

# Honoring International Obligations in U.S. Trademark Law: How the Lanham Act Protects Well-Known Foreign Marks (And Why the Second Circuit Was Wrong)

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**HONORING INTERNATIONAL  
OBLIGATIONS IN U.S. TRADEMARK LAW:  
HOW THE LANHAM ACT PROTECTS WELL-  
KNOWN FOREIGN MARKS (AND WHY THE  
SECOND CIRCUIT WAS WRONG)**

LEE ANN W. LOCKRIDGE<sup>†</sup>

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## I. INTRODUCTION

The United States and its commercial citizenry have significant, and financially valuable, interests when it comes to foreign protection for popular U.S. brand names.<sup>1</sup> Commercial actors pay close attention to the availability of trademark protection abroad, especially protection available in advance of the establishment of local sales or business units. For example, McDonald's Corporation fought hard in the 1990s to protect its trademarks from a local infringer in South Africa before beginning to operate in that country.<sup>2</sup> It succeeded. Starbucks Corporation successfully defended its rights in Russia against a trademark "pirate" who registered the STARBUCKS mark in 2005 and then tried to extort \$600,000 from the company when it contemplated opening local units.<sup>3</sup> Successes like these depend on foreign enforcement of internationally agreed protection for

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<sup>1</sup> See, e.g., *100 Best Global Brands*, BUS. WK., Sept. 17, 2009, [http://www.businessweek.com/interactive\\_reports/best\\_global\\_brands\\_2009.html](http://www.businessweek.com/interactive_reports/best_global_brands_2009.html) (ranking the one hundred most valuable global brands and finding half to be owned by U.S. companies); *The 100 Top Brands*, BUS. WK., Aug. 1, 2005, at 90-94 (ranking fifty-three U.S. brands among the top 100 global brands in terms of economic value).

<sup>2</sup> See *McDonald's Corp. v. Joburgers Drive-Inn Restaurant*, 1997 (1) SA 1 (SCA) (S. Afr.), available at <http://www.saflii.org/za/cases/ZASCA/1996/82.html>; see also 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:62 (4th ed. 2010) (discussing the McDonald's case in South Africa); cf. *McDonald's Corp. v. McDonald's Corp. Ltd.*, [1997] F.S.R. 200 (Jam. Sup. Ct.) (refusing a preliminary injunction against a Jamaican restaurant operator using the name "McDonald's" and leaving for a full trial the question of the relevant date by which McDonald's Corp. would be required to prove its trademark goodwill had reached Jamaica and whether such goodwill is obtainable under Jamaican law without local business operations).

<sup>3</sup> See 5 MCCARTHY, *supra* note 2, § 29:61 (discussing the Starbucks case in Russia); see also Kim Tong-hyung, *Starbucks Loses Trademark Dispute*, KOREA TIMES, Jan. 13, 2007 (referencing the Korean Supreme Court's opinion in a case where Starbucks and an alleged infringer had both opened their first Korean locations in 1999 and translating that opinion as stating: "Considering the period of time Starbucks has used its trademark in business, how it was represented in advertisements, and the frequency of such advertisements, we cannot conclude that the Starbucks trademark was well-known in the local market at the time Elpreya registered its [Starprensa] trademark." (internal quotation marks omitted)).

well-known marks. But can a foreign company considering an expansion into the U.S. market expect comparable treatment here? In light of recent developments in U.S. law, the answer is a resounding “maybe.” As a result, foreign support for enforcement of this vital type of trademark protection may wane.<sup>4</sup> Decreased international enforcement of protections for well-known foreign marks<sup>5</sup> would be very costly for U.S. businesses.

Protection for well-known foreign marks is required under the Paris Convention for the Protection of Industrial Property (the “Paris Convention”)<sup>6</sup> as well as the Agreement on Trade-Related Aspects of Intellectual Property Rights (the “TRIPS Agreement”)<sup>7</sup> and several other international agreements of which the United States is a member nation.<sup>8</sup> Owners of well-known foreign marks have sought protection in the United States through both civil litigation and *inter partes* proceedings at the United States Patent and Trademark Office. Not all United States courts facing a well-known mark claim have found the foreign mark at issue to be well known or otherwise to satisfy the requirements for a successful trademark infringement suit.<sup>9</sup> But

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<sup>4</sup> See *Vimar Seguros y Reaseguros, S.A. v. M/V Sky Reefer*, 515 U.S. 528, 539 (1995) (“If the United States is to be able to gain the benefits of international accords and have a role as a trusted partner in multilateral endeavors, its courts should be most cautious before interpreting its domestic legislation in such [a] manner as to violate international agreements.”); see also *Murray v. Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804) (making the more general, but no less powerful, observation that “an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains”).

<sup>5</sup> See *infra* Part II for a discussion of the meaning of “well-known foreign marks” and the scope of protection for those marks under international agreements.

<sup>6</sup> Paris Convention for the Protection of Industrial Property, art. 6*bis*, Mar. 20, 1888, 13 U.S.T. 2, 828 U.N.T.S. 107, as revised at Stockholm on July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention].

<sup>7</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 16(2)–(3), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, annex 1C, art. 22.1, 108 Stat. 4809, 869 U.N.T.S. 299 (1994) [hereinafter TRIPS Agreement], available at [http://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](http://www.wto.org/english/docs_e/legal_e/27-trips.pdf).

<sup>8</sup> See North American Free Trade Agreement, U.S.-Can.-Mex., art. 1708(6), Dec. 17, 1992, 32 I.L.M. 605 (1993); Inter-American Convention for Trademark and Commercial Protection, art. 7, Feb. 20, 1929, 46 Stat. 2907, 2918; see also sources cited *infra* note 55.

<sup>9</sup> A successful trademark infringement action requires proof of: (1) ownership of rights in a mark; (2) protectability of the mark, with protectable marks being those with either inherent distinctiveness or acquired distinctiveness and with some evidentiary benefits being gained by registration of the mark as compared to an

until very recently, no court had denied the existence of Lanham Act protection for well-known foreign marks.<sup>10</sup> In 2004, the Ninth Circuit expressly held that well-known foreign marks are entitled to protection under federal law.<sup>11</sup> A 2007 Second Circuit decision, however, flatly denied the existence of such protection.<sup>12</sup> This divergence has muddied the water with respect to the availability of protection in the United States for well-known foreign marks that have been neither registered nor used in commerce in the United States.<sup>13</sup>

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unregistered mark; and (3) a likelihood of confusion in the minds of consumers about the origin, sponsorship, affiliation, or connection of the goods or services in question. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768–69 (1992); see also 15 U.S.C. §§ 1114(1)(a)–(b), 1125(a)(1)(A) (2006). For the difference between inherent and acquired distinctiveness, see *infra* note 93.

<sup>10</sup> See *infra* Part III. In brief, the recent move away from protection began with a 2005 Southern District of New York decision that refused to recognize a cause of action for infringement of a well-known foreign mark under the Lanham Act. See *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 327 (S.D.N.Y. 2005). Just the year before, a different judge in the Southern District of New York had found the opposite to be true. See *Empresa Cubana del Tabaco v. Culbro Corp.*, 2004 WL 602295, at \*30 (S.D.N.Y. Mar. 26, 2004). Earlier decisions of federal courts and the Trademark Trial & Appeals Board had acknowledged the doctrine but rarely applied it, based on the positions of the parties and the facts of the cases. Two state court decisions in New York had provided protection under state law. The affirmative split between circuits arose from a 2004 Ninth Circuit decision and a 2007 Second Circuit decision, as further outlined and detailed in Part III.

<sup>11</sup> See *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1098–99, 1109 (9th Cir. 2004).

<sup>12</sup> *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007).

<sup>13</sup> More recent developments have done nothing to ameliorate the confusion. In its 2007 decision in *ITC*, the Second Circuit certified two questions regarding well-known foreign marks to the New York Court of Appeals at the same time it denied the existence of federal protection for such marks. See *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467, 471, 880 N.E.2d 852, 854, 850 N.Y.S.2d 366, 368 (2007). The New York high court answered the questions by affirming the existence of New York state protection through a misappropriation theory under unfair competition law and providing a fairly generous standard to be met by the foreign mark in order for the protection to apply. See *id.* And although the Second Circuit found the state law doctrine to be inapplicable in *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159, 164 (2d Cir. 2008), a Southern District of New York judge applied it less than a year later, in favor of the owner of a different well-known foreign mark. See *Empresa Cubana del Tabaco v. Culbro Corp.*, 587 F. Supp. 2d 622, 634 (S.D.N.Y. 2008) (granting the owner of a foreign mark a Rule 60(b) motion for relief from an earlier judgment on grounds that the decision of the New York Court of Appeals in *ITC* was an intervening development of law creating “extraordinary circumstances” warranting relief), *rev'd*, 2010 WL 2759416 (2d Cir. July 14, 2010) (reversing the district court on the basis that the New York decision was not an intervening development of law warranting relief under Rule 60(b)).

By denying the existence of a federal trademark infringement or unfair competition cause of action against a junior use of a well-known foreign mark, the Second Circuit brought itself into direct conflict with the Ninth Circuit. The Second Circuit decision also conflicts with the broader trend toward greater internationalization of strong intellectual property enforcement procedures and standards with continued national, rather than international, implementation and enforcement of those procedures and standards.<sup>14</sup> In addition, the international trend is unquestionably toward increased minimum levels of substantive protection for intellectual property owners.<sup>15</sup> The United States government strongly supports these trends, and it has even been accused of bullying other nations to increase their substantive protections.<sup>16</sup> Intellectual property protection is an area where the United States generally prefers to be at the forefront, rather than among the recalcitrant nations bringing up the rear.

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<sup>14</sup> See, e.g., Graeme B. Dinwoodie, *The Architecture of the International Intellectual Property System*, in 4 INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE 1, 2–8 (Peter K. Yu ed., 2007).

<sup>15</sup> Compare Paris Convention, *supra* note 6, arts. 4, 5*bis*, 6–10 (containing the minimum substantive trademark rights required under the Paris Convention), with TRIPS Agreement, *supra* note 7, arts. 2(1), 15–21 (including in the TRIPS Agreement all of the Paris Convention minima for trademarks but adding further minimum substantive trademark rights); compare Paris Convention, *supra* note 6, arts. 4–5*quater* (containing the minimum substantive patent rights required under the Paris Convention), with TRIPS Agreement, *supra* note 7, arts. 2(1), 27–34 (including in the TRIPS Agreement all of the Paris Convention minima for patents but adding further minimum substantive patent rights); compare Berne Convention for the Protection of Literary and Artistic Works, arts. 2, 2*bis*, 6*bis*, 8–16, Sept. 9, 1886, revised July 24, 1967, S. TREATY DOC. NO. 27, 828 U.N.T.S. 221 (containing the minimum substantive copyright rights required under the Berne Convention), with TRIPS Agreement, *supra* note 7, arts. 9–14 (including in the TRIPS Agreement all of the Berne Convention minima for copyright except article 6*bis* but adding further minimum substantive copyright rights).

<sup>16</sup> See, e.g., Robert C. Bird, *Defending Intellectual Property Rights in the BRIC Economies*, 43 AM. BUS. L.J. 317, 323–31 (2006) (outlining a range of U.S. intellectual property negotiating activities that developing nations perceived to be coercive, particularly with respect to the incorporation of intellectual property protections within the GATT system upon formation of the World Trade Organization); see also Peter K. Yu, *From Pirates to Partners: Protecting Intellectual Property in China in the Twenty-First Century*, 50 AM. U. L. REV. 131, 139–40 (2000) (discussing the “Special 301” unilateral retaliation process instituted by the United States in 1989, which requires the United States Trade Representative to assess, cite, and eventually sanction countries, via trading duties or the like, when countries are argued to be out of compliance with their international intellectual property obligations in a way that harms U.S. trade interests).

The divergence of the Second Circuit from the Ninth Circuit and earlier favorable discussions of the well-known foreign marks doctrine in case law raises the very real question of whether the United States fully complies with its international obligations to protect well-known foreign marks. If the Second Circuit has accurately assessed the scope of Lanham Act protection for foreign mark owners, the United States may not be in compliance unless state law fills the gaps in protection. If the Second Circuit is wrong, on the other hand, then there is less cause for concern, as that decision would simply represent one aberrant judicial decision.<sup>17</sup>

In this Article, I argue that the United States does, in fact, provide the required protection under the Lanham Act. Although the implementation is not a model of clarity,<sup>18</sup> current federal law provides protection for well-known foreign marks, allowing owners of well-known foreign marks to seek redress in the United States for infringing acts that occur in the United States. Part II of the Article explains the sources and content of the U.S. treaty obligations to protect well-known foreign marks. Part III sets out a brief account of U.S. judicial decisions related to the protection of well-known marks. Part IV of the Article explains how and why section 43(a) of the Lanham Act provides the well-known foreign mark protection required by U.S. treaty obligations. Key to this analysis is the issue of territoriality within trademark law. The Second Circuit decision acknowledges territoriality as fundamental to international trademark law. But it misapplies an oversimplified domestic rule of thumb to the complex issue presented in lieu of conducting a deeper analysis of the plain statutory language and U.S. international obligations. I also provide some limited guidance on how protection for well-known foreign marks should be applied and explain how that protection fits quite naturally within the traditional model of trademark protection in the United States.<sup>19</sup> In so doing, I urge courts to integrate the

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<sup>17</sup> It will be a more problematic aberrant decision than a district court decision would be, of course, since it will remain detrimental to foreign mark owners litigating within the Second Circuit until such time as the decision can be corrected by an en banc decision in another case or by the Supreme Court.

<sup>18</sup> As set forth in Part IV, *infra*, the available Lanham Act protection for well-known foreign marks relies on the interaction of several statutory sections with underlying common law trademark principles.

<sup>19</sup> See *infra* Part IV.

internationally agreed principles related to well-known marks within the broad scope of the unfair competition provision of section 43(a). As a whole, this Article gives practitioners and courts a roadmap for providing owners of well-known foreign marks the protection that the United States has agreed to give to them and that both the owners and the consuming public deserve.

## II. U.S. TREATY OBLIGATIONS RELATED TO WELL-KNOWN TRADEMARKS

Before continuing this Article, the reader is well-served by the definition of a few terms used here. First, the reader should be aware that a “mark,” although roughly a “brand name,” is more specifically any word, name, symbol, or other device used in connection with goods or services to indicate the source of the goods or services and to identify and distinguish the goods or services from those of other traders.<sup>20</sup> In the United States, rights may be created by use in commerce and registration of a mark with the U.S. Patent and Trademark Office<sup>21</sup> or by use in commerce alone.<sup>22</sup> Most countries, on the other hand, provide “trademark” protection only to registered marks, although they

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<sup>20</sup> See, e.g., 15 U.S.C. § 1127 (2006) (defining both “trademark” and “service mark”); TRIPS Agreement, *supra* note 7, art. 15(1) (describing a protectable trademark). In certain more technical matters, there is a difference between trademarks—used for goods—and service marks, but for most purposes there is no difference under current law in the United States or elsewhere. Thus, the term “marks” is often used as a shorthand for both service marks and trademarks, and in many instances the term “trademark” is used to include both trademarks and service marks—for example, references to “trademark rights” include rights in either a service mark or a trademark. See, e.g., 15 U.S.C. § 1127 (defining “mark”).

<sup>21</sup> A domestic trademark owner must use a mark in commerce before a registration may issue. See 15 U.S.C. § 1051(a)–(d). An owner of a foreign registration in the owner’s home country may register that mark federally without placing the mark in use in commerce. See *id.* § 1126(e). State registration systems also exist in the United States, but many of these systems do little more than duplicate rights available through use alone. See Lee Ann W. Lockridge, *Abolishing State Trademark Registrations* (Working Paper).

<sup>22</sup> See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768–69 (1992) (“[I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”).



may protect users of unregistered but distinctive trading symbols, or "brand names," against confusingly similar third-party uses under unfair competition laws.<sup>23</sup>

Second, although courts often use "well known" and "famous" interchangeably with respect to the doctrine at issue here, I use, whenever possible, only "well known." A reference to "famous marks" can be confusing to readers familiar with other aspects of U.S. trademark law, specifically, the use of the term "famous" in the Lanham Act's provision on trademark dilution.<sup>24</sup> In order to avoid such confusion, I prefer "well-known marks." Moreover, the Paris Convention and other international agreements use the term "well known." Third, I use "foreign mark" and "well-known foreign mark" rather than simply "well-known mark" in order to acknowledge that the specific situation being addressed here involves a mark used in at least one foreign country but that has not become subject to protection in the United States by the more traditional means of domestic use or registration.

In this Article, I refer to the users of marks as being "senior" or "junior" according to worldwide seniority, rather than according to domestic seniority. Therefore, the owner of the foreign mark alleged to have been well known in the United States at the time the domestic use began is the "senior user," while the user in the United States is the "junior user." I use this nomenclature even when all parties agree that the domestic "junior user" was the first party to use the mark in commerce within the United States, which would, in a purely domestic dispute, place that party in senior user status.

Another key term and concept used in this Article is "territoriality." In trademark law, this term is generally utilized as a shorthand reference to the geographic or geopolitical areas where a mark is entitled to legal protection. In international

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<sup>23</sup> See 7 MCCARTHY, *supra* note 2, app. A5.

<sup>24</sup> Trademark dilution is a cause of action separate from a classic confusion-based infringement claim. Under federal law, a dilution claim does not require proof of a likelihood of confusion, *cf. supra* note 9, but does require proof that some kind of association will arise as a result of the similarity between the famous mark and the challenged use. 15 U.S.C. § 1125(c)(2)(B)–(C). The Lanham Act only provides this broader protection to the owner of a "famous" mark. *See id.* § 1125(c)(1). A "famous" mark is defined in the Lanham Act as one that is "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." *Id.* § 1125(c)(2)(A). An infringement claim, on the other hand, is potentially available to any mark that is protectable. *See Two Pesos*, 505 U.S. at 769; *see also* 15 U.S.C. §§ 1114(1)(a)–(b), 1125(a)(1)(A).

law, on the other hand, the term “territoriality” is used in connection with the presumptive jurisdictional principle used as a starting point for determining the scope of a country’s laws. As a result, how “territoriality” should be defined and how the concept should be applied in relation to a matter of international trademark law depends on the context. “Territoriality” is not a unitary concept in international trademark law: One facet of “territoriality” refers to use-based rights in the United States,<sup>25</sup> while the other facet has primarily international political connotations.<sup>26</sup> Courts have recently relied on the principle of “territoriality” in analyzing arguments for federal protection for well-known foreign marks, as shown in Part III.<sup>27</sup> But as I explain later in this Article, the courts do not generally analyze the two separate facets of “territoriality”—the domestic and the international.

Within U.S. domestic law, discussions of the territorial scope of rights refer to the geographic area within the United States where the user of a mark is entitled to exclude others from using the same or a confusingly similar mark. In this context, the territorial limits are derived in large part from an analysis of the likelihood of confusion.<sup>28</sup> Multiple uses of the same or similar marks, even for the same or similar goods and services, are tolerable and not in conflict when there is no likelihood of confusion arising from the simultaneous uses. And this lack of confusion has been deemed to exist, in many or most cases, when

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<sup>25</sup> See Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885, 888 (2004); see also Graeme W. Austin, *The Territoriality of United States Trademark Law*, in 3 INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE 235, 236–39 (Peter K. Yu ed., 2007) (discussing the “domestic territoriality” of U.S. trademark law).

<sup>26</sup> See Dinwoodie, *supra* note 25; see also Austin, *supra* note 25, at 239–40 (discussing the “international territoriality” of trademark law).

<sup>27</sup> See *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 161–63 (2d Cir. 2007); *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1092–93 (9th Cir. 2004).

<sup>28</sup> Although the basic common law priority rule is, and was, priority of appropriation—“first in time”—the Supreme Court confirmed a refinement to that rule almost a century ago. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 96–97, 100 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916). The refinement provides that when two users operate in market remote from one another, each can validly acquire trademark rights in his or her separate market, so long as the second user to appropriate the mark did not act in bad faith. *Hanover Star Milling*, 240 U.S. at 415.

the two users of the mark would not have the same customers because the uses, and thus the customers, are geographically remote from one another.<sup>29</sup>

In the context of international trademark protection, “territoriality” refers primarily to the basic principle that a nation cannot grant or enforce protection for a mark outside the territorial borders of that nation. This political dimension to trademark territoriality derives ultimately from the territorial scope of each nation’s authority to govern.<sup>30</sup> As a result, one who wishes to establish trademark rights in more than one nation must generally pursue those rights separately in each nation of interest.<sup>31</sup> Perceived deficiencies in completely territorial schemes of trademark rights uncoordinated with one another in any way led, in part, to the development of the Paris Convention.<sup>32</sup>

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<sup>29</sup> This “domestic” form of territoriality is discussed in greater detail in Part IV.C.1 *infra*.

<sup>30</sup> See, e.g., IAN BROWNLIE, PRINCIPLES OF PUBLIC INTERNATIONAL LAW 291, 299–300 (7th ed. 2008) (explaining territoriality as the most common basis for prescriptive jurisdiction in civil matters and noting that the territoriality of prescriptive, or legislative jurisdiction, derives from the territorial sovereignty of each nation). If a nation’s prescriptive power reaches only to the nation’s territorial borders, then the force of its legislation or its common law rules will apply only within that nation’s territory. In this way, each nation’s trademark laws—and thus trademark rights granted or recognized under those laws—are said to be territorial.

<sup>31</sup> There are exceptions to this nation-by-nation pursuit of rights, such as the possibility of obtaining a registration for a Community Trade Mark, which is an EU-wide registration. And, as discussed extensively by Graeme Dinwoodie in a recent article, the generally territorially limited prescriptive reach of each nation’s laws does not of itself create an infallible or inflexible choice of law rule to be applied to any particular dispute with an international dimension. See Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 WM. & MARY L. REV. 711 (2009).

<sup>32</sup> Among the obligations of a member nation are commitments to provide limited temporal priority to certain applications filed by nationals of other member nations, see Paris Convention, *supra* note 6, art. 4, to register without changes certain trademarks previously registered in other member nations, *id.* art. 6*quinquies*, and to regard each registered mark as existing independently of marks registered in other member nations, *id.* art. 6(3).

### A. *The Paris Convention*

The Paris Convention is the oldest major multilateral treaty designed to improve the international protection of trademark rights.<sup>33</sup> Since 1925, it has required member nations to protect well-known foreign marks.<sup>34</sup>

The Paris Convention's major advance in international intellectual property relations was implementing the principle of national treatment within a treaty intended for widespread, rather than only limited or regional implementation.<sup>35</sup> Substantive rights obligations were minimal in the first incarnation of the treaty, but its coverage was not then, and is not now, limited to national treatment. The Convention also obligates member nations to provide certain minimum substantive trademark rights to nationals of other member nations.<sup>36</sup> One of those minimum substantive rights is the right of a foreign national to obtain protection against the use or registration of a mark in a member nation if the foreign national's mark is well known, a third party registers or uses the mark for identical or similar goods, and the complained-of mark is liable to create confusion.<sup>37</sup> The basic obligation is to allow an

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<sup>33</sup> *Id.* Much ink has been spilled in the legal literature about the self-executing or non-self-executing nature of the Paris Convention. But with respect to the question specifically addressed in this Article, that issue falls somewhat to the side. In this Article, I focus on the case of a mark that is well known in the United States but not yet used or registered here. A minimalist interpretation of the Paris Convention does not create a requirement for protection of a well-known mark in the absence of *use* of the mark in the protecting country. *See, e.g.,* Dinwoodie, *supra* note 25, at 912–13. Instead, a minimalist interpretation holds that the Paris Convention only mandates protection of a well-known mark in the absence of a registration, leaving room for a country to require use. *See id.* The Lanham Act's provisions providing rights to unregistered marks that have been used in commerce would therefore comply with that minimum requirement set forth in the Paris Convention. *See* 15 U.S.C. § 1125(a)(1)(A) (2006); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768–69 (1992).

<sup>34</sup> *See* G.H.C. BODENHAUSEN, GUIDE TO THE APPLICATION OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY 89 (1968).

<sup>35</sup> *See* Paris Convention, *supra* note 6, art. 2.

<sup>36</sup> *See id.* arts. 5*quinquies*, 6*bis*(1), 6*quater*, 6*quinquies*, 6*sexies*, 7, 8, 10*bis*; *see also* BODENHAUSEN, *supra* note 34, at 30–31.

<sup>37</sup> *See* Paris Convention, *supra* note 6, art. 6*bis*. The full text of article 6*bis* is as follows:

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration

“interested party” to intervene in a registration proceeding, to request cancellation of a registration, or to object to the use of a mark under certain conditions: (1) the mark is “a reproduction, an imitation, or a translation” of a well-known foreign mark, (2) the well-known mark and the mark being objected to are used for identical or similar goods, and (3) the domestic use is “liable to create confusion.”<sup>38</sup> Well-known mark status is defined in the Paris Convention only by the following characterization: “a mark considered . . . to be well known in [a protecting] country as being already the mark of a [protected foreign national].”<sup>39</sup> This only seems to mean that well-known status is to be determined by each nation on an individual basis and that renown on a global scale is not required. No more specific scope is provided, nor is the standard for how much local knowledge of a mark would be required for the mark to be “well known” in a country where protection is sought.

The United States fulfills its obligations under article *6bis* for well-known foreign marks that have been either: (1) used in the United States and registered on the Principal Register<sup>40</sup> or (2) used in the United States without registration but with protection as a common law trademark under section 43(a) of the Lanham Act.<sup>41</sup> But if the Second Circuit’s recent decision is

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or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

*Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> I refer here to both use and registration, rather than registration alone, for the reasons explained in notes 253 and 256.

<sup>41</sup> See 15 U.S.C. § 1052(d) (stating that a mark cannot be registered with the Patent and Trademark Office if it “[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive”); 15 U.S.C.A. § 1057(b) (West 2011) (making a certificate of registration on the principal register “prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s

correct and if the Paris Convention requires the United States to protect well-known foreign marks not used in this country, we fall short of full compliance. Interestingly, the United States has advocated in both the distant<sup>42</sup> and recent<sup>43</sup> past in favor of such an obligation. Moreover, many Paris Convention nations provide more extensive protection,<sup>44</sup> even though many or even most of

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ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate"); 15 U.S.C. § 1063(a) (allowing for an opposition proceeding based on a belief by "[a]ny person . . . that he would be damaged by the registration of a mark upon the principal register"); *id.* § 1064 (allowing a cancellation proceeding to be filed by "any person who believes that he is or will be damaged . . . by the registration of a mark on the principal register"); *id.* § 1114(1) (Lanham Act section 32's protection for registered marks in a civil infringement proceeding); *id.* § 1125(a) (Lanham Act section 43(a)'s protection for any trademark, whether registered or unregistered, via a civil infringement proceeding).

<sup>42</sup> A 1958 Paris Convention revision conference included a proposal to revise the text to expressly oblige member nations to protect unused but well-known marks. See BODENHAUSEN, *supra* note 34, at 91. Although only two out of twenty-seven member nations voted against the proposal, *see id.* n.6, that minor opposition was sufficient to block the change because revising the Paris Convention requires a true consensus of the member nations. *See id.* at 164, 191–92. According to the record of that 1958 revision conference, the United States proposed the change to require protection of unused but well-known marks. *See* Union Internationale pour la Protection de la Propriété Industrielle, Actes de la Conférence Réunie a Lisbonne [Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration] art. 6*bis*, Oct. 31, 1958, 923 U.N.T.S. 205. And in light of the case law in 1958, persons responsible for determining the position of the United States at that conference could reasonably have thought that protection without domestic use was, in fact, the state of U.S. law. *See infra* Part III (discussing *Maison Prunier v. Prunier's Rest. & Café, Inc.*, 159 Misc. 551, 288 N.Y.S. 529 (Sup. Ct. N.Y. Cnty. 1936), and *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332 (Sup. Ct. N.Y. Cnty. 1959)).

<sup>43</sup> In 1999, the United States joined a nonbinding, multilateral understanding on well-known marks, the World Intellectual Property Organization's Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks. *See* World Intellectual Property Organization [WIPO], Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, WIPO Doc. 833(E), Sept. 29, 1999 [hereinafter Joint Recommendation on Well-Known Marks], available at [http://www.wipo.int/about-ip/en/development\\_iplaw/pub833.htm](http://www.wipo.int/about-ip/en/development_iplaw/pub833.htm). That instrument contains a provision prohibiting a standard for well-known status that would require domestic use. *See infra* notes 58–61 and accompanying text. According to Graeme Dinwoodie, the United States was "extremely active in negotiating" the Joint Recommendation. Graeme B. Dinwoodie, *Some Remarks on the Limits of Harmonization*, 5 J. MARSHALL REV. INTELL. PROP. L. 596, 600 (2006).

<sup>44</sup> *See, e.g.,* *McDonald's Corp. v. Joburgers Drive-Inn Rest.*, 1997 (1) SA 1 (SCA), at 18–20 (S. Afr.) (explaining that the term "well known" applies "not only [to] the mark itself but also [to] the nationality, domicile or place of business of the mark's owner, and moreover the fact that the relevant country is a convention country"); *see also* Ryota Charles Goto, Note, *De Facto Abandonment of Territoriality: Protection of*

those nations typically do not provide any trademark-specific protection without registration. Instead, many nations protect unregistered marks, in certain circumstances, by applying their broader laws against unfair competition. The United States, on the other hand, has a long tradition of providing trademark protection without registration.<sup>45</sup> So of all nations, one might think the United States should be at the forefront of a broad article 6*bis* obligation.<sup>46</sup>

### B. *The TRIPS Agreement*

The TRIPS Agreement, the intellectual-property treaty concluded as one of the foundational agreements of the World Trade Organization (“WTO”), includes all substantial obligations of the Paris Convention with respect to trademarks<sup>47</sup> and expands upon them as well.<sup>48</sup> For example, the signatory nations agreed to extend the Paris Convention well-known marks obligation to include service marks as well as trademarks.<sup>49</sup> The

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*(Not-So-)Well-Known Foreign Trademarks in Japan and the United States*, 28 HASTINGS INT'L & COMP. L. REV. 121, 127–41 (2004) (discussing at length Japanese protection for well-known foreign marks as well as Japanese protection against bad-faith adoption of foreign marks even when not well known). Some nations provide protection through the direct application of article 6*bis*, while others have expressly and clearly provided the protection through national legislation. The means by which several nations implement protection for well-known marks is set forth in Frederick Mostert's 1997 book on the subject. See FREDERICK W. MOSTERT, FAMOUS AND WELL-KNOWN MARKS 153–422 (1997) (providing information on Argentina, Australia, Benelux (the economic union through which Belgium, the Netherlands, and Luxembourg share uniform trademark law), Brazil, Canada, China, France, Germany, India, Italy, Japan, Singapore, South Africa, and the United Kingdom). The book also provides an assessment of the state of U.S. law on the subject as of 1997, but as set forth in this Article, reevaluation of that position would be required in light of post-1997 case law. *Id.*

<sup>45</sup> See, e.g., Trade-Mark Cases, 100 U.S. 82, 92 (1879) (“The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has been long recognized by the common law and the chancery courts of England and of this country, and by the statutes of some of the States.”).

<sup>46</sup> See, e.g., Dinwoodie, *supra* note 25, at 959–60 (observing that “U.S. law, as one of the few use-based systems in the world, would seem well suited to accommodate [an] approach [focusing on reach of goodwill and not just political boundaries]”).

<sup>47</sup> See TRIPS Agreement, *supra* note 7, art. 2(1).

<sup>48</sup> See *id.* arts. 15–21.

<sup>49</sup> See *id.* art. 16(2) (“Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant

TRIPS Agreement also expanded protection for well-known foreign marks beyond uses or registrations that would create a likelihood of confusion.<sup>50</sup> TRIPS mandates protection against unauthorized use or registration with goods or services dissimilar from those associated with the well-known mark, provided that the use would indicate a connection with the foreign owner and would likely damage the interests of that owner.<sup>51</sup>

The TRIPS Agreement did not define the term “well-known mark,” and, as noted above, the Paris Convention provides no firm meaning for “well known.”<sup>52</sup> The TRIPS Agreement states only that member nations “shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.”<sup>53</sup> As a result, the exact meaning of “well-known mark” may continue to vary internationally, but certain contours are consistent. Additional consistency within international application of the concept of a “well-known mark” may also arise from recent, although nonbinding, international negotiations.

### *C. Post-TRIPS Developments*

The most recent, although nonbinding, multilateral effort to improve protection for well-known marks in foreign markets is the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (“Joint Recommendation on Well-Known Marks” or “Joint Recommendation”), which was negotiated through the World Intellectual Property Organization.<sup>54</sup> For most nations, the Joint Recommendation on Well-Known Marks is simply an agreed but nonbinding

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sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.”).

<sup>50</sup> See *supra* notes 37–38 and accompanying text for the relevant portion of the Paris Convention.

<sup>51</sup> See TRIPS Agreement, *supra* note 7, art. 16(3) (“Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.”).

<sup>52</sup> See Paris Convention, *supra* note 6.

<sup>53</sup> TRIPS Agreement, *supra* note 7, art. 16(2).

<sup>54</sup> See Joint Recommendation on Well-Known Marks, *supra* note 43.



recommendation on well-known marks. The United States, however, has bound itself to observe the Joint Recommendation through at least one bilateral agreement, a free trade agreement with Singapore.<sup>55</sup> And in light of the most-favored-nation treatment provision in the TRIPS Agreement,<sup>56</sup> the United States must now provide to the nationals of all WTO member nations the advantages provided to Singaporean nationals under the binding bilateral agreement.<sup>57</sup>

The Joint Recommendation lists the following factors for the analysis of a well-known mark:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent, and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;

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<sup>55</sup> See Free Trade Agreement, U.S.-Sing., arts. 16.1(2)(b)(i), 16.2(4), May 6, 2003, 42 I.L.M. 1026 [hereinafter U.S.-Singapore Free Trade Agreement] (containing a commitment to "give effect" to articles 1-6 of the Joint Recommendation on Well-Known Marks and a provision nearly identical to article 16(3) of the TRIPS Agreement: "Article 6bis of the Paris Convention . . . shall apply, *mutatis mutandis*, to goods or services that are not similar to those *identified by a well-known trademark, whether registered or not*, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark and provided that the interests of the owner of the trademark are likely to be damaged by such use." (second emphasis added)); see also Free Trade Agreement, U.S.-Jordan, art. 4(1)(a), Oct. 24, 2000, 2000 U.S.T. LEXIS 160 (similar to provision in agreement with Singapore). The United States also incorporated the Joint Recommendation into a nonbinding free trade agreement with Chile. See Free Trade Agreement, U.S.-Chile, art. 17.2(9), June 6, 2003, 42 I.L.M. 1026 [hereinafter U.S.-Chile Free Trade Agreement], available at <http://www.ustr.gov/trade-agreements/free-trade-agreements/chile-fta/final-text> (last visited Jan. 28, 2011) ("recogniz[ing] the importance of" the Joint Recommendation on Well-Known Marks and agreeing to be "guided by [its] principles").

<sup>56</sup> TRIPS Agreement, *supra* note 7, art. 4 ("With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members.").

<sup>57</sup> See Dinwoodie, *supra* note 43, at 603-04 (noting that the binding bilateral agreements of the United States will, through the most-favored-nation obligation of TRIPS, heighten U.S. obligations to all WTO members).

5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
6. the value associated with the mark.<sup>58</sup>

Countries guided by the Joint Recommendation on Well-Known Marks will look to whether the foreign mark is well known in at least one relevant sector of the public in that country.<sup>59</sup> Relevant sectors of the public include:

- (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;
- (ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;
- (iii) business circles dealing with the type of goods and/or services to which the mark applies.<sup>60</sup>

Perhaps most important for purposes of this Article, however, is the following provision, which sets forth factors that “shall not” be used when determining if a foreign mark is well-known:

- (a) A Member State shall not require, as a condition for determining whether a mark is a well-known mark:
  - (i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;
  - (ii) that the mark is well known in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or
  - (iii) that the mark is well known by the public at large in the Member State.<sup>61</sup>

The United States, in joining the Joint Recommendation, has quite clearly entered into a group of nations that officially profess to protect well-known foreign marks without domestic use and that advocate for such protection. And as noted above, because these provisions are expressly binding in at least one bilateral

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<sup>58</sup> Joint Recommendation on Well-Known Marks, *supra* note 43, art. 2(1)(b).

<sup>59</sup> *Id.* art. 2(2)(b) (“Where a mark is determined to be well known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark.”).

<sup>60</sup> *Id.* art. 2(2)(a).

<sup>61</sup> *Id.* art. 2(3).

agreement, the obligations of the United States to all WTO member nations have now been heightened.<sup>62</sup>

By providing factors to guide domestic decision makers, the Joint Recommendation certainly advanced common understanding related to, and was aimed at leveling the international playing field with respect to, enforcement of the well-known foreign marks doctrine. But even with these agreed *factors*, there is no agreed *standard* that a country's decision makers are obligated to apply in judging these factors. Exactly how deep or broad knowledge of a mark must be within that country for the mark to be "well known" within the meaning of the Joint Recommendation, the TRIPS Agreement, or the Paris Convention remains internationally undefined.

The absence of an international standard when a mark is "well known" means that the United States may set a relatively high standard. It may not, however, refuse altogether to recognize or to apply the doctrine. Recent decisions within the Second Circuit may frustrate the policies and obligations established and accepted by the executive and legislative branches with respect to well-known foreign marks.<sup>63</sup> These

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<sup>62</sup> While binding as between the contracting nations, neither the bilateral free trade agreements nor the TRIPS Agreement is directly effective in U.S. law. *See, e.g.*, United States-Singapore Free Trade Agreement Implementation Act, Pub. L. No. 108-78, § 102(a), 117 Stat. 948, 950 (2003); Uruguay Round Agreements Act, Pub. L. No. 103-465, § 102(a), 108 Stat. 4809, 4815 (1994); S. REP. NO. 103-412, at 13 (1994), *available at* [http://finance.senate.gov/library/reports/committee/index.cfm?PageNum\\_rs=8](http://finance.senate.gov/library/reports/committee/index.cfm?PageNum_rs=8). Nevertheless, courts should proceed with caution before construing U.S. domestic law in a manner inconsistent with our international obligations. *See Murray v. Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804).

<sup>63</sup> *See* OFFICE OF U.S. TRADE REP., USTR STRATEGIC PLAN, FY 2007–2012, at 14 (2008), *available at* [http://www.ustr.gov/sites/default/files/asset\\_upload\\_file726\\_14695.pdf](http://www.ustr.gov/sites/default/files/asset_upload_file726_14695.pdf) (citing U.S. judicial decisions generally as one of the external factors influencing its ability to monitor and enforce U.S. rights under international agreements). The administrative branch of the U.S. government quite clearly desires to maintain and encourage high levels of international protection for well-known U.S. marks. *See, e.g.*, OFFICE OF U.S. TRADE REP., 2009 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 102, 253, 339–40, 421, *available at* [http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset\\_upload\\_file405\\_15451.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file405_15451.pdf) (commenting on protection of well-known marks in China, Indonesia, Mexico, and Russia); OFFICE OF U.S. TRADE REP., 2008 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 51, 110–11, 470, *available at* [http://www.ustr.gov/sites/default/files/uploads/reports/2008/NTE/asset\\_upload\\_file365\\_14652.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2008/NTE/asset_upload_file365_14652.pdf) (commenting on protection of well-known marks in Cambodia, China, and Russia); OFFICE OF U.S. TRADE REP., 2007 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 52, 159–60, 291–92, 325, 327, 498–99, 541, *available*

judicial decisions do not conclusively establish noncompliance by the United States, as there are also other decisions protecting well-known foreign marks and a strong statutory argument to support Lanham Act protection. In the remainder of this Article, I demonstrate that despite the Second Circuit's pronouncement to the contrary, U.S. law does protect well-known marks through the Lanham Act in a way that fully complies with international obligations and even the nonbinding Joint Recommendation.<sup>64</sup>

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at [http://www.ustr.gov/sites/default/files/uploads/reports/2007/NTE/asset\\_upload\\_file\\_855\\_10945.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2007/NTE/asset_upload_file_855_10945.pdf) (commenting on protection of well-known marks in Cambodia, Costa Rica, Indonesia, Japan, Russia, and Singapore); OFFICE OF U.S. TRADE REP., 2006 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 121–22, 365, 367, 555, available at [http://ustraderep.gov/assets/Document\\_Library/Reports\\_Publications/2006/2006\\_NTE\\_Report/asset\\_upload\\_file929\\_9220.pdf](http://ustraderep.gov/assets/Document_Library/Reports_Publications/2006/2006_NTE_Report/asset_upload_file929_9220.pdf) (commenting on protection of well-known marks in China, Japan, and Russia); see also OFFICE OF U.S. TRADE REP., 2008 REPORT TO CONGRESS ON CHINA'S WTO COMPLIANCE 76, available at [http://www.ustr.gov/sites/default/files/asset\\_upload\\_file\\_192\\_15258.pdf](http://www.ustr.gov/sites/default/files/asset_upload_file_192_15258.pdf) (“The United States also remains concerned about a variety of weaknesses in China’s legal framework that do not effectively deter, and may even encourage, certain types of infringing activity, such as the ‘squatting’ of foreign company names, designs and trademarks . . . . The United States has continued to discuss these and other problems with China and seek solutions for them. In a positive development, SAIC announced in August 2007 that it was launching a 6-month campaign targeting the unauthorized use of well-known trademarks and company names in the enterprise registration process.”); OFFICE OF U.S. TRADE REP., 2007 SPECIAL 301 REPORT 48, available at [http://www.ustr.gov/sites/default/files/asset\\_upload\\_file\\_230\\_11122.pdf](http://www.ustr.gov/sites/default/files/asset_upload_file_230_11122.pdf) (“The U.S. Government commends the Suzhou Intermediate Court for recognizing the Kodak well-known trademark status in a court case involving the Kodak name.”).

<sup>64</sup> Another long-standing international agreement, which creates for the United States significant trademark-related obligations potentially useful for owners of certain well-known foreign marks, is the General Inter-American Convention for Trade Mark and Commercial Protection (the “Pan-American Convention”). See General Inter-American Convention for Trade Mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907 [hereinafter Pan-American Convention]. The Pan-American Convention, which has been somewhat, but not entirely, eclipsed by the TRIPS Agreement, has as its current member nations the United States, Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru. See *Bacardi Corp. of Am. v. Domenech*, 311 U.S. 150, 157 n.7 (1940). Under article 7 of the Pan-American Convention, which is self-executing in the United States, owners of a mark protected in one member nation may challenge the use and registration of conflicting trademarks in another member nation upon proof that the junior user, applicant, or registrant of the mark in question had knowledge of the existence and continuous use of the senior owner’s use of the mark in the same class of goods. See *id.* at 161.

Any owner of a mark protected in one of the Contracting States in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the Contracting States, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or

### III. A HISTORY OF WELL-KNOWN FOREIGN MARKS IN THE UNITED STATES

Through 2004, U.S. courts uniformly recognized that well-known foreign marks not used in this country could be protected here from confusingly similar registrations and unauthorized uses. Until then, direct recognition of rights in well-known foreign marks had been most clearly embodied in two New York State trial court decisions from 1936 and 1959. Those decisions applied unfair competition and misappropriation doctrines to allow relief to owners of well-known foreign marks. The doctrine was not referred to as such in those cases, nor did those courts refer to article *6bis* of the Paris Convention.<sup>65</sup>

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recourse provided in the country in which such interfering mark is being used or where its registration or deposit is being sought, and upon proof that the person who is using such mark or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting States of the mark on which opposition is based upon goods of the same class, the opposer may claim for himself the preferential right to use such mark in the country where the opposition is made or priority to register or deposit it in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.

Pan-American Convention, *supra*, art. 7. The Pan-American Convention does not deal explicitly with well-known foreign marks, but it does provide an avenue for certain owners of foreign marks to obtain relief in the United States against the knowing use of a conflicting mark. This means that owners of well-known foreign marks used and protected in a member nation of the Pan-American Convention have, as a practical matter, greater rights to object to conflicting U.S. uses than do owners of marks used and protected elsewhere in the world. The Trademark Trial and Appeal Board has held that the Pan-American Convention provides an additional basis in U.S. trademark law for certain foreign trademark owners—those meeting the requirements of the Convention—to maintain or defend an *inter partes* opposition or cancellation proceeding with the Patent and Trademark Office. See *Diaz v. Servicios De Franquicia Pardo's S.A.C.*, 83 U.S.P.Q.2d (BNA) 1320, 1324–26 (T.T.A.B. 2007) (holding that article 7 of the Pan-American Convention can be used to establish the affirmative defense of priority in a trademark within the context of an opposition); *British-Am. Tobacco Co. v. Phillip Morris Inc.*, 55 U.S.P.Q.2d (BNA) 1585, 1589–90 (T.T.A.B. 2000) (holding that article 8 of the Pan-American Convention provides an independent basis for a petition to cancel a registered mark); see also *Corp. Cimex, S.A. v. DM Enter. & Distrib., Inc.*, 2008 WL 5078739, at \*2 (T.T.A.B. 2008) (granting summary judgment to a Cuban opposer in an opposition based on section 7 of the Pan-American Convention).

<sup>65</sup> The first case did refer to article *10bis* of the Paris Convention, which states that member nations must provide “effective protection against unfair competition.” See *Maison Prunier v. Prunier's Rest. & Cafe, Inc.*, 159 Misc. 551, 554, 288 N.Y.S. 529, 532 (Sup. Ct. N.Y. Cnty. 1936).

A. *Case Law Through 2004*

In *Maison Prunier v. Prunier's Restaurant & Café, Inc.*,<sup>66</sup> a New York court granted relief to the owner of a mark alleged to have “developed international fame.”<sup>67</sup> The mark, “Prunier,” had been in continuous use in Paris, France for restaurant services from 1872 through the time of the case in 1936.<sup>68</sup> The senior user had no operations in the United States.<sup>69</sup> The restaurants, which operated under the name “Prunier” and “Maison Prunier,” specialized in seafood.<sup>70</sup> The junior user had opened a restaurant in New York City under the name “Prunier's Restaurant & Café, Inc.” with menus carrying the legend “The Famous French Sea Food Restaurant.”<sup>71</sup> The trial court issued a temporary injunction against the junior use, although the senior use was exclusively foreign.<sup>72</sup>

In *Vaudable v. Montmartre, Inc.*,<sup>73</sup> the New York trial court issued a permanent injunction to protect the senior user's “Maxim's” mark, used for a restaurant in Paris, from a junior use of the same name for a New York City restaurant.<sup>74</sup> As stated by the court, “There is no doubt as to [the Paris restaurant's] unique and eminent position as a restaurant of international fame and prestige. It is, of course, well known in this country, particularly to the class of people residing in the cosmopolitan city of New York who dine out.”<sup>75</sup> The senior user had a registration in the United States for catering services and wines, but the

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<sup>66</sup> 159 Misc. 551, 288 N.Y.S. 529.

<sup>67</sup> *Id.* at 552, 288 N.Y.S. at 530.

<sup>68</sup> *Id.*

<sup>69</sup> *See id.* at 553, 288 N.Y.S. at 530–31.

<sup>70</sup> *Id.* at 552, 288 N.Y.S. at 530. The current online restaurant guides for Paris indicate that a restaurant called “Maison Prunier,” which features an oyster bar, continues to operate there. *See* Zagat Survey LLC, Paris Restaraunts Maison Prunier, <http://www.zagat.com/Verticals/PropertyDetails.aspx?VID=8&R=69730> (last visited Jan. 29, 2011).

<sup>71</sup> *Maison Prunier*, 159 Misc. at 553–54, 288 N.Y.S. at 531 (internal quotation marks omitted).

<sup>72</sup> *Id.* at 559, 288 N.Y.S. at 538.

<sup>73</sup> 20 Misc. 2d 757, 193 N.Y.S.2d 332 (Sup. Ct. N.Y. Cnty. 1959).

<sup>74</sup> *Id.* at 758, 760, 193 N.Y.S.2d at 334, 336. The defendant also used a similar color scheme for its décor and imitated a particular script printing of the name “Maxim's” on an awning, over the door, and in advertising. *See id.* at 758, 193 N.Y.S.2d at 334. The script appears to remain the same even today. *See, e.g.*, U.S. Trademark Reg. No. 580,091 (filed Mar. 20, 1952); Maxim's, <http://www.maxims-de-paris.com> (last visited Jan. 29, 2011).

<sup>75</sup> *Vaudable*, 20 Misc. 2d at 758, 193 N.Y.S.2d at 334.

registration did not appear to weigh significantly in the court's decision.<sup>76</sup> In enjoining the domestic use, the court emphasized the defendant junior user's apparent intent to appropriate the widespread goodwill that the plaintiffs had built up in the "Maxim's" name.<sup>77</sup>

As noted above, these New York cases did not rely on federal trademark law or the Paris Convention's obligation related to well-known marks, a point emphasized by the Second Circuit in refusing to recognize federal protection in 2007.<sup>78</sup> Failure to refer to the Lanham Act in the *Maison Prunier* case is, of course, completely irrelevant in light of the fact that the Lanham Act became effective in 1947, eight years after the decision. And *Vaudable*, decided only twelve years after the Lanham Act shifted the emphasis within U.S. trademark law from the state to the federal level, had no need to make a specific citation to federal law. The court was able to rely almost entirely on New York state case law, specifically *Maison Prunier*.<sup>79</sup> *Vaudable* did refer to the Lanham Act generally to support its statement that "[t]he trend of the law, both statutory and decisional, has been to extend the scope of the doctrine of unfair competition."<sup>80</sup>

The doctrine recognizing well-known foreign marks remained relatively dormant for over forty years, with sporadic references in the decisions of the Trademark Trial and Appeal Board ("TTAB") and other cases where it was mentioned by a court in passing. But the doctrine was generally not relied on by any party to the case, and it did not form the sole basis of any of the decisions.<sup>81</sup> For example, a 1983 TTAB decision declined to recognize priority in a senior foreign user of a mark as against a domestic, good-faith junior user, "at least unless it can be shown that the foreign party's mark was, at the time of the adoption and first use of a similar mark by the first user in the United

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<sup>76</sup> *See id.*

<sup>77</sup> *Id.* at 758–59, 193 N.Y.S.2d at 334–35.

<sup>78</sup> *See ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 157–58 (2d Cir. 2007).

<sup>79</sup> *See Vaudable*, 20 Misc. 2d at 759, 193 N.Y.S.2d at 335.

<sup>80</sup> *Id.*

<sup>81</sup> *See, e.g.*, *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d 98, 102–07 (2d Cir. 1998); *Person's Co. v. Christman*, 900 F.2d 1565, 1570–72 (Fed. Cir. 1990); *First Niagara Ins. Brokers Inc. v. First Niagara Fin. Group Inc.*, 77 U.S.P.Q.2d (BNA) 1334, 1345–46 (T.T.A.B. 2005), *overruled on other grounds by* *First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 476 F.3d 867 (Fed. Cir. 2007); *All England Lawn Tennis Club, Ltd. v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. (BNA) 1069, 1072 (T.T.A.B. 1983).

States, a ‘famous’ mark within the meaning of *Vaudable v. Montmartre, Inc.*”<sup>82</sup> The marks in that case were not alleged to have been “famous” or “well known” or otherwise to have a significant consumer reputation, so the TTAB did not further address the issue. Another 1983 TTAB decision rested on two bases: first, that opposer, All England Lawn Tennis Club, owned a U.S. registration for the mark WIMBLEDON for wearing apparel and that the applicant’s proposed mark would create a likelihood of confusion with that registered mark, and second, that opposer had acquired rights in the term WIMBLEDON in the United States in connection with its annual tennis championship and that the term had acquired “fame and notoriety [in the United States] . . . within the meaning of *Vaudable*.”<sup>83</sup>

#### B. Case Law from 2004 to the Present

In late 2004, the Ninth Circuit issued the first in a flurry of well-known foreign marks decisions. Its decision allowed a foreign senior user of a mark to assert priority over a domestic junior user of a mark by relying on the mark’s well-known status, based on use outside the United States, as of the time of adoption of the mark by the junior user.<sup>84</sup> Grupo Gigante operated a grocery-store chain in Mexico under the store name “Gigante.”<sup>85</sup> The chain expanded from one Mexico City store in 1962 to almost one hundred stores by 1991.<sup>86</sup> Six stores were in the Baja area of Mexico, and two of those stores were in Tijuana, located on the U.S.-Mexican border near San Diego, California.<sup>87</sup> The Mexican company operated no stores in the United States before 1999.<sup>88</sup>

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<sup>82</sup> *Mother’s Rests. Inc. v. Mother’s Other Kitchen, Inc.*, 218 U.S.P.Q. (BNA) 1046, 1048 (T.T.A.B. 1983). A second opinion in that case, concurring in part and dissenting in part, opined that “application of the well-known marks doctrine depends upon whether the applicable text of the Paris Convention, in this case, the 1934 London text, and, in particular, Article 6bis of that Convention, is self-executing,” although the opinion agreed that the marks in question had never been well known in the United States. *Id.* at 1051–52 (Allen, J., concurring in part and dissenting in part).

<sup>83</sup> *All England Lawn Tennis Club*, 220 U.S.P.Q. (BNA) at 1071–72.

<sup>84</sup> *See Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

<sup>85</sup> *Id.* at 1091.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* at 1092.



In mid-1991, Michael Dallo opened a grocery store in San Diego called "Gigante Market," and in 1996, he and his brother Chris opened a second area store under the same name.<sup>89</sup> In 1998 and 1999, the Dallos and Grupo Gigante began their legal skirmish, and Grupo Gigante sued for trademark infringement.<sup>90</sup> The Ninth Circuit, upon reviewing the district court's judgment recognizing potential rights in a well-known foreign mark, began by holding that the well-known marks doctrine did exist in the United States:

We hold . . . that there is a famous mark exception [which the Ninth Circuit equated with a well-known mark exception] to the territoriality principle. While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.<sup>91</sup>

The Ninth Circuit did not specify where in the rather large body of federal trademark law it located this protection.<sup>92</sup>

In applying the exception for a well-known mark, allowing the foreign senior user of the mark to assert priority over a domestic junior user, the Ninth Circuit set what might be termed a "secondary meaning plus" standard for which marks could be protected in the United States as well-known foreign marks.<sup>93</sup> It

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<sup>89</sup> *Id.* at 1091.

<sup>90</sup> *Id.* at 1092.

<sup>91</sup> *Id.* at 1094.

<sup>92</sup> It did rely, almost certainly, on federal law, since it expressly rejected the plaintiff's alternative arguments based on California state law and on the Paris Convention. It stated that a direct claim under article 6*bis* would be duplicative of the Lanham Act claim. *Id.* at 1099.

<sup>93</sup> "Secondary meaning" means that consumers in the relevant market—whether the market is defined by geography or types of goods or services or some other form of market segmentation—see a word, name, or symbol used in connection with goods or services and think first of the brand or source significance of the mark rather than the primary, or "dictionary" or other common meaning, of a word, name, or symbol. *See* *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 237 (5th Cir. 2010). Some authorities prefer to refer to secondary meaning by the term "acquired distinctiveness" in order to more clearly differentiate this type of trademark distinctiveness from "inherent distinctiveness." *See, e.g., Wal-Mart Stores, Inc. v.*

held that “where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark.”<sup>94</sup> The court expressly limited the relevant American market to the geographic area of the defendant’s allegedly infringing use.<sup>95</sup> The concurring opinion in *Grupo Gigante* agreed with the legal standard announced, but it also explained in some detail why the evidence available in the case did not meet that standard. The concurring judge believed that for the grocery store services at issue, survey evidence related only to “Spanish-speaking [persons who] had recently purchased Mexican-style food at a supermarket or other food store”—the only survey presented by the senior user—would never be sufficient because the survey emphasized the target market of Spanish-speaking grocery purchasers rather than the general category of the service provided, namely, retail grocery store services.<sup>96</sup> Moreover, the concurring judge carefully set forth his view that a majority of the junior user’s customers and potential customers must be familiar with the foreign mark before well-known status can be found for that foreign mark.<sup>97</sup>

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Samara Bros., Inc., 529 U.S. 205, 205–06 (2000). Marks that are inherently distinctive are protected under U.S. law from the time of use or registration, while non-inherently distinctive marks are not protected until they develop secondary meaning or acquired distinctiveness among consumers through use in the relevant market. *See* Commerce Bank & Trust Co. v. TD Banknorth, Inc., 554 F. Supp. 2d 77, 84 (D. Mass. 2008). There is no specific standard for the level of familiarity required among consumers before secondary meaning will be found by the courts or the trademark office.

<sup>94</sup> *Grupo Gigante*, 391 F.3d at 1098.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 1107 (Graber, J., concurring) (quoting *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 119 F. Supp. 2d 1083, 1093 (C.D. Cal. 2000)).

<sup>97</sup> *Id.* at 1108. In the case, despite the Ninth Circuit’s leaving open the possibility that the plaintiff’s “Gigante” mark could be found to have been well known, the victory was only partial for Grupo Gigante. The court also applied the doctrine of laches to refuse to grant an injunction against the use of the “Gigante Market” mark at the two existing Dallo locations. *See id.* at 1101–05 (majority opinion). The remaining open issue was whether the plaintiff, owner of the foreign mark, would be able to enjoin the Dallos from opening a future location. *See id.* at 1093.

Also in 2004, the Southern District of New York held that section 43(a) of the Lanham Act<sup>98</sup> provided protection to the owner of a foreign mark that was well known in the United States as of the time of the defendant's adoption of the mark.<sup>99</sup> In *Empresa Cubana del Tabaco v. Culbro Corp.*,<sup>100</sup> although a Cuban cigar manufacturer was the senior user of the mark "Cohiba," a domestic junior user had registered the mark in the United States and had used it in connection with cigars at various times over a fifteen-year period before the immediate legal dispute had begun in earnest.<sup>101</sup> The court referenced the common law "well-known" or "famous marks" doctrine as well as article 6bis of the Paris Convention, and it declared that the 6bis rights were "subsumed by federal and common law."<sup>102</sup> The court referenced *Vaudable* and TTAB decisions referencing *Vaudable*, as well as the treatise *McCarthy on Trademarks and Unfair Competition*, to determine that "Cubatabaco need only show that the COHIBA mark had a 'known reputation' to premium cigar smokers" at the time of the defendant's adoption of the mark.<sup>103</sup>

The court then looked to the World Intellectual Property Organization's Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks<sup>104</sup> for guidance in applying a standard for well-known marks to the facts before it.<sup>105</sup> Upon deciding that the "Cohiba" mark was well known, or famous, within the meaning of the doctrine, it found that the plaintiff senior user had a protectable right in the mark at the relevant

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<sup>98</sup> 15 U.S.C. § 1125(a) (2006). Section 43(a) provides, in relevant part, that the use in commerce,

on or in connection with any goods or services, . . . [of] any word, term, name, symbol, or device . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, [provides a civil cause of action to] any person who believes that he or she is or is likely to be damaged by such act.

*Id.*

<sup>99</sup> See *Empresa Cubana del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at \*30 (S.D.N.Y. Mar. 26, 2004).

<sup>100</sup> *Id.* at \*1.

<sup>101</sup> See *id.*

<sup>102</sup> *Id.* at \*30 (quoting *Empresa Cubana del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2002 WL 31251005, at \*4 (S.D.N.Y. Oct. 8, 2002)).

<sup>103</sup> *Id.* at \*33–34.

<sup>104</sup> See *supra* notes 54–64 and accompanying text.

<sup>105</sup> *Empresa Cubana del Tabaco*, 2004 WL 602295, at \*34–35.

time, and it proceeded to apply a standard likelihood of confusion analysis under section 43(a).<sup>106</sup> The court found the junior use likely to cause confusion and cancelled the junior user's registration.<sup>107</sup>

When the *Empresa Cubana* case reached the Second Circuit, however, the senior user's victory proved short-lived. Although the court recognized and left open the possibility that well-known foreign marks were protected in the United States, it barred Cubatabaco, the plaintiff in the case, from using the doctrine to acquire trademark rights in the United States, basing its decision on the Cuban embargo regulations, stating

Cubatabaco may be correct that Sections 44(b) and (h) incorporate article 6bis and allow foreign entities to acquire U.S. trademark rights in the United States if their marks are sufficiently famous in the United States before they are used in this country. That is the view expressed by some commentators . . . .

However, we need not decide that broad question here because even assuming that the famous marks doctrine is otherwise viable and applicable, the embargo bars Cubatabaco from acquiring property rights in the U.S. COHIBA mark through the doctrine.<sup>108</sup>

In two separate 2005 decisions, the Southern District of New York again served as the forum for the question of protecting well-known marks in the United States. The court in *ITC Ltd. v. Punchgini, Inc.*<sup>109</sup> assumed without deciding that such protection was available.<sup>110</sup> It then stated that at a minimum, the owner of a foreign mark alleged to be well known in the United States must demonstrate that the mark had secondary meaning for the foreign owner in the United States market at the time the junior use began.<sup>111</sup> The court determined that the senior user of the "Bukhara" mark for restaurant services had not demonstrated the existence of secondary meaning in the relevant market of

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<sup>106</sup> *Id.* at \*39.

<sup>107</sup> *Id.*

<sup>108</sup> *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 480–81 (2d Cir. 2005) (citations omitted).

<sup>109</sup> 373 F. Supp. 2d 275 (S.D.N.Y. 2005), *aff'd*, 518 F.3d 159 (2d Cir. 2008).

<sup>110</sup> *See id.* at 287.

<sup>111</sup> *See id.* The court also noted that the recent Ninth Circuit decision in *Grupo Gigante* would require more familiarity among the consuming public than mere secondary meaning. *See id.* at 288.

New York City.<sup>112</sup> The court therefore denied the claims based on the alleged status of the mark as a well-known foreign mark.<sup>113</sup> The court also found that although the senior user possessed a U.S. registration for its mark and had previously owned U.S. trademark rights based on use of the mark in U.S. commerce, it had abandoned its U.S. rights after closing the restaurants for which the mark was used.<sup>114</sup>

Six months later, in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*,<sup>115</sup> another judge in the same district expressly held that federal trademark law does not protect well-known foreign marks:

To the extent the doctrine is a creature of common law it may support state causes of action, but it has no place in federal law where Congress has enacted a statute, the Lanham Act, that carefully prescribes the bases for federal trademark claims. The Lanham Act nowhere specifies the well-known or famous marks doctrine.<sup>116</sup>

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<sup>112</sup> *See id.* at 288–89.

<sup>113</sup> *See id.* at 290–91.

<sup>114</sup> *See id.* at 284–85.

<sup>115</sup> 381 F. Supp. 2d 324 (S.D.N.Y. 2005).

<sup>116</sup> *Id.* at 327 (citations omitted). The *Almacenes Exito* Court relied on the *Empresa Cubana* Second Circuit opinion in rejecting the argument that section 44(b) of the Lanham Act incorporated article 6*bis* protection for domestically unused marks. *See id.* at 328. This was, quite simply, an incorrect application of the Second Circuit's *Empresa Cubana* opinion—although it ultimately accurately predicted the Second Circuit's later holding in *ITC*. In *Empresa Cubana*, the Second Circuit had rejected an argument by the plaintiff seeking an expanded right against unfair competition based on Paris Convention article 10*bis*—not based on 6*bis*. *See Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 484–85 (2d Cir. 2005). The Second Circuit *expressly left open* the possibility that protection would be available for well-known foreign marks. *See id.* at 480–81.

Section 44(b) provides that nationals of Paris Convention member states “shall be entitled to the benefits of . . . section [44] under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.” 15 U.S.C. § 1126(b) (2006) (emphasis added). In rejecting a separate unfair competition claim based on article 10*bis* of the Paris Convention, as incorporated by section 44(b) and section 44(h) of the Lanham Act, the Second Circuit in *Empresa Cubana* focused on the lack of particular substantive standards for a broad unfair competition claim within the Lanham Act, which itself only covers certain types of unfair competition (primarily trademark infringement and false advertising). *See Empresa Cubana*, 399 F.3d at 484–85. Thus, the court's reasoning in the article 10*bis* context cannot be applied to the question of Lanham Act implementation of article 6*bis*, which is expressly a trademark-related claim.

Cubatabaco cannot maintain a claim for unfair competition under Article 10*bis* of the Paris convention pursuant to Sections 44(b) and (h) of the

Although the court rejected a federal claim, it allowed the foreign senior user to proceed with its New York state law claims, relying on *Maison Prunier*.<sup>117</sup>

When the Second Circuit reached its initial decision in the *ITC* appeal in 2007, it ended most, although not all, doubt as to the state of the law in that circuit as to well-known foreign marks.<sup>118</sup> ITC lost its effort to obtain federal protection for its Bukhara mark at the district court level for two main reasons: (1) The court had determined that ITC abandoned through non-use its U.S. priority based on its registered mark, and (2) the court did not believe the mark met the standard for a well-known foreign mark.<sup>119</sup> The Second Circuit confirmed the abandonment

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Lanham Act. The Paris Convention requires that “foreign nationals . . . be given the same treatment in each of the member countries as that country makes available to its own citizens.” “[T]he Paris Convention provides for national treatment and does not define the substantive law of unfair competition.” As the Eleventh Circuit has explained:

We agree that section 44 of the Lanham Act incorporated, to some degree, the Paris Convention. But we disagree that the Paris Convention creates substantive rights beyond those independently provided in the Lanham Act. As other courts of appeals have noted, the rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act. Instead, we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires ‘national treatment.’

. . . Plaintiff may seek protection in United States courts for violations of the Lanham Act. But the Paris Convention, as incorporated by section 44 of the Lanham Act, creates no new cause of action for unfair competition. Any cause of action based on unfair competition must be grounded in the substantive provisions of the Lanham Act.

*Empresa Cubana*, 399 F.3d at 484–85 (quoting *Int’l Café, S.A.L. v. Hard Rock Café Int’l (U.S.A.), Inc.*, 252 F.3d 1274, 1277–78 (11th Cir. 2001)) (citations omitted).

<sup>117</sup> See *Almacenes Exito*, 381 F. Supp. 2d at 328. In *Almacenes Exito*, the junior user adopted a precise copy of the senior user’s EXITO mark—including design features. *Id.* at 326. The senior user operated the largest retail superstore chain in Colombia, as well as stores in Venezuela. *Id.* The junior user applied the mark to local supermarkets—featuring Latin American produce—in upper Manhattan and the Bronx, in predominantly Hispanic neighborhoods. *Id.*

<sup>118</sup> For another case involving claims of well-known status, see *DeBeers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 440 F. Supp. 2d 249 (S.D.N.Y. 2006).

<sup>119</sup> *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d 275, 285–92 (S.D.N.Y. 2005), *aff’d*, 518 F.3d 159 (2d Cir. 2008).

finding.<sup>120</sup> It also refused to allow ITC recourse to the well-known foreign mark doctrine to obtain a different form of trademark priority over the defendants with respect to the Bukhara mark.<sup>121</sup>

In refusing to follow the only appellate decision on point, the Second Circuit accurately observed, “[i]n *Grupo Gigante*, the Ninth Circuit did not reference either the language of the Lanham Act nor [sic] Article 6*bis* of the Paris Convention to support recognition of the famous marks doctrine.”<sup>122</sup> The court concluded that the Ninth Circuit had rested its decision solely on “sound policy.”<sup>123</sup>

Then, following a review of the recent Southern District of New York decisions on the well-known foreign marks doctrine, the Second Circuit endorsed the approach of the *Almacenes Exito* Court.<sup>124</sup> In that decision, the well-known foreign marks doctrine was deemed to be an unacceptably “radical change in basic federal trademark law” due to its conflict with “the territoriality principle [which is] ‘a bedrock principle of federal trademark law.’”<sup>125</sup>

The court appeared to be most convinced by its own reading of section 44 of the Lanham Act:

[W]e do not ourselves discern in the plain language of sections 44(b) and (h) a clear congressional intent to incorporate a famous marks exception into federal unfair competition law. Section 44(b) guarantees foreign mark holders only “the benefits of this section . . . to the extent necessary to give effect to any . . . convention, treaty or reciprocal law,” as well as the “rights to which any owner of a mark is otherwise entitled by this chapter.” In short, whatever protections Article 6*bis* and Article 16(2) [of the TRIPS Agreement] might contemplate for famous marks, section 44(b) grants foreign mark holders covered by these treaties only those protections of United States law already specified in the Lanham Act. The Lanham Act’s unfair competition protections, as we have already explained, are cabined by the long-established principle of territoriality.<sup>126</sup>

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<sup>120</sup> See *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007).

<sup>121</sup> See *id.* at 154.

<sup>122</sup> *Id.* at 160.

<sup>123</sup> *Id.*

<sup>124</sup> *Id.* at 160–61.

<sup>125</sup> *Id.* at 161 (quoting *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, 381 F. Supp. 2d 324, 326, 328 (S.D.N.Y. 2005)).

<sup>126</sup> *Id.* at 163 (citations omitted).

The court observed that Congress has amended the Lanham Act numerous times since the original enactment in 1946, and the court ruled that without further revision, it would not recognize the well-known marks doctrine under federal law.<sup>127</sup>

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<sup>127</sup> *Id.* at 164. In its opinion, the court also certified to the New York Court of Appeals two questions regarding the status of protection of well-known foreign marks under New York state law. *See supra* note 13.

Since the Second Circuit issued its 2007 *ITC* decision, the TTAB has ceased to recognize what it previously termed the “famous mark doctrine,” which “entitled [a foreign party] to priority if it can show that its mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a ‘famous’ mark among relevant purchasers in the United States.” *Compare* London Reg’l Transp. v. William A. Berdan & Edward C. Goetz, III P’ship, 2006 WL 2032540, at \*10 (T.T.A.B. 2006) (recognizing the doctrine using the quoted language and relying on a variety of earlier cases, including *Mother’s Restaurants* and *Grupo Gigante*), *with* Bayer Consumer Care AG v. Belmora LLC, 90 U.S.P.Q.2d (BNA) 1587, 1591 (T.T.A.B. 2009) (refusing to follow *Grupo Gigante* or to recognize a well-known foreign mark claim by way of sections 44(b) and 44(h), or to recognize a claim directly based on article 6bis of the Paris Convention, and instead following the *ITC* decision and its reasoning) and *Fiat Group Auto. S.p.A. v. ISM, Inc.*, 94 U.S.P.Q.2d (BNA) 1111, 1113 (T.T.A.B. 2010) (stating that the “‘well known mark’ doctrine is a minority view which provides no independent federal cause of action and no additional substantive rights beyond those found in the Lanham Act,” and relying largely on *ITC* to support its view that the Lanham Act does not recognize the doctrine).

Despite its refusal to continue to recognize a well-known foreign mark or famous mark exception in support of a claim for cancellation, the TTAB in *Bayer Consumer Care AG*, 90 U.S.P.Q.2d (BNA) 1587, denied a registrant’s motion to dismiss the cancellation claim based on the grounds in section 14(3) that the registrant was using a mark to “misrepresent the source” of goods. *Id.* at 1592 (internal quotation marks omitted). The cancellation petitioner, whose use appeared to be solely in foreign commerce, provided a photographic comparison of the parties’ packaging, and the Board appears to have found the packaging to be sufficiently similar to support a claim of misrepresentation and to survive the motion to dismiss. *Id.*

In addition, in *Petróleos Mexicanos v. Intermix S.A.*, 2010 WL 5574284 (T.T.A.B. 2010), the TTAB denied registrant Intermix’s motion to dismiss a cancellation action where it was based, in part, on a claim that the registration of PEMEX created a false suggestion of a connection with a person or institution, namely petitioner *Petróleos Mexicanos* itself, in violation of section 2(a) of the Lanham Act. The TTAB ruled that because the false suggestion was alleged to arise as a result of consumer familiarity with petitioner’s Mexican and U.S. business activities in connection with the PEMEX mark, the allegations were sufficient to create standing, even though petitioner did not allege that it had used the PEMEX mark in commerce in a way that would create trademark rights in the U.S. *Id.* at \*5. The only specific U.S. business activity cited by the petitioner was the selling of PEMEX securities in the U.S. Although petitioner’s assertions that its “PEMEX name, mark, and identity [were] famous and renowned” and its repeated references to widespread use in Mexico, leading to knowledge by U.S. consumers, *id.* at \*2–3, would make this case ripe for analysis in the manner I suggest for a well-known foreign mark, the petitioner did not clearly attempt to rest its case on PEMEX’s status as a well-known foreign mark under the Paris Convention, *Grupo Gigante*, or otherwise.



### C. Critique of the Case Law

Most of these recent decisions indicate a fundamental misunderstanding about both the meaning and the significance of the “territoriality principle.” The Ninth Circuit decision recognizing the well-known marks doctrine in spite of the court’s expressed territoriality concerns is an exception to some extent but even it overstates the need for an “exception” to territoriality rather than an integration of domestic and international principles.<sup>128</sup> Moreover, the courts appear to underestimate the content and force of our international treaty obligations as well as the scope of sections 43(a) and 44 of the Lanham Act. Several decisions fail to account for the common law’s role in providing substance to federal trademark law.<sup>129</sup> The Lanham Act affirms and relies upon common law principles of trademark protection;<sup>130</sup> except when expressly stated, it does not supersede those underlying principles. The result has been a misunderstanding of the interaction of common law trademark principles and international obligations with the Lanham Act’s broader protections against certain forms of unfair competition.

## IV. LANHAM ACT IMPLEMENTATION OF WELL-KNOWN MARK PROTECTION

This Part explains why and how the owner of a well-known foreign mark may bring a cause of action for trademark infringement under section 43(a) of the Lanham Act. Most of section 43(a), like the rest of the U.S. law of unfair competition, focuses on trademark protection in order to meet two underlying goals: (1) supporting a trademark owner’s investment in a mark

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<sup>128</sup> See *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1098 (9th Cir. 2004) (stating that the Paris Convention’s principle of independence of registrations from country to country “arguably requires . . . [preservation of] the territoriality principle in some form”). But at least the Ninth Circuit separately considered international and domestic territoriality issues. *Id.* at 1097.

<sup>129</sup> See, e.g., *supra* quotation in text accompanying note 116. The Second Circuit repeated the quoted language from the *Almacenes Exito* case in its first *ITC* decision. *ITC*, 482 F.3d at 161.

<sup>130</sup> See generally Graeme B. Dinwoodie, *The Common Law and Trade Marks in an Age of Statutes*, in *THE COMMON LAW OF INTELLECTUAL PROPERTY: ESSAYS IN HONOUR OF PROFESSOR DAVID VAVER* 331 (Lionel Bently et al. eds., 2010), available at <http://ssrn.com/abstract=1502282> (explaining and commenting on the dependence of the Lanham Act on continued judicial development of trademark principles in a common law fashion, and arguing that this continued development was intended by Congress and has been accepted by the Supreme Court in its decisions).

and reputation by giving a right of action to stop confusingly similar uses; and (2) avoiding consumer confusion in order to protect consumers.<sup>131</sup> But neither goal requires direct competition between two parties to an unfair competition dispute.<sup>132</sup> And neither goal requires a trademark-based unfair competition claim to rely on a senior use of a trademark in the same locality as the allegedly infringing junior use.

Part IV.A below explains the interaction between sections 43(a), 44(b), and 44(h), three of the Lanham Act subsections that implement the international trademark obligations of the United States. Part IV.B expands further on this issue through the lens of the constitutional, statutory, and prudential standing doctrines. Part IV.C demonstrates how the policy underlying domestic trademark law supports applying section 43(a) to well-known foreign marks. The recognition of rights in certain well-known foreign marks under U.S. law finds support in the traditionally territorial theory of both domestic law and international trademark rights and agreements. This support exists, notwithstanding that “territoriality of rights” is the doctrine most strenuously raised as an impediment to the application of the well-known marks doctrine. And finally, Part IV.D discusses some of the costs of protecting well-known foreign marks and suggest how those costs can be minimized.

#### A. *Implementation via Sections 43(a), 44(b), and 44(h)*

It is well settled that a domestic senior user of a mark may obtain protection under section 43(a) of the Lanham Act for infringement of an unregistered mark if a junior user creates a likelihood of confusion.<sup>133</sup> That protection exists even if the confusion is likely to arise in a geographic area where the senior

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<sup>131</sup> See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1844–48, 1860–66 (2007) (surveying both older case law and more recent scholarship and finding support for the argument that both goals motivate the rules within and application of trademark law, although concluding that the producer interests outweighed the consumer interest in most historical cases). A third goal of trademark law, to promote free competition, is also cited to support certain features of trademark law, such as the prohibition on providing trademark rights in generic terms or descriptive terms that have not gained secondary meaning. See *id.* at 1845.

<sup>132</sup> See *id.* at 1899–904.

<sup>133</sup> See *Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205, 210 (2000); see also 5 MCCARTHY, *supra* note 2, § 27:14 (including citations from all regional federal circuits).

user has not yet used the mark, as long as the senior user has earned a reputation among the relevant consuming public in that area.<sup>134</sup> A likelihood of confusion between a junior use of a mark and a senior use leads to unfair competition actionable under section 43(a), even without direct competition between those users.<sup>135</sup>

The text of section 43(a) does not differentiate between domestic and foreign marks. Read both for plain meaning and in light of its theoretical basis and congressional purpose, it provides protection for well-known foreign marks in much the same way that it provides protection to unregistered domestic marks. Section 43(a) provides, in relevant part:

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . .

. . . .

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.<sup>136</sup>

Nowhere in the statutory language is a requirement that a claim of likelihood of confusion must arise from a prior domestic use of a trademark.<sup>137</sup> In other words, section 43(a) does not require a senior trademark use within the United States.<sup>138</sup> It

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<sup>134</sup> See *infra* Part IV.C.1.

<sup>135</sup> See 15 U.S.C. § 1125(a) (2006).

<sup>136</sup> *Id.*

<sup>137</sup> See *DeBeers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, 440 F. Supp. 2d 249, 269 (S.D.N.Y. 2006); see also Anne Gilson LaLonde, *Don't I Know You from Somewhere? Protection in the United States of Foreign Trademarks that Are Well Known But Not Used There*, 98 TRADEMARK REP. 1379, 1398 (2008).

<sup>138</sup> *But see DeBeers*, 440 F. Supp. 2d at 269 (“Although the language of Section 43(a) imposes a requirement of ‘use[] in commerce’ only on the party who is alleged to have infringed an unregistered mark, courts impose the same requirement on plaintiffs who claim such infringement.” (quoting *DeBeers LV Trademark Ltd. v.*

only requires that the complaining party prove that a “use[ ] in commerce [of] any word, term, name, symbol, or device, or any combination thereof” is “likely to cause confusion” within the United States “as to the affiliation, connection, or association of [the complained-of party] with [the complaining party], or as to the origin, sponsorship, or approval of [complained-of party’s] goods, services, or commercial activities by [complaining party].”<sup>139</sup>

The focus of the statute is not on the nature of the complaining party’s use of any word, name, or other device. The focus is instead on whether the complained-of use creates or is likely to create a confusing effect within the United States—and whether that confusing effect relates to a relationship between the goods, services, or commercial activities of two unrelated parties. The party with the right to complain of the confusing effect is not the confused party, but is instead the party whose commercial reputational interest, including but not limited to a competitive, economic interest, is being or will be harmed by the confusion.<sup>140</sup> Section 43(a) as a general matter does not require trademark use in the same way that the rules governing registration of marks require use; section 43(a) is broad enough to encompass a wider range of unfair competition than mere trademark infringement or false advertising.<sup>141</sup> The statutory

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DeBeers Diamond Syndicate Inc., No. 04 Civ. 4099(DLC), 2005 WL 1164073, at \*7 (S.D.N.Y. May 18, 2005); LaLonde, *supra* note 137, at 1379–80 (arguing that a trademark can be enforced in the United States when it has never been used there “only in certain jurisdictions and under narrowly defined circumstances”).

It bears notice that in the cancellation context under Lanham Act section 14, the TTAB also does not require domestic use in commerce of a mark—or trademark ownership—by the complaining party, in order for that party to possess standing to pursue an action. *See supra* note 127.

<sup>139</sup> 15 U.S.C. § 1125(a); *see Steele v. Bulova Watch Co.*, 344 U.S. 280, 284–85 (1952).

<sup>140</sup> *See infra* text accompanying notes 154–76 (discussing the question of standing under section 43(a)).

<sup>141</sup> By way of example, one can consider the widely accepted cause of action for false endorsement under section 43(a). The nature of the false endorsement claim, as it currently exists under section 43(a), demonstrates the lack of a senior trademark use requirement within section 43(a). *See Waits v. Frito Lay, Inc.*, 978 F.2d 1093, 1107–10 (9th Cir. 1992). False endorsement actions protect a person’s or entity’s right to prohibit a third party from falsely implying to consumers that the person or entity has endorsed the third party or its goods or services, whether the false endorsement is communicated through words, images, sounds, or other means. *See id.* at 1110. A false endorsement claim may be raised under section 43(a) even when the complaining party has never commercialized his, her, or its name or image

language includes a range of activities that may result in a likelihood of confusion, mistake, or deception as to affiliation, connection, association, origin, sponsorship, or approval.

Continuing a basic, unadorned interpretation of section 43(a)'s statutory language demonstrates how owners of well-known foreign marks are included within the scope of appropriate complaining parties. The statute refers only to "any person who believes that he or she is or is likely to be damaged."<sup>142</sup> Courts have understandably restricted "any person who believes" to include only those persons who *reasonably believe* they are likely to be damaged, meaning those with a "reasonable interest to be protected" by the statute.<sup>143</sup> This restriction includes owners of well-known foreign marks when those marks have earned a reputation for the owner within a U.S. market, even when that reputation has been gained by means other than local use. The statute and court decisions require only that the reasonable belief of harm arise from the "use[] in commerce [of a] word, term, name, symbol, or device . . . which is likely to cause confusion . . . as to [an] affiliation, connection, or association,"<sup>144</sup> which confusion could

certainly arise between an owner of the well-known foreign mark and a domestic user of that mark. No part of the text of section 43(a) excludes such an owner.

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through a trademark or trademark-like use of that name or image. *See id.* at 1109; *cf.* *Kournikova v. Gen. Media Commc'ns, Inc.*, 278 F. Supp. 2d 1111, 1120 (C.D. Cal. 2003). A plaintiff is not required to actually use its own name or image in U.S. commerce in order to bring a valid section 43(a) claim. *See, e.g.*, *Trump Plaza of the Palm Beaches Condo. Ass'n v. Rosenthal*, No. 08-80408-CIV, 2009 WL 1812743, at \*11 (S.D. Fla. June 24, 2009) (dismissing plaintiff's trademark dilution and cybersquatting claims for lack of standing because plaintiff was not the owner of the TRUMP PLAZA mark, but refusing to dismiss the plaintiff's claim for false association or affiliation based on defendant's use of that mark).

<sup>142</sup> 15 U.S.C. § 1125(a).

<sup>143</sup> *Waits*, 978 F.2d at 1108 (quoting *Smith v. Montoro*, 648 F.2d 602, 608 (9th Cir. 1981)) (internal quotation marks omitted); *Dovenmuehle v. Gilldorn Mortg. Midwest Corp.*, 871 F.2d 697, 700 (7th Cir. 1989) (quoting *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 190 (2d Cir. 1980)) (internal quotation marks omitted); *Johnson & Johnson*, 631 F.2d at 190 (quoting 1 RUDOLF CALLMAN, UNFAIR COMPETITION, TRADEMARK AND MONOPOLIES § 18.2(b), at 625 (3d ed. 1967)) (internal quotation marks omitted).

<sup>144</sup> 15 U.S.C. § 1125(a).

Sections 44(b) and 44(h) were included in the Lanham Act to ensure that foreign trademark owners are allowed to obtain redress under section 43(a) and the rest of the Lanham Act under the same conditions as U.S. owners.<sup>145</sup> Compared to other provisions of the Lanham Act, these portions of section 44 are relatively spare of specific substantive rights.<sup>146</sup> But in light of the design of the section, that approach is entirely logical. Congress wished for foreign nationals to obtain the same rights and remedies as U.S. nationals, and it intended to fully implement, or exceed, all minimum rights required by the international obligations of the United States.<sup>147</sup> By providing

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<sup>145</sup> See S. REP. NO. 79-1333 (1946), reprinted in 1946 U.S. Code Cong. Serv. 1274, 1276 (indicating that Congress intended the Lanham Act “[t]o carry out by statute our international commitments to the end that American traders in foreign countries may secure the protection to their marks to which they are entitled” because “[i]ndustrialists in this country have been seriously handicapped in securing protection in foreign countries due to our failure to carry out, by statute, our international obligations”).

<sup>146</sup> See 15 U.S.C. § 1126. Section 1126 states, in part:

(b) Benefits of section to persons whose country of origin is party to convention or treaty.

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

.....

(h) Protection of foreign nationals against unfair competition.

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

*Id.*; see also *infra* notes 148, 151.

<sup>147</sup> See, e.g., 15 U.S.C. § 1127. The section states:

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

*Id.*

that foreign nationals may utilize Lanham Act provisions on the same terms as domestic nationals, rather than crafting all new provisions applicable only to foreign nationals, Congress ensured that consistent treatment would be provided to both groups regardless of changes in the underlying domestic statutes or the judicial decisions applying them.<sup>148</sup> The rights available to foreign nationals “piggyback,” in a sense, off of the text, the case law, and the theory of the remainder of federal trademark law.<sup>149</sup> The breadth of section 43(a) and the specific language of sections 44(b) and 44(h)<sup>150</sup>—which together provide foreign owners access to section 43(a)’s breadth<sup>151</sup>—shows that the Lanham Act itself

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<sup>148</sup> Following the express connections created by section 44, we can see that foreign nationals have equivalent standing to domestic owners. Section 44(b) gives select foreign nationals the benefits of the remainder of section 44. *See id.* § 1126(b). Section 44(b)–(f) collectively provides access to the U.S. trademark registration system. *See id.* § 1126(b)–(f). The use of section 32 to obtain protection against infringement of a registered trademark depends on the ability of a foreign national to become the owner of a registered mark by way of section 44(b)–(f) and section 1.

Section 44(h) provides foreign nationals with rights against unfair competition that go beyond ownership of registered rights. Within the scope of section 44(h)’s unfair competition protection is the ability to raise claims for unfair competition under section 43(a), as well as those actions provided in section 43(b)–(d) for import control, trademark dilution, and cybersquatting. *See id.* § 1126(h). The protection against unfair competition provided by section 43(a) includes the ability to bring a cause of action for false advertising, false endorsement, or false affiliation or association. *See id.* § 1125(a).

<sup>149</sup> Only section 44(c)–(e) creates separate mechanisms for use by foreign nationals—providing, for example, that foreign nationals who have obtained a registration for a mark in their country of origin may register that mark in the United States without providing that the mark is in use in commerce. *See id.* § 1126(c)–(e).

<sup>150</sup> *See* 5 MCCARTHY, *supra* note 2, § 29:4 (arguing that protection for well-known foreign marks is incorporated into U.S. law through sections 43(a), 44(b), and 44(h) because 44(b) provides access to protection, 44(h) provides substantive rights coextensive with the protection owed to foreign nationals under relevant trademark treaties, and 43(a) gives the foreign nation without a registration standing to sue); *see also* Andrew Cook, Article, *Do as We Say, Not as We Do: A Study of the Well-Known Marks Doctrine in the United States*, 8 J. MARSHALL REV. INTEL. PROP. L. 412, 422–24, 426–28 (2009) (arguing, following the reasoning of the McCarthy treatise, that protection is currently available under a theory that knowledge of a well-known mark provides it constructive priority in the area of knowledge, yet advocating that the resolution to the circuit split is to explicitly incorporate protection into the Lanham Act).

<sup>151</sup> Unsettled is the question of whether section 44(h) goes beyond its role of combining with section 44(b) to give foreign nationals a clear statutory cause of action under the various subsections of section 43 in the manner described above. Courts are split on whether section 44(h) also provides to foreign nationals a federal cause of action for unfair competition that is separate from, and goes beyond the

provides an appropriate and theoretically consistent statutory cause of action for the owners of well-known foreign marks.<sup>152</sup>

Courts should not rely on vague, possibly inaccurate, notions of what aspects of the common law of trademarks were

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terms of, section 43. *See, e.g.*, *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 792 (9th Cir. 1981) (holding that section 44(h) gives foreign nationals referred to by section 44(b) a federal claim coextensive with the substantive provisions of the relevant trademark treaty, which in that case was a bilateral agreement with Japan); *Gen. Motors Corp. v. Ignacio Lopez de Arriortua*, 948 F. Supp. 684, 687 (E.D. Mich. 1996) (agreeing that the Lanham Act incorporates the substantive provisions of the Paris Convention, including article 10*bis*, by way of sections 44(b) and 44(h)); *Maison Lazard et Compagnie v. Manfra, Tordella & Brooks, Inc.*, 585 F. Supp. 1286, 1289 (S.D.N.Y. 1984) (holding that a federal cause of action exists for unfair competition under the Paris Convention, section 44(b), and section 44(h)); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 644 (2d Cir. 1956) (holding that the Lanham Act incorporates only limited protections against unfair competition, not a broad right as might be available if the Paris Convention were self-executing); *see also* J. Thomas McCarthy, *Lanham Act § 43(a): The Sleeping Giant Is Now Wide Awake*, 59 LAW & CONTEMP. PROBS. 45, 48–50 (1996) (noting that the precise range of protection provided by section 44 is unclear). In this article I do not address this open issue, nor do I rely on any arguments related to the self-executing, or non-self-executing nature or effect of any portion of the Paris Convention under U.S. law.

<sup>152</sup> The Second Circuit's decision in *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, has been cited to justify decisions both: (1) asserting that section 44 only incorporates national treatment from the Paris Convention; and (2) therefore denying that section 44 of the Lanham Act incorporates any substantive aspects of the Paris Convention. *See, e.g.*, *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 908 (9th Cir. 2002); *Int'l Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001). Some of these decisions in fact state—mistakenly—that the Paris Convention itself contains no substantive provisions. *See e.g., Mattel, Inc.*, 296 F.3d at 908; *Int'l Café, S.A.L.*, 252 F.3d at 1278. But the facts of *Vanity Fair* do not bear out such a broad interpretation. In the *Vanity Fair* case, the plaintiff was asking the court to apply the substance of the Lanham Act to the defendant's use of a trademark that took place wholly, or almost wholly, in Canada. *Vanity Fair Mills, Inc.*, 234 F.2d at 639, 641. The plaintiff argued for this protection by pointing to section 44's mandate of "effective protection against unfair competition," which echoes the Paris Convention. *See id.* at 640, 643 (internal quotation marks omitted). Article 10*bis* of the Paris Convention requires member nations to provide "effective protection against unfair competition." Paris Convention, *supra* note 6, art. 10*bis*.

With that in mind, the Second Circuit's ruling that section 44 did not give the plaintiff a right of action to restrain unfair competition taking place in a foreign nation is rather limited. It rejects the idea that section 44 applies extraterritorially, but it does not preclude a finding that section 44 provides foreign trademark owners with access to other protection against unfair competition that is required by the Paris Convention and provided in another way within the Lanham Act. Most specifically, the *Vanity Fair* decision, when viewed in light of the facts before the court, in no way indicates that a foreign trademark owner cannot look to section 44 and section 43(a) to provide a right of action against a defendant's conduct that takes place wholly within the United States. *See* Dinwoodie, *supra* note 25, at 905–06, 941–42 (describing the *Vanity Fair* case and providing analysis of the *Vanity Fair* decision similar to that set forth here).



incorporated by Congress into the Lanham Act.<sup>153</sup> Instead, courts should more carefully address the specific language of the Lanham Act including which parties can and should be granted standing to raise a claim.

*B. Standing Under Section 43(a)*

Courts do not often frame the issue of justiciable trademark rights under section 43(a) as a matter of standing, although they should do so more often.<sup>154</sup> The analytical framework of standing and cases analyzing standing to raise a federal unfair competition claim under section 43(a) are helpful, however, in explaining why well-known foreign marks are likewise entitled to protection under section 43(a). Considering standing helps focus attention on the statutory language and the zone of interests protected by that language so that a decision maker may not as easily be distracted by the red herring of “territoriality.”

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<sup>153</sup> See, e.g., *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 327 (S.D.N.Y. 2005) (asserting that common law trademark doctrines “may support state causes of action, but [have] no place in federal law where Congress has enacted a statute, the Lanham Act, that carefully prescribes the bases for federal trademark claims” (citation omitted)). I argue that this assertion entirely misapprehends the interaction between the common law of trademarks and the Lanham Act, which relies for a significant amount of its effect on the common law, including the analysis of when a likelihood of confusion may arise and when an unregistered trademark is enforceable. See *Dinwoodie*, *supra* note 43, at 602–03. Moreover, this statement, and others like it, ignore the fact that section 43(a) provides statutory authority for judicial enforcement of a broad range of unfair competition claims, including infringement of unregistered marks, false endorsement, false advertising, and other related actions.

<sup>154</sup> Some courts have used standing in well-known foreign marks cases, but they do not often do so for the trademark portion of the foreign owner’s claims. See, e.g., *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, No. 04 Civ. 4099(DLC), 2005 WL 1164073, at \*5 (S.D.N.Y. May 18, 2005) (applying standing principles to deny a defendant’s affirmative defense of lack of standing at an early stage of the proceedings, thus allowing the plaintiff’s trademark claims to go forward); *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d 275, 291–92 (S.D.N.Y. 2005) (applying standing principles to deny the plaintiff’s false advertising claim but not its trademark claim), *aff’d*, 518 F.3d 159 (2d Cir. 2008). *But see* *Kerzner Int’l Ltd. v. Monarch Casino & Resort, Inc.*, 675 F. Supp. 2d 1029, 1044 (D. Nev. 2009) (denying a motion to dismiss a claim for lack of standing because the plaintiff had not used its mark in connection with services offered inside the United States by noting that if the mark had well-known status under *Grupo Gigante*, the plaintiff would in fact have standing). Courts regularly examine standing in false advertising cases under section 43(a). See, e.g., *Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 225 (3d Cir. 1998). As I observe in note 127, *supra*, the TTAB does regularly address standing in its review of cancellation proceedings, which are brought under section 14 rather than section 43(a).

The question should be whether a foreign trademark owner, who has not otherwise created trademark rights in the United States through registration or use, has standing to sue under section 43(a) to enjoin a junior use in the United States that is likely to cause consumer confusion as a result of the foreign mark's previously earned well-known status in the relevant market.

As further set forth in Part IV.A above, section 43(a)(1) of the Lanham Act provides a civil cause of action to "any person who believes that he or she is or is likely to be damaged" by another person's use in commerce of any mark that is "likely to cause confusion . . . as to the affiliation, connection, or association" between the damaged person and the other person or "as to the origin, sponsorship, or approval of [the other person's] goods, services, or commercial activities" by the damaged person.<sup>155</sup> Owners of trademarks that have become well known in the United States through reputation rather than through expansion from foreign to domestic use have standing to bring an action under this provision. Standing has three components under U.S. law: constitutional, prudential, and statutory.<sup>156</sup> Owners of well-known foreign marks with a reputation within the relevant U.S. market satisfy all of these.

The constitutional standing requirements embody the "case or controversy" limitation on the federal courts' authority, derived from Article III of the Constitution.<sup>157</sup> The "case or controversy" limitation requires that "a plaintiff must, generally speaking, demonstrate that he has suffered 'injury in fact,' that the injury is 'fairly traceable' to the actions of the defendant, and that the injury will likely be redressed by a favorable decision."<sup>158</sup> In any case under section 43(a), the "injury in fact" is a likelihood of confusion even if actual confusion is not proven.<sup>159</sup> Traceability in trademark law is typically uncontroversial because the specific language of the statute, as well as common law requirements, demand proof that it is the defendant's use of a word or other

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<sup>155</sup> 15 U.S.C. § 1125(a)(1) (2006).

<sup>156</sup> See *Bennett v. Spear*, 520 U.S. 154, 162–65 (1997); see also *Conte Bros.*, 165 F.3d at 225 (applying constitutional, prudential, and statutory standing considerations in a section 43(a) false advertising action).

<sup>157</sup> *Bennett*, 520 U.S. at 162.

<sup>158</sup> *Id.* (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560–61 (1992)).

<sup>159</sup> See *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 190 (2d Cir. 1980).

device that is causing the likelihood of confusion.<sup>160</sup> In trademark law, a successful plaintiff usually obtains an injunction against the defendant's infringing use, which ameliorates the injury of likely confusion.<sup>161</sup>

Beyond the constitutional limitation on standing, the "judicially self-imposed limits on the exercise of federal jurisdiction"<sup>162</sup> embodied in prudential standing principles also limit the ability of some plaintiffs to petition a federal court for redress. The prudential standing principles seek to ensure that the judicial power is properly invoked in light of the "limited[ ]role of the courts in a democratic society,"<sup>163</sup> in order "to avoid deciding questions of broad social import where no individual rights would be vindicated and to limit access to the federal courts to those litigants best suited to assert a particular claim."<sup>164</sup> While courts do not apply a specific formula or analysis of particular factors in examining the question of prudential standing, there are common considerations: (1) a litigant must "assert his [or her] own legal interests rather than those of third parties";<sup>165</sup> (2) courts should "refrain from adjudicating 'abstract questions of wide public significance' which amount to 'generalized grievances'";<sup>166</sup> and (3) a litigant's "grievance must arguably fall within the zone of interests protected or regulated by the statutory provision or constitutional guarantee invoked."<sup>167</sup> Courts utilize the prudential standing doctrine unless Congress expressly abrogates it by statute.<sup>168</sup> In the case

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<sup>160</sup> *Id.*; see also *Conte Bros.*, 165 F.3d at 225 (holding that plaintiff's complaint alleging lost sale of motor oil products due to the defendant's false advertising satisfied the first two requirements of Article III standing for a Lanham Act claim).

<sup>161</sup> See, e.g., *Johnson & Johnson*, 631 F.2d at 191. Monetary remedies are sometimes awarded in successful trademark infringement lawsuits.

<sup>162</sup> *Allen v. Wright*, 468 U.S. 737, 751 (1984) (citing *Valley Forge Christian Coll. v. Ams. United for Separation of Church & State, Inc.*, 454 U.S. 464, 474-75 (1982)).

<sup>163</sup> *Warth v. Seldin*, 422 U.S. 490, 498 (1975) (citing *Schelsinger v. Reservists to Stop the War*, 418 U.S. 208, 221-27 (1974)).

<sup>164</sup> *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, 99-100 (1979).

<sup>165</sup> *Wheeler v. Travelers Ins. Co.*, 22 F.3d 534, 538 (3d Cir. 1994) (quoting *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 804 (1985)) (internal quotation marks omitted).

<sup>166</sup> *Id.* (quoting *Sullivan v. Syracuse Hous. Auth.*, 962 F.2d 1101, 1106 (2d Cir. 1992)) (internal quotation marks omitted).

<sup>167</sup> *Bennett v. Spear*, 520 U.S. 154, 162 (1997) (citing *Allen v. Wright*, 468 U.S. 737, 751 (1984)).

<sup>168</sup> *Id.* at 163 ("Congress legislates against the background of our prudential standing doctrine, which applies unless it is expressly negated." (citing *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 345-48 (1984)).

of owners of well-known foreign marks, the owners assert their own interests in concrete disputes. As a result, the only prudential standing limitation that might arise in this situation would arise from the “zone of interests” analysis.

By providing express statutory standing requirements, Congress can narrow or expand the group of persons who might otherwise have standing under the prudential standing doctrine.<sup>169</sup> When Congress provides standing requirements, the analysis of those requirements supersedes the more general “zone of interests” inquiry, although the two can merge.<sup>170</sup> In section 43(a)(1), Congress provided express statutory standing to “any person who believes that he or she is or is likely to be damaged” by the use in commerce of

any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.<sup>171</sup>

Although in other circumstances, particularly with environmental statutes’ citizen suit provisions, the Supreme Court has taken “the term ‘any person’ at face value,”<sup>172</sup> courts need not go so far in section 43(a) in order to include the owners of foreign well-known marks within the group of potentially appropriate plaintiffs.<sup>173</sup>

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<sup>169</sup> *See id.*

<sup>170</sup> *See id.*

<sup>171</sup> 15 U.S.C. § 1125(a)(1) (2006).

<sup>172</sup> *Bennett*, 520 U.S. at 165.

<sup>173</sup> Courts presented with the question have almost universally held that a consumer does not have standing to sue under section 43(a), even though he or she might be “any person who believes that he or she is likely to be damaged” by the confusion engendered by the use of similar marks on similar goods or services. *See, e.g.,* *Serbin v. Ziebart Int’l Corp.*, 11 F.3d 1163, 1166–76 (3d Cir. 1993) (surveying cases); *Colligan v. Activities Club of N.Y., Ltd.*, 442 F.2d 686, 692 (2d Cir. 1971) (“Congress’ purpose in enacting § 43(a) was to create a special and limited unfair competition remedy, virtually without regard for the interests of consumers generally and almost certainly without consideration of consumer rights of action in particular.” (citations omitted)); *Loy v. Armstrong World Indus., Inc.*, 838 F. Supp. 991, 996–97 (E.D. Pa. 1993) (“Since the intent of the Lanham Act is to protect persons engaged in commerce against unfair competition, the court adopts the view that a consumer must have a reasonable commercial interest in order to pursue a Section 43(a) claim.” (citation omitted)). Courts have excluded consumers from the group of plaintiffs with standing by applying a rule requiring a commercial, or sometimes even competitive, injury. *See Serbin*, 11 F.3d at 1175 (“[T]he statute

Owners of well-known foreign marks easily fit within the zone of commercial and competitive interests protected by the Lanham Act, even when the mark is not currently in domestic use. Congress even specifically included foreign nationals with relevant treaty connections within the Lanham Act's zone of interests:

(b) Benefits of section to persons whose country of origin is party to convention or treaty.

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.<sup>174</sup>

When a junior user endangers the commercial or competitive interests of the owner of a well-known foreign mark, the owner must be protected under section 43(a), whether the owner is a U.S. national or a foreign national. A junior user's use of the mark endangers these interests in areas in the United States where the senior foreign mark is well known, threatening the goodwill in that mark as well as the broader reputation, products, services, and commercial activities of the senior owner. The domestic confusion that might arise could damage the senior owner's ability to expand into the United States using the well-known mark or could so seriously affect the reputation of the senior owner that the owner would have difficulty operating successfully in the United States using any other mark.

Owners of well-known foreign marks are soundly included within those parties having standing to sue under section 43(a) of the Lanham Act.<sup>175</sup> Neither the Constitution, nor the statutory

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provides a private remedy to a commercial plaintiff who meets the burden of proving that its commercial interests have been harmed by a competitor's false advertising." The commercial injury requirement applies to owners of well-known foreign marks as well.

<sup>174</sup> 15 U.S.C. § 1126(b).

<sup>175</sup> Cf. 5 MCCARTHY, *supra* note 2, § 29:4 (arguing for standing under section 43(a) for owners of well-known foreign marks by reference to section 44(h) and its incorporation of treaty obligations rather than specifically by reference to the zone of interests protected by section 43(a)); *id.* § 29:61 (referring only to sections 44(b) and 44(h)); Brandon Barker, *The Power of the Well-Known Trademark: Courts Should*

text, nor any expressed intent of Congress would exclude them, nor would any prudential consideration contemplated by the judicial doctrines of standing. Objections to the recognition of rights in well-known foreign marks often arise from an argument that such recognition would threaten or violate the “territoriality principle” underlying U.S. trademark law.<sup>176</sup> The next Part of this Article explains why those objections are unfounded.

### C. Territoriality in Trademark Law

As demonstrated in Part III, the “territorial” nature of trademark law has been cited by courts to justify denying domestic rights to a well-known foreign mark that has not been used in the United States.<sup>177</sup> The roots of trademark’s territoriality principle, as well as its content, thus deserve examination. Universality of rights, rather than strict territoriality of rights, held sway within trademark law until the

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*Consider Article 6bis of the Paris Convention an Integrated Part of Section 44 of the Lanham Act*, 81 WASH. L. REV. 363, 373–77 (2006) (arguing that sections 44(b), 44(h), and 44(i), read together, incorporate Paris Convention protection for well-known foreign marks without referring to section 43(a)); Jeffrey M. Reichard & Sam Sneed, *The Famous Marks Doctrine: A Call for American Courts To Grant Trademark Rights to Famous Foreign Marks*, 9 WAKE FOREST INTELL. PROP. L.J. 85, 92 (2009) (arguing that “the plain language of Lanham Act Sections 44(b), 44(h), and 44(i) indicates that Article 6bis should be incorporated into United States trademark law”). *But see* Tashia A. Bunch, *Well-Known Marks Doctrine: Where Do We Go from Here?*, 90 J. PAT. & TRADEMARK OFF. SOC’Y 227, 237 (2008) (concluding that protection for well-known foreign marks “has no basis in [current] federal trademark law and courts should not apply the doctrine until Congress adds it to the [Lanham] Act”); LaLonde, *supra* note 137, at 1395–96 (“[T]he well-known marks protection in the TRIPS Agreement has not been implemented in the Lanham Act. . . . Locating in the Lanham Act a well-known marks exception to the U.S. use requirement takes a combination of fancy footwork and wishful thinking.”); Alexis Weissberger, Note, *Is Fame Alone Sufficient To Create Priority Rights: An International Perspective on the Viability of the Famous/Well-Known Marks Doctrine*, 24 CARDOZO ARTS & ENT. L.J. 739, 767–68, 770, 778 (2006) (arguing that well-known foreign marks are not protected by federal law and recommending amendment of the Lanham Act).

<sup>176</sup> See LaLonde, *supra* note 137, at 1399 (“Allowing relief under current Lanham Act language without use of a mark in the United States would be a huge departure from settled law.”); Weissberger, *supra* note 175, at 743 (“While [protection for well-known foreign marks] may be cognizable under state law, it should not be incorporated into federal law where the Lanham Act and the territoriality principle are controlling.”).

<sup>177</sup> See, e.g., *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 161 (2d Cir. 2007); *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 326–28 (S.D.N.Y. 2005).

1930s.<sup>178</sup> With a long view of the development of the law in mind, it is historically unjustified to assert that territoriality is such a “bedrock” principle of trademark law that it cannot be reconsidered and contextualized in certain circumstances.<sup>179</sup>

Territorial limitations on trademark law are, to be sure, supported by certain concepts and traditions within trademark law. Those concepts may be either intrinsic or extrinsic to the theory of trademark law.<sup>180</sup> Territorial limitations are inherent in common law trademark rights: An owner’s right to prevent others from using a confusingly similar mark is limited to the area in which the owner possesses goodwill or reputation.<sup>181</sup> And territorial restrictions to trademark rights that are created through political bodies, such as national trademark registrations, which rely on the authority of a nation with territorially limited sovereign power, are extrinsic.<sup>182</sup>

No basis for the territoriality of trademark rights, however, supports the complete exclusion of well-known foreign marks from the protection against unfair competition provided in the Lanham Act. Applying the well-known marks doctrine in a way that protects senior users with no domestic use but with a domestic reputation promotes rather than diminishes the real root of the intrinsically territorial nature of a trademark. When trademark law recognizes and protects the trademark owner’s reputation and goodwill represented and implicated by a trademark, thereby protecting both consumer understandings and producer interests, it protects and recognizes a trademark’s

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<sup>178</sup> See, e.g., Walter J. Derenberg, *Territorial Scope and Situs of Trademarks and Good Will*, 47 VA. L. REV. 733, 734 (1961).

<sup>179</sup> See *Almacenes Exito*, 381 F. Supp. 2d at 326.

<sup>180</sup> See Dinwoodie, *supra* note 25, at 891–908. I credit Professor Dinwoodie with inspiring and supporting this portion of my analysis through his logical and thorough exegesis of the various territorial aspects of trademark law in his article.

<sup>181</sup> See *id.* at 888. Dinwoodie states:

For example, common law trademark rights are territorial because the intrinsic purpose of trademark law suggests extending (and limiting) rights to the geographic reach of goodwill. In contrast, registration systems designed to promote economic expansion derive their territorial character from their grounding in economic policymaking, effected by institutions that focus on the regulation or development of discrete economic regions. And rules regarding the enforcement of trademark rights assume their territorial quality because of their connection to political institutions with territorially defined sovereignty.

*Id.*

<sup>182</sup> See *id.*

intrinsic socio-cultural aspects that have territorial limitations. Political bases of territoriality, including concerns for comity often raised to fight any divergence from the strict territoriality of intellectual property rights, pose no problem. As explained further in Part IV.C.2 below, applying section 43(a) to effectuate the well-known marks doctrine in the United States only adjudicates the propriety of a junior user's activity on U.S. territory. Simply applying the Lanham Act to the use of a mark that is well known in the United States would not invoke any rights that may have been awarded to the mark's owner under foreign law, nor would it require the extraterritorial application of U.S. law.

### 1. Intrinsic Territoriality

Trademark law aims to protect the reputation and goodwill of a mark, and thus the mark's owner, and to protect consumers from deception and confusion as to the source of goods and services.<sup>183</sup> Section 43(a) of the Lanham Act protects both registered and unregistered, or common law, marks.<sup>184</sup> It has been used to protect against false endorsement and false association or affiliation as well, even when the complaining party does not possess traditional trademark rights.<sup>185</sup> It also provides for a remedy against false and misleading advertising when such advertising causes injury to competitive interests.<sup>186</sup> The primary difficulty courts and commentators seem to have with extending the protection of section 43(a) to owners of foreign marks that are well known in the United States is the rule, taken from domestic cases, that protectable trademark goodwill can

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<sup>183</sup> There is some debate regarding whether U.S. trademark law protects both consumers and producers, or whether instead the historical focus has been on producer interests with consumer effects relevant only to a determination of the effect on the producer. *See McKenna, supra* note 131. Nevertheless, both interests—or at least the effects of a junior use on both consumer understanding and producer investment—currently motivate and guide trademark decisions, as demonstrated by the factor analysis for likelihood of confusion and the rhetoric used by courts in deciding cases. *See infra* note 224. The effect on consumer understanding was also a factor in older decisions, and thus on trademark law as it existed at the time the Lanham Act was created, even if the effect was relevant to the decision only insofar as it indicated for a court when a competitor had invaded a producer's protectable interest. *See infra* note 224.

<sup>184</sup> *See, e.g.,* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 784 (Stevens, J., concurring); *McCarthy, supra* note 151, at 53–54, 58–59.

<sup>185</sup> *See supra* note 141 and accompanying text.

<sup>186</sup> *See, e.g.,* *McCarthy, supra* note 151, at 53–54, 56–57.



only follow the geographic extent of the trade in goods bearing a trademark.<sup>187</sup>

The context for the basic domestic territoriality rule was and continues to be priority disputes between users of similar marks in fully separate trading areas with no overlap of goodwill or consumers. Judges should not lightly apply a rule developed for this situation to a completely different one involving a mark whose reputation crosses national boundaries. Well-known foreign marks present a different set of circumstances, since in order to qualify as “well known,” a mark must in fact be known by consumers in the disputed trading area.<sup>188</sup> As such, the caveat to the basic territoriality rule allowing for protection in areas of reputation as well as areas of use—set forth in more detail below—is more applicable. This Section fully explores the domestic “territoriality” doctrine cited by courts in objecting to the protection of well-known foreign marks, and it explains why the domestic basis of territoriality, when fully understood, poses no obstacle to that protection.

*a. Territorial Limits on Trademark Rights*

In the early part of the twentieth century, the Supreme Court heard two cases that turned on the rules of priority governing trademark rights.<sup>189</sup> The resulting rule became known as the *Tea Rose* doctrine, named after the trademark at issue in the first of the two cases.<sup>190</sup> According to the Court: “Into whatever markets the use of a trademark has extended, or its

meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.”<sup>191</sup>

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<sup>187</sup> See, e.g., *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 155 (2d Cir. 2007).

<sup>188</sup> See *supra* Part II.C.

<sup>189</sup> See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

<sup>190</sup> See *Dinwoodie*, *supra* note 25, at 895 n.26.

<sup>191</sup> *Hanover Star Milling*, 240 U.S. at 415–16. In addition:

[u]ndoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second

Under the *Tea Rose* doctrine, courts presume that consumer associations have been made, and a reputation exists, anywhere the mark has been used.<sup>192</sup> The Supreme Court used this general statement of the limits of trademark rights to craft an exception to a general “first in time” rule:

In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant; unless, at least, it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.<sup>193</sup>

It is worth noting that U.S. law has created a slightly different rule for priority of rights in inherently distinctive marks as compared to marks that must acquire distinctiveness for enforceability.<sup>194</sup> Simple priority of use in a geographic area governs rights in inherently distinctive marks.<sup>195</sup> But if a mark is not inherently distinctive, a measure of secondary meaning must be shown on the part of a senior user before that user can enjoin a junior use.<sup>196</sup> The creation of *some consumer associations* is thus arguably required in the case of non-

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producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trademark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one state, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good will . . . .

*United Drug*, 248 U.S. at 100 (citations omitted).

<sup>192</sup> *Hanover Star Milling*, 240 U.S. at 413–14 (“[T]he right grows out of use, not mere adoption. . . . In short, the trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business.”).

<sup>193</sup> *Id.* at 415.

<sup>194</sup> See *supra* note 93 (explaining inherent and acquired distinctiveness).

<sup>195</sup> See *supra* note 93.

<sup>196</sup> See generally 2 MCCARTHY, *supra* note 2, § 16:34 (explaining the priority rules that apply to secondary meaning).

inherently distinctive marks, but *direct evidence on the specific geographic extent of those associations* is not required.<sup>197</sup> And in many cases, real evidence on the existence of any consumer association is not required by statute, even when a mark user seeks a federal registration that will then create nationwide priority.<sup>198</sup> As a result of the rules governing both inherently and non-inherently distinctive marks and the extent of rights provided compared to the extent of goodwill that must be proven—namely, none—any honest assessment of this rule must admit that it is an imperfect measure.<sup>199</sup> It is only a rule of

thumb—a valuable rule of thumb that I do not advocate overturning at this juncture—but a rough measure nonetheless.<sup>200</sup>

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<sup>197</sup> See, e.g., *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 844 (9th Cir. 1987) (holding, in a case of a senior user catering to travelers, that secondary meaning among a “substantial portion of consumers nationally” would satisfy the requirement of showing a local reputation in the area of the junior user (citing *Holiday Inns of Am., Inc. v. Mullen's Holiday Inn, Inc.*, 292 F. Supp. 755 (E.D. Cal. 1968))).

<sup>198</sup> See, e.g., 15 U.S.C. § 1052(f) (2006) (providing for registration of a descriptive mark that “has become distinctive of the applicant's goods in commerce,” and giving the trademark office the power to “accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made”). Surveys and other forms of market research and consumer reaction studies are relevant to the determination of acquired distinctiveness, but there is no rule that requires the surveys to cover consumers within a large swath of U.S. territory. See, e.g., U.S. PATENT & TRADEMARK OFF., TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1212.06(d) (2010).

<sup>199</sup> Although it is an imperfect measure of the extent of actual consumer understandings regarding a mark, it might still be an accurate measure of the extent to which the U.S. Congress wished to provide trademark protections. But since none of the above-discussed doctrines were expressly incorporated into the Lanham Act and have remained malleable judge-made law, one cannot make an ironclad assertion that Congress cemented any particular version of the domestic territoriality doctrines within the overall scheme of the Lanham Act. And given the express language of the Lanham Act, I would argue that Congress in fact did not cement these domestic territoriality doctrines into the Lanham Act in a way that would override the remainder of the statutory scheme and its incorporation of the protections required under our international agreements.

<sup>200</sup> Cf. Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 712–13, 717 (1998) (critiquing reliance on the geographic overlap or separation of trademark uses, in the context of discussing concurrent uses of marks on the internet, by arguing that “trademark law is distinctly based upon market separations, and . . . geographic separations are merely a surrogate or an approximation for defining the relevant market” and going on to argue that “[b]y

Despite the long-standing nature of the *Tea Rose* doctrine linking goodwill to the geographic area of use, U.S. law does not countenance an ironclad rule that where the trade has not gone, no reputation can exist.<sup>201</sup> U.S. law recognizes the possibility that trademark reputation can precede trademark use in some geographic areas.<sup>202</sup> And when reputation does precede use, the senior trademark user has a protectable interest and is awarded rights superior to a junior user, even if the junior user was the first to actually use the mark in the particular geographic area.<sup>203</sup> In those circumstances, courts allow the senior user to enjoin the

junior use, even when the senior user has not yet used the mark in commerce in that area and has no particular plans to begin use in that area.<sup>204</sup>

An old and oft-cited example of reputation preceding actual use in a geographic location is the STORK CLUB case.<sup>205</sup> A New York club used the STORK CLUB mark in connection with a

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determining the purpose of geographically based trademark rules, we can adapt traditional rules to serve the Internet?').

<sup>201</sup> *Hanover Star Milling* did state the rule that way in applying its rule to the facts of the case, but the general rule quoted above does not preclude the possibility.

That property in a trademark is not limited in its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs, is true in a limited sense. *Into whatever markets the use of a trademark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.* But this is not to say that the proprietor of a trademark, good in the markets where it has been employed, can monopolize markets that his trade has never reached, and where the mark signifies not his goods, but those of another. We agree with the court below that 'since it is the trade, and not the mark, that is to be protected, *a trademark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article.*'

*Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415–16 (1916) (emphasis added) (citation omitted).

<sup>202</sup> See *Fuddruckers*, 826 F.2d at 844; *Holiday Inns of Am., Inc. v. B&B Corp.*, 409 F.2d 614, 617 (3d Cir. 1969); *Travelodge Corp. v. Siragusa*, 228 F. Supp. 238, 243 (N.D. Ala. 1964), *aff'd*, 352 F.2d 516 (5th Cir. 1965).

<sup>203</sup> See generally 5 MCCARTHY, *supra* note 2, § 26:16–19.

<sup>204</sup> See *id.*

<sup>205</sup> *Stork Rest. v. Sahati*, 166 F.2d 348 (9th Cir. 1948).

fairly upscale establishment.<sup>206</sup> Despite lack of actual use outside New York City, the club obtained an injunction against a relatively lowbrow San Francisco club that attempted to use the same mark.<sup>207</sup> The court based its decision on the fact that San Francisco residents would likely know of the New York establishment due to its widespread reputation.<sup>208</sup> That reputation in San Francisco predated the junior use in San Francisco, meaning that the junior San Francisco use could cause confusion.<sup>209</sup> So the New York establishment prevailed, even though the San Francisco user was the first to make actual use of the mark in San Francisco.

In the absence of direct proof of the extent of goodwill or reputation, a rule that goodwill, and thus an owner's protectable interest, cannot extend beyond the geographic range of use does operate efficiently. But in this age of easier, more affordable national and international travel and almost-zero-marginal-cost global communications networks, knowledge of a mark and its associated goods and services can easily travel beyond the geographic reach of actual use.<sup>210</sup> U.S. domestic law certainly recognizes this phenomenon, although most cases present facts spanning only domestic territory rather than crossing an international border.<sup>211</sup>

In creating the *Tea Rose* rule, the Supreme Court itself recognized the possibility that a mark might be known in a geographic area without actual use in that area when it stated: "Into whatever markets the use of a trademark has extended, *or its meaning has become known*, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress."<sup>212</sup> Many courts have ignored the emphasized language.<sup>213</sup> Nevertheless, numerous cases have

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<sup>206</sup> *Id.* at 350.

<sup>207</sup> *Id.* at 351, 364.

<sup>208</sup> *Id.* at 351, 358–59.

<sup>209</sup> *Id.* at 355.

<sup>210</sup> *Accord* MOSTERT, *supra* note 44, at 1–6.

<sup>211</sup> *See, e.g.*, cases cited *supra* note 202.

<sup>212</sup> *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415–16 (1916) (emphasis added).

<sup>213</sup> *See, e.g.*, *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007). *But see* *Peaches Entm't Corp. v. Entm't Repertoire Assocs.*, 62 F.3d 690, 693–95 (5th Cir. 1995) (noting the language emphasized above from *Hanover Star Milling* and using it to support its holding that the trade area for an unregistered mark extends to the "zone of reputation").

recognized the principle that reputation can precede use. In those situations, the courts have barred the junior user from establishing superior rights in a separate geographic area, even when that junior user did not himself know of the senior mark.<sup>214</sup> The remote, good-faith junior user defense only succeeds in domestic cases when the senior mark was not known either to customers or to the junior user at the time of the junior user's adoption.<sup>215</sup>

*b. Territorial Expansions of Trademark Rights*

A federal registration provides a mark owner with constructive use rights nationwide, in the entire territory of the United States, thus overriding the basic common law rule that geographically limits rights to the area of actual use or actual reputation.<sup>216</sup> So while the common law corollary to the *Tea Rose* rule countenances an expansion of rights beyond the area of use, but only so far as the reputation extends, this statutory expansion of trademark rights does not depend at all on either use or reputation in the expanded area of priority.

Despite statutory nationwide priority in a registered mark, it is well understood by courts that actual goodwill in the mark may not exist nationwide.<sup>217</sup> And without a current reputation in a territory, many courts are hesitant to find that confusion may arise in that territory.<sup>218</sup> As a result, those courts have developed rules governing the availability of judicial relief for owners of registered marks in areas where the owner cannot show current goodwill. The primary rule in this regard is the so-called *Dawn Donut* rule, discussed below, which is highly relevant to

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<sup>214</sup> See, e.g., *Champions Golf Club, Inc. v. Champions Golf Club, Inc.*, 78 F.3d 1111, 1121 (6th Cir. 1996); *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 963, 968 (N.D. Cal. 1977), *aff'd*, 646 F.2d 347 (9th Cir. 1980); 5 MCCARTHY, *supra* note 2, §§ 26:16–17.

<sup>215</sup> See, e.g., *GTE Corp. v. Williams*, 904 F.2d 536, 541–42 (10th Cir. 1990); see also *Woman's World Shops, Inc. v. Lane Bryant, Inc.*, 5 U.S.P.Q.2d (BNA) 1985, 1988 (T.T.A.B. 1988) (holding, in light of the *Hanover Star Milling* and *United Drug* cases, that adoption of a senior user's mark by a remote junior user had not created rights in the junior user because the mark had been adopted with knowledge of the senior use and thus was not a good faith or innocent adoption, even though the junior user argued that it had no intent to trade on the senior user's goodwill in its mark).

<sup>216</sup> See 15 U.S.C.A. § 1057(b)–(c) (West 2011); 15 U.S.C. § 1115(a) (2006).

<sup>217</sup> See, e.g., *GTE Corp.*, 904 F.2d at 542.

<sup>218</sup> See, e.g., *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364–65 (2d Cir. 1959).

successfully integrating protection for well-known marks with the remainder of U.S. trademark law.

c. *Territorial Limits on Trademark Remedies*

Current precedent in most of the federal circuit courts disallows the issuance of an injunction in favor of the owner of a federal trademark registration in certain circumstances, even if that owner clearly has registration-based priority in the defendant's geographic area of use. These courts will not issue an injunction if the owner is not currently using the mark within the defendant's geographic area, has no plans to begin that use in the immediately foreseeable future, and has no reputation in that area in the mind of the relevant consuming public.<sup>219</sup> This is known as the *Dawn Donut* rule,<sup>220</sup> after the Second Circuit's decision in *Dawn Donut Co. v. Hart's Food Stores, Inc.*<sup>221</sup> The rule stems from an application of the requirement of likelihood of confusion, meaning a *present* likelihood of confusion, which must exist for a plaintiff trademark owner to obtain injunctive relief.<sup>222</sup> The Second Circuit refused relief to the federal registrant in *Dawn Donut*, even in the face of a junior use of an identical mark for related goods and services, due to a finding that there was no current or imminent likelihood of confusion in the relevant market—namely, the marketplace where the defendant operated.<sup>223</sup> This lack of a likelihood of confusion stemmed not from the court's analysis of the mark, the goods, the consumers, or the other now-traditional confusion factors,<sup>224</sup> but instead stemmed from the fact that the registrant had not shown that it

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<sup>219</sup> See 5 MCCARTHY, *supra* note 2, §§ 26:33–36.

<sup>220</sup> *Id.*

<sup>221</sup> 267 F.2d 358 (2d Cir. 1959).

<sup>222</sup> *Id.* at 360.

<sup>223</sup> *Id.* at 364–65 (including both geographic and market-sector limitations on the plaintiff's current use when considering the relevant market).

<sup>224</sup> See, e.g., *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 496 (2d Cir. 1961). The factors relevant to confusion include, under the varying formulations created by each federal circuit court of appeals: (1) similarity between the junior and senior marks; (2) the strength of the senior user's mark; (3) the relatedness of the goods or services offered by the junior and senior users under the marks; (4) the likelihood that the senior user will bridge any existing gap between the goods or services of the two users; (5) the sales channels in which the marks are used; (6) the sophistication of the transaction—or the consumers—in which the parties offer their goods or services; (7) any proof of actual confusion; and (8) the intent—or good faith—of the junior user in adopting its mark. See *id.*; see also *Champions Golf Club, Inc. v. Champions Golf Club, Inc.*, 78 F.3d 1111, 1116 (6th Cir. 1996).

currently operated in the relevant geographic marketplace and had no plans to do so in the near future.<sup>225</sup> The registrant also could not demonstrate that any consumers in the area associated it with the mark.<sup>226</sup> The court, while denying immediate relief to the registrant, did note that if the registrant were to make plans to enter the relevant geographic marketplace, it would be able to return to court to obtain an injunction at that time.<sup>227</sup>

Although closely related to the *Tea Rose* doctrine, which states that a common law trademark owner does not obtain trademark rights in any geographical area where the mark is not in use,<sup>228</sup> the *Dawn Donut* doctrine is distinct. As stated by Thomas McCarthy, the author of a major trademark treatise, "Of course, if the federal registrant can prove that its mark *already* has established a *reputation* in the junior user's territory, then there is no need for proof of impending entry by an actual sales outlet, for a likelihood of confusion exists *now*."<sup>229</sup> The Sixth Circuit has gone even further than McCarthy, in the context of national registration rather than common law right, noting that the Second Circuit's almost single-minded focus on likelihood of actual market entry in *Dawn Donut* may be inappropriate in certain circumstances. It has plainly stated that a finding of infringement is based on a multi-factor test and cannot be defeated by a lack of likelihood of entry alone.<sup>230</sup>

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<sup>225</sup> *Dawn Donut*, 267 F.2d at 364–65.

<sup>226</sup> *See id.*

<sup>227</sup> *Id.* at 365.

<sup>228</sup> *See* 5 MCCARTHY, *supra* note 2, § 26:2.

<sup>229</sup> *Id.* § 26:34 (citing *Crab Cooker v. Specialty Rests. Corp.*, 223 U.S.P.Q. (BNA) 233 (C.D. Cal. 1983); *Consol. Freightways, Inc. v. Cent. Transp., Inc.*, 201 U.S.P.Q. (BNA) 524 (E.D. Mich. 1978); *Scientific Applications, Inc. v. Energy Conservation Corp.*, 436 F. Supp. 354 (N.D. Ga. 1977)).

<sup>230</sup> *See Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999).

The law of this Circuit holds that no particular finding of likelihood of entry or irreparable harm is necessary for injunctive relief in trademark infringement or unfair competition cases. . . . The Sixth Circuit has an eight point test for infringement liability under the Lanham Act. Likelihood of entry is just one of the eight factors under this test, and it is not dispositive of liability.

*Id.* (citations omitted).

A concurring opinion went even further, calling for reexamination of the *Dawn Donut* rule nationwide, based on the observation that "our society is far more mobile than it was four decades ago [now five decades ago]. For this reason, and given that recent technological innovations such as the Internet are increasingly



In a sense, the *Dawn Donut* rule and the *Tea Rose* doctrine are both animated by a trademark's presence in a market or its probable entry into a market, with current presence of a mark being defined either by actual sales or by consumer understanding or reputation. If the senior user's reputation exists in the defendant's trade area at the time of the defendant's adoption of the mark, then the senior user should be awarded an injunction against the junior use.<sup>231</sup>

*d. Application of Domestic Territoriality to Well-Known Foreign Marks*

An actual reputation for a trademark in a market creates a protectable interest under section 43(a). At least in the domestic context, it seems clear that reputation can exist even without local use of a mark.<sup>232</sup> If a reputation exists for a senior user and a junior use begins, then confusion can exist even without the senior user's local use of a mark.

Survey evidence offered in both foreign and domestic case law demonstrates that reputation and thus consumer associations can precede the use of a mark in a particular area.<sup>233</sup> An international border does not necessarily impede this reputation-preceding phenomenon. For example, many Americans likely were familiar with "Harrods" and "Marks and Spencer" department store services well before either company developed any means of accepting orders of goods from the United States via their internet sites. And although the All England Lawn Tennis Club has never offered a tennis

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deconstructing geographical barriers for marketing purposes, it appears to me that a re-examination . . . would be timely." *Id.* at 1057 (Jones, J., concurring).

<sup>231</sup> There are a number of cases applying this principle in the context of a federal registrant with senior rights to a junior user, when the registrant has a reputation in the junior trade area, although it has not yet actually begun to do business in that trade area. *See Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 614 n.6 (7th Cir. 1965); *Supershuttle Int'l, Inc. v. Shafer-Schonewill & Assocs.*, 39 U.S.P.Q.2d (BNA) 1762, 1764-65 (D. Colo. 1995); *Gastown, Inc. of Del. v. Gastown, Inc.*, 331 F. Supp. 626, 632 (D. Conn. 1971); *Travelodge Corp. v. Siragusa*, 228 F. Supp. 238, 241 (N.D. Ala. 1964), *aff'd*, 352 F.2d 516 (5th Cir. 1965). A case including an international border is *Koffler Stores, Ltd. v. Shoppers Drug Mart, Inc.*, 434 F. Supp. 697, 704 (E.D. Mich. 1976), *aff'd*, 559 F.2d 1219 (6th Cir. 1977).

<sup>232</sup> *See supra* Part IV.C.1.a.

<sup>233</sup> *See, e.g., Grupo Gigante SA de CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1102 (9th Cir. 2004); *McDonald's Corp. v. Joburgers Drive-Inn Rest.*, 1997 (1) SA 1 (SCA), at 50-60 (S. Afr.), available at <http://www.saflii.org/za/cases/ZASCA/1996/82.html>.

tournament here in the United States, there is widespread domestic knowledge that “Wimbledon” denotes a tennis tournament in England,<sup>234</sup> and this knowledge preceded any offering of branded goods or services here.<sup>235</sup> In addition, McDonald’s successfully proved to the South African Supreme Court that it had a protectable reputation in South Africa before it began to operate there.<sup>236</sup> This phenomenon may be infrequent in comparison with the large number of trademarks actually in use in the world, but it does exist.

Proof of local use is a proxy for proof of goodwill, which is the keystone of commercial and consumer interests protected by trademark law. The notion that trademark rights only extend to the area of use is a shortcut to approximate the geographic extent of a mark’s goodwill. The presumption is that a mark has attained a level of recognition within any geographic area in which it has been used. Use is, in a sense, a type of circumstantial evidence recognized as a valid substitute for direct evidence of goodwill. Proof of use allows a mark owner to prove the extent of the goodwill without having to resort to direct evidence, such as consumer surveys. It is the prior existence of goodwill, or secondary meaning, within a certain consumer population that likely leads to confusion in a mark if a second user begins use of the same or a similar mark.

The reputation and goodwill associated with a mark may cross an international border even if the good or service itself is not traded across that border.<sup>237</sup> Confusion that occurs on one side of a border may flow back to the other. Such confusion in a foreign market can harm the mark owner in its home market in the form of lessened sales to travelers, damage to reputation that

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<sup>234</sup> See *All-England Lawn Tennis Club, Ltd. v. Creations Aromatiques Inc.*, 220 U.S.P.Q. (BNA) 1069, 1072 (T.T.A.B. 1983).

<sup>235</sup> See *id.*

<sup>236</sup> *McDonald’s Corp.*, 1997 (1) SA 1(SCA) at 62–65.

<sup>237</sup> See, e.g., *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 758, 193 N.Y.S.2d 332, 334 (Sup. Ct. N.Y. Cnty. 1959) (French restaurant with international fame); *Maison Prunier v. Prunier’s Rest. & Cafe, Inc.*, 159 Misc. 551, 552, 288 N.Y.S. 529, 530 (Sup. Ct. N.Y. Cnty. 1936) (French restaurant with international fame); see also *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 259 (S.D.N.Y. 2002) (discussing knowledge in the United States of the COHIBA cigar mark used by the plaintiff Cuban company in other countries but not in the United States, particularly knowledge that might have been created by a six-page article distributed in the United States in *Cigar Aficionado* entitled “The legend of Cohiba: Cigar Lovers Everywhere Dream of Cuba’s Finest Cigar”).

hinders expansion, and the like. Acknowledging that reputation can precede use and respecting the confusion that might arise from a junior use fit quite well with the basic principles underlying trademark law.<sup>238</sup>

In considering the existence of goodwill or reputation, and thus the possibility of a valid claim for confusion, it is vital to recognize that a well-known mark owner would not be barred from obtaining relief under the *Dawn Donut* rule. In a *Dawn Donut* type case, the registrant has no reputation or goodwill in the geographic market at issue. As such, the court may find that no *real* likelihood of confusion exists. If a mark is well known in the United States, or a portion of its territory, then it has a reputation there, meaning that confusion can arise and a protectable interest should be recognized. The *Dawn Donut* rule does not say otherwise.

In the case of a well-known foreign mark, courts are reluctant to recognize, and in fact refuse to recognize in many instances, an analogue to the long-accepted domestic situation where reputation precedes use. This resistance is due to the existence of an international territorial boundary between the area of actual use and the area in which the foreign trademark owner enjoys a reputation among consumers without actual use. The importance of a territorial boundary in law, and in trademark law in particular, however, demonstrates that these territorial boundaries should not pose an insurmountable barrier to the protection sought by an owner of a well-known foreign mark.

## 2. Extrinsic Territoriality

In addition to being intrinsic to trademark law, as set forth above, concerns about the territorial reach of trademark rights are supported outside of trademark law as part of a broader legal construct. The political concern of territoriality, the idea that a nation's laws only have prescriptive jurisdiction within that nation's territory, certainly finds traction in many areas of the law. But providing protection to the foreign owners of well-

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<sup>238</sup> *Accord* Reichard & Sneed, *supra* note 175, at 94–95 (finding the *Tea Rose* doctrine to support, rather than deny, protection for well-known foreign marks in a territory where the mark has become known without local use).

known marks does not contravene the political basis for territorial limits on trademark rights.

The key concern with the political territoriality construct recognizes that application of a nation's laws to govern conduct occurring outside the nation's territorial boundaries will often violate the principle of comity among nations.<sup>239</sup> Under the Paris Convention and TRIPS Agreement conceptions of protecting a well-known foreign mark, the conduct being governed by a nation's laws is only conduct occurring within that nation's territory. There is no comity concern; no nation's laws are extending beyond the scope of its territory. The ownership rights recognized in a trademark may be based upon the well-known mark owner's conduct—namely, extensive use—outside the territory, but the conduct being restricted is only the defendant's conduct within the territory. And the rights recognized within the territory are based on the effect of that defendant's conduct within the territory.

Any injunction issued against a junior user's U.S. activity would restrain only activity in this country. Moreover, the protection of well-known foreign marks by U.S. courts and the U.S. trademark office within the United States is an obligation the United States willingly undertook close to a century ago. Enforcing that obligation does not negatively affect the territorial sovereignty of the United States. By including the obligation to protect well-known foreign marks within the relevant treaties, the member nations have agreed to recognize, under their own territorially limited prescriptive authority, the potential for the reputation of certain marks to extend beyond the territory of actual use or registration.

Advocating for the protection of well-known foreign marks creates a very slight divergence from intrinsic connotations of territoriality in that it requires looking beyond certain shorthand rules of thumb that courts use in other, primarily domestic, contexts. But with respect to the political dimension of territoriality, there is no divergence whatsoever.

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<sup>239</sup> See, e.g., *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 797–98 (1993); *id.* at 813–15 (Scalia, J., dissenting); see also *McBee v. Delica Co.*, 417 F.3d 107, 116–21 (1st Cir. 2005).

*D. Standard of Protection and Associated Costs*

Knowledge of a foreign mark in one area of a country should not necessarily create nationwide rights, just as the same is true of a domestic unregistered mark. Recognition of the well-known status of a mark and subsequent legal protection should be tied only to the geographic area where a significant number of the relevant consumers are familiar with the mark. This allows the law to appropriately limit the scope of protection for a well-known foreign mark in a manner analogous to the standard rule of thumb governing geographically limited uses. Moreover, it revives the original theory behind trademark law, namely, that goodwill is the heart of a trademark. The extent of injunctive relief for an owner of a well-known foreign mark, when likelihood of confusion is also proven, would mirror the relief available to a domestic common law mark owner in that it would be geographically limited. The injunction provided by a court would only reach to the limits of the well-known status of the mark—the limits of the goods or services in connection with which the mark is well known, as well as the geographic limits of knowledge by the consuming public. With a claim based only on likelihood of confusion with a well-known mark, the injunctive relief granted should be as limited as it would be in a domestic dispute related to a simple common law trademark.

Identifying legal protection for well-known foreign marks in current U.S. law and giving some contours to its scope does not end the inquiry. The next question is how well known a mark must be to qualify for protection. Neither the Paris Convention nor the TRIPS Agreement defines “well known.”<sup>240</sup> Each member nation is free to apply an appropriate standard within its domestic law. The Joint Recommendation provides guidance beyond the binding agreements, but it also does not prescribe a standard of knowledge.

Courts applying section 43(a) to foreign marks should be cautious, but they should not foreclose a claim entirely. The courts should require more than the existence of secondary meaning, and they should require more than bare circumstantial evidence. The Ninth Circuit in *Grupo Gigante* used the standard of a “*substantial* percentage of consumers in the relevant

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<sup>240</sup> See *supra* Part II.A–B.

American market.”<sup>241</sup> The concurring opinion in the Ninth Circuit decision declared that a “substantial percentage” would be at least fifty percent.<sup>242</sup> Given the vagaries of survey construction and response tabulation,<sup>243</sup> however, a set numerical value for the level of familiarity required may not be any more helpful than terminology like “substantial” or “significant.” Courts should be convinced that the mark at issue is actually familiar to an appropriate number of consumers in the market, such that real harm to the foreign mark’s owner’s reputation and consumer interests might occur if a likelihood of confusion is found. For this reason, careful attention to the type of evidence of market familiarity and reputation may be more important than specifying a particular percentage of consumers who must know of the mark.

Courts should not accept as sufficient evidence of a foreign mark’s goodwill the same type of circumstantial evidence they regularly consider in purely domestic cases. In domestic cases involving secondary meaning, courts often readily accept evidence regarding sales volume, advertising expenditures, and length of time of use as proxies for direct evidence of whether a mark has established secondary meaning.<sup>244</sup> In cases involving foreign marks not yet used in the United States, courts should demand more direct evidence of a mark’s reputation among U.S. consumers. Consumer surveys and testimony by individual consumers can provide such direct evidence.<sup>245</sup> Additional evidence in the nature of third-party references, like newspaper or magazine articles, or even direct testimony from disinterested parties, can be relevant to reputation in appropriate circumstances. If the foreign owner does not have, as it is unlikely to have, survey evidence from the time before the junior use began, courts can combine evidence of current knowledge with other evidence like contemporaneous trade publications or

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<sup>241</sup> Grupo Gigante SA de CV v. Dallo & Co., 391 F.3d 1088, 1098 (9th Cir. 2004).

<sup>242</sup> *Id.* at 1108 (Graber, J., concurring).

<sup>243</sup> See, e.g., Vincent N. Palladino, *Surveying Secondary Meaning*, 84 TRADEMARK REP. 155 *passim* (1994); Peter Weiss, *The Use of Survey Evidence in Trademark Litigation: Science, Art or Confidence Game?*, 80 TRADEMARK REP. 71 *passim* (1990).

<sup>244</sup> See *Boston Beer Co. v. Slesar Bros. Brewing Co.*, 9 F.3d 175, 182 (1st Cir. 1993).

<sup>245</sup> See *Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 43 (1st Cir. 2001).

popular press articles. Consumer surveys could also include a question asking when, to the best of the consumer's knowledge, he or she first became familiar with the mark at issue.<sup>246</sup> Courts weigh these varied types of evidence regularly,<sup>247</sup> and there is no reason to believe they will not be able to use similar judgment to assess the approximate level of consumer familiarity that was likely present at the time of the initial junior use.

The junior user's knowledge of the mark's foreign use may also be relevant.<sup>248</sup> Knowledge of the foreign senior use by the junior user and how that knowledge was acquired would aid the court in assessing whether other members of the relevant public in the market at issue were also familiar with the foreign mark at the time the junior user began its use. In other words, it would assist the court in determining whether the junior use was truly "remote" from the senior use in the way that domestic disputes often rely on whether a junior use was "remote" from the senior use.<sup>249</sup> If the junior user was sufficiently familiar with the senior mark to enable it to copy the senior mark, that copying may have been done with the intention to confuse, or it may have simply indicated an intention to mimic another's wise business acumen in choosing an apt mark.<sup>250</sup> Either way, the junior user's

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<sup>246</sup> See, e.g., *Kerzner Int'l Ltd. v. Monarch Casino & Resort, Inc.*, 675 F. Supp. 2d 1029, 1040, 1042 (D. Nev. 2009) (stating that later-developed evidence can be relevant to the well-known status of a mark as of an earlier date, but declaring one later-performed survey to lack probative value when it did not include an inquiry as to when respondents had first heard of the foreign mark in question).

<sup>247</sup> See, e.g., *Gen. Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 418–20 (6th Cir. 2006) (assessing the existence of secondary meaning for trade dress of a "Hummer" sport-utility vehicle by reference to very strong evidence in consumer studies conducted after infringement); see also *Black & Decker, Inc. v. Pro-Tech Power Inc.*, 26 F. Supp. 2d 834, 851 (E.D. Va. 1998) (holding that a 1998 survey showing eighty-five percent brand recognition was strong enough to establish secondary meaning in 1992).

<sup>248</sup> Knowledge of the foreign senior use would not necessarily be significant with respect to the typical "defendant's intent" or "defendant's bad faith" factor courts apply in assessing likelihood of confusion. For analysis of the "good faith" factor in likelihood of confusion, see Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1628 (2006) (arguing that based on his empirical study, courts routinely rely heavily on intent when that evidence favors the trademark owner).

<sup>249</sup> See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 420 (1916).

<sup>250</sup> U.S. trademark decisions do not turn expressly on intent to confuse or even knowledge of the prior right of the senior user. Instead, these matters are considered among many others, and completely "innocent" junior users can easily become infringers, as long as the constellation of factors points to a likelihood of confusion. See *supra* notes 9, 224. In any event, I do not argue that a junior user's knowledge

familiarity provides some indication of whether other members of the relevant consuming market had similar familiarity with the mark.

There are, to be sure, systemic and individual costs associated with the recognition of rights in well-known foreign marks, even recognition constrained by the standard of knowledge set forth above. U.S. businesses could lose some amount of certainty in the process of selecting a trademark. A rule like that set forth by the Second Circuit is certain, and it means that all foreign marks not in actual use in this country may be adopted here, as long as they are not subject to protection through a registration under section 44. Acknowledging that section 43(a) contains protection for well-known foreign marks means that U.S. businesses will be charged, to some extent, with knowing what their customers know about foreign marks. Businesses might also incur somewhat heightened search costs related to the search process in that a thorough search for the availability of a U.S. mark will need to include the domestic popular press as well as more traditional domestic sources of information such as trade publications and Dun and Bradstreet reports.

Graeme Dinwoodie has expressed some concern that a strong well-known marks doctrine may undermine incentives to participate in international registration systems, at a time when those systems are becoming more efficient and more

widespread.<sup>251</sup> Widespread failures to participate in

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should be determinative in a well-known marks case. Cf. Beth Fulkerson, *Theft by Territorialism: A Case for Revising TRIPS To Protect Trademarks from National Market Foreclosure*, 17 MICH. J. INT'L L. 801, 802, 821–25 (1996) (proposing a rule that would allow a foreign trademark owner to block a domestic use or registration based on “awareness of foreign use” rather than only in cases of well-known mark status).

<sup>251</sup> See Dinwoodie, *supra* note 25, at 960–61. Despite Professor Dinwoodie’s expressed concern related to the potential cost of widely recognizing rights in well-known marks, he appears to favor correction of the Second Circuit’s total denial of rights in those marks under federal law. See *id.* at 888. He served as counsel of record to the American Intellectual Property Law Association when it filed an amicus brief with the Supreme Court supporting the foreign trademark owner’s petition for writ of certiorari following the Second Circuit decision in *ITC*. See Brief for American Intellectual Property Law Association as Amicus Curiae Supporting



international registration systems would further increase the uncertainty in and the costs of selecting a trademark.

The first two costs or concerns, certainty and search costs, while real, will be ameliorated in large part by a known and possibly heightened standard for when a mark is "well known."<sup>252</sup> The last issue, undermining participation in international registration systems, should become a non-issue if a sufficiently high, yet manageable, standard is set. Well-known mark protection would be, and should be, only a safety net for an owner of a foreign mark. The standard for proving well-known status will require, in all likelihood, a consumer survey. And in any event, enforcing rights in a well-known mark through section 43(a) will require expensive litigation. As such, any trademark owner who is actually examining what steps it should take to protect its marks in the United States—or any other major market's jurisdiction, for that matter—is unlikely to rely on well-known mark protection as its first line of defense against junior appropriators. Although the risk of infringement and associated litigation might seem quite low *ex ante*, the magnitude of the cost would still mean that the comparison of costs and the relative certainty of protection would direct that trademark owner toward filing an application to register the mark on the basis of a foreign registration. In the United States, the most likely route would be section 44(e) of the Lanham Act.<sup>253</sup>

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Petitioner at \*3–4, *ITC Ltd. v. Punchgini, Inc.*, 552 U.S. 827 (2007) (No. 06-1722), 2007 WL 2174224 (taking no position on which party should prevail on the merits of the case but urging reversal of the Second Circuit decision denying the existence of protection for well-known foreign marks under federal law).

<sup>252</sup> Cf. Thomas L. Casagrande, *What Must a Foreign Service Mark Holder Do To Create and Maintain Trademark Rights in the United States?*, 93 TRADEMARK REP. 1354, 1370 n.93 (2003) (arguing that trademark clearance concerns arising from the award of U.S. rights in marks not used within the United States "may be overstated" in light of the wide scope of the search in modern clearance practice and "the global nature" of the sources used in those searches).

<sup>253</sup> 15 U.S.C. § 1126(e) (2006). Section 44(e) states:

A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register in this chapter provided. Such applicant shall submit, within such time period as may be prescribed by the Director, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration.

*Id.*

A serious foreign trademark owner would have a registration in at least one country, likely its country of origin, since the rest of the world relies so heavily on registration systems rather than the possibility of use-based rights.<sup>254</sup> And while a section 44(e) applicant must declare a bona fide intention to use the mark in commerce in the United States, this is highly unlikely to pose a serious practical impediment to an application. Trademark owners who are taking a proactive foreign protection position will likely expect to exploit the U.S. market in some way in the reasonably foreseeable future, giving them the required bona fide intention to use the mark.<sup>255</sup> Any applications that might otherwise have been made will not be discouraged by the requirement of intent to use or the mere availability of possible protection as a well-known mark.<sup>256</sup> A low standard for what makes a mark “well known” might, on the other hand, encourage reliance on well-known mark protection and undermine the international registration systems. If only minimal recognition by an insignificant number of consumers were required, then the likely ease and inexpensiveness of obtaining that proof could discourage proactive registration of rights.<sup>257</sup>

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A court applying the *Dawn Donut* rule might well deny a remedy to a section 44(e) registrant who has not followed its registration with domestic use of the mark. Thus, the ability to register under section 44(e) may be effective at only blocking later registrations but not later uses, due to the intervention of this common law rule. Perhaps even more important for foreign owners, section 44(e) only provides limited-time protection, since a mark is: (1) deemed abandoned after three years of non-use, *see id.* § 1127 (definition of when a mark will be deemed “abandoned”); (2) any registration is subject to cancellation for abandonment, *see id.* § 1064(3); (3) a defendant can assert abandonment as a defense to any section 32 action, *see id.* § 1115(a), (b)(2); and (4) all registrations, section 44(e) included, are subject to the requirements of section 8 of the Lanham Act, which mandates periodic filings of declarations of use in order to maintain a registration.

<sup>254</sup> *See* 5 MCCARTHY, *supra* note 2.

<sup>255</sup> In addition, given the lack of such a requirement in the rest of the world, many foreign trademark owners will sign the declaration without taking its terms very seriously. Without advocating for foreign owners to disregard the requirement of a bona fide intention to use the mark in the United States, a realistic observer will understand it to be a minor hurdle indeed.

<sup>256</sup> More discouraging to section 44(e) applicants are the standard of abandonment, which includes failure to use the mark for at least three years, *see supra* note 253, and decisions in which that standard has been applied to cancel registrations held by foreign owners, both in cancellation proceedings at the PTO, *see, e.g.*, *British-Am. Tobacco Co. v. Phillip Morris Inc.*, 55 U.S.P.Q.2d (BNA) 1585 (T.T.A.B. 2000), and in litigation, *see ITC*, 482 F.3d at 145.

<sup>257</sup> *See* Dinwoodie, *supra* note 25, at 960–61.

## V. CONCLUSION

The United States provides protection to the owners of well-known foreign marks through section 43(a) of the Lanham Act. By doing so, the United States meets its international obligations to protect those marks under the Paris Convention, the TRIPS Agreement, and other international agreements.<sup>258</sup> The United States has clearly signaled to the international community its position that even marks only used in foreign nations must be protected if they are domestically well known.<sup>259</sup> As a result, it is appropriate for the United States to fully come to grips with the meaning and value of “territoriality” in its trademark law so that it may recognize the existing integration of its obligation to protect well-known foreign marks within its domestic, territorial trademark law.<sup>260</sup>

Asking judicial decisionmakers to confront the full meaning of territoriality within trademark law may disturb some previously settled expectations and even case precedent set by those decisionmakers.<sup>261</sup> On a more global and theoretical scale, Graeme Dinwoodie urges that any analysis of international legal principles, including examination of the recognition of well-known marks, must be mindful of both the social and the political values that inhere in the territoriality of trademarks.<sup>262</sup> Taking these two concerns together merits two separate but related questions: First, whether existing law, as I interpret it, constitutes a “significant departure from the principle of territoriality,”<sup>263</sup> considered by certain experienced judges to be “the bedrock principle of [U.S.] trademark law,”<sup>264</sup> and second,

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<sup>258</sup> Debate does remain as to the full extent of the well-known marks obligation, namely, whether a nation must protect only marks that are not registered domestically, but that are used domestically, or whether a nation must also protect marks that have been neither registered nor used here. My argument for the broader range of protection is *infra* Part II.C.

<sup>259</sup> See *supra* notes 54–62 and accompanying text.

<sup>260</sup> As the Supreme Court observed more than two centuries ago, “an act of Congress ought never to be construed to violate the law of nations, if any other possible construction remains.” *Murray v. Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804).

<sup>261</sup> Courts in all circuits but the Second Circuit remain free to follow the Ninth Circuit’s lead on this issue. In the Second Circuit, of course, either an en banc opinion or a Supreme Court decision will be required.

<sup>262</sup> Dinwoodie, *supra* note 25, at 890.

<sup>263</sup> *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 164 (2d Cir. 2007).

<sup>264</sup> *Id.* at 164 n.26; see also *Almacenes Exito v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 326 (S.D.N.Y. 2005).

whether the approach I urge here “elevate[s] concerns about domestic consumer confusion without consideration of other values underlying territoriality,”<sup>265</sup> thus “ignoring an increase in uncertainty and search costs, and . . . undermining the established international systems for registration of rights on a multinational basis.”<sup>266</sup> My interpretation of the statutes, cases, and underlying principles, as well as international obligations, which requires a high standard of local knowledge before protection is provided to a well-known foreign mark and provides a limited scope of relief for the owner of the foreign mark, remains sound after careful consideration of the intrinsic and extrinsic facets of territoriality within trademark law.

In this Article, I have provided a sound justification and a roadmap for recognizing the protection for well-known foreign marks that exists in current law. I have done so in light of a full explication of the intrinsic and extrinsic territoriality of trademark law, the statutory language of the Lanham Act, and existing international obligations. I appreciate and share the concern that well-known foreign mark protection without domestic use may “undervalue[] the importance of territoriality rooted in national political and economic structures”<sup>267</sup> in favor of overvaluing the aspect of territoriality rooted in consumer goodwill. That concern is better addressed by requiring a strong showing of goodwill in the relevant market than by ignoring our international obligations and interests. The approach I advocate here accurately characterizes existing protection and provides a standard that balances the costs and benefits of protecting well-known marks within the existing social, cultural, political, and economic confines of trademark territoriality.

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<sup>265</sup> Dinwoodie, *supra* note 25, at 932.

<sup>266</sup> *Id.*

<sup>267</sup> *Id.*