

How Far Can Injunctions Go? Part II: The Extraterritorial Reach of Trademark Injunctions from U.S. to Europe

March 8, 2022 – The TMCA

by Janet Wong, Lilian Shi, and Tiffany Shimada



In our [last post](#) on extraterritorial injunctions, we examined a recent decision from Hong Kong and how a brand owner was able to successfully enjoin infringers in mainland China. We will now look at a recent case in the U.S. and how the brand owner was able

to reach conduct in Europe.

From U.S. to Europe

The U.S. Court of Appeals for the Tenth Circuit most recently weighed in on extraterritorial rights to an injunction under the Lanham Act in Hetronic Internat'l, Inc. v. Hetronic Germany GmbH. In *Hetronic*, the plaintiff sued its former European partners operating in Germany and Central Eastern Europe collecting damages in the amount of \$113 million for infringing products sold abroad and diversion of sales from U.S. based customers. The Tenth Circuit more clearly defined the reach of the Lanham Act, adopting the framework of the First Circuit's ruling in the case *McBee v. Delica Co.*, 417 F.3d 107 (1st Cir. 2005), as follows:

(i) If the defendant is a U.S. citizen, then a Lanham Act cause of action may be brought against the defendant based on their actions in a foreign country; *or*

(ii) If the defendant is foreign, the Lanham Act applies if:

(1) the infringement has a substantial effect on U.S. commerce (note this “substantial effect” requirement is not observed in all U.S. Circuits—see the *Hetronic* case for a rundown of which Circuit Courts require that the activities have a substantial effect and which merely require “some effect”); and

(2) the action would not create a conflict with trademark rights established under the relevant foreign law.

In *Hetronic*, the foreign defendants' conduct was shown to have a substantial effect on U.S. commerce; however, the injunction was held improperly broad because it covered the world instead of being limited to where the plaintiff had marketed and sold its products. The case was remanded to more clearly define the scope of the injunction to include countries where the plaintiff had already penetrated the market.

A Round-Up Across the Seas

As we have outlined in this two part post, both Hong Kong and U.S. laws allow for some redress to obtain an extraterritorial injunction against overseas infringing activities. Note, however, that to exercise its discretion to grant such injunction, the Hong Kong court must have personal jurisdiction over the defendants (which is usually shown by the defendants being a Hong Kong resident or a company incorporated in Hong Kong). This is narrower than the U.S. position where it is possible to obtain an injunction under the U.S.'s Lanham Act against a foreign defendant finding personal jurisdiction under Federal Rule of Civil Procedure 4(k)(2), where serving a summons or filing a waiver of service establishes personal jurisdiction over a foreign defendant if (A) the defendant is not subject to jurisdiction in any state's courts of general jurisdiction; and (B) exercising jurisdiction is consistent with the United States Constitution and laws. That being said, subject to future applications for extraterritorial injunction made before the Hong Kong court, the Court may further determine whether other factors such as the presence of an office or business operation in Hong Kong by the foreign defendant, or a substantial

effect of the defendant's infringing activities on the Plaintiff's business in Hong Kong may establish the Court's personal jurisdiction over foreign defendants.