No. 21-1043

IN THE

Supreme Court of the United States

ABITRON AUSTRIA GMBH, ET AL.,

Petitioners,

v.

HETRONIC INTERNATIONAL, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit

BRIEF OF *AMICUS CURIAE* FEDERAL CIRCUIT BAR ASSOCIATION IN SUPPORT OF NEITHER PARTY

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INTERESTS OF *AMICUS CURIAE*[1]

The Federal Circuit Bar Association ("FCBA") is a national organization for the bar of the United States Court of Appeals for the Federal Circuit. Started in 1985, the FCBA was organized to unite the different groups across the nation that practice before the Federal Circuit.

One of the FCBA's primary purposes is to render assistance to the Court of Appeals for the Federal Circuit in appropriate instances by submitting its views on the legal issues before that court. The FCBA also has an interest in assisting this Court by submitting its views on cases that implicate subject matter within the appellate jurisdiction of the Court of Appeals for the Federal Circuit. These submissions further the FCBA's commitment to promoting the health of the legal system in these areas, in furtherance of the public interest.

The FCBA has a substantial interest in maximizing the clarity and stability of legal frameworks within the Federal Circuit's jurisdiction. A broad articulation of the law regarding foreign trademark infringement could engender confusion and uncertainty in neighboring areas of law, where similar issues often arise under different statutory schemes. This submission accordingly seeks to assist the Court by

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[1] Per Rule 37.2(a), counsel for *amicus* provided notice to all parties at least 10 days prior to the due date, and all parties granted consent. Per Rule 37.6, *amicus* states that no counsel for any party authored this brief in whole or in part and that no entity or person, aside from *amicus*, their members, and their counsel, made any monetary contribution toward the preparation or submission of this brief.

discussing the implications a decision in this case could have for those other statutory schemes. It is with that interest in mind that the FCBA submits this *amicus* brief.

INTRODUCTION AND SUMMARY OF ARGUMENT

This dispute over the geographic scope of United States intellectual property law implicates a broader swath of precedent than has been briefed to date by the parties. The subject of extraterritoriality in intellectual property law has received significant attention in two recent cases that arose within the Federal Circuit's statutory jurisdiction: *TianRui Group Co.* v. *International Trade Commission,* 661 F.3d 1322 (Fed. Cir. 2011), wherein the Federal Circuit found that a domestic remedy (namely, exclusion from importation) could be applied against extraterritorial intellectual property law violations; and *WesternGeco LLC* v. *ION Geophysical Corp.*, 138 S. Ct. 2129 (2018), in which this Court found that, under the Patent Act, a party could recover lost profits on certain foreign sales. The present case raises similar issues and could therefore (intentionally or inadvertently) influence the development of the law flowing from *TianRui* and *WesternGeco*. The Court should endeavor to be clear and deliberate as to whether and how it intends to affect these adjacent areas of law.

While the FCBA does not advocate a specific outcome in the present case, the FCBA has an interest in clarifying the governing legal standards for its members, their clients, and other litigants before the Federal Circuit. Correspondingly, the FCBA aims to avoid uncertainty as to whether a decision of this Court does or does not alter these standards. The FCBA therefore endeavors to reinforce the Court's

awareness of related issues of law and encourages the Court to consider the impact of this case on the lines of precedent associated with *TianRui* and *WesternGeco* when deciding this case.

ARGUMENT

I. The International Trade Commission has certain powers to address extraterritorial violations of U.S. trademark and unfair competition laws.

While the focus of the present case is on monetary damages for infringement of U.S. trademarks under the Lanham Act, this Court's decision could implicate the legal landscape of trademark infringement and unfair competition more broadly—including in the context of administrative proceedings before the International Trade Commission ("ITC" or "Commission"). The Federal Circuit has recognized that the ITC may apply U.S. intellectual property law to impose a domestic remedy against extraterritorial actions that result in "unfair competition in the domestic marketplace." *TianRui*, 661 F.3d at 1324. A sweeping ruling on extraterritoriality in the present case could alter the future course of ITC law, particularly in matters involving trademark law or the Lanham Act more broadly.

In *TianRui*, the Federal Circuit heard an appeal from a determination by the ITC that the importation of cast steel railway wheels violated Section 337 of the Tariff Act of 1930. *Id.* at 1323–24. Section 337 provides, in relevant part, that it is unlawful to employ "[u]nfair methods of competition and unfair acts in the importation of articles . . . into the United States . . . or in the sale of such articles . . . the threat or effect of which is—(i) to destroy or substantially injure an industry in the United States." 19 U.S.C.

§ 1337(a)(1)(A). It is well established that this provision of Section 337 applies to trade secret misappropriation. *TianRui,* 661 F.3d at 1326.

The respondents in *TianRui* were two affiliated Chinese companies producing cast steel railway wheels for importation into the United States. *Id.* at 1324. The companies hired nine employees from Amsted Industries, Inc., an American railway wheels manufacturer, after the two parties failed to enter into a licensing agreement for Amsted's secret manufacturing processes. *Id.* After the importation of the railway wheels, Amsted filed a complaint with the ITC, alleging the misappropriation of Amsted's trade secrets. *Id.* at 1325. The ITC found in Amsted's favor, and the issue subsequently appealed to the Federal Circuit was whether Section 337 allowed the ITC to find a violation when the adjudicated acts of trade secret misappropriation occurred extraterritorially. *Id.* at 1326.

The Federal Circuit answered affirmatively. The court "conclude[d] that the Commission ha[d the] authority to investigate and grant relief based in part on extraterritorial conduct insofar as it is necessary to protect domestic industries from injuries arising out of unfair competition in the domestic marketplace." *Id.* at 1324. After observing that this Court's precedent established a "canon of construction" embodying a "presumption against extraterritoriality,"[2] the Federal Circuit identified three reasons why the presumption did not apply. *Id.* at 1328–29. ***First***,

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[2] For the presumption, the court relied on *EEOC* v. *Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991); *Smith* v. *United States*, 507 U.S. 197, 204 n.5 (1993); and *Morrison* v. *Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 261 (2010).

"[t]he focus of section 337 is on an inherently international transaction—importation," thus Congress could not have had exclusively "domestic concerns in mind" when passing Section 337. *Id.* at 1329 (quoting *Pasquantino* v. *United States*, 544 U.S. 349, 371–72 (2005)). ***Second***, the Section 337 remedy against the foreign company did not apply to "purely extraterritorial conduct," as the "activity at issue [was] relevant only to the extent that it results in the importation of goods into this country causing *domestic* injury." *Id.* (emphasis added). ***Third***, the legislative history of Section 337 supported reading the statute to permit the ITC to consider extraterritorial conduct. *Id.* at 1330. Ultimately, the court concluded that even though "most of the events constituting the misappropriation" occurred outside the United States, those overseas events were "merely a predicate" for the finding of illegal importing, so Section 337 was not being applied in a wholly extraterritorial manner. *Id.*

TianRui has been followed in several more recent decisions of the ITC, but with important caveats as to its scope. For example, an ITC administrative law judge relied on *TianRui* for the proposition that Section 337 may apply extraterritorially to provide a remedy "where the evidence shows a sufficient relationship between harm suffered by a *domestic industry* and unfair competition from *imported products*." *In re Certain Foodservice Equip. & Components Thereof*, USITC Inv. No. 337-TA-1166, 2020 WL 1026332, at *5 (Feb. 4, 2020) (emphases added). The ITC has also cited *TianRui* to address jurisdictional issues, noting that the Commission "does not purport to regulate purely foreign conduct," and that its authority is derived from "the act of *importation* and the resulting *domestic* injury." *In re Certain Botulinum*

Toxin Prods., USITC Inv. No. 337-TA-1145, Comm'n Op., 2021 WL 141507, at *12 (Jan. 13, 2021) (emphases added) (quoting *TianRui*, 661 F.3d at 1329), *vacated for mootness*, Notice of Comm'n Decision to Vacate its Final Determination on Remand (Oct. 28, 2021).

The facts of *TianRui* bear some resemblance to those in the present case. In both, the party initiating the proceeding sought redress against *extraterritorial* acts alleged to impact its *domestic* industry. *Hetronic Int'l, Inc.* v. *Hetronic Ger. GmbH*, 10 F.4th 1016, 1043–46 (10th Cir. 2021) (alleged harm via importation and resale of infringing products, diversion of sales, and confusion of domestic consumers); *TianRui*, 661 F.3d at 1337 (injury by competition from the imported accused products). Also in both cases, the appeals courts held that U.S. intellectual property law may be applied to acts occurring abroad that were alleged to violate U.S. intellectual property law. *Hetronic*, 10 F.4th at 1045–46; *TianRui*, 661 F.3d at 1329–30.[3] Finally, in both instances a domestic remedy was applied against the products of the alleged foreign violations. *Hetronic*, 10 F.4th at 1044

[3] In *TianRui*, the Federal Circuit held "that a single federal standard, rather than the law of a particular state, should determine what constitutes a misappropriation of trade secrets sufficient to establish an 'unfair method of competition' under section 337." 661 F.3d at 1327 (quoting Section 337). The court applied "federal common law," concluding there was a "particularly strong" case for a federal rule of decision because "section 337 deals with international commerce, a field of special federal concern," making a federal rule "necessary to protect uniquely federal interests." *Id.* (citing *Tex. Indus., Inc.* v. *Radcliff Materials, Inc.*, 451 U.S. 630, 640 (1981); *Textile Workers Union* v. *Lincoln Mills of Ala.*, 353 U.S. 448, 456–57 (1957)).

(damages); *TianRui*, 661 F.3d at 1326 (exclusion from importation).

Even though both rely on alleged wrongdoing abroad, there is at least one significant distinction between the ITC's treatment of extraterritorial acts and the remedy at issue in the present case. Per its governing statute, the ITC's powers are applied only against articles *imported* into the United States, 19 U.S.C. § 1337(a)(1), while here the disputed damages base, at least according to Petitioner, includes "purely foreign sales that never reached the United States or confused U.S. consumers." Cert. Pet. at i. Whether and how the specific acts being remedied must touch the United States is a question the Court will likely have to consider. In so doing, the Court should be attentive to how its reasoning may or may not alter the ITC's approach.

The Court's decision in this case could have an impact on ITC law not only because of the *TianRui* line of cases, but because Section 337 also applies to trademark infringement under the Lanham Act. See, *e.g.*, *In re Certain Chocolate Milk Powder & Packaging Thereof*, USITC Inv. No. 337-TA-1232, 2022 WL 3335532, at *5 (Aug. 3, 2022) ("Section 337 of the Tariff Act prohibits the importation, the sale for importation, or the sale after importation of articles that infringe a valid and enforceable trademark if any industry exists in the United States relating to articles protected by the trademark."), *not reviewed*, Notice of a Comm'n Determination Not to Review an Initial Determination (Sept. 19, 2022). This authority stems from Section 337's trademark-specific provision making unlawful "[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid

and enforceable United States trademark registered under [the Lanham Act]." 19 U.S.C. § 1337(a)(1)(C).

Similarly, the ITC has recognized causes of action based expressly on other types of Lanham Act violations. *E.g.*, *In re Certain Insulated Sec. Chests*, USITC Inv. No. 337-TA-244, 1987 WL 451338, at *4 (June 17, 1986) (false advertising); *In re Certain Plant-Derived Recombinant Hum. Serum Albumins ("RHSA")*, USITC Inv. No. 337-TA-1238, 2022 WL 4286411, at *1–2 (Sept. 12, 2022) (false designation of origin).

The FCBA—without taking a position on the merits of the present case—respectfully requests that the Court consider the effect that its decision in this case will have on the *TianRui* line of decisions and ITC Lanham Act jurisprudence when deciding this matter.

II. This Court has recently approved the awarding of damages under the patent laws for foreign sales of products assembled from exported components.

Questions over the territorial scope of United States patent laws have arisen frequently, both before and after this Court's recent decision addressing the matter. See *WesternGeco*, 138 S. Ct. at 2136–38. Indeed, there is a split of authority in the district courts over the reach of *WesternGeco*. How the Court resolves the present case may bear on two of those territorial scope questions.

A. This case may implicate the scope of the Patent Act's remedy provision.

Numerous federal laws include general remedial provisions like the one in the Lanham Act. For example, while the Lanham Act authorizes recovery of

"any damages sustained" for "a violation" of the plaintiff's rights, 15 U.S.C. § 1117, the Patent Act similarly provides for "damages adequate to compensate for the infringement." 35 U.S.C. § 284; see also 17 U.S.C. § 504 (similar copyright remedy). An extraterritoriality analysis typically proceeds in two steps, first asking whether a statute's text rebuts the presumption against extraterritoriality, then evaluating whether the case "involves a domestic application of the statute." *RJR Nabisco, Inc.* v. *Eur. Cmty.*, 579 U.S. 325, 337 (2016).[4] This Court recognizes that an affirmative finding at the first step has potentially "far-reaching effects" for "general damages remed[ies]" like those at issue here. *WesternGeco*, 138 S. Ct. at 2136–37.

Respondent suggests that the Lanham Act has indeed overcome the presumption against extraterritoriality. Br. Opp'n at 28, 31. Relying on *Steele* v. *Bulova Watch Co.*, 344 U.S. 280 (1952), two courts of appeals—including the Tenth Circuit below—have agreed. *Hetronic Int'l*, 10 F.4th at 1034; *Trader Joe's Co.* v. *Hallatt*, 835 F.3d 960, 966 (9th Cir. 2016). If this Court adopts this basis for its decision, it could implicate "many other statutes," including the Patent Act. See *WesternGeco*, 138 S. Ct. at 2136.

The Court could, if it wishes, limit the consequences of such a holding. One option is to resolve the case under the second step of the extraterritoriality framework, as it did in *WesternGeco*. *Id.* at 2136–37.

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[4] *TianRui*, discussed in the preceding section, was decided before *RJR Nabisco*, and so did not expressly apply a two-step test. Nonetheless, the court appeared to blend aspects of the step-two question of domestic application into the step-one question of whether the presumption was rebutted. *See TianRui*, 661 F.3d at 1329–30.

Doing so would require an assessment of whether the damages award at issue in this case "involves a domestic application" of the Lanham Act, *RJR Nabisco*, 579 U.S. at 337, freeing the Court from deciding whether the Act's remedy always applies extraterritorially. Alternatively, the Court could focus on the Lanham Act's express application to "all commerce which may lawfully be regulated by Congress." 15 U.S.C. §§ 1114, 1127; see also *Steele*, 344 U.S. at 287. But see *Morrison* v. *Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 262–63 (2010) (rejecting argument that a reference to "foreign commerce" in the definition of "interstate commerce" in the Securities Exchange Act defeats the presumption against extraterritoriality). While that language by itself is not dispositive of the presumption against extraterritoriality, it could nonetheless provide a ground of distinction from similar remedial provisions found in many federal laws.

B. This case may affect whether patentees can recover lost foreign profits caused by domestic infringement.

The outcome of this case may likewise influence the development of the law concerning availability of damages for lost foreign sales caused by domestic patent infringement. Respondent intimates that Petitioners' domestic contracting was a but-for cause of its lost foreign sales. Br. Opp'n at 31 n.7. Although the parties' arguments primarily focus on overseas conduct, the FCBA wishes to raise the Court's awareness of the possible ramifications of deciding the case based on Petitioner's domestic activities.

Nearly a decade ago, the Federal Circuit concluded that "the entirely extraterritorial production, use, or sale of an invention patented in the United States is an independent, intervening act that, under almost all circumstances, cuts off the chain of causation ini-

tiated by an act of domestic infringement." *Power Integrations, Inc.* v. *Fairchild Semiconductor Int'l, Inc.*, 711 F.3d 1348, 1371–72 (Fed. Cir. 2013). Applying that rule, the Federal Circuit affirmed the denial of damages for lost foreign sales that were the "direct, foreseeable result" of domestic infringement. *Id.*; see also *Carnegie Mellon Univ.* v. *Marvell Tech. Grp.*, 807 F.3d 1283, 1306–07 (Fed. Cir. 2015) (adopting similar prohibition on using wholly foreign acts in royalty calculations).

WesternGeco, however, arguably cast doubt on the Federal Circuit's bright-line causation rule, holding that a patentee could recover foreign profits lost because of foreign sales of a patented invention assembled abroad from exported components. 138 S. Ct. at 2134, 2139. *WesternGeco* addressed a provision designed to prevent circumvention of U.S. patent law by exporting an invention's components for assembly abroad:

> Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

35 U.S.C. § 271(f)(2).

In the wake of *WesternGeco*, district courts are split on whether a patentee can recover lost foreign profits

foreseeably caused by the *domestic sale or manufacture* of an infringing product, which is governed by 35 U.S.C. § 271(a). Several courts have held that *WesternGeco* affects only § 271(f)(2), while the general bar on recovery for extraterritorial production, use, or sale remains intact for infringement under § 271(a). See, *e.g.*, *Brumfield* v. *IB LLC*, 586 F. Supp. 3d 827, 840 (N.D. Ill. 2022) (concluding that the *Power Integrations* bar on recovering foreign lost profits caused by domestic sales survived *WesternGeco*); *Cal. Inst. of Tech.* v. *Broadcom Ltd.*, No. CV 16-3714, 2019 WL 11828237, at *5 (C.D. Cal. June 17, 2019) ("*WesternGeco* did not consider the focus of Section 271(a)."). Another court has held that *WesternGeco* did not overrule *Power Integrations* with respect to § 271(a), but nevertheless "does suggest that foreign *damages* are compensable for domestic infringement under § 271(a)." *Plastronics Socket Partners, Ltd.* v. *Dong Weon Hwang*, No. 18-CV-00014, 2019 WL 4392525, at *4–5 (E.D. Tex. June 11, 2019) (holding that domestic acts of infringement, such as importation, may cause the patentee to lose foreign sales, and the patentee would be able to recover its lost profits on such sales). Still further, the district court in *Power Integrations* itself, on remand from the Federal Circuit, held that *WesternGeco* "implicitly overruled the Federal Circuit's *Power Integrations* opinion" in its entirety. *Power Integrations, Inc.* v. *Fairchild Semiconductor Int'l, Inc.*, No. 04-1371, 2018 WL 4804685, at *1 (D. Del. Oct. 4, 2018).

While the FCBA takes no position on whether *WesternGeco* abrogates earlier Federal Circuit precedent regarding § 271(a), the Court's decision in this case may affect the debate. Both *WesternGeco* and *Power Integrations* suggested that liability for foreign activity may be limited by doctrines such as proxi-

mate cause. See *WesternGeco*, 138 S. Ct. at 2139 n.3 ("[W]e do not address the extent to which other doctrines, such as proximate cause, could limit or preclude damages in particular cases."); *Power Integrations*, 711 F.3d at 1372 (relying on intervening foreign acts that "cut[] off the chain of causation"). Were the Court to base trademark infringement damages eligibility on the directness of the causal link between domestic conduct and foreign sales, that analysis could affect the parallel dispute in patent litigation. Similarly, to the extent the Court ties damages availability to the location where a certain key element of infringement occurs (such as likelihood of confusion, see Brief for the United States as *Amicus Curiae* at 17–19), its rationale could influence how *WesternGeco* is applied in the lower courts.

CONCLUSION

For the foregoing reasons, the FCBA urges the Court to consider the effects that its decision in this case will have on other lines of intellectual property cases dealing with extraterritorial activity, and to tailor the decision's reasoning to clearly indicate its intended effect or lack thereof on this adjacent subject matter.

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