

Legal Battle Between Trader Joe's and Pirate Joe's Continues

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Trader Joe's, a California-based grocery chain, is famous for its eclectic healthy products and its cult following. Pirate Joe's, a proud knockoff, is notorious for its reselling of Trader Joe's products in Canada at high prices. [Court documents](#) stated that \$350,000 worth of Trader Joe's goods were bought and resold in Pirate Joe's stores. This was done largely via Pirate Joe's founder, Michael Hallatt, purchasing or paying others to purchase Trader Joe's products in Washington and drive them across the border.

Pirate Joe's has been careful with its conduct, specifying publicly that it is neither an authorized seller of Trader Joe's, nor an affiliate of the company. Instead, it simply presents itself as being in the business of supplying products to Canadians with Trader Joe's cravings. Nevertheless, Trader Joe's has raised [concerns](#) about Pirate Joe's lack of quality control, which may implicate Trader Joe's and harm its reputation if customers become sick and mistakenly believe that Pirate Joe's is an authorized affiliate.

In 2013, Trader Joe's sued Pirate Joe's under Washington law and the Lanham Act, a federal statute that regulates trademark law in commercial activity. A Washington district court dismissed the lawsuit for lack of subject-matter jurisdiction. The district court noted that there were no Trader Joe's stores in Canada, and Pirate Joe's does not operate in the United States. Following the decision, Pirate Joe's continued to resell Trader Joe's products—capitalizing on the press, expanding its business, and celebrating its victory against the American grocery-giant.

In August, the Ninth Circuit overturned the district court's decision to dismiss the case, putting the lawsuit back on the radar. The Ninth Circuit [stated](#) in its ruling that Pirate Joe's "conduct could harm Trader Joe's reputation, decreasing the value of its American-held trademarks."

The Ninth Circuit's ruling could have implications for companies who want to challenge foreign competitors in American courts when trademark infringement is at issue. It has previously been difficult to enforce extraterritorial power in regards to international lawsuits for federal trademark law, however the [Ninth Circuit](#) has warranted the application of the Lanham Act in this case on the merits. The Ninth Circuit was convinced, among other reasons, that the quality control claims could possibly harm Trader Joe's reputation within the United States. Furthermore, the court held in Trader Joe's favor since it was shown that [enforcement](#) of a judgement on the defendant was possible.

Hallatt denies the alleged infringement and publicly [shared](#) that he will continue appealing the decision all the way to the Supreme Court if necessary. The district court will reconsider Trader Joe's federal claims and the fight between the two grocery stores will continue.