

March 25, 2021

GLOBAL NETWORK OF NATIONAL IP PRACTITIONER ASSOCIATIONS

2022 SUMMIT – SAN FRANCISCO





U.S. Trademark Law –

1. Pending U.S. Supreme Court Case

2. Trademark Modernization Act

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL V. HETRONIC INTERNATIONAL, INC.

NO. 21-6019 (10TH CIR. AUG. 24, 2021), CERT. PET. FILED (NO. 21-1043 JAN. 26, 2022)

Issue:

Does U.S. trademark law under the Lanham Act extend to foreign sales by foreign entities to foreign customers?

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL V. HETRONIC INTERNATIONAL, INC.

NO. 21-6019 (10TH CIR. AUG. 24, 2021), CERT. PET. FILED (NO. 21-1043 JAN. 26, 2022)

- **Hetronic** – Radio remote controls, used for heavy-duty construction equipment
- **Abitron** – International Distributor/Licensee



Hetronic NOVA



Abitron NOVA



Hetronic ERGO



Abitron ERGO

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL V. HETRONIC INTERNATIONAL, INC.

NO. 21-6019 (10TH CIR. AUG. 24, 2021), CERT. PET. FILED (NO. 21-1043 JAN. 26, 2022)

Max Heckl

- Founded Hetronic Steuersysteme in Germany
- 2000 formed Hetronic International in the U.S.

U.S. SUPREME COURT

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Max Heckl

- Hetronic Steuersysteme in Germany
 - Sold to Hetronic Germany in 2010
- Hetronic International in the U.S.
 - Sold to Methode Electronics in 2008

U.S. SUPREME COURT

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Max Heckl

- Hetronic Steuersysteme in Germany
 - Heteronic Germany
- Hetronic International in the U.S.
 - Methode Electronics



International Distributor Agreement
- License to the HETRONIC name

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL V. HETRONIC INTERNATIONAL, INC.

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Hetronic Germany found an old research and development agreement

Hetronic Germany asserted that it is the owner of all products developed by Hetronic International, know-how, designs, trademarks and tradenames

- Hetronic Steuersysteme in Germany
- Hetronic Germany
 - Sold to Abitron Austria and Abitron Germany
- Hetronic International in the U.S.
 - Methode Electronics

International Distributor Agreement
- License to the HETRONIC name

U.S. SUPREME COURT

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- Abitron competes with Hetronic International
- Continues to use the HETRONIC trademark, the yellow and black trade dress, and various product trademarks
- \$90 million world wide sales
- ~\$240 thousand in direct U.S. sales
 - 97% is in foreign countries, by foreign companies, to foreign customers



Hetronic NOVA



Abitron NOVA



Hetronic ERGO



Abitron ERGO

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- District Court and General Court of the European Union held that Hetronic International owned the HETRONIC trademark
- Jury trial in Oklahoma
 - **\$96 million** in damages awarded
 - **world wide injunction** prohibiting use of Hetronic trademarks and trade dress
- Abitron has refused to comply with the injunction outside of the U.S.

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10th Circuit Court of Appeals: affirmed District Court decision

- Looking at prior Supreme Court and Court of Appeals decisions, formulated the following test to determine if the Lanham Act applied to Abitron's foreign conduct
 - (1) if Defendant is a U.S. citizen; the Lanham Act applies
 - (2) if Defendant is not a U.S. citizen
 - does the conduct have a **substantial** effect on U.S. commerce; and
 - would there be a conflict with trademark rights under relevant foreign law
- Abitron's activity had a substantial effect
 - Millions of Euros of infringing product found their way into the U.S.
 - Abitron's sales efforts caused confusion among U.S. consumers
 - Diversion of foreign sales

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Abitron's Petition:

U.S. Supreme Court must resolve a “split in the circuits”, to identify correct test for Lanham Act applicability to foreign activity

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Circuit	Test
2 nd , 11 th , Federal Circuits	Is defendant is a U.S. citizen; Did the conduct have a substantial effect on U.S. commerce; and Does domestic and foreign trademark law conflict
4 th	Did the conduct have a significant effect on U.S. commerce
5 th	Did the conduct have a some effect on U.S. commerce
1 st	(1) Is defendant is a U.S. citizen – the Lanham Act applies; (2) Does the conduct have a substantial effect on U.S. commerce; (3) The court may consider whether domestic and foreign trademark law conflict
9 th	Did the alleged violations create some effect on U.S. foreign commerce; Is that effect sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act; and Are the interests of and links to American foreign commerce sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority

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Hetronic's Opposition:

No “split” of authority to resolve; Abitron is arguing semantics

Abitron's conduct was directed to commerce in the U.S.

May 2, 2022 - Solicitor General was invited to submit written arguments

Solicitor General's Office supervises government litigation before the Supreme Court and presents the government's position on issues before the Court.

TRADEMARK MODERNIZATION ACT

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Signed into law on December 27, 2020, as part of the Consolidated Appropriations Act, 2021

Created two new proceedings to cancel registrations for nonuse

Objective:

- to remove registrations that are not in use, often called “deadwood,” and
- to expedite the removal of fraudulent and suspect applications.

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Expungement

- Any person may file a petition to cancel some or all of the goods and services in a registration if the mark has never been used in commerce on or in connection with those goods/services.
- Timing
 - Until December 18, 2023 – a petition can be filed for any registration that is at least three years old.
 - Thereafter – a petition can be filed at any time between 3 and 10 years after the date of registration.
- Aimed at applications filed by foreign parties using the Madrid Protocol or Paris Convention, but can be used against any registration

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Reexamination

- Any person may file a petition to cancel some or all of the goods and services in a registration if the mark was not in use on or before the following relevant dates:
 - Use based applications – the filing date of the application.
 - Intent to use application – the later of (1) the date that an amendment to allege use was filed or (2) the date that the deadline to file a statement of use expired.
- Timing
 - The petition must be filed within five years of registration.
- Aimed at instances where a registrant inaccurately claimed it was using the trademark

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Expungement						Reexamination			
Allowed	Not Allowed	Granted	Pending	Denied		Allowed	Not Allowed	Granted	Pending
29	18	11	17	1		28	12	13	15
(62%)						(70%)			

(December 2021 – May 2022)

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Expungement						Reexamination			
Allowed	Not Allowed	Granted	Pending	Denied		Allowed	Not Allowed	Granted	Pending
29	18	11	17	1		28	12	13	15
(62%)						(70%)			



USPTO Initiated Expungement	USPTO Initiated Reexamination
3	1

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

Must conduct a “reasonable investigation” into whether the mark has ever been used

Appropriate sources for a reasonable investigation include, but are not limited to:

- Federal and State trade mark records;
- Internet websites and other media likely to or believed to be owned or controlled by the registrant;
- Internet websites, other online media, and publications where the relevant goods and/or services likely would be advertised or offered for sale;
- Print sources and webpages likely to contain reviews or discussions of the relevant goods and/or services;
- Records of filings made with or of actions taken by any Federal or State business registration or regulatory agency;
- The registrant’s marketplace activities, including, for example, any attempts to contact the registrant or purchase the relevant goods and/or services;
- Records of litigation or administrative proceedings reasonably likely to contain evidence bearing on the registrant’s use or non-use of the registered mark; and
- Any other reasonably accessible source with information establishing that the mark was never in use in commerce (expungement) or was not in use in commerce as of the relevant date (re-examination), on, or in connection with the relevant goods or services.

TRADEMARK MODERNIZATION ACT OF 2020 (TMA)

New proceedings to cancel registrations

- Key considerations:
 - For a brand owner whose trademark application is blocked by a registration for a similar mark that is not being used in commerce, the new procedures are a cheaper and faster option than a cancellation proceeding.
 - Brand owners will need to more closely monitor their trademark portfolios to ensure that their marks are actually being used in connection with all claimed goods and services.

THANK YOU

For additional information, please contact:

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