of Neither Party at 19–23, *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (No. 21-1043) [hereinafter Brief for Three Intellectual Property Law Professors].

323. Holbrook, *New Extraterritoriality in Intellectual Property*, *supra* note 20, at 486.

324. *Yegiazaryan v. Smagin*, 599 U.S. 533, 541 (2023).

325. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 285–86 (1952).

326. *See supra* notes 299–303 and accompanying text (describing the discussion at *Abitron's* oral argument where the Justices volleyed questions about *Steele's* continuing applicability).

relevance of citizenship. We believe this is the correct interpretation,³²⁷ but for the sake of clarity, it would have been preferable for the Court to explicitly state as much.

Similarly, the requirement for an effect (of some level) on U.S. commerce is no longer germane to the extraterritoriality analysis of the Lanham Act. At one level, this reality eliminates the conflict among the courts about the sufficient level of effect on U.S. commerce. The focus is now on where the use in commerce arose. There may be some overlap between measuring the use in commerce and the level of effect on U.S. commerce. For example, if there is a confusing use in the United States, then that would be an effect (and seemingly a substantial one). But the use in commerce standard is less nuanced. There will no longer be a quibble over how much effect is enough. In this way, the extraterritoriality analysis now seems clearer and more binary: either there is a use in U.S. commerce or there is not. Courts no longer will have to sort out the appropriate level of effect, nor is there the balancing of various factors (citizenship and conflicts) without clear guidance on the weight those factors should be given. In this way, *Abitron* has the potential to create a more explicit rule, although that hinges on what constitutes “use in commerce.”³²⁸

What is clear, however, is that Justice Jackson’s interpretation of “use in commerce” cannot be correct.³²⁹ In her COACH hypothetical, U.S. students who bought handbags under the COACHE name while on spring break in Germany and resold the bags shortly upon their return home would expose the German trademark owner to U.S. liability.³³⁰ Her approach would create a viral form of liability that goes beyond the control of the accused infringer: even if the foreign producer owns the relevant mark in their home country, liability follows that product wherever it went if there is an effort to resell in a jurisdiction with a confusingly similar mark. The foreign producer in Justice Jackson’s hypothetical has not directed any activity to the United States.³³¹ Hence, it makes no sense to suggest that the foreign producer has put the mark into commerce within the United States. Instead, it is the student who is using the mark in commerce by selling the item,

327. See Brief for Three Intellectual Property Law Professors, *supra* note 322, at 110–11 (arguing that the citizenship requirement should be removed from the extraterritoriality framework).

328. *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 415 (2023).

329. *Id.* at 429–30 (Jackson, J., concurring).

330. *Id.* at 430–32.

331. *Id.* at 430–31.

exposing the student to potential liability. However, there should be no reason to hold the initial foreign producer liable.

The Court has also opened a potential can of worms regarding what constitutes a use in commerce. As Professors Margaret Chon and Christine Haight Farley have noted, there has already been an ongoing debate in the case law and literature regarding the interpretation of “use in commerce” and whether it means “use in commerce as a trademark.”³³² The debate will now resume after *Abitron*, and courts will continue to deliberate over the vague statutory language. Professors Linda J. Silberman and Rochelle C. Dreyfuss similarly noted that utilizing “use in commerce” as the toggle was likely an effort by Justice Alito to articulate a brighter-line rule (and thus vindicating his dissent in *Yegiazarayan*).³³³ But they also believe that “the brightness of this rule will dim as other fact patterns are considered.”³³⁴ Thus, “use in commerce” is not nearly as clear as Justice Alito may believe, and the lower courts will now need to sort out the meaning of this term.

The courts are just beginning to sort out this shift, but they confirm that the earlier tests for assessing the extraterritorial reach of the Lanham Act are no longer good law. For example, one district court recently dismissed a trademark infringement counterclaim based on *Abitron*.³³⁵ The district court reasoned that the counterclaim failed to allege that “Yamine utilized the Mark in domestic commerce.”³³⁶ Another district had to address the admissibility of evidence related to foreign activity, holding that such evidence was admissible as circumstantial evidence of a domestic use in commerce.³³⁷ A third district court reached a similar conclusion with respect to foreign evidence, holding that “the requested foreign evidence may still shed

332. Chon & Farley, *supra* note 273. For an argument in favor of a capacious view of “use in commerce,” see Mia Juliano, Note, *Abitron v. Hetronic: Scoping the Lanham Act’s Domestic “Use in Commerce” Requirement Broadly to Provide Meaningful Protections Against Trademark Infringement*, 83 MD. L. REV. 940, 962–82 (2024).

333. Linda J. Silberman & Rochelle C. Dreyfuss, *What is a “Domestic Application” of the Lanham Act? The Supreme Court Creates More Questions than It Answers*, TRANSNAT’L LITIG. BLOG (July 5, 2023), <https://tlblog.org/what-is-a-domestic-application-of-the-lanham-act> [<https://perma.cc/4HG9-S5F8>].

334. *Id.*

335. *Yamine v. Toolbox for HR Spolka z Ograniczona Odpowiedzialnoscia Spolka Komandytowa*, No. CV-21-00093-PHX-MTL, 2023 WL 6259412, at *5 (D. Ariz. Aug. 8, 2023).

336. *Id.*

337. *Rockwell Automation, Inc. v. Parcop S.R.L.*, No. 21-1238-GBW-JLH, 2023 WL 4585952, at *3 (D. Del. July 18, 2023).

light on domestic activity.”³³⁸ In all these decisions, the courts failed to explore the meaning of “use in commerce,” but conspicuously absent in both decisions was any consideration of citizenship or the effect on U.S. commerce the accused infringer’s activities may have had. Another district court, considering the extraterritorial scope of a potential injunction, explicitly noted that, at least within the Tenth Circuit, the Supreme Court rejected its three-part test.³³⁹ Those tests are undoubtedly dead.

4. *What about comity?*

It is evident that the Supreme Court eliminated the citizenship and effects on commerce elements from the assessment of extraterritoriality under the Lanham Act; however, it remains uncertain what roles, if any, comity and potential conflicts with foreign law may play. This uncertainty applies not only in trademark but also to all extraterritorial analyses. Although *Steele* and the courts’ subsequent interpretations of it formally included considerations of conflicts and comity, *Abitron* leaves it uncertain whether that approach survives the recent Supreme Court reinvigoration of the presumption against extraterritoriality.³⁴⁰

In the current era of heightened globalization and the expanding reach of producer goodwill, it is imperative for courts to factor in comity concerns when conducting an extraterritorial analysis within trademark law.³⁴¹ This matter holds particular significance when evaluating the availability of remedies under U.S. law for foreign activities. It is especially crucial because foreign courts may refuse to recognize and enforce such remedies, thereby undermining or

338. *Hazelden Betty Ford Found. v. My Way Betty Ford Klinik GmbH*, No. CV 20-409 (JRT/TNL), 2023 WL 6318164, at *8 (D. Minn. Sept. 28, 2023).

339. *Warner Bros. Ent. Inc. v. Loyd*, No. CIV 20-0062 JB/JFR, 2023 WL 5727468, at *109 (D.N.M. Sept. 5, 2023).

340. See Holbrook, *New Extraterritoriality in Intellectual Property*, *supra* note 20, at 507–08 (discussing the court’s failure to reconcile precedent with its “new extraterritoriality”); Holbrook, *Boundaries*, *supra* note 115, at 1785–90 (juxtaposing the Supreme Court’s suggestion in *Morrison* that conflicts with foreign laws as irrelevant against the Court’s other caselaw that considers conflicts to determine the extraterritorial reach of the Lanham Act); Sapna Kumar, *Patent Damages Without Borders*, 25 TEX. INTELL. PROP. L.J. 73, 109–10 (2017) (discussing the respective roles of comity in extraterritorial copyright and patent cases).

341. See Timothy R. Holbrook, *Should Foreign Patent Law Matter?*, 34 CAMPBELL L. REV. 581, 598–99 (2012) [hereinafter *Foreign Patent Law*] (suggesting that courts consider foreign patent law when assessing whether a United States patent should be enforced extraterritorially).

nullifying the intended intellectual property protection granted by the court that issued them.³⁴²

Given the language of *Steele*, there was some hope that the Court would establish a clear stance that considering comity should be part of evaluating whether to apply a domestic statute beyond national borders in all cases, irrespective of the case's subject matter.³⁴³ All prior Supreme Court cases dealing with the presumption against extraterritoriality explicitly acknowledge that one of the motivations behind this presumption is to prevent such conflicts.³⁴⁴ Yet, while potential conflicts *motivate* the presumption, it is a distinct question whether courts *must* consider potential conflicts of law. Indeed, this ambiguous state of the law harkens back to the conflict between the First Circuit in *McBee* and the Tenth Circuit in *Hetronic*: whether consideration of potential conflicts is prudential or necessary, respectively.³⁴⁵ It remains to be determined whether it is even relevant.

Here, the Court did not clarify whether express consideration of potential conflicts is required and did not utilize considerations of comity to inform its decision. It appears to gesture back to the language in *Morrison* that the presumption applies regardless of conflicts.³⁴⁶ But even that language is ambiguous. Courts could apply the presumption regardless of conflicts, but if the court concludes at step one or step two to apply U.S. law, courts could still then consider actual conflicts to decide prudentially not to apply U.S. law in the given case.

342. Marketa Trimble, *The Territorial Discrepancy Between Intellectual Property Rights Infringement Claims and Remedies*, 23 LEWIS & CLARK L. REV. 501, 538–43 (2019) (discussing the problems that arise when there are territorial discrepancies between IP claims and remedies).

343. See Brief for Three Intellectual Property Law Professors, *supra* note 322, at 12 (noting how *Steele* stated that conflicts should be resolved as to not challenge foreign law).

344. *E.g.*, *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) (explaining that the presumption against extraterritoriality “is a longstanding principle of American law” that “serves to protect against unintended clashes between our laws and those of other nations which could result in international discord”).

345. Compare *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005) (“We reject the notion that a comity analysis is part of subject matter jurisdiction.”), with *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1037–38 (10th Cir. 2021) (“[C]ourts should also consider whether extraterritorial application . . . would create a conflict with trademark rights established under the relevant foreign law.”).

346. *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 255 (2010) (“The canon or presumption applies regardless of whether there is a risk of conflict between the American statute and a foreign law.”).

The Court was undeniably aware of this issue. The exchange between Justice Alito and the United States' attorney addressed the issue of comity during oral argument:

JUSTICE ALITO: Under your test, does it matter whether the mark is validly registered in the country where it's used? Suppose it was validly registered in that country, but it does have – it is likely to cause confusion in the United States and does, in fact, cause confusion in the United States. Would you say there's liability there?

MS. HANSFORD: Justice Alito, there would be liability under the Lanham Act, but we think that is precisely the situation where international comity would come in and take care of it, and I think that the exact same –

JUSTICE ALITO: Well, how would that work, international comity would come in and take care of it?

MS. HANSFORD: So international comity would be a reason for the Court to abstain from hearing the action, and I – and the exact same situation would apply to Petitioners' test because, on Petitioners' test, conduct in Germany that ships directly into the United States is actionable. But suppose that Petitioners did have a valid trademark in Germany. That act in Germany of shipping it to the United States would be actionable under the Lanham Act under Petitioners' theory but also would be exercising a right the Petitioners have under German law. And so I – I think that has to be resolved by comity. There's going to be some small amount of overlap where the different nations' interests could come out differently that would have to be resolved by comity under any test.³⁴⁷

Justice Alito, the author of the *Abitron* majority opinion, was evidently cognizant of potential comity issues. Yet, the Court did not take a stance as to whether comity is an actual check on extraterritoriality in the same manner as *Steele*.³⁴⁸ The United States argued that comity was an inherent limitation on the extraterritorial reach of the Lanham Act.³⁴⁹ But the majority decision does not explicitly articulate that position.

In response to Justice Sotomayor's concurrence, Justice Alito addressed concerns about creating conflicts with foreign law. Calling the presumption a “muzzled Chihuahua” under Justice Sotomayor's

347. *Abitron* Oral Argument Transcript, *supra* note 275, at 38–40.

348. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 288–89 (1952).

349. Brief for the United States as Amicus Curiae Supporting Neither Party at 19 n.3, *Abitron Austria GmbH v. Hetronic Int'l Inc.*, 600 U.S. 412 (2022) (No. 21-1043) [hereinafter Brief for the United States].

approach,³⁵⁰ he noted the risk of “international discord” that could arise if the focus is on the likelihood of consumer confusion and not use in commerce.³⁵¹ In particular, he called out the international trademark system, which is premised on territorial trademark rights.³⁵² As he recognized, “each country is empowered to grant trademark rights and police infringement within its borders,” which reflects the critical issue of another country’s sovereignty.³⁵³ In his view, if Congress intended the Lanham Act to have the extraterritorial reach proposed by the concurrence, then Congress “would have addressed the subject of conflicts with foreign laws and procedures.”³⁵⁴

Justice Sotomayor did not leave this riposte unanswered. She noted that “applying the Lanham Act to domestic consumer confusion promotes the benefits of U.S. trademark rights in the territory of the United States” and would avoid potential conflicts.³⁵⁵ Indeed, she viewed the majority’s concerns of “international discord” as “simply overblown.”³⁵⁶ Justice Sotomayor viewed the focus on U.S. consumer confusion as the appropriate balance against these concerns: “[A] focus properly cabins the Act’s reach to foreign conduct that results in infringing products causing consumer confusion domestically while ‘leaving to foreign jurisdictions the authority to remedy confusion within their territories.’”³⁵⁷

While both the majority and Justice Sotomayor’s concurrence highlight concerns over conflicts with foreign law, ultimately, neither decision engages with *Steele*’s formal consideration of potential conflicts of law.³⁵⁸ Justice Alito’s reasoning suggests the potential for using conflicts as a pragmatic consideration to bolster the use of the presumption. However, that is a markedly different approach to the use of conflicts compared to *Steele* and its progeny. Instead, it harkens back to the approach in *Morrison* that conflicts are an underlying

350. *Abitron*, 600 U.S. at 425–26. This is an allusion to the language in *Morrison* noting that “the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever *some* domestic activity is involved in the case.” *Morrison*, 561 U.S. at 266.

351. *Abitron*, 600 U.S. at 426 (quoting *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 115 (2013)).

352. *Id.* at 426–27.

353. *Id.* at 426.

354. *Id.* at 427 (quoting *Morrison*, 561 U.S. at 269).

355. *Id.* at 444 (Sotomayor, J., concurring).

356. *Id.* at 445.

357. *Id.* at 444 (quoting Brief for the United States, *supra* note 349, at 25–26).

358. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 285–87 (1952).

purpose of the presumption and not a separate limitation on the extraterritorial reach of U.S. laws. Similarly, Justice Sotomayor’s concurrence views the focus on domestic consumer confusion as sufficient for balancing any potential conflicts with foreign law and does not suggest formally considering conflicts as part of the extraterritoriality analysis.³⁵⁹

The decision in *Yegiazaryan v. Smagin*—decided in the same term as *Abitron*—supports the view that the presumption balances concerns of comity with no need for a distinct analysis.³⁶⁰ In discussing the underlying justifications for the presumption, Justice Sotomayor (writing for the majority this time) noted, “[o]n the one hand, it reflects concerns of international comity insofar as it ‘serves to protect against unintended clashes between our laws and those of other nations which could result in international discord.’”³⁶¹ The other justification was institutional: “the presumption is informed by ‘the commonsense notion that Congress generally legislates with domestic concerns in mind.’”³⁶² The former justification suggests that the presumption is to do the work of policing comity, implicitly suggesting that comity does not provide an independent limit on extraterritoriality. Justice Alito’s dissent is to a similar effect. Justice Alito noted that “[a] thrust of our international-comity jurisprudence is that we should not lightly give foreign plaintiffs access to U.S. remedial schemes that are far more generous than those available in their home nations.”³⁶³ His citations to *RJR Nabisco* and *F. Hoffmann-La Roche* suggest that he views the Court’s “international-comity jurisprudence” as being subsumed within the presumption against extraterritoriality itself and not an independent check on extraterritorial scope.³⁶⁴ In sum, even though the U.S. government at oral argument treated comity as separate from the presumption, the most reasonable interpretation of both *Abitron* and *Yegiazaryan* suggests that the formal consideration of comity, as articulated by *Steele*, is no longer applicable.

359. *Abitron*, 600 U.S. at 445–46 (Sotomayor, J., concurring).

360. *Yegiazaryan v. Smagin*, 599 U.S. 533, 541 (2023).

361. *Id.* (quoting *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 115 (2013) (quoting *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991))).

362. *Id.* (quoting *Smith v. United States*, 507 U.S. 197, 204 n.5 (1993)).

363. *Id.* at 552 (Alito, J., dissenting) (citing *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 346–48 (2016); *F. Hoffmann-La Roche Ltd v. Empagran S. A.*, 542 U.S. 155, 166–67 (2004)).

364. *Id.*

In our view, that approach would be a mistake. The Court should have included an express consideration of comity within the framework of extraterritoriality. In the context of intellectual property, the various international treaties have created some level of harmonization. U.S. courts, therefore, would be capable of performing a comparative analysis to determine whether to decline to extend the U.S. law extraterritorially in light of a conflict.³⁶⁵ As Justice Alito suggested in oral argument, the territorial nature of intellectual property rights may create different ownership issues.³⁶⁶ Because there may be different owners of the various intellectual property rights, courts need to account for the potential validity of those rights. The validity of foreign intellectual property rights holds broader implications for sovereignty, so courts should manage such situations carefully.³⁶⁷ Unfortunately, *Abitron* implies that courts are to use the presumption as a blunt instrument to address comity issues, rather than employing *Steele's* more nuanced, case-specific analysis. That reflects a loss of potential positive spillovers that could arise by U.S. courts considering foreign law. By considering foreign law, U.S. courts could engage in dialogue with other countries to help establish intellectual property norms and highlight divergences among countries' laws that could be the subject of future harmonization efforts.³⁶⁸

365. Cf. Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119, 2175 (2008) [hereinafter Holbrook, *Extraterritoriality in U.S. Patent Law*] (“[T]here is reason to believe that U.S. courts should not have significant difficulty in interpreting foreign law, given the general levels of harmonization on issues of validity.”).

366. *Abitron* Oral Argument Transcript, *supra* note 275, at 38–40.

367. See generally Timothy R. Holbrook, *Extraterritoriality: Intellectual Property*, in ELGAR RESEARCH HANDBOOK ON EXTRATERRITORIALITY IN INTERNATIONAL LAW (Austen Parrish & Cedric Ryngaert eds., 2023) (discussing how different countries may view the validity of the same IP rights oppositely and how considerations of IP protections necessarily affect, and potentially interfere with, state sovereignty).

368. See Holbrook, *Foreign Patent Law*, *supra* note 341, at 597 (highlighting the benefits of allowing U.S. courts to hear claims of foreign patent infringement); Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 365, at 2186–88 (discussing the potential benefits of a legal framework under which U.S. courts explicitly consider foreign law when determining whether to apply a U.S. patent to an actor's extraterritorial activities).

5. *Implications for intellectual property remedies*

Abitron was important, of course, because of the extraterritorial implications generally. However, for the litigants, the real reason the case mattered was because of the damages awarded: tens of millions of dollars in damages from purely foreign activity.³⁶⁹ According to the Lanham Act, plaintiffs may seek compensation for the defendant's profits derived from infringing sales and other damages resulting from trademark rights violations.³⁷⁰ Thus, the issue of liability versus damages was intermingled in the case. Moreover, the district court issued a worldwide injunction prohibiting *Abitron* from using the mark in countries other than the United States.³⁷¹ Remedies featured prominently in the profile of the case before it reached the Supreme Court.

Congress did not explicitly address the territorial extent of these remedies within § 1117(a) itself, thus entrusting the courts with the responsibility of interpreting their territorial scope.³⁷² The Supreme Court, however, focused exclusively on the issue of liability and did not address the matter of remedies. The Court failed to establish a clear link between the Lanham Act remedy provision, § 1117, and the relevant rights-granting provisions, § 1114(1)(a) and § 1125(a)(1).³⁷³

In some respects, the Court's prior decision in *WesternGeco* could have, and indeed does, offer insight into how this association should function under the Lanham Act. In *WesternGeco*, the sole issue before the Court was whether courts could award patent infringement damages for activities originating outside the United States through infringement of 35 U.S.C. § 271(f).³⁷⁴ There, the Court skipped step one because of the broader, precedential impact any holding could have on general remedy provisions.³⁷⁵ Of course, if a specific remedial provision defines the territorial limits of the provision, then there is no

369. See Brief for the United States, *supra* note 349, at 5–6 (“[A]pproximately \$87 million, or almost 97% of the total award, [was] for . . . products that petitioners had sold abroad to foreign buyers.”).

370. 15 U.S.C. § 1117(a).

371. *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016, 1047 (10th Cir. 2021), *vacated and remanded sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023) (“Accordingly, we narrow the injunction to the countries in which *Hetronic* currently markets or sells its products.”).

372. *Trimble*, *supra* note 342, at 543.

373. Brief for Three Intellectual Property Law Professors, *supra* note 322, at 7.

374. *WesternGeco LLC v. ION Geophysical Corp.*, 585 U.S. 407, 410–11 (2018).

375. *Id.* at 413.

need to move to step two. Like the Patent Act, however, the Lanham Act has a general remedy provision that does not speak to any territorial limits.³⁷⁶

WesternGeco reflects a trans-substantive approach to step two for assessing the extraterritorial scope of general remedial provisions tied to liability provisions that lower courts should follow in interpreting those provisions of the Lanham Act.³⁷⁷ Unlike *Abitron*, the Court did assess the statute's focus in *WesternGeco*, with little consideration for the relevant conduct at issue.³⁷⁸ Specifically, the Court applied step two to the damages provision of the Patent Act, 35 U.S.C. § 284, and concluded that the provision centers around infringement.³⁷⁹ Infringement, however, is defined by a different section of the Patent Act, 35 U.S.C. § 271.³⁸⁰ The Court turned to the applicable liability provision to ascertain the type of infringement involved.³⁸¹ In this process, the Court linked the general damages provision's extraterritorial reach to the particular liability provision at issue in the case.³⁸² With the exportation act being domestic in *WesternGeco*, damages derived from the exportation were recoverable according to the Court.³⁸³

Courts should turn to the relevant liability provisions when interpreting the Lanham Act. Indeed, in any circumstance, even outside of trademark or patent law, an assessment of the extraterritorial remedies should be tied to the relevant liability provision. Although the Court did not define the focus of those provisions in *Abitron*, the Court did identify the relevant conduct: a domestic use in commerce.³⁸⁴ When considering general remedies provisions like § 1117, the Court must recognize the connection with the underlying violation of other statutory provisions.³⁸⁵ The extent of the remedies available is determined by examining the territorial limits

376. 15 U.S.C. § 1117.

377. *WesternGeco LLC*, 585 U.S. at 414–15.

378. *Id.*

379. *Id.* at 415–17; 35 U.S.C. § 284.

380. 35 U.S.C. § 271.

381. *WesternGeco LLC*, 585 U.S. at 414–15.

382. *Id.*

383. *Id.* at 417.

384. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 413–19 (2023).

385. 35 U.S.C. § 1117.

outlined in the rights-granting provision related to the case.³⁸⁶ If the new approach, when considering extraterritorial application, is now “use in commerce,” then only domestic uses that result in a likelihood of consumer confusion are compensable as damages.³⁸⁷ Even if a prior domestic link exists, foreign activities should not warrant compensation, as depicted in *Abitron*.

Abitron may have broader implications beyond trademark law for damages. In patent law, it remains an open question whether damages for foreign acts are permissible under other infringement provisions, specifically § 271(a).³⁸⁸ This provision defines *infringement* as making, using, selling, or offering to sell the invention within the United States or importing the invention into the United States.³⁸⁹ Before *WesternGeco*, the Federal Circuit had drawn a tight territorial line, denying damages for foreign activity even if there was a predicate act of domestic infringement.³⁹⁰ After the Supreme Court’s *WesternGeco* decision, however, one district court concluded that the Court had “implicitly overruled the Federal Circuit’s” earlier decisions.³⁹¹ Although the Federal Circuit granted an interlocutory appeal to address the issue, the case settled before the Federal Circuit could opine on the impact of *WesternGeco*.³⁹² The district courts are split on

386. See Holbrook, *Boundaries*, *supra* note 115, at 1773–77 (critiquing the Federal Circuit’s approach to defining extraterritorial under 35 U.S.C. § 271(f) of the Patent Act); Trimble, *supra* note 342, at 523–26 (distinguishing “cross-border remedies” and “extraterritorial remedies” in intellectual property infringement cases); see also Brief for Three Intellectual Property Lawyers, *supra* note 322, at 16–18 (describing three circumstances where extraterritorial remedies may be available).

387. See *Arbitron*, 600 U.S. at 420–21 (concluding that “commerce,” as used in the Lanham Act, should not refer to activities that occur extraterritorially).

388. 35 U.S.C. § 271(a).

389. *Id.*

390. *Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.*, 807 F.3d 1283, 1307 (Fed. Cir. 2015); *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348, 1371–72 (Fed. Cir. 2013). See generally Holbrook, *Boundaries*, *supra* note 115, at 1773–77 (analyzing these cases along with *WesternGeco*).

391. *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, No. 04-1371-LPS, 2018 WL 4804685, at *1 (D. Del. Oct. 4, 2018). The decision was by Judge Leonard Stark, who now sits on the Federal Circuit. When a case presents this issue to the Federal Circuit, Judge Stark’s views will be known.

392. David Taylor, *Settlement Leaves Important Question Unanswered—Power Integrations, Inc. v. Fairchild Semiconductor International, Inc.*, FEDCIRCUITBLOG (Nov. 8, 2019), <https://fedcircuitblog.com/2019/11/08/settlement-leaves-important-question-unanswered-power-integrations-inc-v-fairchild-semiconductor-international-inc> [https://perma.cc/8DT7-LW3P].

the question, with some viewing *WesternGeco* as changing the law to permit extraterritorial damages for infringement under § 271(a),³⁹³ some viewing strict limits as still appropriate, and some finding that the question remains open.³⁹⁴ Academic commentary is also mixed.³⁹⁵ Thus, it remains unanswered whether *WesternGeco* implicitly overruled the Federal Circuit's decision on damages under § 271(a).³⁹⁶

Copyright's approach to damages differs from the Federal Circuit's strict approach to infringement under 35 U.S.C. § 271(a) but is like the approach in *WesternGeco*. Under the predicate act doctrine, a

393. *ABS Glob., Inc. v. Inguran, LLC*, No. 14-cv-503, WL 2405380, at *9 (W.D. Wisc. May 12, 2020); *Plastronics Socket Partners, Ltd. v. Hwang*, No. 2:18-CV-00014-JRG, 2019 WL 4392525, at *4–5 (E.D. Tex. June 11, 2019); *SIMO Holdings Inc. v. Hong Kong uCloudlink Network Tech. Ltd.*, 396 F. Supp. 3d 323, 350–51 (S.D.N.Y. 2019); *cf. Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 329 F. Supp. 3d 1070, 1106–07 (N.D. Cal. 2018), *order clarified*, No. 12-CV-05501-SI, 2018 WL 4849681 (N.D. Cal. Oct. 4, 2018), *aff'd*, *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 809 F. App'x 965, 976–77 (Fed. Cir. 2020) (suggesting lost foreign profits would be available but declining to award due to lack of causal nexus between infringement and damages). The Federal Circuit affirmed without considering the issue. 809 F. App'x at 976–77.

394. *MLC Intell. Prop., LLC v. Micron Tech., Inc.*, No. 14-cv-03657-SI, 2019 WL 2437073, at *3 (N.D. Cal. June 11, 2019); *Abbott Cardiovascular Sys., Inc. v. Edwards Lifesciences Corp.*, No. CV 19-149, 2019 WL 2521305, at *18 (D. Del. June 6, 2019) (denying preliminary injunction because *WesternGeco* does not extend to remedies for § 271(a) infringement); *cf. Touchstream Techs., Inc. v. Google LLC*, No. 6:21-cv-569, 2022 WL 17744051, at *2 (W.D. Tex. Dec. 16, 2022) (declining to address *WesternGeco* directly but distinguishing cases allowing foreign profits as inapposite and denying discovery on foreign activities).

395. Compare Andrew C. Michaels, *Implicit Overruling and Foreign Lost Profits*, 25 B.U. J. SCI. & TECH. L. 408, 430 (2019) (arguing *Power Integrations, Inc.*, as it addressed proximate cause, was not overruled by *WesternGeco*), and Holbrook, *Extraterritoriality and Proximate Cause*, *supra* note 107, at 221 (noting the Court in *WesternGeco* did not explicitly connect extraterritoriality and proximate cause), with Thomas F. Cotter, *Extraterritorial Damages in Patent Law*, 39 CARDOZO ARTS & ENT. L.J. 1, 54 (2021) (arguing in favor of extraterritorial damages).

396. A recent decision from the Federal Circuit addressed this issue without offering a clear answer to the question. In *Brumfield, Tr. for Ascent Tr. v. IBG LLC*, the Federal Circuit concluded that the *WesternGeco* framework applied to all types of damages for infringement under § 271(a). *Brumfield, Tr. for Ascent Tr. v. IBG LLC*, No. 2022-1630, 2024 WL 1292151, at *15 (Fed. Cir. Mar. 27, 2024). The court also recognized the important role causation plays in assessing damages but failed to reach a conclusion on the matter. *Id.* at *17 (“What, if any, room is there to take that consideration into account in applying the proximate-cause requirement, itself not addressed in *WesternGeco*, without contradicting the Supreme Court's ruling in *WesternGeco*? We need not and do not here suggest answers to, or further explore, those or other questions.”). The availability of damages for extraterritorial activity under § 271(a) thus remains unclear. The Federal Circuit did not cite *Abitron*. See generally *id.*

copyright owner can obtain damages for acts outside of the United States if they flow from an act of domestic infringement.³⁹⁷ This doctrine pre-dates the Supreme Court's recent interventions on extraterritoriality,³⁹⁸ and most courts considering the doctrine since have confirmed its continuing vitality.³⁹⁹ The predicate act doctrine, however, may need to be reconsidered in light of *Abitron*. The issue is already beginning to percolate within the district courts.⁴⁰⁰

Given the holding of *Abitron* narrowing the extraterritorial coverage of the Lanham Act, courts may need to take a narrower approach to both patent and copyright damages, thus limiting them to acts of domestic infringement. While the Court failed to perform a fact-based analysis of whether the conduct in *Abitron* fell within the focus of the statute, defining the relevant conduct as domestic uses in commerce significantly curtails the extraterritorial reach of the Lanham Act.⁴⁰¹ This can be observed in how the majority distinguished Justice Sotomayor's concurrence, which sought to broaden the extraterritorial reach of the Lanham Act. The majority opinion, therefore, is not solicitous to an expansive view of the extraterritorial reach of the Lanham Act. While this approach could be viewed as being in tension with *WesternGeco*, it does suggest that the Court will consider the territorial limitations in the relevant liability provisions seriously, even in the context of a general remedial statute.⁴⁰² In the Patent Act, § 271(a) contains strict limits to acts within the United States.⁴⁰³ In contrast, 17 U.S.C. § 106 of the Copyright Act, which defines the copyright holders' exclusive rights, does not contain any

397. Trimble, *supra* note 342, at 531.

398. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939), *aff'd* 309 U.S. 390 (1940) (connecting foreign profits to the defendant's domestic predicate act).

399. *Tire Eng'g & Distrib., LLC v. Shandong Linglong Rubber Co.*, 682 F.3d 292, 308 (4th Cir. 2012) (per curiam); *Motorola Sols., Inc. v. Hytera Commc'ns Corp.*, 436 F. Supp. 3d 1150, 1166 (N.D. Ill. 2020) (referencing *WesternGeco LLC v. ION Geophysical Corp.*, 585 U.S. 407, 414–15 (2018)).

400. See, e.g., Notice of Defendants' Motion to Dismiss Plaintiff's First Amended Complaint or, in the Alternative, to Strike the Extraterritorial Infringement Allegations, or for a More Definite Statement; Supporting Memorandum, No. 2:22-cv-08259-MRWx, *Moebius v. Shein Distrib. Corp.*, 2023 WL 8596259, at *13–16 (C.D. Cal. Oct. 27, 2023) (arguing that predicate act doctrine should be rejected in light of *Abitron*).

401. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 423–24 (2023).

402. *Id.*

403. 35 U.S.C. § 271(a).

express territorial limits.⁴⁰⁴ Courts have long interpreted that provision to contain such territorial limits.⁴⁰⁵ The Court's decision in *Abitron* suggests that damages for intellectual property infringement will be circumscribed territorially going forward.⁴⁰⁶

The *Abitron* decision also carries significant implications for other remedies, such as permanent injunctions. Courts have recognized that injunctions can have extraterritorial reach, particularly to combat potential acts of domestic infringement.⁴⁰⁷ The Lanham Act clearly states that courts have the power to issue injunctions to prevent acts of infringement.⁴⁰⁸ This provision does not specify any territorial limits, akin to the damages provision of the Patent Act addressed in *WesternGeco*.

An injunction in *Abitron* reached foreign conduct, so, like the damages question, the issue was present. Indeed, the Tenth Circuit specifically addressed the extraterritorial reach of the injunction, faulting the district court's worldwide injunction but still allowing some extraterritorial scope.⁴⁰⁹ The premise of the Tenth Circuit's assessment of extraterritoriality was precisely to consider the scope of the injunction.⁴¹⁰ The failure of the Court to address the issue is therefore disappointing.

It is unclear whether the "use in commerce" lever for assessing the extraterritorial reach will also govern the potential reach of injunctions. However, like damages, the injunctive remedy should tie back to the relevant infringement provision. Thus, the "use in

404. 17 U.S.C. § 106.

405. *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1090, 1094 (9th Cir. 1994).

406. *Abitron*, 600 U.S. at 424.

407. *See, e.g.*, *Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1366 (Fed. Cir. 1998) ("An injunction under Section 283 can reach extraterritorial activities such as those at issue here, even if these activities do not themselves constitute infringement."); *Spindelfabrik Suessen-Schurr v. Schubert & Salzer Maschinenfabrik Aktiengesellschaft*, 903 F.2d 1568, 1578 (Fed. Cir. 1990) ("These provisions are a reasonable and permissible endeavor to prevent infringement in the United States and not a prohibited extra-territorial application of American patent law."); *see also* Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 364, at 2137–38, 2145–46 (discussing the extraterritoriality of patent injunctions).

408. 15 U.S.C. § 1116(a).

409. *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1047 (10th Cir. 2021), *vacated and remanded sub nom*, *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023) ("Accordingly, we narrow the injunction to the countries in which Hetronic currently markets or sells its products.").

410. *Id.* at 1032–33.

commerce” requirement may come to inform the availability of injunctive relief in trademark law. Guidance in this regard would have been helpful.

The lower courts are already confronting the issue. One court of appeals recognized this issue but remanded the case to the district court to deal with the implications of *Abitron* in the first instance.⁴¹¹ In contrast, another district court limited the scope of injunctive relief to acts within the United States in light of *Abitron*, finding such an injunction “discordant” with the territorial limits on the Lanham Act “even in a case in which an American citizen’s underlying infringement occurred in the United States.”⁴¹² *WesternGeco*’s permission of damages for activity outside of the United States may suggest that extraterritorial injunctive relief may be available to combat domestic infringement,⁴¹³ but that holding is in considerable tension with the *Abitron* analysis. Regardless, the question remains an open one, with no direct guidance from the Supreme Court on the matter.

V. BROADER CONFUSION AND DISAGREEMENT OVER THE NEW EXTRATERRITORIALITY FRAMEWORK AT THE SUPREME COURT

The Supreme Court has been working to reinvigorate the presumption against extraterritoriality and formalize its methodology. What is surprising is the vast number of cases addressing the issue that the Court has taken. Early on, the Court seemed to be clarifying that its approach to extraterritoriality was trans-substantive and that *Morrison* was not specific to securities regulation. Moreover, at times, the Court has taken bookend cases, where the second case elaborates on an earlier decision.⁴¹⁴ The Supreme Court at times takes clusters of cases, which has happened with some frequency in patent law.⁴¹⁵

411. *Commodores Ent. Corp. v. McClary*, No. 22-10188, 2023 WL 5664170, at *2 (11th Cir. Sept. 1, 2023).

412. *Warner Bros. Ent. Inc. v. Loyd*, No. CIV 20-0062 JB/JFR, 2023 WL 5727468, at *109 (D.N.M. Sept. 5, 2023) (“*Abitron* indicates that the Supreme Court disapproves of using the Lanham Act to enjoin a United States citizen’s trademark infringement in foreign jurisdictions, even when the injunction is entered in a case centered primarily on infringement in the United States.”).

413. *WesternGeco LLC v. ION Geophysical Corp.*, 585 U.S. 407, 417 (2018).

414. See *supra* note 153 and accompanying text (explaining that the Court takes bookend cases to evaluate the application of an earlier decision).

415. The Court in recent years has taken four cases dealing with patentable subject matter. See *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014); *Ass’n for Molecular*

Yet, something else seems to be at play in the context of the presumption against extraterritoriality. The Court may be taking cases not only to provide guidance for lower courts but also to achieve consistency within its own jurisprudence. When *Abitron* is juxtaposed with *Yegiazaryan*, it is evident that the Justices do not agree completely on how to deal with extraterritoriality, especially as to step two of the *RJR Nabisco* methodology.⁴¹⁶ Each case has shown disagreement with the outcomes of various cases and the methodology employed.

As a threshold matter, there is ambiguity within the Court about how to apply the presumption.⁴¹⁷ It is clear from the concurrence in *Morrison* that not all the Justices viewed that case as establishing a trans-substantive principle for assessing the focus of any statute.⁴¹⁸ Although all of the Justices signed on to the part of *RJR Nabisco* articulating the two-step framework, it may be that not all the Justices fully embrace this approach.⁴¹⁹ The concurrences in *RJR Nabisco* were based on disagreements about the need for a domestic injury.⁴²⁰ The concurrences seemingly viewed the presumption as rebutted at step

Pathology v. Myriad Genetics, Inc., 569 U.S. 576 (2013); Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66 (2012); *Bilski v. Kappos*, 561 U.S. 593 (2010) (plurality opinion). Similarly, the Court has taken four cases addressing induced infringement. See *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632 (2015); *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 572 U.S. 915 (2014); *Glob.-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005). See generally Timothy R. Holbrook, *The Supreme Court's Quiet Revolution in Induced Patent Infringement*, 91 NOTRE DAME L. REV. 1007 (2016) (reviewing the Supreme Court's cases defining active inducement of patent infringement under 35 U.S.C. § 271(b)). The Court has also taken three cases dealing with 35 U.S.C. § 271(f), likely due to the extraterritorial nature of that provision. See 35 U.S.C. § 271(f); *WesternGeco LLC*, 585 U.S. at 409; *Life Techs. Corp. v. Promega Corp.*, 580 U.S. 140, 142 (2017); *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 454 (2007); see also Holbrook, *Boundaries*, *supra* note 115, at 1753–59 (analyzing the Court's decisions relating to 35 U.S.C. § 271(f)).

416. *WesternGeco LLC*, 585 U.S. at 414–15; *Yegiazaryan v. Smagin*, 599 U.S. 533, 543–49 (2023).

417. There is also uncertainty in the courts of appeals as to whether the presumption applies to criminal statutes, something the Supreme Court has not explicitly addressed. See, e.g., *United States v. Alahmedalabdaloklah*, 76 F.4th 1183, 1203 (9th Cir. 2023).

418. See *supra* notes 65–66 and accompanying text (noting that Justice Stevens and Justice Ginsburg supported the Second Circuit's test as a more proper construction of the statutory text).

419. *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 328–29 (2016).

420. *Id.* at 356.

one, but the opinion itself does not use the step one or step two categorization.⁴²¹

The way that the Court applied the presumption in *Kiobel* and then subsequently in *Nestlé* has a different valence than the other cases. *Kiobel* was pre-*RJR*, but its approach is not identical to the subsequent two-step framework.⁴²² The Court articulated the “touch and concern” test to determine whether the presumption is rebutted.⁴²³ “Touch and concern” has nothing to do with step one in other settings, where a court would look to the statute, not the facts of the case, to determine if the presumption has been rebutted. As Justice Sotomayor recognized in *Abitron*, *Kiobel* did not involve a step two analysis.⁴²⁴ Subsequently, in *Nestlé*, the Court compared the “touch and concern” test to a step two analysis.⁴²⁵ This approach makes more sense given the absence of statutory language about the conduct regulated under the act. However, it also presents an odd hybridization of step one and step two. The “touch and concern” test is used to determine if the presumption is rebutted, which is not how step two under *RJR Nabisco* operates.⁴²⁶ Courts are to move to step two only when the presumption has not been rebutted. As a result, *Kiobel* and *Nestlé* are odd applications of the presumption that merged step one and step two.⁴²⁷ It was thus truly odd, if not ironic, for Justice Alito to state that this two-step approach of recent vintage was a “well-established framework.”⁴²⁸

Additionally, the Court’s application of the framework has been inconsistent. The use of the presumption in *Kiobel* and *Nestlé* in a less formal manner harkens back to the pre-*Morrison* use of the presumption, where it served more as a rule of thumb for statutory

421. See *supra* notes 107–10 and accompanying text (explaining that the concurrences objected to a territorial limit and argued that such limit cannot be extracted from the text of § 1964(c)).

422. *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 118–19, 124–25 (2013).

423. *Id.* at 124–25.

424. *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 441 n.4 (2023).

425. *Nestlé USA, Inc. v. Doe*, 141 S. Ct. 1931, 1936 (2021) (plurality opinion).

426. *Id.*; *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 337–42 (2016).

427. *Nestlé USA, Inc.*, 141 S. Ct. at 1936–37; *Kiobel*, 569 U.S. at 118–19, 124–25.

428. *Abitron*, 600 U.S. at 419.

interpretation, introduced to bolster the Court's likely earlier conclusion.⁴²⁹ This dynamic can also be seen in *Hernandez v. Mesa*.⁴³⁰

The Court's use of the presumption in this softer form can also be seen in *Federal Republic of Germany v. Phillip*.⁴³¹ In that case, the presumption did not play a prominent role in the decision. In fact, the Court does not use the term "presumption" at all in the decision, although the Court did cite *RJR Nabisco*.⁴³² The gesture to the presumption here is similar to its use in the ATS cases of *Kiobel* and *Nestlé* where the primary issue is not the presumption.⁴³³ Instead, the presumption (or at least the fear of international discord) is used as a secondary argument to support the Court's conclusion. In this way, the presumption operates as it did before *Morrison*. That suggests that the formalization of the two-step methodology has not been complete, or at least that not all the Justices view the *RJR Nabisco* framework as the only way to consider issues of extraterritoriality.⁴³⁴ Therefore, the two-step method may not be "the" test as envisioned.

Beyond the inconsistent applications of the presumption, it is fairly clear that the Court has serious disagreements over step two. Many of the disagreements within the Court's recent cases have involved step two. One can see the challenges of step two in *WesternGeco*.⁴³⁵ There, the statutory language was clear, yet the majority and the dissent effectively disagreed over the statute's focus (even though the dissent did not use that terminology).⁴³⁶

429. See, e.g., *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 454–56 (2007) (plurality opinion) (mentioning the presumption in relation to 35 U.S.C. § 271(f) of the Patent Act); see also *supra* note 53 (noting how the presumption only supported the Court's interpretation of the statute in *Microsoft*, and did not arise in a two-step test).

430. *Hernandez v. Mesa*, 140 S. Ct. 735, 747 (2020); see also *supra* notes 135–36 and accompanying text (discussing how the Court in *Hernandez* treated the presumption as a secondary consideration to support its primary reasoning).

431. *Fed. Republic of Ger. v. Philipp*, 592 U.S. 169, 184–85 (2021).

432. *Id.* at 184 (referencing *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 335 (2016)).

433. *Id.*; *Nestlé USA, Inc. v. Doe*, 141 S. Ct. 1931, 1939 (2021) (plurality opinion); *Kiobel v. Royal Dutch Petrol. Co.*, 569 U.S. 108, 115–16 (2013).

434. *Fed. Republic of Ger.*, 592 U.S. at 184–85; *RJR Nabisco, Inc.*, 579 U.S. at 335–37.

435. *WesternGeco LLC v. ION Geophysical Corp.*, 585 U.S. 407, 414–16 (2018).

436. See *supra* notes 125–31 and accompanying text (discussing the dissent's reasoning in *WesternGeco*). An argument could be made that this dispute is also about proximate cause: that the damages for the foreign activity should not be awarded. See generally Amy L. Landers, *Proximate Cause and Patent Law*, 25 B.U. J. SCI. & TECH. L. 329,

The divergent views on step two become apparent when *Abitron* is contrasted with *Yegiazaryan*.⁴³⁷ Interestingly, Justice Sotomayor wrote the majority in *Yegiazaryan* and embraced a fact-specific approach to domestic injury under RICO.⁴³⁸ Justice Alito dissented, decrying the lack of guidance. In *Abitron*, the situation was reversed, with Justice Alito writing the majority and attempting (though failing) to articulate a brighter line rule, and Justice Sotomayor concurring, although effectively dissenting.⁴³⁹ There is apparent disagreement across all these cases regarding the meaning of step two and how courts should define the focus of the statute.

The disagreement in *Abitron* centered on the nature of the step two analysis, particularly whether there is a distinct sub-step between identifying the statute's focus and the regulated conduct (per Alito), or if it is all one analysis (per Sotomayor).⁴⁴⁰ In our view, neither interpretation is correct. Instead, the analysis requires something in between the two. Justice Alito is correct in pointing out that the focus differs from what a statute may regulate.⁴⁴¹ The Court has clarified that the basis for regulation may vary, including conduct, parties, or interests.⁴⁴² Identifying the regulated activity (conduct in *Abitron* according to Justice Alito) should be a second step performed only after identifying the focus. In this regard, Justice Sotomayor also has a point: it is difficult, if not impossible, to determine whether the conduct in the specific case (like *Yegiazaryan*) is domestic in nature absent knowing what the focus of the statute is.⁴⁴³ Analyzing the focus of the statute is an exercise in statutory interpretation, where the court should determine the statute's solicitude based on the statutory text. The assessment of the focus, however, necessarily entails consideration of what is being regulated, be it conduct, persons, or other activity.

331 (2019) (arguing for a more extensive analysis of proximate cause within the patent system); Stephen Yelderman, *Proximate vs. Geographic Limits on Patent Damages*, 7 IP THEORY 1, 1–2 (2018) (suggesting the need for a stronger analysis of the geographic scope of patents so that damages are only provided for true domestic infringement).

437. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 421–23 (2023); *Yegiazaryan v. Smagin*, 599 U.S. 533, 543–44 (2023).

438. *Yegiazaryan*, 599 U.S. at 543–44.

439. *Abitron*, 600 U.S. at 421–23, 436–38.

440. *Id.*

441. *Id.* at 421–23.

442. *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 337 (2016) (“We must ask this question regardless of whether the statute in question regulates conduct, affords relief, or merely confers jurisdiction.”).

443. *Yegiazaryan*, 599 U.S. at 544–45.

Fortunately, courts post-*Abitron* have generally assessed the focus first and then determined whether the conduct at issue falls within the scope of the focus.⁴⁴⁴

Alito's approach in *Abitron* to identify the regulated activity seems backward because the actual issue is whether, under the facts of the case, the relevant conduct falls within the focus of the statute and is, thus, subject to domestic regulation. As we see in exploring the implications of *Abitron*, it is difficult to understand what conduct is regulated without understanding the focus of the statute.⁴⁴⁵ Justice Alito is correct that, in some cases, there is little doubt that the activity falls outside of the United States, but that does not mean defining the regulated conduct first makes sense.⁴⁴⁶ Honing in on "use in commerce"⁴⁴⁷ as a toggle for the territorial limits of the Lanham Act answers very few questions and creates many additional ones. It was ironic then for Justice Alito to complain in *Yegiazaryan* about the lack of guidance provided by the Court, given the complete ambiguity he has now injected into trademark jurisprudence.⁴⁴⁸ Instead, Justice Sotomayor had the better approach in *Yegiazaryan*, although the Court could have provided more guidance.⁴⁴⁹

As one of the Authors has argued elsewhere, step two necessarily depends on the facts of the case.⁴⁵⁰ But once the court identifies the focus, then analyzing the facts of the case to see whether the relevant regulated activity falls within the focus should be more evident. The focus of the Lanham Act may be the likelihood of consumer confusion

444. *Estados Unidos Mexicanos v. Smith & Wesson Brands, Inc.*, 91 F.4th 511, 519 (1st Cir. 2024) ("We therefore first ascertain the focus of the PLCAA and then determine where the conduct relevant to that focus occurred."); *Daramola v. Oracle Am., Inc.*, 92 F.4th 833, 839–40 (9th Cir. 2024) (per curiam) (starting step two by assessing the focus of the Sarbanes-Oxley retaliation provisions and then assessing the locus of the regulated activity).

445. See *Estados Unidos Mexicanos*, 91 F.4th at 519 (considering where the conduct at focus in the statute occurred as essential in determining whether the application of the statute was domestic or extraterritorial); *Daramola*, 92 F.4th at 839–40 (assessing the focus of the Sarbanes-Oxley retaliation provisions in order to determine what conduct is relevant for the analysis of extraterritorial application).

446. *Abitron*, 600 U.S. at 424–25.

447. 15 U.S.C. § 1114(1)(a).

448. *Yegiazaryan*, 599 U.S. at 550–51.

449. *Id.* at 543–45.

450. Holbrook, *Extraterritoriality and Proximate Cause*, *supra* note 106, at 199 ("If the presumption is not rebutted at step one, a court then goes to step two to assess the focus of the statute to determine if, under the facts of the case, the statute is regulating domestic conduct, even if there may be some conduct that occurred abroad.").

more narrowly, notwithstanding the “use in commerce” being identified as the regulated conduct. Alternatively, the focus could be the broader “use in commerce” standard, making the two analyses co-extensive. The move made by Justice Alito does little to advance the clarity of step two beyond trademark law, and he could have achieved his goals by defining the focus as use in commerce.⁴⁵¹

This review of the Court’s extraterritoriality cases makes it clear that, while the Court has superficially coalesced around the two-step methodology, the Justices have serious disagreements over how to apply it. This state of affairs places much of the burden on the lower courts to sort things out, and suggests that the Court will need to hear even more cases to further clarify the framework, if possible.

What can be done about this confusion? There needs to be a clear solution. When courts of appeals disagree internally and with their sibling circuits, the Supreme Court can step in to settle the law. That intervention is not an option when the Court is at odds with itself. In other scenarios, Congress can intervene to embrace a particular approach to interpreting a statute. (Congress, of course, generally cannot intervene when the issue is one of constitutional law). Even though the extraterritorial application of U.S. statutes is not a constitutional matter, it is hard to see how Congress could intervene here. The presumption is a judicial creation, and it would be odd for Congress to step in to tell the courts how to address extraterritoriality in a trans-substantive fashion. Congress, of course, could amend the various statutes at issue in these cases to grant or deny extraterritorial reach to them. However, such a piecemeal approach would not resolve the broader disagreement within the Court about the presumption itself. As such, the current state of affairs is somewhat intractable. Lower courts will have to do their best to apply the framework and possibly position cases for further Supreme Court review.

CONCLUSION

As a result of the *Abitron* decision, the Supreme Court has nullified seventy years of legal jurisprudence and, in its place, adopted a new, ill-defined framework. However, the Supreme Court’s ruling offered scant guidance on implementing this new test or quantifying damages. Consequently, lower courts will face the challenge of resolving these questions for years to come. Moreover, as this Article has distilled from

451. *Abitron*, 600 U.S. at 421–23.

a thorough interrogation of the Supreme Court's decisions on extraterritoriality, the Court itself is divided on exactly when and how to apply the two-step framework articulated in *RJR Nabisco*. At times, the Court uses the presumption formally as the star of the analysis. At other times, it is merely a special guest star, emerging simply to confirm the conclusion the Court has already drawn, akin to the presumption's use before *Morrison*. The decision in *Abitron* answered little and indeed wrought confusion for consumers of trademark law and the Court's extraterritoriality jurisprudence.