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# Degree Of Difficulty Climbs For Protecting Trademarks For US Brands In International Markets

by [Malcolm Spicer](#)

Supreme Court finds presumption against extraterritorial reach of US laws, saying Congress never “affirmatively and unmistakably instructed” Lanham Act provisions apply to foreign conduct. Brands are known soon after launch in countries where they’re not marketed and some businesses likely see opportunities.

Consumer health and beauty product firms as well as businesses across branded product sectors will have more difficulty protecting trademarks from infringement in foreign countries following a recent US Supreme Court decision.

“Thinking about foreign rights is super important, even if you’re not actually selling abroad. Realizing that somebody else could swoop in and kind of co-op your brand in some other country is really scary. It’s actually really important for brands to be thinking about this early,” said trademark and intellectual property rights attorney Sharona Sternberg.

A product will be known soon after launch in countries where it isn’t marketed because digital networks extend globally. Some businesses in those markets likely will see opportunities, particularly with popular brands.

“It’s definitely something I think, especially consumer-facing brands, should be aware of. Especially as they gain popularity all across the world. With big social media networks, you never know how far your reach is,” Sternberg, a partner at Sunstein LLP in Boston, added in an interview.

In a [unanimous ruling](#) published on 29 June, the Supreme Court overturned a 10th Circuit Court of Appeals decision upholding a \$96m award to US firm Hetronic International Inc., a

manufacturer of remote controls for construction equipment. Hetronic had sued Abitron Austria GmbH and other foreign distributors, which had been licensed by Hetronic, for trademark infringement and other claims.

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*"If a company comes out with an inferior cream, medication or dietary supplement, it can be really damaging to both the health and safety of customers, but also to your brand's reputation." – Sharona Sternberg, trademark and intellectual property attorney*

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Abitron and the others, claiming rights to much of Hetronic's intellectual property, began selling its branded products without trademark licenses; sales were almost entirely in other countries as little of their Hetronic-branded products reached the US.

The decision swung on whether sections of the Lanham Act – codified as 15 USC Secs. [1114\(1\)\(a\)](#), prohibiting counterfeit goods, and [1125\(a\)\(1\)](#), prohibiting false designation of origin – apply to sales in foreign countries of goods bearing US trademarks, Sternberg explained in a JD Supra blog post.

The court's opinion, written by Justice Samuel Alito, noted prior cases creating a presumption against extraterritorial reach of US laws and stated Congress never "affirmatively and unmistakably instructed" that the Lanham Act provisions Hetronic's attorneys referenced should apply to foreign conduct.

Alito wrote that those sections of the Lanham Act aren't extraterritorial and extend only to claims where the conduct that is the focus of the provisions, the "infringing use in commerce," is domestic.

### **'Took It And Ran With It'**

"It's a really interesting case because it seems, at least based on the decision, that it was somebody that had licensed it," Sternberg said.

Hetronic owned the trademark and Abitron and the others it sued had agreed to pay to manufacture and sell its products.

"They then just took it and ran with it without paying for it anymore and decided to start selling inferior products with that same label, not telling

anyone that it wasn't actually coming from the original company anymore,” she added.

“That's a really scary thing that now there's no recourse in the US to be able to go after it. In order to go after it, you'd have to file lawsuits in all these other countries and hope that there might be enforcement mechanisms abroad. I think the best thing that companies can do is to stay vigilant and think about this early because the costs of applying for trademark registrations or adding clauses to your contracts is a lot less than potentially having to enforce it filed litigation in foreign countries.”

## ‘Think About Foreign Registration Early’

Brand marketers, before as well as after they launch products and regardless of their distribution footprint, should see the reach of their brands as global.

Using watch notices services to monitor registrations abroad in addition to domestically helps stop international infringement. “Watching notices, just watching who is applying for trademarks, and similar trademarks to yours, all over the country is a very affordable way to monitor what people are doing,” Sternberg said.

Include foreign registration while developing a brand, not post-launch, also is a preventive practice.

“Another really important thing is to think about foreign registration early. The US requires us to file a trademark. In the US ... if you're not using a trademark, you can't file for an application here. But that same rule does not apply in other countries,” she said.

That means US brands not currently distributing in a foreign country still can apply for trademark registrations there. Sternberg noted firms can defray those costs using the Madrid protocol to streamline an application.

“In any event, it's something that you should think about early because it'll give you a lot of rights to be able to enforce it in those other countries. Whereas if you don't have a trademark registration, somebody else could just swoop in and start selling only in those countries, and you won't be able to do anything about it necessarily.”



SHARONA STERNBERG: "IF YOU'RE NOT USING A TRADEMARK, YOU CAN'T FILE FOR AN APPLICATION HERE. BUT THAT SAME RULE DOES NOT APPLY IN OTHER COUNTRIES."

Source: Source: Sunstein LLP

### **‘A Lot Of Copycats’**

While infringements of apparel and accessory brands are notorious, consumer health and beauty brands often are targets, too. (Also see "[Beauty In The Metaverse: Top Companies Move To Fence Off IP With Eyes On Seminal Court Cases](#)" - HBW Insight, 23 Mar, 2022.)

“There’s a lot of copycats out there,” Sternberg said.

However, OTC drug, dietary supplement and beauty product brands stand to lose more than sales.

“People want to ride off of the goodwill of a US company, but it really runs the risk of inferior products,” Sternberg said.

“It could be very damaging to your brand's reputation. If a company comes out with an inferior cream, medication or dietary supplement, it can be really damaging to both the health and safety of customers, but also to your brand's reputation. Not only are those brands copied a lot, because they get a lot of attention on social media, especially beauty products ... you don't want inferior products or copycats going out there that are not of the quality that you expect of your products.”

Protection for a US trademark in Mexico was at issue in a 2018 federal court decision. Bayer AG gained some protection for its OTC naproxen brands in both the US and in Mexico when a court upheld a USPTO board's ruling that a competitor's US trademark for a product marketed to Hispanic consumers too closely resembled one Bayer has for a similar product in Mexico. (Also see "[Bayer Fortifies Branding In OTC Naproxen Market With Win In Trademark Litigation](#)" - HBW Insight, 17 Sep, 2018.)

*HBW Insight will publish additional reporting on international trademark protection from our interview with Sternberg on 8 August.*