

# ***Kondo-ing Steele v. Bulova: The Lanham Act's Extraterritorial Reach***

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An update of the 1952 decision by the U.S. Supreme Court, *Steele v. Bulova*, is arguably overdue in an era of intense globalization of commerce, especially considered in light of the changes to jurisdictional and extraterritoriality doctrines. It has been almost seventy years since the Supreme Court has taken a hard look at the issue of the extraterritorial reach of the Lanham Act. During that period, the Court has shifted the procedural basis for extraterritorial analysis; the development of the so-called “effects test” for extraterritoriality has resulted in some doctrinal unruliness among the circuit courts; and Congress has amended the Lanham Act significantly since 1952 to include new secondary rights such as anti-dilution. The recent Ninth Circuit decision in *Trader Joe's v. Hallatt* shows why all of these developments have now come to a head. Because the doctrinal foundations of the Steele decision are increasingly questionable, the Trader Joe's court categorized the Lanham Act's extraterritorial reach pursuant to the “effects test” as a substantive issue on the merits rather than a jurisdictional issue. Extraterritoriality analysis is an area where procedure and substance seem to be fused, and the effects test is a question of prescriptive jurisdiction and/or prescriptive comity, which impacts normative trademark policy in the area of secondary rights. In its analysis of effects on U.S. commerce, the Trader Joe's court amplified the U.S. federal version of anti-dilution law and minimized the possible statutory or common law defenses such as exhaustion. The increasingly generous extension of extraterritoriality via effects arguably creates a “glocal” form of transnational goodwill. And a generous quality control exception to international exhaustion undermines legitimate business models, including on-line third party sellers or others re-selling genuine goods across borders.