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Amicus Brief of
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Starbucks Corporation v. Wolfe's Borough Coffee, Inc.

**DON'T I KNOW YOU FROM SOMEWHERE?
PROTECTION IN THE UNITED STATES
OF FOREIGN TRADEMARKS
THAT ARE WELL KNOWN
BUT NOT USED THERE***

*By Anne Gilson LaLonde***

Entrepreneur George Faux has just opened the first BISTRO IPSO FACTO in the United States. He had dined at the (hypothetical) Parisian restaurant of the same name and knew it was famous world-wide, but his interest peaked when it was awarded its first MICHELIN star. Assured of almost certain financial success, he decided to replicate it exactly in Los Angeles and Chicago. He has copied the restaurant's unusual logo on plates, mugs and napkins and even reproduced its gold and deep purple awnings. Faux also serves his version of the restaurant's signature black truffle soup, plays Edith Piaf's "La Vie En Rose" continuously, and has his wait staff speak with a charming French accent. Gourmets from all over flocked to his units, despite mediocre reviews, and George was deliriously happy. Then one day he was stunned to receive a cease and desist letter from a large intellectual property law firm.

The one thing Mr. Faux does *not* have in his business plan is permission from the restaurant owner in Paris. Is he a brilliant businessman or a trademark infringer on a grand scale, or both?

I. INTRODUCTION

Can a trademark be enforced in the United States when it has never been used there? In fact, it can, but, more precisely, it can only in certain jurisdictions and under narrowly-defined

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** Anne Gilson LaLonde, a graduate of Princeton University and the University of Michigan Law School, is the author of *Gilson on Trademarks* (LexisNexis). For information on *Gilson on Trademarks* as well as other intellectual property resources, please visit www.lexisnexis.com/ip or the LexisNexis bookstore at <http://bookstore.lexis.com/bookstore/catalog>. Materials reproduced with the permission of Matthew Bender & Company, Inc., a member of the LexisNexis Group of companies. No part of this document may be copied, photocopied, reproduced, translated, or reduced to any electronic medium or machine readable form, in whole or in part, without prior written consent of Matthew Bender & Company, Inc.

circumstances. The “well-known marks doctrine” (sometimes called the “famous marks doctrine”) has emerged as a prime example of the adaptability of unfair competition law to unusual trademark situations that clamor for redress. Under this doctrine, the owners of well-known foreign marks can sometimes protect them from infringement in the United States even without using them in commerce or registering them there.

No matter how strongly the equities line up, however, United States courts do not uniformly agree on how far the doctrine should be carried. Indeed, a recent pair of federal appellate decisions reveals a dramatic clash in doctrinal viewpoints, one circuit court ruling for the foreign mark owner on equitable grounds and the other strictly interpreting U.S. federal trademark law, the Lanham Act, and finding in favor of the United States copier of the mark. A district court in the Seventh Circuit—where George Faux’s Chicago restaurant is located—could well follow the Second Circuit’s lead and allow him to continue using the BISTRO IPSO FACTO trademark and trade dress there, and the Federal Circuit might uphold registration of the mark in the United States as well.¹ But a district court in the Ninth Circuit—where his Los Angeles restaurant is located—would likely enjoin Mr. Faux’s ongoing use. Owners of foreign marks that are well known in the United States should be aware that they may be at risk of infringement in the Second Circuit and beyond, and may be unable to obtain federal registration in the United States. The United States Supreme Court denied certiorari in the more recent Second Circuit case, leaving the circuits irrevocably split over treatment of foreign well-known marks. The only resolution may be federal legislation.

The United States has not had a monopoly on issues involving well-known marks appropriated by opportunists in a country without having been used there.² Some foreign courts, though by no means all, have treated United States marks hospitably. In 2002, for example, a trademark squatter registered the

1. See *Person’s Co. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990) and discussion of the case at Part III.C, *infra*.

2. See, e.g., Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?* 86 TMR 103 (1996); Horacio Rangel-Ortiz, *Protection of Well-Known Marks in Mexico*, 78 TMR 209 (1988); Daniel R. Bereskin, *Notes from Canada*, 76 TMR 173 (1986); Thomas J. Hoffmann & Susan E. Brownstone, *Protection of Trademark Rights Acquired by International Reputation Without Use or Registration*, 71 TMR 1 (1981) (citing cases from the United Kingdom, Ireland, Hong Kong, India, the Republic of South Africa, Kenya, Australia, New Zealand, Canada, Taiwan, Columbia, Panama and the United States); Robert J. Gutowski, *Comment*, 47 Buffalo L. Rev. 713 (1999) (discussing the international implications of the TRIPs Agreement and citing several cases of well-known marks appropriated in various countries).

STARBUCKS mark in Russia where Starbucks Corporation had not used the mark; Starbucks Corporation eventually prevailed after lengthy legal action and was finally able to open the first STARBUCKS store in Russia in September 2007.³ And in 1992, a South African restaurant owner decided to open fast food outlets there called McDONALD'S, complete with golden arches, selling BIG MACS and McMUFFINS. McDonald's Corporation, which had not used its marks in South Africa, sued, lost in the lower court, but eventually won on appeal in 1996.⁴

This article assesses the different possible bases for applying the well-known marks doctrine in the United States, including case law discussing the doctrine in the context of the Lanham Act. It concludes that the United States does not but should unequivocally recognize the doctrine and proposes a well-known marks amendment to the Lanham Act for the United States Congress to consider.

II. THE TERRITORIALITY PRINCIPLE OF TRADEMARK LAW

Trademarks are, of course, treated separately under the laws of different countries. Ownership of a mark in one country rarely confers rights to use that mark in another country.⁵ In general, in order for a trademark owner to enforce its mark in the United States under the Lanham Act, it must have made actual use of its

3. Janet Adamy, *From Seattle, With Lattes: And Russian Rivals Await*, Wall St. J., Aug. 31, 2007, available at <http://online.wsj.com/public/article/SB118851606386114020.html?mod=blog>.

4. *McDonald's Corp. v. Joburgers Drive-Inn Restaurant*, Case No. 547/95, Supreme Court of South Africa (1996). See Charles E. Webster, *The McDonald's Case: South Africa Joins the Global Village*, 86 TMR 576 (1996); Stephen Bigger, *Republic of South Africa: Reputation Without Use—Infringement, Passing Off and Unlawful Competition Action Under “Famous Marks” Provision—Counterclaim for Nonuse Cancellation*, 85 TMR 579 (1995).

See also Stephen Bigger, *Notes From Other Nations: Abu Dhabi (United Arab Emirates): Action for Unfair Competition—Trademark Protection in the Absence of Trademark Registration Law*, 71 TMR 657 (1981) (reporting on case of “McDonald's Abu Dhabi”; the United States corporation prevailed).

5. *E.g.*, *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 155 (2d Cir.) (“[A] trademark has a separate legal existence under each country's laws. . . .”) (citation omitted), *cert. denied*, 128 S. Ct. 288 (2007); *American Circuit Breaker Corp. v. Oregon Breakers, Inc.*, 406 F.3d 577, 581-83 (9th Cir. 2005); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004).

While trademark rights are territorial in nature, the Lanham Act may be given extraterritorial effect by a U.S. court. It is well-established that U.S. courts have jurisdiction to enforce the Lanham Act extraterritorially in order to prevent harm to U.S. commerce, under certain conditions. See Anne Gilson LaLonde, 3 *Gilson on Trademarks* § 11.03[2][g] [hereinafter *Gilson*].

mark on products or for services in the United States.⁶ While a party may file an intent-to-use application based on a *bona fide* intention to use a mark in commerce in the future, it must make actual use of the mark in order to obtain a registration.⁷ Where a foreign company uses its mark in a foreign country and advertises and sells its goods or services under that mark only in the foreign country, it normally would have no trademark rights in the United States. (Note that, under Sections 44 and 66 of the Lanham Act, a foreign applicant may obtain a registration in the United States without having first used the mark in commerce in the United States, although it must eventually use the mark to maintain the registration.⁸) In fact, a business may be able to copy a mark used by another party in a foreign country, use that mark legally *and* register it in the United States to the exclusion of the foreign party, assuming the mark was not well known in the United States at the time.⁹

The well-known marks doctrine in the United States thus stands as an exception to the fundamental principle of trademark territoriality. Under the doctrine, trademark rights can spill over national borders based solely on a mark's reputation.

III. FEDERAL CASE LAW IN THE UNITED STATES

United States courts have struggled with those who copy foreign marks that are well known in the United States but not used there. A recent clash between two major circuits—the Second and the Ninth—poses a dramatic example.

A. Grupo Gigante *and* the Ninth Circuit's Well-Known Marks Exception to the Territoriality Principle

The Ninth Circuit is the only U.S. federal appeals court to date to hold that the well-known marks doctrine is an exception to the

6. See, e.g., *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1092 (9th Cir. 2004) (noting the “territoriality principle” under which “use of a mark in another country generally does not serve to give the user trademark rights in the United States”); *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 105 (2d Cir. 1998) (holding that a party's United States advertising of an Italian restaurant did not merit Lanham Act protection of the name of that restaurant because advertising services does not constitute “use” in U.S. commerce); *Person's Co.*, 900 F.2d at 1570 (“Trademark rights under the Lanham Act arise solely out of use of the mark in U.S. commerce or from ownership of a foreign registration thereon. . .”).

7. 15 U.S.C. § 1051(b). See 1 *Gilson*, *supra* note 5, at § 3.04[2] for more on intent-to-use applications.

8. See 15 U.S.C. §§ 1126(e), 1141h(a)(3).

9. *Person's Co.*, 900 F.2d at 1568 (holding that defendant's United States registration could not be cancelled even though he copied the trademark from goods sold in Japan). See Part III.C, *infra*, for more on the controversial *Person's* decision.

well-established principle of territoriality.¹⁰ In the Ninth Circuit's *Grupo Gigante* case, the plaintiff was a large Mexican grocery store chain, with its GIGANTE stores open in Mexico since 1962. Almost thirty years after plaintiff opened its first store in Mexico, defendants opened a grocery store across the border in San Diego, California called GIGANTE MARKET. Then, several years later, plaintiff opened a GIGANTE store in the Los Angeles area. After defendants demanded that plaintiff stop using the GIGANTE mark in the United States, plaintiff sued for a declaratory judgment that it had superior U.S. rights because of its use in Mexico. Under a strict application of the territoriality principle, defendants would have had superior rights as the prior users of the mark in the United States. However, the Ninth Circuit explicitly recognized the well-known marks exception and found for the plaintiff: "[W]hen foreign use of a mark achieves a certain level of fame for that mark within the United States, the territoriality principle no longer serves to deny priority to the earlier foreign user."¹¹ The court vacated the lower court's opinion and remanded for it to determine if the GIGANTE mark was sufficiently well known to merit protection under the doctrine.

Rather than locating any basis in federal law in support of the well-known marks exception, the Ninth Circuit forcefully invoked public policy. It reasoned that, without such an exception, an absolute territoriality rule "would promote consumer confusion and fraud."¹² The court gave the example of someone opening a beauty salon in New Zealand called "Elizabeth Arden's" where there had been no other Elizabeth Arden salon previously; "women might very well go there because they thought they were going to an affiliate of the Elizabeth Arden chain. . . . The real Elizabeth Arden chain might lose business if word spread that the Wellington salon was nothing special."¹³

What makes this decision puzzling, however, is that the court's level of indignation does not match the facts of the case. In its discussion of laches, unrelated to the well-known marks portion of the decision, the Ninth Circuit notes that the record in the case "contains no evidence that the [defendants] acted in bad faith or had knowledge of [the] Mexican stores before opening their first Gigante Market. . . ."¹⁴ This lack of knowledge, if true, suggests

10. *Grupo Gigante*, 391 F.3d at 1093. The court refers to it as the "famous mark" exception but this article will use the phrase "well-known marks" to avoid confusion with United States dilution law, which protects "famous" trademarks.

11. *Id.*

12. *Id.* at 1094.

13. *Id.* at 1094-95.

14. *Id.* at 1104.

that the supposedly well-known GIGANTE mark was not so well known in the United States after all. In fact, the concurring judge in *Grupo Gigante* wrote separately to make the point that the plaintiffs had *not* shown that their mark was well known.¹⁵ It is difficult to see why the court was so strongly influenced by the equities of the case, which are, frankly, not that compelling.

Where did the Ninth Circuit find support for its well-known marks doctrine, other than by reasoning that there *should be* such an exception to the territoriality principle? The court relied on an assortment of authority, citing a New York state court decision,¹⁶ precedent from the Trademark Trial and Appeal Board,¹⁷ and the Paris Convention, an international treaty.¹⁸

Nowhere, however, did it articulate a sound basis in the Lanham Act for the exception. The court did note that plaintiff was proceeding under Sections 43(a) and 43(c) of the Lanham Act, in addition to other causes of action, and allowed the case to go forward after upholding the lower court's dismissal of the other causes of action. By process of elimination, it apparently—though by no means unambiguously—found the basis for the famous marks exception to the territoriality principle in Sections 43(a) and 43(c) of the Lanham Act. Still, nothing in these sections mentions a well-known marks exception to territoriality, as discussed later.¹⁹ The Ninth Circuit is no stranger to creating new doctrines of federal trademark law, while sidestepping the Lanham Act. It is perhaps best known for its judge-made nominative fair use doctrine, not to be confused with the statutory fair use defense.²⁰ Because the Second Circuit has explicitly rejected the Ninth Circuit's well-known marks doctrine, national uniformity of trademark law is once again out of reach.²¹

15. *Id.* at 1106-09.

16. See Part VII, *infra*, for more on New York state law on the well-known marks doctrine.

17. See Part III.D, *infra*, for more on the TTAB's application of the well-known marks doctrine.

18. See Part IV, *infra*, for more on the Paris Convention.

19. See Part V, *infra*, for more on whether the text of the Lanham Act is a basis for the well-known marks doctrine.

20. See 3 *Gilson*, *supra* note 5, at § 11.08 for more on this doctrine.

21. Jerome Gilson & Anne Gilson LaLonde, *The Lanham Act: Time for a Face-Lift?* 92 TMR 1013, 1014-15 (2002) ("Nationwide uniformity of law is critical to our federal system. . . . Uniformity . . . discourages forum-shopping, lessens litigation, encourages settlement, fosters consistent litigation outcome, and reduces the element of surprise.").

B. ITC and the Second Circuit's Rejection of the Well-Known Marks Exception

The Second Circuit rejected *Grupo Gigante* outright and found no basis for the well-known marks exception in the Lanham Act or elsewhere.²² The plaintiffs in the *ITC* case operated four restaurants under the BUKHARA trademark in New Delhi, Singapore, Kathmandu, and Ajman. Defendants, former employees of plaintiffs and thus completely familiar with the name and operations, opened two restaurants in New York City under the BUKHARA GRILL trademark. (Plaintiffs had operated restaurants in New York City many years previously, but the court found that they had abandoned their United States rights in the BUKHARA mark.) The defendants' New York City restaurants not only used a similar mark but also used logos, décor, staff uniforms and menus that were similar to those of the plaintiffs' international restaurants. Plaintiffs sued, charging defendants with trademark infringement, unfair competition and false advertising under the Lanham Act, as well as parallel causes of action under New York common law. The Second Circuit flatly held that renown in the United States based solely on use in another country could not be a valid basis for asserting trademark rights in the United States, thus pointedly rejecting the Ninth Circuit's well-known marks exception.

The plaintiffs in *ITC* argued that they were entitled to protection of the BUKHARA mark because certain international agreements, to which the United States is a party, created a well-known marks exception to the territoriality principle. The court disagreed, finding no congressional intent to incorporate this exception into federal unfair competition law. It held that, while Article 6*bis* of the Paris Convention and Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) do recognize the doctrine, these international agreements are not self-executing and have not been implemented in the United States.²³

Further, the Second Circuit adamantly refused to be swayed by policy arguments or the compelling equities. Instead, with noteworthy judicial restraint, it concluded that any such arguments "must be submitted to Congress for it to determine

22. *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir.), *cert. denied*, 128 S. Ct. 288 (2007).

23. See Part IV.B, *infra*, for a discussion of whether the existence of these treaties does in fact support the well-known marks exception.

See also 3 *Gilson*, *supra* note 5, at § 10.06[1] for more on the Paris Convention and § 10.09 for more on the TRIPs Agreement.

whether and under what circumstances to accord federal recognition to such an exception to the basic principle of territoriality.”²⁴

In a later opinion, the court again denied relief to the plaintiffs, this time under New York State law. It found that, while ITC had shown deliberate copying of its mark, it had not shown that its mark had secondary meaning among potential customers of defendants’ New York restaurant. Therefore, it had not shown misappropriation under New York State law.²⁵

Six months after the Second Circuit’s first *ITC* opinion, the Supreme Court denied certiorari, leaving the circuits divided and the United States with a trademark law dilemma. Should other courts follow the Second Circuit’s strict view? The court is certainly influential and its reasoning in *ITC* is persuasive. Should they follow the Ninth Circuit’s approach? Or should Congress intervene?

C. The Positions of Other United States Federal Courts on the Well-Known Marks Doctrine

The Ninth Circuit does not stand entirely alone in applying the doctrine, though it is the highest court and the only federal appeals court in the United States to do so. At least one federal district court outside the Ninth Circuit has stated that the doctrine is viable.²⁶ (The *ITC* decision implicitly overruled New York federal district court opinions recognizing the doctrine as federal law.²⁷)

In 1990, the Federal Circuit noted the existence of the doctrine without relying on it. In the *Person’s* case, the defendant had audaciously copied a mark used in Japan and adopted, used and registered it himself in the United States.²⁸ The Japanese company then expanded into the United States, tried to register its trademark, and was undoubtedly shocked to learn that the defendant had already done so. The court refused to cancel the defendant’s trademark registration. It held, amazingly, that he had adopted the mark in good faith, and that he had priority because he

24. *ITC Ltd.*, 482 F.3d at 165.

25. *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159 (2d Cir. 2008). See Part VII, *infra*.

26. *Sterling Consulting Corp. v. Indian Motorcycle Trademark*, 44 U.S.P.Q.2d 1959 (D. Colo. 1997).

27. *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. 2005) (holding that application of the doctrine was appropriate in the case at bar; “It is a narrow but justified exception to the territoriality principle and the general rule that trademark rights attach only where a mark is used in connection with goods or services.”); *Empresa Cubana del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d 1650 (S.D.N.Y. 2004), *rev’d in part on other grounds*, 399 F.3d 462 (2d Cir. 2005).

28. *Person’s Co.*, 900 F.2d at 1570.

was the first to use it in the United States. The court noted that “there is some case law supporting a finding of bad faith where . . . the foreign mark is famous” in the United States, citing a New York state court opinion and a Trademark Trial and Appeal Board opinion, but upheld the Board finding that renown of the foreign mark was not an issue in the proceedings. As one might imagine, the Federal Circuit’s decision was a bombshell. It was roundly criticized in the trademark community, with one commentator declaring that in this “obviously unfair” ruling, “American courts have permitted a blatant trademark theft, on the strength of the obsolete principle that trademark rights do not transcend national boundaries . . .”²⁹ words that continue to ring true today.

Other federal courts are in agreement with the emphatic view enunciated by the Second Circuit. For example, a dissenting judge in the Fourth Circuit has also questioned the doctrine’s validity,³⁰ and, foreshadowing the Second Circuit’s pronouncement in *ITC*, a judge in the Southern District of New York had explicitly stated: “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.”³¹ In that S.D.N.Y. case, the court found that there was no viable cause of action where the plaintiff had used the EXITO mark on large retail stores in Columbia and Venezuela and defendants then opened grocery stores in Manhattan and the Bronx using an exact replica of plaintiff’s stylized mark.

D. The Trademark Trial and Appeal Board and the Well-Known Marks Doctrine

The Trademark Trial and Appeal Board has championed the doctrine. For example, in a 1983 case brought before the Board, the All England Tennis Club—owner of the WIMBLEDON mark and licensor of the mark for the annual WIMBLEDON tennis

29. William M. Borchard, *Trademark Piracy at Home and Abroad*, Wall St. J., May 7, 1991.

30. *International Bancorp, LLC v. Société des Bains de Mer et du Cercle des Étrangers à Monaco*, 329 F.3d 359, 389 n.9 (4th Cir. 2003) (Motz, J., dissenting) (“[T]he ‘famous marks’ doctrine . . . has been applied so seldom (never by a federal appeals court and only by a handful of district courts) that its viability is uncertain.”) (decided before the Ninth Circuit’s opinion in *Grupo Gigante* recognizing the doctrine). See also *Maruti.com v. Maruti Udyog Ltd.*, 447 F. Supp. 2d 494, 500 (D. Md. 2006) (declining to apply the doctrine in part because the Fourth Circuit has never recognized it).

31. *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, 381 F. Supp. 2d 324, 327 (S.D.N.Y. 2005).

championships—prevailed over the applicant for the mark WIMBLEDON COLOGNE and tennis player design. The Board held that, as an independent basis for refusing registration, consumers would be likely to confuse the applicant’s mark with the tennis championships in England because the championships “enjoy considerable fame and notoriety in the United States.”³² Later decisions by the Board further evidence its acceptance of the doctrine.³³ In addition, the Board’s Manual of Procedure currently states: “Although information concerning a party’s foreign use of its involved mark is usually irrelevant to the issues in a Board proceeding, and thus not discoverable, exceptions may arise where, for example, . . . the foreign mark is ‘famous,’ albeit not used, in the United States.”³⁴

The Board has been vague about the legal basis for its view, though it seems to have developed the doctrine based entirely on

32. All England Tennis Club (Wimbledon) Ltd. v. Creations Aromatiques, Inc., 220 U.S.P.Q. 1069 (T.T.A.B. 1983).

33. British-American Tobacco Co. v. Philip Morris, Inc., 55 U.S.P.Q.2d 1585 (T.T.A.B. 2000) (holding that “there are recognized exceptions in U.S. law to the doctrine of territoriality that are created by international treaties and conventions to which the United States is a party,” including “those exceptions to territoriality pertaining to famous marks”); Mastic, Inc. v. Mastic Corp., 230 U.S.P.Q. 699 (T.T.A.B. 1986) (“It has often been said that prior use and advertising of a mark in connection with goods or services marketed in a foreign country (whether the advertising is in or out of the U.S.) will not afford priority rights in such mark in the U.S. with the possible exception of a mark deemed to be ‘famous’ within the meaning of *Vaudable*.”); Colt Indus. Operating Corp. v. Olivetti Controllo Numerico S.p.A., 221 U.S.P.Q. 73 (T.T.A.B. 1983) (“[I]t is our view that prior use and advertising of a mark in connection with goods marketed in a foreign country (whether said advertising occurs inside or outside the United States) creates no prior rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods in the United States prior to the foreigner’s first use of the mark on goods sold in the United States, 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 States, a ‘famous’ mark within the meaning of *Vaudable*.”).

In addition, in a 2006 opinion that is not citable as Board precedent, the Board declared its adherence to the doctrine but found that the mark at issue (LONDON UNDERGROUND) lacked sufficient renown to be protected under the doctrine. London Regional Transport v. William A. Berdan & Edward C. Goetz, III Partnership, 2006 TTAB LEXIS 272 (T.T.A.B. 2006) (not citable as precedent) (“It is well settled that under the ‘territoriality’ principle of trademark law, prior use of a mark in a foreign country does not create priority rights in the United States. . . . An exception to this principle is the ‘famous mark’ doctrine. Under this doctrine, a foreign party is entitled 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.”). See also Synergy Prods., Ltd. v. Reggae Sunsplash, Inc., 2000 TTAB LEXIS 814 (T.T.A.B. 2000) (not citable as precedent) (holding that knowledge of foreign use of a mark does not prevent good faith adoption and use of that mark in the United States but that “there is case law supporting a finding of bad faith where . . . the foreign mark is famous in the United States”) (finding that the mark at issue (REGGAE SUNSPLASH) was not sufficiently well known to justify applying the doctrine).

34. TBMP § 414(13).

New York state law as described in the *Vaudable* case.³⁵ But does invoking state common law as decisional authority exceed the Board's mandate? Section 17 of the Lanham Act states that the Board shall "determine and decide the respective rights of registration,"³⁶ and nothing in the statute or regulations bars it from considering state law in order to reach a determination as to registration. Nevertheless, such extra-statutory reliance is at the very least unusual. The TBMP fails to mention state law as Board authority, declaring instead that all Board proceedings "are governed by the Lanham Trademark Act of 1946, as amended," along with its governing regulations and prior decisions by the Board, the Federal Circuit, the Court of Customs and Patent Appeals and the Director of the USPTO.³⁷ As the Second Circuit observed, the Board's "reliance on state law to recognize the famous marks doctrine falls outside the sphere to which we owe deference"; thus, the court properly felt free to "consider *de novo* the question of that doctrine's existence within federal trademark law."³⁸ The underpinning of the Board's decisions may be of doubtful validity. A Lanham Act amendment incorporating the well-known marks doctrine would clarify the situation and resolve any doubts.

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35. *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959). See Part VII, *infra*, for more on *Vaudable* and New York State common law on well-known marks.

36. 15 U.S.C. § 1067(a).

37. TBMP §§ 101.01, 101.03.

Cf. Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 330 F.3d 1333, 1334-35 (Fed. Cir. 2003) ("We conclude that . . . a trademark holder cannot oppose registration based on claims of dilution under state law."); *American Sugar Co. v. Texas Farm Prods. Co.*, 159 U.S.P.Q. 679 (T.T.A.B. 1968) ("The question of whether or not opposer's sales of 'DOMINO' blackstrap molasses are or have been in violation of the laws of certain states is not a matter to be determined by the Patent Office, nor could any such violation in any event preclude opposer from asserting its prior rights therein against applicant in this proceeding."); *Donut Supplies, Inc. v. Hol'n One Donut & Supply Co.*, 155 U.S.P.Q. 98 (T.T.A.B. 1967) ("The question of whether or not opposer's actions . . . constitute unfair competition or are otherwise contrary to the provisions of . . . state law . . . is outside the jurisdiction of the Board. . .").

38. *ITC Ltd.*, 482 F.3d at 159.

See also *Mother's Rests., Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046 (T.T.A.B. 1983) ("[I]t seems to me that the *Vaudable* decision . . . is inapplicable in this case since that decision was based on a theory of unfair competition, namely misappropriation, under the law of the State of New York. Under Federal law, it seems to me that application of the well-known marks doctrine depends on whether the applicable text of the Paris Convention . . . and, in particular, Article 6*bis* of that Convention, is self-executing [so as to become part of federal law].") (Allen, concurring in part and dissenting in part) (citations omitted).

So is there a sound legal basis for applying the well-known marks doctrine in the United States? International agreements,³⁹ the Lanham Act,⁴⁰ early U.S. Supreme Court decisions,⁴¹ and state common law⁴² have all been mentioned as possibilities.

IV. INTERNATIONAL AGREEMENTS PROTECTING WELL-KNOWN MARKS

Two treaties—the Paris Convention and the TRIPs Agreement—clearly require the protection of well-known trademarks. If these treaties have the force of law in the United States, well-known marks can be protected in the United States under federal law based on reputation alone.

A. The Agreements

Article 6*bis* of the Paris Convention for the Protection of Industrial Property provides that each contracting state must refuse registration to and forbid the use of marks that are liable to create confusion with marks that are well known in that state.⁴³ The well-known mark must be well known as already being the mark of another party entitled to the benefits of the Paris Convention, and the owner of the well-known mark must be using it for identical or similar goods. Under 6*bis*, qualifying marks that are well known in a country that is a member of the Paris Convention may be protected in that country *even without use there*.⁴⁴ On its face, 6*bis* appears to cover the situation because the United States is a member of the Paris Convention, along with 171 other contracting parties, from Albania to Zimbabwe.⁴⁵

The TRIPs Agreement (the Agreement on Trade-Related Aspects of Intellectual Property Rights), administered by the World Trade Organization, also requires its members to provide

39. See Part IV, *infra*.

40. See Part V, *infra*.

41. See Part VI, *infra*.

42. See Part VII, *infra*.

43. See www.wipo.int/treaties/en/ip/paris/ for more information on the Paris Convention at the web site of the World Intellectual Property Organization.

44. WIPO Intellectual Property Handbook: Policy, Law and Use at 251-52 (“The [Paris] Convention deals with well-known trademarks in Article 6*bis*. . . . The effect of this Article is to extend protection to a trademark that is well-known in a member country even though it is not registered or used in that country. The protection of the well-known trademark results not from its registration . . . but from the mere fact of its reputation.”). See the Handbook, www.wipo.int/about-ip/en/iprm/pdf/ch5.pdf#paris.

45. See www.wipo.int/export/sites/www/treaties/en/documents/pdf/paris.pdf for a list of members of the Paris Convention.

protection for trademark rights.⁴⁶ It supplements the protection to well-known marks afforded by the Paris Convention. Article 16(2) of the TRIPs Agreement provides that Article 6*bis* of the Paris Convention also applies to service marks. It also states that knowledge of the trademark “in the relevant sector of the public,” including awareness from promotion and not just use of the mark, should be taken into account in deciding whether a trademark is well known. Article 16(3) declares that the protection of well-known marks extends to goods or services that are different from those for which the trademarks are registered, as long as the use of the mark on those goods or services would “indicate a connection” with the owner of the registered mark and as long as the owner of the registered mark would be damaged by use on those goods or services. The United States is also a member of the TRIPs Agreement, along with 150 other contracting parties.⁴⁷

The argument based on these agreements is superficially persuasive: The well-known marks doctrine applies because the United States is a member of the Paris Convention and the TRIPs Agreement, and both explicitly require the United States to protect marks that are well known in the United States, even when they are not used there. On the face of it, it seems that George Faux and his ilk cannot safely use the BISTRO IPSO FACTO mark in the United States, particularly because consumers are likely to believe that his restaurants are connected with the owner of the well-known mark. Shouldn't all United States courts, then, enjoin Faux's use of the mark, based on United States treaty obligations, without more? Unfortunately, the answer is not that simple.

B. Whether the Agreements Have the Force of Law in the United States

1. Paris Convention

The owner of the BISTRO IPSO FACTO mark and the owners of other well-known but not hypothetical marks probably have no recourse under the Paris Convention because the majority of United States authorities hold that it is not self-executing.⁴⁸ The

46. See www.wto.org/english/tratop_e/trips_e/trips_e.htm for more information on the TRIPs Agreement at the WTO web site.

47. See www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm for a list of members of the TRIPs Agreement.

48. *E.g.*, *In re Rath*, 402 F.3d 1207, 1209 (Fed. Cir. 2005) (holding that “the Paris Convention is not a self-executing treaty and requires congressional implementation”); *Grupo Gigante*, 391 F.3d at 1100 (holding that “the Paris Convention creates neither a federal cause of action nor additional substantive rights”); *International Café, S.A.L. v. Hard Rock Café Int'l, Inc.*, 252 F.3d 1274, 1277 n.5 (11th Cir. 2001) (“The Paris Convention is not self-executing because, on its face, the Convention provides that it will become

United States Supreme Court has made clear that a non-self-executing treaty “does not by itself give rise to domestically enforceable federal law” and may only be given effect by “implementing legislation passed by Congress.”⁴⁹ Not only a spate of court decisions but also legislative history⁵⁰ and language in the Paris Convention itself indicate that it is not self-executing.⁵¹

Some provisions of the Paris Convention have indeed been implemented in United States law. It is generally agreed that Section 44 of the Lanham Act implements the Paris Convention in part. For example, Section 44(d) grants a priority filing date to eligible applicants who have filed an application in a treaty country as defined by Section 44(b).⁵² And the Federal Circuit has

effective only through domestic legislation.”); *Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287, 1298-99 (3d Cir. 1979) (dismissing a claim of violation of the Paris Convention because the treaty is “at odds with a contention that [it is] self-executing” and conferred no private right of action); *Kawai v. Metlestics*, 480 F.2d 880, 884 (C.C.P.A. 1973) (“The Paris Convention was not . . . self-executing and required implementing legislation.”); *Ortman v. Stanray Corp.*, 371 F.2d 154, 157 (7th Cir. 1967); *International Finance Corp. v. Bravo Co.*, 64 U.S.P.Q.2d 1597 (T.T.A.B. 2002) (“In sum, the Paris Convention is not self-executing. As such, Articles 6*bis* and 6*ter* do not afford an independent cause of action for parties in Board proceedings.”).

See also *ITC*, 482 F.3d at 162-63 (“[T]he Paris Convention creates no substantive United States rights beyond those independently provided in the Lanham Act. . . . Although this statement was made in the context of a claim asserting substantive rights under Article 10*bis* of the Paris Convention, the reasoning applies with equal force to claimed famous marks protection under Article 6*bis* and TRIPs Article 16(2) because no famous marks rights are independently afforded by the Lanham Act.”).

49. *Medellin v. Texas*, 128 S. Ct. 1346, 1356 n.2 (2008) (“This Court has long recognized the distinction between treaties that automatically have effect as domestic law, and those that—while they constitute international law commitments—do not by themselves function as binding federal law.”) *See ITC*, 482 F.3d at 161 n.21 (“Self-executing treaties do not require implementing legislation and become effective as domestic law immediately upon entry into force. Non-self-executing treaties do not become effective as domestic law until implementing legislation is enacted.”).

See also Leslie Henry, *When is a Treaty Self-Executing*, 27 Mich. L. Rev. 776, 776 (1929) (“Whether a treaty of its own force makes law depends on two considerations. First, can the rule in question be given the force of legislation without action by Congress; second, did the treaty-makers intend that it should be self-executing?”).

50. H.R. Rep. No. 87-719 on H.R. 5754 (July 13, 1961) (“The provisions of the Convention of Paris are not self-executing, and legislation is therefore needed to carry into effect any provision not already in our present law.”); S. Rep. No. 87-1019 on H.R. 5754 (Sept. 14, 1961) (same).

51. Article 25 provides: “(1) Any country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention. (2) It is understood that, at the time a country deposits its instrument of ratification or accession, it will be in a position under its domestic law to give effect to the provisions of this Convention.” *See Medellin*, 128 S. Ct. at 1362 (“Given our obligation to interpret treaty provisions to determine whether they are self-executing, we have to confess that we do think it rather important to look to the treaty language to see what it has to say about the issue.”).

52. 15 U.S.C. § 1126(d); Article 4 of the Paris Convention.

stated: “There is no question but that Congress generally intended section 44 of the Lanham Act to implement the Paris Convention. But this does not mean that Congress intended to do so in every respect or that it actually accomplished that objective in all respects or that it correctly understood the requirements of the Paris Convention in enacting section 44.”⁵³ The well-known marks provision has not yet been explicitly implemented as such in the Lanham Act.

Rights given to foreign registrants by the Paris Convention at least do not *supersede* United States law. For example, the holder of a foreign registration sought to register his trademark on the U.S. principal register, but the USPTO refused to register the mark, finding that it was primarily merely a surname. The Federal Circuit upheld the decision, holding that the Paris Convention could not overrule the domestic legal requirement because the treaty was not fully implemented in United States law.⁵⁴

There is also some evidence suggesting that Article 6*bis* of the Paris Convention *is* the law of the United States. The Director General of WIPO presented a notification that Articles 1 through 12 “will enter into force, with respect to the United States of America, . . . on August 25, 1973,”⁵⁵ which could be interpreted as meaning that they had the force of U.S. law beginning on that date. Further, a few court decisions over the years have suggested that the Paris Convention is self-executing.⁵⁶ Finally, Section 45 of the Lanham Act provides some general encouragement: “The intent of this Act is 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.”⁵⁷

See also SCM Corp. v. Langis Foods Ltd., 539 F.2d 196, 201 (D.C. Cir. 1976) (Section 44(d) “of the Trademark Act of 1946 . . . implements Article 4 of the Paris Union Treaty. . . .”); L’Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649, 654 (3d Cir. 1954) (finding that the United States Congress intended Sections 44(b) and 44(h) “to implement international agreements [like the Paris Convention] that are not self-executing”).

53. *In re* Rath, 402 F.3d at 1211.

54. *Id.*

55. *See* Paris Notification No. 44, “Ratification of Articles 1 to 12 of the Stockholm Act by the United States of America,” www.wipo.int/edocs/notdocs/en/paris/treaty_paris_44.html.

56. *See* Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640 (2d Cir. 1956) (“Plaintiff would appear to be correct in arguing that no special legislation in the United States was necessary to make the International Convention effective here.”); Davidoff Extension S.A. v. Davidoff Int’l, Inc., 221 U.S.P.Q. 465 (S.D. Fla. 1983) (citing *Vanity Fair* and holding that the “Paris Convention is self-executing and, by virtue of Article VI of the U.S. Constitution, a part of the law to be enforced by the courts.”).

57. 15 U.S.C. § 1127.

To sum up, the courts simply do not agree on what rights the Paris Convention creates in the United States for foreign plaintiffs. Perhaps the well-known mark protection should not require explicit inclusion in the Lanham Act, given that the United States is a member of the Paris Convention, or perhaps the Congress did indeed intend, without more, to protect marks known by reputation rather than use. Nonetheless, the question remains: Does the Lanham Act only give foreign companies the same rights as United States companies, or does it grant protection coextensive with the language of the treaty? Just how much of the Paris Convention is incorporated in the text of the Lanham Act is discussed in a later section.⁵⁸

2. TRIPs Agreement

Owners of well-known marks are even more clearly without recourse in court under the TRIPs Agreement. Case law uniformly holds that the TRIPs Agreement is not self-executing,⁵⁹ and statutory provisions in U.S. law bolster that conclusion.⁶⁰ Moreover, Article 1(1) of the TRIPs Agreement declares that its members “shall give effect to the provisions of this Agreement,” hinting that the provisions themselves do not automatically take effect.⁶¹ The same provision removes any doubt by stating that members “shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” Thus, the TRIPs Agreement does not have the force of law in the United States simply because the United States is a member.

As the Second Circuit points out, while Congress has amended “numerous federal statutes to implement specific provisions of the TRIPs agreement, it appears to have enacted no legislation aimed directly at [well-known marks] Article 16(2).”⁶² Article 63(2) of the

58. See Part V, *infra*.

59. See, e.g., *ITC Ltd.*, 482 F.3d at 161 (“TRIPs is plainly not a self-executing treaty. . . .”); *In re Rath*, 402 F.3d at 1210 n.2 (“TRIPs is . . . not self-executing.”).

60. A U.S. statute provides that U.S. law will apply in a conflict with the TRIPs Agreement. 19 U.S.C. § 3512(a)(1) (“No provision of any of the Uruguay Round Agreements [which includes the TRIPs Agreement], nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect.”). In addition, no person—other than the United States—may have any cause of action or defense under the TRIPs Agreement, nor may it challenge federal, state or local action on the ground that it is inconsistent with the TRIPs Agreement. 19 U.S.C. § 3512(c)(1)(A), (B).

61. For a full copy of the TRIPs Agreement, see www.wto.org/english/docs_e/legal_e/27-trips.pdf.

62. See *ITC Ltd.*, 482 F.3d at 162.

Agreement requires members to notify the Council for TRIPs of the laws and regulations it has made effective regarding the subject matter of the Agreement. In 1998, the United States informed the Council that it had explicitly amended its laws to comply with the Agreement,⁶³ but only in two ways: Section 2 of the Lanham Act was amended to give greater protection to geographical indications for wines and spirits⁶⁴ and Section 45 of the Act was amended to state that non-use of a trademark for three consecutive years will be prima facie evidence of abandonment.⁶⁵

In the same notification, the United States responded to several questions posed by other member states, including to an inquiry “on what legal basis and under which conditions well-known marks are protected in the United States, in accordance with Article 16.2 of the TRIPs Agreement and Article 6bis of the Paris Convention.” Its answer was that fame was an important consideration in a determination of likelihood of confusion and that the United States had enacted dilution legislation. In addition, it noted that in the Federal Circuit *Person’s* case,⁶⁶ the foreign owner of a trademark could not establish trademark rights superior to those of a United States company that had, with full knowledge of the foreign mark, started use in the United States, but went on to declare that “the foreign party did not assert or show that the relevant mark was famous internationally or in the United States. Thus, this decision in no way contradicts the long-established protection US law provides for famous marks.” Despite this declaration, however, the well-known marks protection in the TRIPs Agreement has not been implemented in the Lanham Act.

V. THE TEXT OF THE LANHAM ACT

The well-known marks doctrine appears nowhere in the text of the Lanham Act as such. Even courts that have championed the doctrine fail to cite to statutory language that unambiguously overcomes case law requiring use for ownership or priority of a mark in the United States. If neither the Paris Convention nor the TRIPs Agreement is self-executing, as it appears they are not, has Congress implemented one or both through amendments to the Lanham Act? If not, then for the doctrine to be viable as federal

63. See “Review of Legislation on Trademarks, Geographical Indications and Industrial Designs, United States,” World Trade Organization document IP/Q2/USA/1 (April 3, 1998).

64. 15 U.S.C. § 1052 (incorporating requirements from Article 23 of the TRIPs Agreement).

65. 15 U.S.C. § 1127 (incorporating a requirement from Article 19 of the TRIPs Agreement).

66. *Person’s Co.*, 900 F.2d 1565. See Part III.C, *supra*, for more on this case.

law, it must be otherwise contained in the statute. 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.

A. Federal Dilution Law

First, let us look at the section of the Lanham Act that unequivocally protects marks with renown in the United States: federal dilution law. It protects famous, distinctive trademarks from the use of another mark or trade name that is “likely to cause dilution by blurring or dilution by tarnishment” of the famous mark.⁶⁷ Dilution by blurring is an association in the consumer’s mind that “impairs the distinctiveness of the famous mark” and dilution by tarnishment “harms the reputation of the famous mark.”⁶⁸

Use by George Faux of the BISTRO IPSO FACTO mark could well harm its reputation in the United States, assuming that Faux’s operations—including his faux black truffle soup—would be less than impressive. Although the mark owner would have to shoehorn traditional infringement into dilution, which is not aimed at infringement or avoiding consumer confusion, it might be able to mount a respectable tarnishment case. While the U.S. dilution statute does *not* expressly require that the famous mark be used in the United States, though, there is one very high hurdle: Under U.S. dilution law, trademarks must be “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.”⁶⁹ Is it remotely possible that a mark that is not even in use in the United States could reach such a level of fame?

B. Protection of Registered Marks

Section 32(1) of the Lanham Act protects from infringement trademarks that are registered in the United States.⁷⁰ However, in order to be registered, marks must *generally* be used in commerce in the United States.⁷¹ Therefore, this section does not help most owners of well-known marks that have not been used in the United States. In addition, Section 2(d) bars registration of a trademark

67. 15 U.S.C. § 1125(c)(1). See 2 *Gilson*, *supra* note 5, at Chapter 5a, for a full discussion of United States federal dilution law.

68. 15 U.S.C. § 1125(c)(2)(B), (C).

69. 15 U.S.C. § 1125(c)(2)(A).

70. 15 U.S.C. § 1114(1).

71. 15 U.S.C. § 1051(a)(1); TMEP § 901.

that resembles a registered mark or “a mark or trade name previously *used* in the United States by another” that is likely to cause confusion,⁷² which similarly does not help such owners.

At the same time, Sections 44 and 66 of the Lanham Act are recognized exceptions to the territoriality principle in the United States. Each section allows a foreign applicant to register in the United States without having used its mark in U.S. commerce. An applicant may rely solely on a foreign trademark registration in registering under Section 44(e); it need not claim actual use in commerce.⁷³ Similarly, an applicant requesting an extension of protection of an international registration under Section 66 need not assert actual use of the mark prior to registration.⁷⁴ Under each of these provisions, however, a foreign registrant must state that it intends to use the mark in United States commerce at some point, and actual use in commerce is ultimately mandatory in order to continue the registration in force. The registrant must file an affidavit or declaration of use of the mark in commerce at the appropriate time, confirming use in commerce or excusable nonuse.⁷⁵ And in order to file an infringement action in the United States based on actions taken before the date of its U.S. registration, it must assert a registration based on use in commerce.⁷⁶

The Federal Circuit has held that the existence of a foreign trademark registration does not itself support the registration of the same mark in the United States.⁷⁷ Bayer AG had long registered the ASPIRINA mark in several countries outside the United States, but the court found that fact to be irrelevant to consumer perception of the term in the U.S. Judge Pauline Newman, writing in dissent, declared vehemently that the majority “errs in ruling that foreign trademark status is irrelevant because foreign nations have different trademark laws.”⁷⁸ Judge Newman argued that ASPIRINA was a well-known trademark that people in the United States may know from foreign markets, a fact that should be taken into account when determining its registrability in the United States. She eloquently reminded the majority that “[n]ational and international trademark systems take cognizance of trademark status in other countries, for the

72. 15 U.S.C. § 1052(d) (emphasis added).

73. 15 U.S.C. § 1126(e); TMEP § 1009.

74. 15 U.S.C. § 1141f.

75. 15 U.S.C. §§ 1058, 1141k.

76. 15 U.S.C. § 1126(d)(4).

77. *In re Bayer Aktiengesellschaft*, 488 F.3d 960 (Fed. Cir. 2007).

78. *Id.* at 972.

international movement of goods and persons requires avoidance, not facilitation, of commercial confusion and deception.”⁷⁹ Judge Newman went on to cite *Grupo Gigante* and state that United States consumers may know the mark ASPIRINA from foreign markets “where goodwill has inhaled for a century of sole source of the product.”⁸⁰ However, the narrower view of the majority stands, at least for the moment.

It should be noted that Bayer had *not* relied on its foreign registrations in applying for registration of ASPIRINA. It had instead filed an intent-to-use application under Section 1(b).⁸¹ Thus, the fact of its foreign registrations was not legally relevant to U.S. registrability. The dissent’s invocation of the Paris Convention and international comity did not assist it.

C. Protection of Unregistered Marks Under Section 43(a)

What about unregistered marks? In fact, Section 43(a) of the Lanham Act contains *no express requirement* that a plaintiff prove its own actual use in commerce in the United States.⁸² Despite its absence from the statute, though, actual use is the foundation of United States trademark law. Federal case law has held for decades that, to prove trademark infringement of a mark that is registered or unregistered, a plaintiff must show that it has priority of actual use over the defendant. What the Supreme Court declared in 1918 is still true today:

There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. [T]he right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business.⁸³

79. *Id.*

80. *Id.* (“The status in other countries of a well-known foreign-origin mark for an established product in wide use is not irrelevant to its treatment in the United States legal system, whether for purposes of federal registration or consumer and source protection.”).

81. 15 U.S.C. § 1051(b). (Note that after the T.T.A.B. decision, Bayer filed an application to register ASPIRINA on the supplemental register, based on Section 44(e).)

82. 15 U.S.C. § 1125(a)(1).

83. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).

Ownership of a trademark in the United States is quite simply based on actual use of that mark in United States commerce.⁸⁴ Federal trademark registration is so valuable, in part, because it is prima facie evidence of ownership of a mark.⁸⁵ Concomitantly, abandonment of ownership rights in a mark occurs when its *use* has been discontinued with an intent not to resume.⁸⁶ Allowing relief under current Lanham Act language without use of a mark in the United States would be a huge departure from settled law.

D. Section 44

Section 44 of the Lanham Act covers international conventions and the protection available under the Act to “foreign nationals.”⁸⁷ It is, unfortunately, not a model of precision.

Section 44(b) of the Lanham Act provides that any person whose country of origin is party to “any convention or treaty relating to trademarks . . . or unfair competition” to which the U.S. is also a party “shall be entitled to the benefits of this section . . . to the extent necessary to give effect to any provision of such convention [or] treaty . . . in addition to the rights to which any owner of a mark is otherwise entitled by this Act.”⁸⁸ Section 44(h) states broadly that any person designated in Section 44(b) “as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition. . . .”⁸⁹ The phrase “effective protection against unfair competition” comes straight from the Paris Convention.⁹⁰

84. *E.g.*, *Rosenruist-Gestao E Servicos LDA v. Virgin Enters. Ltd.*, 511 F.3d 437, 440 n.1 (4th Cir. 2007) (noting “the fundamental principle in American trademark law that ownership rights flow from actual use of the mark in commerce”); *General Healthcare, Ltd. v. Qashat*, 364 F.3d 332, 335 (1st Cir. 2004) (“Trademark rights may arise under either the Lanham Act or under common law, but in either circumstance, the right is conditioned upon use in commerce.”); *Sengoku Works Ltd. v. RMC Int’l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996) (“It is axiomatic in trademark law that the standard test of ownership is priority of use. To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services.”); *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1105 (6th Cir. 1991) (holding that service mark “ownership rights flow only from prior appropriation and actual use in the market”).

85. 15 U.S.C. §§ 1057(b), 1115(a). *See* 1 *Gilson*, *supra* note 5, at § 4.04.

86. 15 U.S.C. § 1127 (definition of abandonment).

87. 15 U.S.C. § 1126.

88. 15 U.S.C. § 1126(b).

89. 15 U.S.C. § 1126(h).

90. Article 10*bis* of the Paris Convention requires member states to “assure to nationals [of other member states] effective protection against unfair competition.” Paris Convention, art. 10*bis*.

See David B. Wolf, “Effective Protection Against Unfair Competition” Under Section 44 of the Lanham Act, 82 TMR 33, 42 (1992) (“The use of the phrase from the Paris Convention

The argument in favor of finding a federal statutory right to enforce the reputation alone of a well-known foreign mark in Section 44 goes as follows: Section 44(h) entitles foreign trademark owners to “effective protection against unfair competition” and Section 44(b) expands that protection “to the extent necessary to give effect to any provision of such convention.” Actionable “unfair competition” therefore includes whatever is barred by “any provision” of an international agreement, including the Paris Convention. So a foreign trademark owner can sue under Section 44 of the Lanham Act for violations of Article *6bis* of the Paris Convention.

This reasoning holds some superficial appeal, but expanding the concept of “unfair competition” to “any convention or treaty relating to trademarks . . . or unfair competition” to which the United States is also a party is a stretch. Shouldn’t such an extensive grant of rights be spelled out more specifically? There is certainly no judicial consensus on what the term “unfair competition” in Section 44(h) entails,⁹¹ nor is there an unambiguous statutory statement that “unfair competition” includes whatever is included in any international agreement. In fact, the Second Circuit has explicitly found that there is no right to protection for well-known marks in that phrase.⁹² The Ninth Circuit has held that Section 44(h) “does not create a general federal law of unfair competition.”⁹³ And the Eleventh Circuit holds that “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.”⁹⁴

Several district court opinions, however, have concluded that Section 44 *does* incorporate the provisions of international

left no doubt that the statute was implementing the broad provisions of the Paris Convention.”).

91. One case that held that the Paris Convention provides substantive rights made the following understatement in a footnote: “[T]he precise nature of those rights is not clear at this juncture. . . .” *General Motors Corp. v. de Arriortua*, 948 F. Supp. 684, 690 n.4 (E.D. Mich. 1996).

92. *ITC Ltd.*, 482 F.3d at 163 (“[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.”).

93. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 908 (9th Cir. 2002). *See also Grupo Gigante*, 391 F.3d at 1100 (“[T]he Paris Convention was not intended to define the substantive law in the area of ‘unfair competition’ of the signatory countries.”) (citation omitted).

94. *International Café, S.A.L. v. Hard Rock Café Int’l, Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001).

treaties.⁹⁵ The Ninth Circuit also held in 1981 that “[t]he federal right created by subsection 44(h) is coextensive with the substantive provisions of the treaty involved.”⁹⁶ That opinion—not involving the Paris Convention but still purporting to decide generally “what protection section 44 provides to nationals having trademark treaties with the United States”—seems irreconcilable with the Ninth Circuit’s later opinions, which hold that Section 44 does *not* implement additional substantive rights created by international treaties.⁹⁷

In 1950, in the *Stauffer* case, the Ninth Circuit broadly interpreted Sections 44(h) and (i), declaring that they gave original federal jurisdiction over domestic unfair competition claims affecting interstate commerce.⁹⁸ As we have seen, Section 44(h) states that anyone whose country of origin is party to any trademark treaty to which the United States is also a party “shall be entitled to effective protection against unfair competition.”⁹⁹ Section 44(i) provides that U.S. citizens “shall have the same benefits as are granted by this section” to those whose country of origin is party to a treaty to which the United States is also a party.¹⁰⁰ Therefore, the court concluded, U.S. citizens “shall be entitled to effective protection against unfair competition” under Sections 44(h) and (i), read together.

The impact of *Stauffer*, however, has waned considerably. Other circuits have uniformly rejected its holding,¹⁰¹ reasoning

95. See *BP Chems. Ltd. v. Jiangsu Sopo Corp.*, 429 F. Supp. 2d 1179, 1186 (E.D. Mo. 2006) (“I conclude that the Lanham Act incorporates the substantive law of the treaties to which it refers, in this case the Paris Convention, and provides foreign nationals the rights available under that treaty.”); *General Motors Corp.*, 948 F. Supp. at 689 (finding that the Lanham Act incorporates the substantive provisions of the Paris Convention); *Laboratories Roldan, C. por A. v. Tex Int’l, Inc.*, 902 F. Supp. 1555, 1568 (S.D. Fla. 1995) (“Section 44 of the Lanham Act provides protection for trademarks, trade names and against unfair competition in the United States to parties that own a trademark and/or trade name registered in a country that is a signatory to the Paris Convention.”); *Maison Lazard et Compagnie v. Manfra, Tordella & Brooks, Inc.*, 585 F. Supp. 1286, 1289 (S.D.N.Y. 1984) (following *Toho* and finding a federal cause of action for unfair competition in Section 44(h)).

96. *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 792 (9th Cir. 1981).

97. See *Grupo Gigante*, 391 F.3d at 1099-1100 (citing cases).

98. *Stauffer v. Exley*, 184 F.2d 962 (9th Cir. 1950).

99. 15 U.S.C. § 1126(h).

100. 15 U.S.C. § 1126(i).

101. *City Messenger of Hollywood, Inc. v. City Bonded Messenger Serv., Inc.*, 254 F.2d 531 (7th Cir. 1958); *Iowa Farmers Union v. Farmers’ Educational & Coop. Union of Am.*, 247 F.2d 809 (8th Cir. 1957); *Royal Lace Paper Works, Inc. v. Pest-Guard Prods., Inc.*, 240 F.2d 814 (5th Cir. 1957); *L’Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954); *American Auto. Ass’n v. Spiegel*, 205 F.2d 771 (2d Cir. 1953) (L. Hand, J.).

See Walter J. Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?* 68 TMR 345, 386 (1978) (“To the extent that the *Stauffer* doctrine might have been considered to open the door to finding such

that Section 44 was not intended to give federal courts jurisdiction over unfair competition claims between U.S. citizens. Courts then began to look to Section 43(a) as the federal basis for prohibiting unfair competition.

In the end, while there is today a majority and a minority view, courts are still split over whether Section 44(b) incorporates substantive rights emanating from the Paris Convention. A pair of district court cases handed down within the past decade sums up the confusion nicely. The Eastern District of Missouri found it to be “well-settled in the courts . . . that the United States accomplished the Paris Convention’s directive to assure appropriate legal remedies to foreign nationals by enacting section 44 of the Lanham Act. What is not well-settled is the scope of the rights conferred upon foreign nationals by the Lanham Act.”¹⁰² Similarly, a federal district court in New Jersey noted: “The issue before the Court is whether section 44 of the Lanham Act incorporates the Paris Convention’s broad prohibition against unfair competition. The Courts are divided on this issue.”¹⁰³ And this pronouncement from the Ninth Circuit in *Grupo Gigante* has more than a ring of truth to it: “There has been some understandable confusion among the district courts with respect to whether the Paris Convention, implemented in § 44 of the Lanham Act, creates substantive law or a right of action applicable to international trademark disputes.”¹⁰⁴

national law of unfair competition in the Act as presently worded, it appears already to have been so effectively emasculated as to have suggested the title ‘Epilogue’ for the concluding part of this article.”). See also 2 *Gilson*, *supra* note 5, at § 7.03 for more on the *Stauffer* case.

102. *BP Chems. Ltd. v. Radoslav Rad Baloun*, 183 F. Supp. 2d 1158, 1161-62 (E.D. Mo. 2000). The court went on: “Some courts have held that the Lanham Act confers the substantive rights of the subject treaty, here the Paris Convention, respecting unfair competition (the creation of federal rights approach). Other courts have held that the Lanham Act does nothing more than give to foreign nationals the same rights respecting unfair competition available to U.S. citizens under their own domestic law (the national treatment approach).” *Id.* at 1162.

103. *Eli Lilly & Co. v. Roussel Corp.*, 23 F. Supp. 2d 460, 481 (D.N.J. 1998). That court continued on to say: “Several courts have held that the Lanham Act confers the substantive protections of the Paris Convention on any party whose country of origin is a signatory of the Paris Convention and thus creates a federal law of unfair competition applicable in international disputes. One court has found that interpreting section 44 merely as extending Lanham Act protection to foreign nationals would render subsection (i), which grants reciprocal rights to United States nationals, superfluous. However, other Courts . . . have held that the Paris Convention does not provide substantive rights, and section 44 merely extends existing Lanham Act and state law protection to foreign nationals conducting business in the United States.” *Id.* at 481-82.

104. *Grupo Gigante*, 391 F.3d at 1099.

VI. THE *TEA ROSE-RECTANUS* DOCTRINE

Another argument favoring the current existence of the well-known marks exception comes from a common law doctrine enunciated in the United States before 1920 that courts continue to apply today.¹⁰⁵ In the United States, the first party to use a trademark generally has rights that are superior to any subsequent users of that trademark (or a trademark that is confusingly similar to the original mark). However, the owner of an unregistered trademark may have to partially cede its prior rights to a later, good faith user in a different part of the country.

The so-called *Tea Rose-Rectanus* doctrine is based on a pair of United States Supreme Court cases, one from 1916 and the other from 1918.¹⁰⁶ It provides that a trademark owner with prior rights to a mark cannot obtain an injunction against the later good faith use of the same mark by another party in a geographically remote territory.¹⁰⁷ In the case involving the TEA ROSE trademark, the

105. See, e.g., *id.* at 1096 (“Under what has become known as the *Tea Rose-Rectanus* doctrine, priority of use in one geographic area within the United States does not necessarily suffice to establish priority in another area.”); *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 271 (4th Cir. 2003) (“The ‘innocent’ or ‘good-faith remote user’ defense stands as an exception to the general rule that the senior user, by virtue of its prior appropriation, has superior rights in the mark over a party that subsequently begins using the mark. The legal foundation that underlies this defense derives from the *Tea Rose/Rectanus* doctrine, which blends several common law trademark principles established by the Supreme Court. . . .”); *National Ass’n for Healthcare Communications, Inc. v. Central Arkansas Area Agency on Aging, Inc.*, 257 F.3d 732, 735 (8th Cir. 2001) (“Nearly a century ago, the Supreme Court established what is now called the *Tea Rose/Rectanus* doctrine—the first user of a common law trademark may not oust a later user’s good faith use of an infringing mark in a market where the first user’s products or services are not sold. The rationale is a core principle of trademark law: the owner of a mark may not ‘monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another.’”) (citations omitted); *Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 934 F.2d 1551, 1565 (11th Cir. 1991) (“[I]n an unfair competition action, especially where the plaintiff’s mark is not registered, . . . if geographical remoteness is proved, the *Tea Rose-Rectanus* doctrine may be invoked. The doctrine, in effect, states that although geographical remoteness can minimize the likelihood of confusion, if the alleged infringer has appropriated the mark with a purpose inimical to the interest of the plaintiff, the remoteness of use may be disregarded.”).

106. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916) (the “Tea Rose” case).

107. See *id.* at 415 (“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.”).

Note that the Lanham Act has modified the *Tea Rose-Rectanus* doctrine, providing that federal registration is constructive notice of the registrant’s ownership of the mark,

Supreme Court held that a mark owner may not “monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another.”¹⁰⁸ The doctrine is also known as the “good faith remote user” or “innocent remote user” defense to a charge of infringement.¹⁰⁹ The courts are split over whether the later user can show that it acted in good faith when it had knowledge of the prior user’s use of its mark.¹¹⁰

The same principles underlying this defense apply in typical infringement cases. If a company’s mark is neither well known in an area nor used there, consumers in that area are unlikely to be confused by another party’s use of the same or a similar mark. They will simply not have the opportunity to be exposed to both marks and thus cannot experience confusion. This is why, in determining likelihood of confusion, courts usually examine the parties’ channels of trade and marketing areas as well as their methods and scope of advertising.¹¹¹ On the other hand, if a senior user’s mark *is* well known in the junior user’s trading area, consumers will have the opportunity to be confused.

This defense is arguably analogous to the well-known marks doctrine.¹¹² Where a mark is used exclusively outside the United States, many United States consumers will typically not be

preventing a subsequent user from relying on a defense that it adopted the mark in good faith. 15 U.S.C. § 1057(c); *see* 1 *Gilson*, *supra* note 5, at § 4.02.

108. *Hanover Star Milling*, 240 U.S. at 416.

109. *Emergency One, Inc.*, 332 F.3d at 271.

For more on the common law innocent remote use defense, *see* 3 *Gilson*, *supra* note 5, at § 11.08[3][e][v]. There is a similar statutory defense under the Lanham Act at 15 U.S.C. § 1115(b)(5), discussed at 3 *Gilson*, *supra* note 5, at § 11.08.

110. *See* C P Interests, Inc. v. California Pools, Inc., 238 F.3d 690, 700 (5th Cir. 2001) (holding that knowledge of prior user’s use “is but one factor in a good faith inquiry”); GTE Corp. v. Williams, 904 F.2d 536, 541 (10th Cir. 1990) (in good faith inquiry under *Tea Rose-Rectanus*, “[t]he ultimate focus is on whether the second user had the intent to benefit from the reputation or goodwill of the first user”; “mere knowledge should not foreclose further inquiry”); *Person’s Co.*, 900 F.2d at 1569 (holding that, in cases of remote junior users seeking concurrent use registrations, “the likelihood of consumer confusion in the remote area may be presumed from proof of the junior user’s knowledge”); *Money Store v. Harriscorp Finance*, 689 F.2d 666, 674 (7th Cir. 1982) (“A good faith junior user is one who begins using a mark with no knowledge that someone else is already using it.”).

111. *See* 2 *Gilson*, *supra* note 5, at § 5.06[1] (“In general, where the parties’ channels of trade and advertising methods are different, there is less opportunity for consumer confusion, and where they are the same, there is more opportunity for consumer confusion.”).

112. *See* *Empresa Cubana del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d 1650 (S.D.N.Y. 2004) (suggesting that “the *Tea Rose-Rectanus* doctrine may provide guidance in applying the famous marks doctrine”), *rev’d on other grounds*, 399 F.3d 462 (2d Cir. 2005); *Grupo Gigante, S.A. v. Dallo & Co.*, 119 F. Supp. 2d 1083, 1090 (C.D. Cal. 2000) (holding that the *Tea Rose-Rectanus* doctrine is “helpful in delineating the famous mark doctrine”), *vacated*, 391 F.3d 1088 (9th Cir. 2004).

exposed to it. If a United States company begins using a foreign trademark in the United States *that United States consumers have not heard of*, confusion is unlikely. However, where the foreign mark is well known in the United States, its use by an unrelated United States company could well cause confusion. Where the mark is well known, the defense of innocent remote use loses credibility, and the subsequent user is presumably not using it in good faith. Just the opposite, in fact. And the subsequent user could be presumed to have adopted the well-known mark *in bad faith* in order to take advantage of its reputation in the United States.¹¹³

As long ago as 1927, courts have applied the *Tea Rose-Rectanus* doctrine to protect trademarks based on their reputation in the United States. In that year, the Fifth Circuit applied the doctrine to a dispute involving a foreign fur company—Hudson’s Bay Company—and a Dallas, Texas fur seller—Hudson Bay Fur Company.¹¹⁴ The court protected the foreign plaintiff’s mark, enjoining the U.S. defendant, who had adopted the mark after plaintiff’s mark had become known in the United States. It protected the mark even though the plaintiff did not have a store in the United States, it sold its furs only in London, and no one was then importing its furs into Dallas. There was apparently some use of plaintiff’s trademark in Dallas, however, because some of the furs were eventually sold there. The court held:

We are not of opinion that appellee’s right to relief was affected by the fact that prior to the institution of the suit it had not been a wholesale or retail seller of furs in Dallas or elsewhere in the United States. It was enough to entitle the appellee to relief that its furs and other products marketed by it were known and dealt in in Dallas and throughout the United States, that the use by the appellant of a trade-name having a deceptive similarity to that of the appellee enabled the appellant to sell his furs as those of the appellee, thereby deceiving the public, and, at least in appellant’s limited trade territory, making the maintenance of appellee’s good name and good will and the reputation of its furs dependent to some extent upon appellant’s conduct and financial responsibility and the quality of the furs sold by him.¹¹⁵

113. Compare *Person’s Co.*, 900 F.2d at 1570 (finding that knowledge of plaintiff’s prior use in Japan was *not* bad faith; “Knowledge of a foreign use does not preclude good faith adoption and use in the United States,” although some case law supports a finding of bad faith where the foreign mark is famous in the United States.).

114. *Buckspan v. Hudson’s Bay Co.*, 22 F.2d 721 (5th Cir. 1927).

115. *Id.* at 723. See also *Hiram Walker & Sons, Inc. v. Penn-Maryland Corp.*, 79 F.2d 836, 839 (2d Cir. 1935) (“The place of the reputation is the protected territory wherever the

The court concluded that it could infer that the defendant's reason for adopting the plaintiff's mark was to "secure the advantages which would result from a supposed connection with a historically famous collector of and trader in furs."

Nevertheless, there is an important difference between a purely domestic application in the United States of the *Tea Rose-Rectanus* defense and an application of the doctrine in the context of a well-known foreign mark. In the former case, the prior user of the mark—the plaintiff—has used its mark in the United States and thus has a viable infringement claim under longstanding federal precedent. In the latter case, however, the prior user of the mark is the foreign entity that has *not* used its mark in the United States. It is still missing an important element of its cause of action under federal law, and so the application of this doctrine is not sufficient by itself to sustain the well-known marks doctrine.

VII. NEW YORK STATE COMMON LAW — MISAPPROPRIATION

New York State appears to be the only U.S. state to have explicitly embraced the well-known marks doctrine, though not by name.¹¹⁶ That state recognizes a common law theory of misappropriation that would protect marks that are well known in the state despite not having been used there.

At the close of its first *ITC* opinion, the Second Circuit certified the following questions to the Court of Appeals of New York: "Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country? If

trader is.") (citing the *Tea Rose-Rectanus* doctrine but finding that the Canadian mark at issue was not sufficiently well known to United States consumers); *Maison Prunier v. Prunier's Restaurant & Café*, 288 N.Y.S. 529 (N.Y. Sup. Ct. 1936) (holding that protection of the senior user's mark could be expanded to the territory of its reputation regardless of use or non-use, citing the *Tea Rose* case and noting that the United States defendant had selected the PRUNIER mark in bad faith to take advantage of its reputation in France).

116. Several states recognize the common law doctrine of misappropriation and several protect famous marks from dilution, but aside from New York, no other state appears to have faced the issue of well-known foreign marks not in use in the United States. The Ninth Circuit found no case to support the argument that California courts would disregard the territoriality principle and find that use anywhere in the world may establish priority in that state. *Grupo Gigante*, 391 F.3d at 1101. See also *Moishe's Inc. v. Moishe's Steak House & Seafood, Inc.*, 528 So. 2d 519 (Fla. 1988) (refusing to enjoin use by Florida restaurant of name and logo similar to Canadian restaurant, noting that owner of Canadian restaurant failed to show bad faith exception to actual competition requirement).

so, how famous must a foreign mark be to permit a foreign mark owner to bring a claim for unfair competition?”¹¹⁷

The Court of Appeals of New York responded that New York state common law did not recognize the well-known marks doctrine *as such*, but that, under a misappropriation theory, the common law would protect well-known marks that had good will in New York. Thus, it answered “yes” to the first certified question, holding that its common law would protect business good will—foreign or domestic—from misappropriation. It would prohibit another party from using a business property right or commercial advantage to compete unfairly in New York State.¹¹⁸

The well-known marks doctrine was in fact first recognized in the United States in the late 1950s by a New York state court. In the landmark *Vaudable* case, the New York Supreme Court granted a permanent injunction against the use of “Maxim’s” for a New York City restaurant based on plaintiff’s “famous Maxim’s restaurant in Paris.”¹¹⁹ The court issued the injunction even though plaintiffs had made no use of their mark outside of Paris. It granted relief because “commercial unfairness should be restrained whenever it appears that there has been a misappropriation, for the advantage of one person, of a property right belonging to another.”¹²⁰ The 2007 opinion of the Court of Appeals of New York found the 1959 opinion to “fit logically and squarely” within New York’s misappropriation theory, with no need to look to a new legal doctrine.¹²¹

Under New York state unfair competition law, no one may “misappropriate the results of the skills, expenditures and labors of a competitor” or take the competitor’s “property” or “commercial advantage” to compete unfairly.¹²² Business good will from trademark use is a “commercial advantage” that may not be misappropriated under New York law. The Court of Appeals of New York noted that such good will may in fact cross international boundaries, particularly with certain types of businesses, including “cachet goods/services with highly mobile clientele.”¹²³

117. *ITC Ltd.*, 482 F.3d at 171. The questions were certified at 8 N.Y.3d 994 (2007). See Part X.A, *infra*, for a discussion of the second certified question, regarding necessary level of renown.

118. *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467 (2007).

119. *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959).

120. *Id.* at 358.

121. *ITC Ltd.*, 9 N.Y.3d 467.

122. *Id.* (citations omitted).

123. *Id.*

Once the New York court had answered the federal court's certified questions, the Second Circuit held that the facts of the case failed to support a New York common law claim for unfair competition.¹²⁴

VIII. UNCERTAIN PROTECTION FOR WELL-KNOWN MARKS IN THE UNITED STATES

The courts' confusion over the Paris Convention, Section 44 and the *Tea Rose-Rectanus* doctrine is considerable, to say the least. The split between the Second and Ninth Circuits is just the tip of the well-known marks iceberg. And because the Supreme Court declined to take up the circuit split, there is no hope for guidance from that quarter any time soon. Parsing through the language of the Lanham Act, international treaty obligations and opinions on United States law from decades ago still bring us no closer to a solution.¹²⁵ With the state of the law as it is now, consensus on the well-known marks doctrine is impossible, as is uniformity of federal law on the subject. Forum-shopping is inevitable: Owners of trademarks used in the United States that are similar to those used only outside the United States will want to file declaratory judgment actions in a district court in the Second Circuit, if they are challenged by a foreign trademark owner.

IX. SHOULD THE UNITED STATES PROTECT MARKS THAT ARE WELL KNOWN IN THE U.S. BUT ARE NOT USED THERE?

Some, perhaps many, foreign trademark owners have cause for concern as a result of the Second Circuit's rejection of the well-known marks doctrine in the *ITC* case. The Internet, global communications and international travel increase the possibility that foreign marks can or have become well known to United States consumers. To the extent their marks are known but unused in the United States, they are at risk. Moreover, without more certainty in the law, the standing of the United States in the international trademark community can only suffer.

124. *ITC Ltd.*, 518 F.3d 159. See the further discussion of New York law in Part X.A, *infra*.

125. *Cf. BP Chemicals Ltd. v. Jiangsu Sopo Corp.*, 429 F. Supp. 2d 1179, 1185 (E.D. Mo. 2006) ("Understanding how [plaintiff] can argue that the Lanham Act [and the Paris Convention] give[] it the right to sue for misappropriation of trade secrets requires following a somewhat confusing statutory path.").

It is true that foreign mark owners may be able to sue under New York state law, and perhaps the laws of other states, for misappropriation. However, the ability to sue under various state laws is not an acceptable resolution. Reliance on state law alone leaves too wide a gap in protection and falls far short of nationwide uniformity.

While some United States courts will protect foreign marks solely on the basis of reputation, U.S. federal law does not clearly support such protection. The fact remains that an influential appeals court has denied such protection and, for reasons of its own, the Supreme Court has not seen fit to resolve the circuit conflict. If United States courts are to uniformly recognize or reject a federal cause of action for the owners of well-known marks that have not made actual use in the United States, federal legislation will, as the Second Circuit has foreseen, ultimately be necessary.¹²⁶ But would it be wise trademark law policy?

Yes, clearly, the United States should enact some form of the well-known marks doctrine.¹²⁷ Let us look back to George Faux's outrageous decision to open his hypothetical BISTRO IPSO FACTOs in the United States. Consumers will surely be confused into believing that the U.S. restaurants are either licensed or owned by, or affiliated with, the foreign owner of the well-known trademark. When Faux's services disappoint, it will inevitably reflect badly on the foreign company. Even if they do not, he has wrested from it the ability to control its own reputation. Call it unjust enrichment, if you will. Faux plainly chose that trademark and trade dress because of their renown in the United States and is simply taking advantage of the good will of the Paris company. Without a nationwide well-known marks doctrine in place, if Faux sues for a declaratory judgment of noninfringement outside New York State and the Ninth Circuit, the district court will have to decide which precedent to follow and may well find in his favor. The United States does not have to provide redress for every wrong, but this wrong violates the most basic principles of trademark law and fair dealing.

126. *ITC Ltd.*, 482 F.3d at 164 ("Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly."); *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, 381 F. Supp. 2d 324, 328 (S.D.N.Y. 2005) ("[S]uch a radical change in basic federal trademark law may, in this Court's view, only be made by Congress, not the courts.") (discussing the well-known marks doctrine).

127. Mostert, *supra* note 2, at 106 (arguing that "protection of the global trading system through the prevention of piracy and unfair exploitation of well-known marks has become essential").

A. Avoiding Consumer Confusion

A fundamental aim of United States trademark law is avoiding consumer confusion over the source of goods or services.¹²⁸ This goal supports a policy that prevents consumers from being misled by those who appropriate another company's trademark. In its impassioned opinion in *Grupo Gigante*, the Ninth Circuit warned:

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 [law] 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.¹²⁹

Making the effort to copy well-known trademarks like BISTRO IPSO FACTO is surely done to lure consumers who have already heard of the mark.

In infringement cases under United States law, all of the circuits except the Federal Circuit consider the defendant's intent in adopting its mark in determining whether there is a likelihood of confusion.¹³⁰ They reason that, where the defendant intended to cause confusion, it is more likely to have done so. As the Fourth Circuit assumes, "the person who sets out to infringe on another's trademark has more brains than scruples, and will likely succeed."¹³¹ Sounds very much like George Faux.

Punishing a defendant for its wrongful intent in selecting a trademark is a crucial concept in trademark law. Those who commit brand piracy in order to maximize profits with as little effort as possible are not concerned with the consumers who will be confused or the trademark owners who will no longer have control of their business reputations. Sympathy for them is out of the question.

B. Protecting Investment in Business Good Will

There is another important reason to protect the reputation of well-known foreign marks in the United States: prevention of

128. See 2 *Gilson*, *supra* note 5, at § 5.01.

129. *Grupo Gigante*, 391 F.3d at 1094 (footnote omitted). See also *ITC Ltd.*, 482 F.3d at 165 ("We acknowledge that a persuasive policy argument can be advanced in support of the famous marks doctrine.")

130. See 2 *Gilson*, *supra* note 5, at § 5.09.

131. *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 466 (4th Cir. 1996).

unjust enrichment. An amendment to the Lanham Act would stop trademark pirates from reaping profits from the substantial investment made in the foreign mark.¹³² A trademark owner should be protected in its investment of time, energy and money in creating good will. Competitors should not be permitted to encroach on it—and prevent expansion by the mark owner into the United States—with the use of a confusingly similar mark and sell their products as those of the trademark owner. And a business whose trademark is renowned in the United States without even having been used there has, over time, clearly committed substantial resources toward advertising the mark and distinguishing itself from others.¹³³

In our hypothetical, Faux will certainly benefit from the renown of the foreign mark he has chosen to copy. Consumers who ordinarily would not have gone to his restaurant will do so believing it is associated with the BISTRO IPSO FACTO they visited in Paris or read about in a magazine or on a blog or food-related web site or television program.

C. United States Compliance With Its Treaty Obligations

The Second Circuit's decision in *ITC* may be seen internationally as a failure by the United States to comply with its treaty obligations, and could well impair protection of United States trademarks that are well known but not used in other countries.¹³⁴ Even if the Paris Convention and the TRIPs

132. Mostert, *supra* note 2, at 141 (“[W]ell-known and famous marks are exposed to greater harm in the global market place where intangible and intellectual assets are becoming some of the most valuable possessions in the business world. Consequently, the needs of contemporary commerce dictate that . . . piracy and parasitic use of well-known and famous marks should be more adequately safeguarded.”).

133. See *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. 2005) (“Recognition of the famous marks doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders.”).

134. See Ethan Horwitz & Jill Wasserman, *Famous Indian Restaurant, Bukhara, Denied Protection by Second Circuit*, Metropolitan Corp. Counsel, Nov. 2007, at 62 (“[I]f U.S. courts are seen as failing to protect foreign interests, U.S. companies will be in a weaker position to assert their rights as U.S. entities under the TRIPs Agreement in the courts and tribunals of foreign jurisdictions.”); Theodore H. Davis, Jr. & Jordan S. Weinstein, *United States Annual Review: The Fifth-Eighth Year of Administration of the Lanham Trademark Act of 1946*, 96 TMR 6, 13 (2006) (discussing *ITC*) (“As a matter of international law, it is troubling that a federal appellate court would evade the responsibilities of an international treaty, which the court admits Congress attempted to implement, by interpreting inconsistencies in the treaty language and the implementing legislation in order to manifest an attempt to avoid implementing the treaty, or worse yet to constitute a drafting mistake that nullified its implementation.”).

Agreement are not self-executing and United States courts are not in fact bound to follow them, other countries may see the Second Circuit's refusal to follow them as preventing U.S. trademark owners from qualifying under the well-known marks exception abroad. Thus, another reason (albeit self-interested) for the United States to protect well-known *foreign marks* in the United States is to enable owners of well-known *United States marks* to enforce them outside the country.

D. How Can Owners of Foreign Marks Protect Them Without a Well-Known Marks Exception in Place?

One way for foreign mark owners to avoid having to rely on the well-known marks exception as it exists today is to use or register their marks in the United States. Owners of foreign trademark registrations may obtain a U.S. registration under Section 44 of the Lanham Act without making use of the mark in the United States.¹³⁵ However, the owner of the foreign registration must allege, at the time of filing, a bona fide intent to use the mark in the United States, and must ultimately file a use affidavit.¹³⁶ Forcing international firms to make business decisions about when and whether to expand into the United States based on fear of trademark piracy makes no sense.

E. Why Not Protect Well-Known Foreign Marks?

The prospect of enforcing trademark rights unattached to any domestic use raises concerns about trademark hoarding. United States law requires use of a mark to obtain rights in it in part to prevent companies from reserving trademarks, making them unavailable to others without making any investment in the marks themselves. These well-known marks could conceivably be reserved for United States use by the foreign mark owner indefinitely. But the owners of the foreign marks *are* using the marks abroad and have invested heavily in them, so heavily that they have come to be well known in the United States. The specter of trademark hoarding is just not present in the well-known foreign mark scenario.

135. Incurring the expense of such registration may be prohibitive. Mostert, *supra* note 2, at 105: “[B]rand owning companies who own such well-known trademarks frequently find that they have not yet been in a position to expand their business activities under those marks nor have they obtained registrations for their marks in all jurisdictions. Even the most famous marks are not used everywhere, and it is not possible to register and maintain trademark registrations in all international classes in all jurisdictions.”

136. 15 U.S.C. § 1126; see 1 *Gilson*, *supra* note 5, at § 3.04[7] on applications based on foreign rights.

Another reason to require *use* of a mark for enforcement is to give notice to other companies that it is unavailable, and that if they use that mark, they face legal risk. If the well-known marks doctrine became federal law in the United States, trademark practitioners in the United States could face some marginally increased difficulty in clearing trademarks. In addition to considering a search report listing marks that are in use in the United States, companies choosing trademarks would also have to consider marks *not* used in the United States but well known in the geographic area in the United States where the company plans to use its mark. However, the voluminous search reports of today typically include such information.¹³⁷

X. SUGGESTIONS FOR A WELL-KNOWN MARKS DOCTRINE FOR THE UNITED STATES

There is no need to create a well-known marks doctrine in the United States from scratch. Its underpinnings already exist in judicial decisions; what remains is to clarify its parameters and enact it into law.

A. How Well Known Must a Mark Be for the Doctrine to Apply?

If the mark is not renowned in the United States, a United States business that copies the mark would not be taking advantage of the foreign mark's good will. If the mark is not well known, there is no good will to appropriate.¹³⁸ The business of hypothetical tiny toy store LE PETIT CHIEN in Lyon, France would surely not suffer if a shop owner in Las Vegas, Nevada opened a store under the same name, striving for a French theme. The BISTRO IPSO FACTO, on the other hand, is sufficiently renowned (in our hypothetical, at least) for the Paris company to suffer damage from Mr. Faux's use of the mark in the United

137. See Thomas L. Casagrande, *What Must a Foreign Service Mark Holder do to Create and Maintain Trademark Rights in the United States?* 93 TMR 1354, 1370 (2003) (finding the trademark clearance concern "may be overstated"; "Typically, comprehensive searches, such as those traditionally obtained in U.S. clearance searches, encompass a wide variety of databases and publications, including the Internet, scanning for references to marks within the search criteria. Given the global nature of many trade and business publications, as well as the geographically unbounded nature of the Internet, it would seem unlikely that a foreign service mark, used in advertising to sell services either in the United States or abroad, would escape notice of such a search. Moreover, given the responsiveness of the free market, it seems likely as well that search firms would be able to quickly take steps to add additional databases, if necessary, to accommodate any need to expand the breadth of their searches, either as an optional upgraded search, or as standard practice.").

138. *Person's Co.*, 900 F.2d 1565.

States. In addition, the mark must be well enough known that innocent users of it would be rare, if not nonexistent.

But must the renown be nationwide or can it be merely local? Do a majority of consumers have to know of the mark or can it be just a substantial number? And are the relevant consumers those who might be in the market for the goods or services at issue or must the mark be known to the United States public generally, as is required by U.S. dilution law?

A few courts that have analyzed the well-known marks doctrine have looked at the question of renown, and we will look at those in the next sections. In addition, on September 15, 1999, the World Intellectual Property Organization (WIPO) issued a Joint Recommendation on Well-Known Marks.¹³⁹ Article 3(1) of the Joint Recommendation provides: “A Member State shall protect a well-known mark against conflicting marks, business identifiers and domain names, at least with effect from the time when the mark has become well known in the Member State.” The Joint Recommendation, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO, suggests guidelines for protection of famous marks, which we will also consider.

1. What Does “Well Known” Mean?

First, what does it mean in this context for a mark to be “well known”? It is not simply name recognition; it is whether United States consumers associate the trademark with the goods and services with which it is used outside the country. For the BISTRO IPSO FACTO, for example, some of the best evidence that the mark is well known in the United States would be if U.S. consumers asked “Can you name a restaurant in Paris?” answer “the Bistro Ipso Facto.” Whether consumers have simply *heard* of the BISTRO IPSO FACTO is not the issue. Consumers should associate the foreign-owned trademark with its source for it to be protected under the well-known marks doctrine, just as consumers must associate a U.S. trademark with its source for it to be protected under United States law.¹⁴⁰

Under United States dilution law, in order to be famous, the mark must be “widely recognized by the general consuming public of the United States as a designation of source of the goods or

139. See the Joint Recommendation, www.wipo.int/about-ip/en/development_iplaw/pub833.htm.

140. For more on distinctiveness, see 1 *Gilson*, *supra* note 5, at § 2.01.

services of the mark's owner."¹⁴¹ Well-known marks are *not the same as famous marks*, although some courts use the terms interchangeably and imprecisely. Well-known marks should be eligible for protection from infringement and unfair competition under United States law. However, in order to be eligible for *dilution* protection, the owner of the foreign mark must show that it is famous under the terms of the United States statute; once it does so, the foreign mark would be treated like a famous United States trademark.¹⁴² The hurdle of showing fame is extremely high, and although it is theoretically possible for a mark not used in the United States to become famous there, in reality it would be nearly impossible.

Note that the Federal Circuit and the Board also treat famous marks differently from other marks in their likelihood of confusion analyses.¹⁴³ They generally give famous marks broad protection, reasoning that the public is more likely to assume a connection with a familiar trademark. In determining fame, the USPTO looks at sales and advertising expenses, media exposure and length of prominence of the mark, and sees fame as a spectrum from very weak to very strong. Famous marks are particularly attractive to free riders—like George Faux—seeking to capitalize on the financial investment of the mark owner. Copying a famous mark, the Federal Circuit recognizes, gives free riders immediate recognition and substantially-reduced advertising costs.

2. When Must the Mark Have Been Well Known?

The well-known mark should be protected as of the time it became well known in the United States. Evidence of the mark's renown should therefore demonstrate that it was well-known *before* the junior user adopted the mark. This requirement parallels that under United States dilution law, in which the owner of a famous mark may obtain an injunction if another

141. 15 U.S.C. § 1125(c)(2). For more on fame in U.S. dilution law, see 2 *Gilson, supra* note 5, at § 5A.01[4].

142. See WIPO Joint Recommendation, Article 4(1)(c) (in applying dilution law, “a Member State may require that the well-known mark be well known by the public at large”).

143. *E.g.*, Packard Press, Inc. v. Hewlett-Packard Co., 227 F.3d 1352, 1359 (Fed. Cir. 2000) (“Famous marks . . . enjoy a wide latitude of legal protection.”); Schering-Plough HealthCare Prods. v. Huang, 84 U.S.P.Q.2d 1323 (T.T.A.B. 2007) (“Fame of the prior mark plays a dominant role in likelihood of confusion cases featuring a famous mark.”).

See 2 *Gilson, supra* note 5, at § 5.11 for more on the role of trademark fame in a likelihood of confusion determination by the Federal Circuit or the Board; TMEP § 1207.01(d)(ix) for more on how the USPTO determines a mark's fame.

company—“at any time after the owner’s mark has become famous”—uses a mark that is likely to dilute.¹⁴⁴

3. Nationwide or Local Renown?

The foreign trademark must be well known in the United States where the junior user is using the mark. It *need not* be renowned throughout the United States. Nationwide fame would be an impossibly high standard for protection of a mark not even used in the United States. When the Ninth Circuit recognized the doctrine, it held that the “relevant American market” is the geographic area where the defendant uses the alleged infringing mark.¹⁴⁵

4. Who Are the Relevant Consumers?

Renown should be measured by the awareness of the defendant’s customers or potential customers, rather than of all consumers in the relevant geographic market. It is those consumers specifically who would be confused by the use of the foreign mark and it is thus the mark’s reputation among those consumers that matters. The concurring judge in the *Grupo Gigante* case “would require the owner of the foreign mark to show, through surveys and other evidence, that a majority of the defendant’s customers and potential customers, on aggregate, were familiar with the foreign mark when the defendant began its allegedly infringing use.”¹⁴⁶ While the judge’s “majority” standard is excessive, the focus on the relevant consumers is most apt.¹⁴⁷

144. 15 U.S.C. § 1125(c)(1).

145. *Grupo Gigante*, 391 F.3d at 1098.

146. *Id.* at 1107-08 (Graber, J., concurring). The WIPO Joint Recommendation, Article 2(1)(b)(1), looks to the degree of knowledge of the mark in the “relevant sector” of the public, and Article 2(2)(a) declares that “relevant sectors” of the public shall include “actual and/or potential customers of the type of goods and/or services to which the mark applies,” in addition to people involved in distribution of that type of goods and/or services and “business circles” dealing with that type of goods and/or services.

147. Compare this standard with the niche market fame theory of dilution protection accepted by some courts before the Trademark Dilution Revision Act of 2006. See the following cases, now overruled on this point: *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378 (5th Cir. 2001) (holding that plaintiff need only show that its mark is famous within its industry and not in a broader market); *Times Mirror Magazines, Inc. v. Las Vegas Sports News L.L.C.*, 212 F.3d 157 (3d Cir. 2000) (adopting niche market theory for fame; finding THE SPORTING NEWS famous in its niche); *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999) (holding that fame of trade dress in niche market could be sufficient to establish fame for dilution purposes where defendant sold its products in the same market).

See also *Grupo Gigante*, 391 F.3d at 1108 (Graber, J., concurring) (“[T]he niche fame cases may provide the district court with an instructive benchmark against which to

5. How Many Consumers Must Know of the Mark?

In order for the foreign mark to merit protection in the United States without use there, it must be known to a significant number of consumers. But how many? Requiring a certain fixed percentage of awareness would seem to penalize those mark owners who do not rely on survey evidence, nor is consumer surveying an exact enough science to justify an exact demarcation. Consistent with current United States law, the statutory language on well-known marks should not set a fixed target.

The Ninth Circuit held in *Grupo Gigante* that a showing of secondary meaning is necessary but not sufficient to show that a mark has achieved sufficient fame for this exception to apply.¹⁴⁸ In the United States, trademarks are only protected when they are distinctive. If a term merely describes the goods, it is deemed “descriptive” and courts will allow other companies to use the term to describe their goods as well.¹⁴⁹ However, if a descriptive term gains what is called “secondary meaning,” then consumers have come to associate the term with the producer of the goods and courts will enforce the trademark.¹⁵⁰

New York state common law protects from misappropriation marks that have actual good will in New York.¹⁵¹ In responding to a certified question from the Second Circuit on how famous a mark must be for its owner to be eligible to sue in New York for unfair competition, the New York court held that the mark must at least

measure an intermediate standard of fame.”); 2 *Gilson*, *supra* note 5, at § 5A.01[4][c][iii] for more on the now-defunct niche fame theory of dilution protection.

148. *Grupo Gigante*, 391 F.3d at 1097. See also *id.* at 1108 (Graber, J., concurring) (“I believe that a stringent standard is required when conferring trademark protection to a mark that has never been, and perhaps never may be, used in this country. A conclusion that Plaintiffs’ mark is well-known in the relevant sector brings with it the right to oust Defendants from their own market, not withstanding the fact that they have established priority of use. A bare showing of acquired distinctiveness should not suffice to invert the ordinary allocation of trademark rights.”); *Maruti.com*, 447 F. Supp. 2d at 500 (declining to apply the famous marks doctrine in part because the plaintiff failed to show secondary meaning).

But see *Empresa Cubana del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d 1650 (S.D.N.Y. 2004) (employing a secondary meaning standard for a well-known foreign mark), *rev’d in part on other grounds*, 399 F.3d 462 (2d Cir. 2005).

In an unpublished opinion, the Trademark Trial and Appeal Board declined to decide whether it would follow the Ninth Circuit standard or the secondary meaning standard as the test for whether a mark is sufficiently well-known for the doctrine to apply. *London Regional Transport v. William A. Berdan & Edward C. Goetz, III Partnership*, 2006 TTAB LEXIS 272 (T.T.A.B. 2006).

149. See 1 *Gilson* on Trademarks § 2.03 for more on descriptive terms.

150. For more on secondary meaning, see *id.* at § 2.09.

151. *ITC Ltd.*, 9 N.Y.3d 467. See Part VII, *supra*, for more on New York state common law regarding well-known marks.

call to mind its good will when used in New York State. If it does not, its good will clearly cannot have been misappropriated. To succeed under New York common law, a foreign plaintiff must show that consumers “primarily associate” with it the mark used by the defendant in New York.¹⁵² The Second Circuit, interpreting the New York state court opinion in the *ITC* case, ruled that the plaintiffs made an insufficient showing of secondary meaning in the state of New York.¹⁵³ It held that plaintiffs relied exclusively on foreign sources with no evidence that such information reached the relevant New York market, nor did they provide consumer surveys showing association in the United States with the BUKHARA mark. The Second Circuit and the New York state court failed to opine on how many consumers must make the association.

Applying the secondary meaning standard in the context of the well-known marks doctrine is unsuitable. First, that standard is primarily used to differentiate descriptive terms from protectable marks, not to measure trademark renown. Many foreign marks that are well known in the United States *are* distinctive, and asking if they have secondary meaning is not a proper question. In our hypothetical, BISTRO IPSO FACTO is a distinctive mark as applied to restaurant services and courts should not require its owner to show secondary meaning. Second, a determination of secondary meaning focuses in large part on sales figures and advertising expenditures under the mark, which are less relevant in the case of a foreign mark that has not been used in the United States. Substantial sales and advertising outside of the United States might tend to show that the mark is well known in the United States, but there is not a necessary connection between the two.

It is true that evidence supporting typical secondary meaning factors could tend to show that a foreign mark is well known in the United States in connection with certain goods or services. In determining whether a descriptive mark has achieved secondary meaning, courts look at a variety of factors, including how long the owner used the term, whether such use was exclusive, how much the term was advertised in connection with the goods, the level of sales of the goods, unsolicited media coverage of the product, any attempts to copy the mark, and consumer surveys demonstrating the association.¹⁵⁴ While these may be relevant to a mark’s

152. *Id.*

153. *ITC Ltd.*, 518 F.3d 159.

154. See 1 *Gilson*, *supra* note 5, at § 2.09[5] for more on secondary meaning factors and proof.

renown, it just confuses the matter to insist on using a standard tied to secondary meaning.

One court and one commentator have suggested that a “substantial” number of the relevant public suffice for showing that a mark is well known. Frederick Mostert, a past President of the International Trademark Association and a well-known expert on well-known trademarks, has proposed the “substantial” standard: “Substantial’ is not only consistent with the notion that a high degree of reputation is required, but sets a higher benchmark than ‘appreciable number’ or a ‘fair degree’ more akin to the threshold that might be required for ordinary marks. At the other end of the spectrum the terms ‘majority’ or ‘overwhelming majority’ may prove to be too rigid.”¹⁵⁵ Similarly, in its *Grupo Gigante* opinion, the Ninth Circuit held that, where the mark has not previously been used in any U.S. market, the court must find, by a preponderance of the evidence and in addition to secondary meaning, “that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark.”¹⁵⁶

Under United States dilution law, in order to be famous, the mark must be “widely recognized.”¹⁵⁷ Is that more than being recognized by a “substantial” number of consumers? Maybe. But a showing of secondary meaning is not sufficient to prove fame in a dilution case.¹⁵⁸

155. Mostert, *supra* note 2, at 121 (footnotes omitted).

156. *Grupo Gigante*, 391 F.3d at 1098 (emphasis in original).

Interestingly, in the United States, courts often speak of a “substantial” percentage of consumers when deciding whether a descriptive term has attained secondary meaning. *E.g.*, *Vais Arms, Inc. v. Vais*, 383 F.3d 287, 291 n.6 (5th Cir. 2004); *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991) (“The plaintiff is not required to establish that *all* consumers relate the product to its producer; it need only show that a substantial segment of the relevant consumer group makes this connection.”); *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121, 125 (4th Cir. 1990) (“A secondary meaning exists if in fact a substantial number of present or prospective customers understand the designation when used in connection with a business to refer to a particular person or business enterprise.”); *Levi Strauss & Co v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 (9th Cir. 1985) (holding that secondary meaning is “the mental association by a substantial segment of consumers and potential consumers” between the trademark and the product’s source). There thus seems to be no difference between the Ninth Circuit’s “secondary meaning *plus*” standard of a substantial number of consumers and the ordinary secondary meaning standard of a substantial number of consumers.

157. 15 U.S.C. § 1125(c)(2). For more on fame in U.S. dilution law, see 2 *Gilson, supra* note 5, at § 5A.01[4].

158. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 879 (9th Cir. 1999) (“Because famousness requires more than mere distinctiveness, and Avery Dennison’s showing goes no further than establishing secondary meaning, we hold that Avery Dennison has not met its burden to create a genuine issue of fact that its marks are famous.”); *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 47 (1st Cir. 1998) (holding that “the standard for fame and distinctiveness required to obtain anti-dilution protection is more rigorous than that required to seek infringement protection”).

In general, the “substantial” standard appears flexible enough to allow a court to balance all of the evidence in the case. If a substantial number of consumers associate the foreign mark with its foreign owner, that would be a sufficiently high degree of renown to impute bad faith to a United States user and to give notice to a company choosing trademarks in the United States.

6. Evidence of Trademark Renown

What type of evidence would be relevant to show that a foreign trademark is well known in the United States? There is some guidance in the U.S. case law on the subject and in the WIPO Joint Recommendation.

The Ninth Circuit, in *Grupo Gigante*, listed the following factors to be considered in determining whether a mark is sufficiently well known: whether the defendant intentionally copied the mark and whether customers of the United States company are likely to think they are patronizing the same company that uses the mark in another country.¹⁵⁹ The New York State court in *ITC* also suggested some factors that would be relevant to this fact-specific determination, though stating explicitly that it was not an exhaustive list: (1) evidence that the defendant intentionally associated its goods in New York consumers’ minds with the goods of the foreign plaintiff, such as by publicly declaring or implying a connection; (2) direct evidence such as consumer surveys showing that those who consume defendant’s goods or services in New York believe that those goods or services are associated with the foreign plaintiff; and (3) evidence of “actual overlap” between the customer base of the New York defendant and the foreign plaintiff.¹⁶⁰

The WIPO Joint Recommendation on well-known marks includes the following non-exclusive factors: the degree of knowledge or recognition of the mark in the relevant sector of the public, the duration, extent and geographical area of use or promotion of the mark, the duration and geographical area of any registrations or applications for registration of the mark where they reflect use or recognition of the mark, the extent to which the

159. *Grupo Gigante*, 391 F.3d at 1098. See also *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 440 F. Supp. 2d 249, 269 (S.D.N.Y. 2006) (“Under the doctrine, a foreign mark is protectable despite its lack of use in the United States ‘where the mark is so well known or famous as to give rise to a risk of consumer confusion if the mark is used subsequently by someone else in the domestic marketplace.’”), quoting *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. 2005).

160. *ITC Ltd.*, 9 N.Y.3d 467.

mark has been recognized as well-known by “competent authorities” in enforcement actions, and the value of the mark.¹⁶¹

These lists are useful starting points, but they do not capture the wide range of information that could be useful in determining whether a trademark is well known. There is no reason to limit the evidence on this subject; any evidence of trademark renown should be given weight. The danger of listing several factors to be taken into account is that a court will, sooner or later, make examination of each factor mandatory, and even strong evidence on one or two factors may be overshadowed by a lack of evidence on other, less relevant factors.¹⁶² Even the authors of the WIPO Joint Recommendation, with such broad factors for whether a mark is well known, felt it necessary to include two subsections, before and after the list of factors, cautioning that one must take into account any relevant circumstances and noting that the factors are simply guidelines for determining whether a mark is well known.¹⁶³ Trademark owners should be able to submit evidence that may not fit neatly into any particular category. What is important is that the evidence support consumer association between the trademark and its foreign owner.

A new statute should leave the door open for wide-ranging direct and indirect evidence that a mark is well known, limited only by relevance. Consumer surveys or testimony directly showing an association between the foreign mark and the foreign goods or services would be very valuable, for example, followed closely by any evidence of actual confusion, showing that those who consume defendant’s goods or services in the United States believe that those goods or services are associated with the foreign plaintiff. More indirect evidence, from which a court could *infer* that a mark is well-known, might include proof of unsolicited franchise or license inquiries from the United States to the foreign mark owner. If the foreign mark owner had used its mark for a long time, and exclusively, in a country besides the United States, a court could find that it was more likely to be well known in the United States. Similarly, high sales figures of the goods or services in the foreign country, significant market penetration of the goods or services in the foreign market, and considerable and extensive advertising of the mark would also suggest that the mark could be well known in the U.S. Evidence that the defendant—or others—intentionally copied the foreign mark would tend to show that the

161. WIPO Joint Recommendation, Article 2(1)(b).

162. See Gilson & LaLonde, *supra* note 21, at 1020 (“[T]here is the danger that these tests could foster a formulaic approach to trademark law and a judicial inclination to pigeonhole fact situations that do not quite fit.”).

163. WIPO Joint Recommendation, Article 2(1)(a) and 2(1)(c).

mark is well known, as would evidence that the defendant intentionally associated its goods in the minds of United States consumers with the goods of the foreign plaintiff, such as by publicly declaring or implying a connection.

If the foreign mark has appeared in movies, magazines or television programs available in the United States, that exposure could have caused it to become more well known, depending on the facts. Is there a Wikipedia entry? Have any bloggers (writing in English) discussed the goods or services associated with the mark? Are written materials or souvenirs advertising the goods or services available at airport stores for international travelers to take home and share with others? Online reviews or travelogues or any other media coverage of the foreign mark owner's goods or services in the United States or available to those who live in the United States may convince a court that consumers in the United States connect the trademark with the foreign trademark owner. A court might also find it relevant that the foreign mark owner maintains a web site in English.

On the other hand, if the mark lacks distinctiveness, inherent or acquired, United States consumers will probably be less likely to associate it with the foreign mark owner. Similarly, use of the mark by unrelated third parties, depending upon its duration and extent, would also tend to make it less likely that U.S. consumers would connect the mark with the foreign mark owner.

After looking at the variety of evidence possible to show that a mark is well known, and of course there could be other facts not listed here, it becomes clear that a statutory list of factors would be too limiting. While there are factors listed for determining fame in the dilution statute, it will give courts more flexibility to allow them to consider all relevant evidence rather than tying them in to a lengthy list of factors that may become mandatory.

B. Scope of Protection for Well-Known Marks

Once a United States court finds that a well-known foreign mark should be protected, it should treat it as it would treat any other mark that is eligible for protection in the United States. It should use its standard likelihood of confusion test to determine if the defendant's junior use of the mark is likely to cause confusion.¹⁶⁴

164. See 2 *Gilson*, *supra* note 5, at § 5.02 for a discussion of the circuits' confusion factors.

***C. Suggested Language for a
Well-Known Marks Exception***

We need a proposed Well-Known Marks Protection Act of 2009. Because the foreign trademarks at issue here are not registered, an amendment to the Lanham Act would be well placed in Section 43(a). Here is a suggested new 15 U.S.C. § 1125(a)(4):

(4) Subject to the principles of equity, the owner of a foreign mark that is well known in commerce shall be entitled to relief under this Act against another person who, at any time after the owner's mark has become well known in commerce, violates the provisions of subsection 43(a)(1)(A) of this section. A mark is well known if a substantial number of such other person's customers or potential customers in the United States recognize it as a designation of source of the goods or services of the mark's owner. The well-known mark need not be well known throughout the United States, nor need it actually be used on goods or in connection with services in United States commerce. In determining whether a mark is well known, the court shall consider all relevant evidence.

And an amended Section 13(a) (15 U.S.C. § 1063(a)) on oppositions:

Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c) or any mark which would be likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of a person who owns a foreign mark that is well known as defined in section 43(a)(4), may . . . file an opposition in the Patent and Trademark Office. . . .

as well as an amended Section 14 (15 U.S.C. § 1064) on cancellations:

A petition to cancel a registration of a mark . . . may . . . be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 43(c) or as a result of a likelihood of confusion, mistake, or deception as to the affiliation, connection, or association of a person who owns a foreign mark that is well known as defined in section 43(a)(4), that is caused by the registration of a mark on the principal register. . . .

XI. CONCLUSION

Well-known foreign marks cases have presented United States courts with a dilemma. On the one hand, they may condemn in the strongest terms a business that, with knowledge of another's use, blatantly proceeds to use the identical mark commercially to capitalize on its renown. On the other hand, they are faced with well-established territorial trademark law holding that trademarks are not protectable without rights established through actual use. The force in the United States of international treaties declaring an exception to the territoriality principle stands on shaky ground at the moment, and, after a circuit split, the United States Supreme Court has chosen not to address the issues involved.

The United States Congress should confront those issues in order to eliminate the current uncertainty over foreign trademark protection. In doing so, it should enact legislation that eliminates the benefit to trademark pirates like George Faux of appropriating well-known foreign trademarks. While he is hypothetical, Mr. Faux is, unfortunately, still possible.
