The Famous Marks Doctrine: Can and Should Well-Known Foreign Marks Receive Trademark Protection within the United States?

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THE FAMOUS MARKS DOCTRINE:

CAN AND SHOULD WELL-KNOWN FOREIGN MARKS RECEIVE TRADEMARK PROTECTION WITHIN THE UNITED STATES?

I. INTRODUCTION

Intellectual property experts, practitioners, and students recognize that part of the purpose of federal trademark law is to protect the trademark owner's investment of time, energy, and money that he or she has spent in presenting a product to the public. Additionally, trademark law protects the public from deception and confusion, allowing the public to be "confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and which it wants to get." The questions of how far this protection extends, and to whom it is extended have been the subject of litigation for decades, and has recently been particularly scrutinized with respect to foreign trademark owners who wish to assert trademark rights within the United States. In particular, what, if any, level protection may a foreign trademark owner who does not actually use his product within the United States expect from American courts? Does the fame of his or her mark provide any leverage in asserting those rights?

Some courts and scholars believe that federal trademark protection is indeed extended to foreign mark owners who do not use their marks within the United States via the "famous" or "well-known" marks doctrine. The famous marks doctrine stands for

2. Id.
3. See Grupo Gigante S.A. De C.V. v. Dallo & Co., 391 F.3d 1088, 1094 (9th Cir. 2004) ("An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud."); see also J. THOMAS McCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:4 (4th ed. 2008) (stating that the famous marks doctrine is incorporated into United States domestic law through Lanham Act §§ 43(a), 44(b), 44(h)). The
the principle that "[i]f a mark used only on products or services sold abroad is so famous that its reputation is known in the United States, then that mark should be legally recognized in the United States." The famous marks doctrine, however, is not an established rule of federal trademark law, but is rather the source of heated debate among scholars and a split among the federal circuits.

The doctrine has been addressed by two federal circuit courts of appeal – the Second Circuit and the Ninth Circuit. In the 2004 case of Grupo Gigante v. Dallo, the Ninth Circuit recognized the famous marks doctrine as an existing part of federal trademark law. However, the Second Circuit recently held that the famous marks doctrine is not a part of existing federal trademark law in ITC v. Punchgini, thereby creating the current circuit split.

This comment analyzes the existence of the famous marks doctrine in United States federal law. It will first provide a background and history of the doctrine, from its origin to its treatment by state and federal courts, as well as its place in relevant international treaties and federal statutes. The comment will then go on to summarize and analyze ITC, and discuss whether the Second Circuit correctly held that the famous marks doctrine is not currently a part of U.S. domestic trademark law. Finally, the comment will address the wisdom of the famous marks doctrine, whether and how it might be applied, and, ultimately, the impact that the circuit split and the doctrine will have on trademark law.

Lanham Act is "[a] federal trademark statute, enacted in 1946, that provides for a national system of trademark registration and protects the owner of a federally registered mark against the use of similar marks if any confusion might result or if the strength of a strong mark would be diluted. The Lanham Act's scope is independent of and concurrent with state common law." BLACK'S LAW DICTIONARY 885 (7th ed. 1999). The Lanham Act is codified as amended in scattered sections of 15 U.S.C.

5. Grupo Gigante, 391 F.3d at 1094.
6. ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 163 (2d Cir. 2007) ("[N]o famous marks rights are independently afforded by the Lanham Act.").
II. BACKGROUND

A. The General Doctrines of Territoriality and the Famous Marks Doctrine

Trademark law has long endorsed the principle of "territoriality," or the notion that a trademark has a separate legal existence in each country in which it has a registered or legally recognized right. In the strictest of terms, the owner of a foreign mark has no rights to use that mark in the United States, or to prevent others from using it absent use or registration in the United States.

The territoriality principle of trademark law was first established in the 1923 case of A. Bourjois & Co. v. Katzel, where the Supreme Court seemingly rejected the "universality" theory in order to endorse territoriality. Territoriality, as originally established, interpreted the function of a trademark as not solely an indicator of the source of goods, but rather as a symbol of the domestic goodwill of the domestic markholder so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner, and the owner of the mark may be confident that his goodwill and reputation (the value of the mark) will not be injured through use of the mark by others in domestic commerce.

7. McCARTHY, supra note 3, § 29:1 ("[A] trademark is recognized as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark." (citing Person’s Co. v. Christman, 900 F.2d 1565, 1568-1569 (Fed. Cir. 1990))).


9. A. Bourjois & Co. v. Katzel, 260 U.S. 689, 692 (1923). The "universality" theory stood for the principle that a mark indicates the same source no matter where the mark is being used in the world. McCARTHY, supra note 3, § 29:1.

10. Am. Circuit Breaker Corp. v. Or. Breakers, Inc., 406 F.3d 577, 582 (9th
As established, the territoriality principle is one that is "basic to trademark law," in which trademark rights "exist in each country solely according to that country’s statutory scheme." Furthermore, the federal circuits have recognized that "it is well settled that foreign use is ineffectual to create trademark rights in the United States."12

The territoriality principle, without more, severely limits the foreign mark holder’s right to trademark protection within the United States because it requires that the owner of the mark either register or use the mark in the United States before asserting priority rights to the mark under federal law. However, some believe that the "famous marks" ("well known" or "famous foreign" marks) doctrine is also recognized by United States trademark law, and that this either negates the territoriality principle or creates an exception to the rule of territoriality, whereby a foreign mark, regardless of use or registration within the United States, can obtain trademark protection as a result of the mark having obtained fame or recognition within the United States.14

Unlike the territoriality principle, there is a great amount of contention surrounding not only the validity of the famous marks doctrine, but also its scope. As a result, there is no unilateral treatment of the famous marks doctrine within the United States.

B. Federal and State Treatment of the Famous Marks Doctrine

The famous marks doctrine has not enjoyed great support by the courts of the nation. Instead, the doctrine has been employed by some, qualified by many, and flat-out denied by others.
1. State Common Law Unfair Competition and the Famous Marks Doctrine

Prior to ITC, two New York state cases had been cited as the first in the United States to address and endorse the famous marks doctrine: Maison Prunier v. Prunier’s Restaurant & Café, and Vaudable v. Montmartre. While in actuality these cases rest on the state law misappropriation theory of unfair competition, the facts, analysis, and rationale of the cases embrace the spirit of the famous marks doctrine, and had, for a very long time, been thought to rest entirely on the famous marks doctrine.

In Maison Prunier, the owner of famous Parisian restaurant “Maison Prunier”, which had a branch in London but none in the United States, sued the owners of a New York restaurant named “Prunier’s Restaurant and Café,” who had not only adopted the name and slogan of the famous French restaurant, but had also advertised itself as “The Famous French Sea Food Restaurant.” The New York court ruled in favor of the French plaintiff, first finding authority under Article 10bis of the Paris Convention, and further ruling that “actual competition in a product is not essential to relief under the doctrine of unfair competition.” While the court acknowledged the general rule of territoriality, it found that there was an exception to the rule where the alleged infringer was guilty of bad faith, and specified that the fame of the mark involved was a relevant factor in determining whether the alleged infringer had, in good faith, used the mark without knowing it had been previously used by someone else. The court found that since the French restaurant trademark held wide repute, and because the New York defendants had acted in bad faith, the

17. Id. at 532-533; see also Paris Convention for the Protection of Industrial Property, art. 10bis, Mar. 20, 1883, 21 U.S.T. 1629, 828 U.N.T.S. 305 [hereinafter Paris Convention] (generally stating that countries of the Union are required to provide nationals of other member countries effective protection against unfair competition).
18. See Maison Prunier, 288 N.Y.S. at 536 (“The doctrine . . . does not apply where the second adopter is guilty of bad faith or where the use is made in such a manner as to operate as a fraud on the public.”).
French plaintiff was entitled to trademark protection against unfair competition, regardless of the fact that it did not operate any establishments within the United States.19

Two decades later, the New York state court once again granted relief to a French plaintiff against a New York French restaurant in *Vaudable v. Montmartre*.20 The New York defendants had allegedly appropriated the name of the Parisian restaurant, “Maxims,” as well as its décor and distinctive style of script without consent.21 The court concluded that the French owners had priority rights against the New York defendants by virtue of (1) their uninterrupted use of the mark abroad, and (2) the fame of the “Maxim’s” mark among “the class of people residing in the cosmopolitan city of New York who dine out.”22

2. The Trademark Trial and Appeal Board and the Famous Marks Doctrine

The Trademark Trial and Appeal Board ("TTAB") first addressed the famous marks doctrine in the 1983 decision of *Mother’s Restaurants, Inc. v. Mother’s Other Kitchen, Inc.*, where the TTAB stated that:

[p]rior use and advertising of mark in connection with goods or services marketed in foreign country (whether that advertising occurs inside or outside the United States) creates no priority 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 or services in the United States prior to the foreigner’s first use of the mark on goods or services sold and/or offered 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

19. *Id.* at 537.
22. *Id.* at 334-35.
user in the United States, a "famous" mark.\textsuperscript{23}

Shortly thereafter, the TTAB actually applied the famous marks doctrine in \textit{All England Lawn Tennis Club, Ltd. v. Creations Aromatiques}, applying the same reasoning it had used in \textit{Mother's Restaurants} and ruling in the plaintiff's favor by barring registration of a trademark for "Wimbledon Cologne" regardless of the fact that the plaintiff was not using the Wimbledon mark on any good marketed in the United States.\textsuperscript{24} Specifically, the TTAB stated that the plaintiff's mark, "Wimbledon," had "acquired fame and notoriety as used in association with the annual championships within the meaning of \textit{Vaudable}" and that "purchasers of applicant's cologne would incorrectly believe that said product was approved by or otherwise associated with the Wimbledon tennis championships and that allowance of the application would damage opposer's rights to the mark."\textsuperscript{25}

3. Federal Cases Addressing the Famous Marks Doctrine

The Second Circuit and Southern District of New York have thrice before ITC encountered the famous marks doctrine, resulting in only one definitive ruling by the district court on the issue.

In \textit{Empresa Cubana Del Tabaco v. Culbro Corp.}, the Second Circuit refused to issue a ruling on the viability of the famous marks doctrine, and instead resolved the case based on the fact that the Cuban embargo barred the recognition of trademark rights.\textsuperscript{26} In \textit{Empresa Cubana}, the plaintiff, Cubatabaco, a Cuban cigar company, had a registered mark "Cohiba" for cigars in Cuba in 1969, and began selling "Cohiba" marked cigars.\textsuperscript{27} Thereafter, the plaintiff applied for and registered the "Cohiba" mark in several other countries, but did not sell or register the mark within the

\begin{itemize}
  \item \textsuperscript{23} Mother's Rests., Inc. v. Mother's Other Kitchen, Inc., 218 U.S.P.Q. (BNA) 1046, 1048 (T.T.A.B. 1983) (citation omitted).
  \item \textsuperscript{24} \textit{See} All Eng. Lawn Tennis Club, Ltd. v. Creations Aromatiques, 220 U.S.P.Q. (BNA) 1069, 1072 (T.T.A.B. 1983).
  \item \textsuperscript{25} \textit{Id.}
  \item \textsuperscript{26} Empresa Cubana Del Tabaco v. Culbro Corp., 399 F.3d 462, 465 (2d Cir. 2005).
  \item \textsuperscript{27} \textit{Id.}
\end{itemize}
United States due to the Cuban trade embargo. Meanwhile, in 1981, General Cigar, a United States company, registered the “Cohiba” mark in the United States. After periods of non-use in the United States by the American company General Cigar, Cubatabaco argued that General Cigar had abandoned its United States trademark and that Cubatabaco’s “Cohiba” mark had gained fame thereafter.

The district court in Empresa held that there was indeed an action for famous foreign marks, which was to be determined by analyzing whether the mark had obtained secondary meaning. Finding that Cubatabaco’s “Cohiba” mark had obtained secondary meaning, and thus fame, the district court applied the famous marks doctrine and held that Cubatabaco’s mark held priority over General Cigar’s mark. The Second Circuit reversed the ruling of the district court, finding that the Cuban trade embargo barred trademark rights in Cuban goods. The Second Circuit did, however, comment that Cubatabaco may have been right that “Sections 44(b) and (h) [of the Lanham Act] incorporate Article 6bis and allow foreign entities to acquire U.S. trademark rights in the United States if their marks are sufficiently famous in the United States before they are used in this country.” Regardless, the Second Circuit refused to dispose of the issue in Empresa Cubana.

The Southern District of New York was once again confronted with the famous marks doctrine in De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate. The plaintiff, De Beers, had the rights to the “De Beers” mark in the United States and abroad, but had not sold any products or services in the United States. The

28. Id.
29. Id. at 465-66.
30. Id. at 464.
32. Id. at *52.
33. Empresa, 399 F.3d at 472.
34. Id. at 480.
defendant, DeBeers, had incorporated in 1981, became inoperative in 1986, and filed for a certificate of renewal and registered "DeBeers Diamond Syndicate." The plaintiffs filed an action for unfair competition under section 43(a) of the Lanham Act, alleging that they had priority rights to the "De Beers" mark under the famous marks doctrine. The Southern District of New York recognized the famous marks doctrine and spoke to the import of regulating trademarks in the global economy. However, while the court stated that the famous marks doctrine may be applicable in appropriate cases, barring contravening authority from the Second Circuit, it did not issue a decision on whether the famous marks doctrine applied to the De Beers case.

The Southern District of New York was faced once again with the issue of the famous marks doctrine in Almacenes Exito S.A. v. El Gallo Meat Market. The plaintiff, Almacenes Exito, owned a large chain of retail stores operating in Columbia and Venezuela under the name "Exito," with sales exceeding $700,000,000 in 1999. The plaintiff's "Exito" mark had become well-known to the point that a high percentage of Latinos in New York City recognized the mark. Meanwhile, the defendants operated markets in Manhattan and the Bronx under the name of "Exito," and used an exact replica of Almacenes Exito's mark.

This time, the Southern District of New York explicitly rejected the famous marks doctrine because it had not been expressly codified in the Lanham Act. Specifically, the district court

38. Id. at 265.
39. Id. at 269 ("[S]ignificant prudential considerations augur in favor of recognizing the [famous marks] doctrine. As a result, it would be applied here if appropriate.").
40. See id. at 272.
42. Id. at 326.
43. Id.
44. Id.
45. See id. at 327 ("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.").
followed the dicta in Empresa Cubana, holding that the Paris Convention does not create additional substantive rights within the Lanham Act. 46 The court held that any implementation of the famous marks doctrine must come from Congress itself. 47

ITC was only the second federal circuit court to rule on the viability of the famous marks doctrine. The Second Circuit’s decision denouncing the famous marks doctrine as outside the Lanham Act brought it into direct confrontation with a recent Ninth Circuit opinion. In Grupo Gigante S.A. De C.V. v. Dallo & Co., the Ninth Circuit specifically endorsed the famous marks doctrine as a matter of public policy. 48

Grupo Gigante involved a dispute between a Mexican chain of grocery stores operating under the name “Gigante” and an American chain of grocery stores in Southern California, also operating under the name “Gigante.” 49 The owners of the Mexican chain sued the owners of the Southern California chain, claiming, among other things, unfair competition under state law and the Lanham Act, as well as improper use of a well-known mark under Article 6bis of the Paris Convention. 50 While the Ninth Circuit rejected a conclusion that the defendants had violated any articles

46. Id. at 328.
47. Exito, 381 F.Supp.2d at 328 (“[S]uch a radical change in basic federal trademark law may . . . only be made by Congress, not the courts.”).
49. Id. at 1091.
50. Id. at 1092. The plaintiffs brought claims under the following actions: (1) improper use of a well-known mark, under Article 6bis of the Paris Convention; (2) unfair competition, under Article 10bis of the Paris Convention; (3) trademark infringement, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (4) false designation of origin, misrepresentation, and unfair competition, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (5) violation of the Federal Trademark Dilution Act of 1996, 15 U.S.C. § 1125(c); (6) common law unfair competition; (7) unfair competition under California law; (8) dilution under California law; and (9) common law misappropriation.

Id. at 1092 n.3.
of the Paris Convention, it did hold that the famous marks doctrine did indeed apply to federal trademark actions.\textsuperscript{51} Specifically, the Ninth Circuit ruled that "an absolute territoriality rule without a famous marks exception would promote consumer confusion and fraud."\textsuperscript{52} The Ninth Circuit noted that

[c]ommerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using a trademark to fool immigrants into thinking that they are buying from the store they liked back home.\textsuperscript{53}

The Ninth Circuit established a test to guide district courts in evaluating the application of the famous marks exception to the territoriality rule.\textsuperscript{54} District courts must first determine whether the mark satisfies the secondary meaning test.\textsuperscript{55} Secondly, where the mark has not before been used in the American market, the plaintiff must sufficiently establish, based on a preponderance of the evidence, that "a substantial percentage of consumers in the relevant American market is familiar with the foreign mark."\textsuperscript{56} Because the purpose of the famous marks doctrine is to prevent consumer confusion and fraud, under the reasoning of the Ninth Circuit, district courts "should consider such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are

\textsuperscript{51} Id. at 1100.
\textsuperscript{52} Id. at 1094.
\textsuperscript{53} Id.
\textsuperscript{54} Grupo, 391 F.3d at 1098.
\textsuperscript{55} Id. The concept of "secondary meaning" in trademark law refers to a mark's actual ability to trigger in the consumers' minds a link between the product or service and the source of that product or service. A mark has secondary meaning when, in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself. See id at 1095.
\textsuperscript{56} Id. at 1098. The court defined the relevant American market as the "geographic area where the defendant uses the alleged infringing mark." Id.
patronizing the same firm that uses the mark in another country.”

C. The Famous Marks Doctrine in International Treaties and the Lanham Act

1. The Paris Convention

The Paris Convention for the Protection of Industrial Property (“Paris Convention”) is the birthplace of the famous marks doctrine. Specifically, Article 6bis of the Paris Convention requires member states ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.8

Furthermore, Article 10bis of the Paris Convention states that member states are “bound to assure to nationals of such countries effective protection against unfair competition.”59 While there is some debate, most of the authorities, including the Eleventh Circuit in International Café v. Hard Rock Café, view the Paris Convention as a non-self-executing treaty, requiring positive legislation in order to become effective under domestic law.60

57. Id.
58. Paris Convention, supra note 17, art. 6bis.
59. Id. art. 10bis.
2. Section 44 of the Lanham Act

Much of the confusion over the validity of the famous marks doctrine comes from the ambiguity of section 44 of the Lanham Act. While there has been no debate that the Paris Convention has been made effective through legislation by Congress, there has been some debate concerning whether or not section 44 only partially incorporates the Paris Convention, or whether, in fact, the Paris Convention is fully embodied within section 44, thereby creating substantive provisions parallel to those found within the Paris Convention treaty.61

For purposes of the famous marks doctrine, courts and commentators have looked to sections 44(b) and 44(h) of the Lanham Act to either support or deny the validity of the doctrine. Specifically, section 44(b) states that

[a]ny person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.62

Section 44(h) states that

1274, 1277 (11th Cir. 2001) (stating that the Paris Convention is not self-executing because on its face, the Convention provides that it will become effective only through domestic legislation). But see Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640 (2d Cir. 1956) (stating that plaintiff “would appear to be correct” in asserting that Paris Convention is self-executing).

61. See, e.g., ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 135 (2d. Cir. 2007); Grupo Gigante, 391 F.3d at 1094 (9th Cir. 2004); MCCARTHY, supra note 3 § 29:4.

[a]ny person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition. 63

Courts and commentators who believe that sections 44(b) and 44(h) do not provide an action for a famous or well-known mark suggest that the Lanham Act incorporates the Paris Convention only to a degree, and that the Paris Convention does not create substantive rights for foreign nationals beyond those independently provided in the Lanham Act. 64 In other words, the Paris Convention provisions that we see in the Lanham Act only require that foreign nationals should be given the same treatment in each member country as that country makes available to its own citizens. 65 This would mean that foreign nationals are given trademark protection for trademarks that have been used in the United States, and thus that the Lanham Act does not create substantive rights for foreign nationals with trademarks that have not been used within the United States.

However, others have argued that the Lanham Act fully incorporates Articles 6bis and 10bis of the Paris Convention, giving, through section 43(a), foreign nationals standing to not only assert a claim under the famous or well-known marks doctrine, but also to win the suit if their mark is so well-known in the United States as to make consumer confusion a likely threat. 66

64. Int’l Cafe, 252 F.3d at 1277-78.
65. Id. at 1278.
66. See MCCARTHY, supra note 3, § 29:4 (citing Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788 (9th Cir. 1981)).
III. SUBJECT OPINION

A. ITC, Ltd. v. Punchgini, Inc.

1. The Facts

In 1977, the plaintiffs, ITC Limited, opened a restaurant called “Bukhara” in New Delhi, India.67 Since its opening, Bukhara has become fairly internationally acclaimed, and has been named as one of the world’s fifty best restaurants by London-based “Restaurant” magazine in 2002 and 2003.68 Hoping to bank off the success of the New Delhi restaurant, ITC expanded into a worldwide franchise, with Bukhara restaurants also in Singapore, Kathmandu, and Ajman.69 In 1986, ITC brought Bukhara into the United States, opening a restaurant in Manhattan.70 A year later, ITC entered into franchise agreements to open a Bukhara in Chicago.71 At that time, ITC registered the Bukhara mark in connection with restaurant services in the United States.72 In 1991, the Manhattan Bukhara closed, and in 1997, the Chicago franchise was cancelled.73 Since that time, ITC has not owned, operated, or licensed any restaurant in the United States.74

The defendants, Punchgini and Bukhara Grill II (“Punchgini”), owned “Bukhara Grill” in New York City, which was incorporated in 1999.75 Not only had many of the defendants previously worked for Bukhara in New Delhi, India, but they also had agreed to “take the name” of Bukhara because there was no longer a restaurant Bukhara in New York.76 Punchgini’s second restaurant, “Bukhara Grill II”, was opened by some of the defendants after the

67. ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 143 (2d Cir. 2007).
68. Id. at 143 n.4.
69. Id. at 143.
70. Id.
71. Id.
72. Id.
73. ITC, 482 F.3d at 143.
74. Id.
75. Id. at 144.
76. Id.
success of the original Bukhara Grill. There were numerous similarities between the Bukhara restaurant owned by ITC and Bukhara Grills owned by Punchgini, including similarities in logos, décor, staff uniforms, wood-slab menus, and red-checked customer bibs.

ITC became aware of the operation of the Bukhara Grills in New York City, and, through their counsel, sent a cease and desist letter to the defendants on March 22, 2000 demanding that the defendants refrain from further use of the Bukhara mark. On March 30, 2000, counsel for the defendants responded, hoping to avoid litigation, but also noting that ITC appeared to have abandoned the Bukhara trademark by not using it in the United States for several years. Plaintiffs failed to respond to this letter. Defendants’ counsel sent a second letter on June 22, 2000, stating that, if no response was forthcoming “by June 28, 2000, we will assume that ITC Limited has abandoned rights it may have had in the alleged mark and any alleged claim against our client.” There was no timely reply by the plaintiffs.

Roughly two years later, on April 15, 2002, ITC’s counsel renewed their objections to the defendants and complained of the defendants’ failure to respond to the initial letter. Defendants promptly disputed the alleged lack of response, faulted ITC for failing to reply to the March 22, 2000 letter, and reasserted the abandonment contention, a position that they claimed was now bolstered by the passage of additional time. Consequently, on February 26, 2003, ITC filed suit against Punchgini.

2. Procedural Posture

ITC’s lawsuit alleged the following claims: trademark infringement under section 32(1)(a) of the Lanham Act, unfair

77. Id.
78. Id.
79. ITC, 482 F.3d at 144
80. Id.
81. Id.
82. Id.
83. Id.
84. Id. at 144-45.
85. ITC, 482 F.3d at 145.
competition under 43(a), and false advertising under 44(h) of the Lanham Act. As an affirmative defense, Punchgini claimed that ITC had abandoned the "Bukhara" mark in the United States, and filed a counterclaim seeking cancellation of the ITC registration.

The defendants moved for summary judgment and won in the district court. First, the district court ruled that ITC had abandoned its trademark in the United States, thus, there was no infringement claim. The district court also held that regardless of whether the famous marks doctrine applied, "ITC had failed to adduce sufficient evidence to permit a reasonable jury to conclude that the name or trade dress of its foreign restaurants had attained the requisite level of United States recognition to trigger the doctrine." The court also held that ITC lacked standing to pursue the false advertising claim. ITC appealed to the Second Circuit.

Initially, the Second Circuit affirmed the district court's holding on federal trademark infringement (agreeing that ITC had abandoned its mark), affirmed the holding regarding false advertising, and ultimately decided that there was no federal claim under the famous marks doctrine since first, the famous marks doctrine was not expressly included in federal trademark law within the Lanham Act, and second, the Paris Convention's well-known marks doctrine had not been written into federal law.

In reaching its decision, the Second Circuit first decided that ITC could not allege a claim under section 43(a) for unfair infringement because it had abandoned its mark in the United States. The Second Circuit then addressed the territoriality principle and the viability of the famous marks exception to the rule. The court addressed *Maison Prunier, Vaudable*, the TTAB

86. *Id.*
87. *Id.*
88. *Id.*
89. *Id.*
90. *Id.*
91. *ITC, 482 F.3d at 145*
92. *Id.*
93. *Id.*
94. *Id. at 142.*
95. *Id. at 154.*
96. *Id. at 155.*

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decisions, and *Grupo Gigante* for a case history of the doctrine. 97 The Second Circuit found that *Maison Prunier* and *Vaudable* were decided wholly upon New York state common law of unfair competition, and therefore not applicable to the question of whether the federal law endorses the famous marks doctrine. 98 While the Second Circuit noted that the decisions of the TTAB are usually to be given “great weight,” the appellate court held that they were not binding since the TTAB decisions were once again based wholly on state common law unfair competition. 99 Finally, the Second Circuit looked to the Ninth Circuit’s decision in *Grupo Gigante*, and once again failed to find adequate support of a federal famous marks doctrine. 100 Specifically, the Second Circuit found that the Ninth Circuit had applied the doctrine solely as a matter of public policy, but that it had not based its holding on any particular section of federal law or foreign treaty. 101

The Second Circuit handed down the first partial decision in March of 2007. At that time, the Second Circuit certified the question of the applicability of the famous marks doctrine under state law back down to the New York Court of Appeals. 102 The Second Circuit asked the state court to answer the following questions: (1) “Does New York common law permit the owner of a federal 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?”; and (2) “If so, how famous must a foreign mark be to permit a foreign mark owner to bring a claim for unfair competition?” 103 The New York Court of Appeals responded in December of 2007. Finally, in February of 2008, the Second Circuit addressed the final portion of the appeal, namely whether there was a famous marks claim available under New York State law, and if so, whether ITC had sufficiently proven that it held a

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97. *ITC*, 482 F.3d at 157-61.
98. *Id.* at 157-58.
99. *See id.* at 159 (“[N]owhere in the three cited rulings does the Trademark Board state that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law.”).
100. *Id.* at 160.
101. *Id.*
102. *Id.* at 172.
103. *ITC*, 482 F.3d at 172.
famous mark in “Bukhara.” 104

In response to the two certified questions, the New York Court of Appeals had responded to the first question with a qualified “yes.” 105 Namely, the court stated that they did not recognize the famous marks doctrine as a separate form of liability, but rather that their affirmative response was merely a reaffirmation of the existing state common law theory of unfair competition; i.e., “when a business, through renown in New York, possesses goodwill constituting property or commercial advantage in this state, that goodwill is protected from misappropriation under New York unfair competition law. This is so whether the business is domestic or foreign.” 106

As to the second certified question, the New York Court of Appeals responded with

Protection from misappropriation of a famous foreign mark presupposes the existence of actual goodwill in New York. If a foreign plaintiff has no goodwill in this state to appropriate, there can be no viable claim for unfair competition under a theory of misappropriation. At the very least, a plaintiff’s mark, when used in New York, must call to mind its goodwill. . . . Thus, at a minimum, consumers of the good or service provided under a certain mark by a defendant in New York must primarily associate the mark with the foreign plaintiff. 107

The New York Court of Appeals outlined three non-exclusive factors that may be relevant to the inquiry: (1) intent to associate goods with those of a foreign plaintiff, manifested by advertising or public statements; (2) direct evidence, such as consumer surveys, of public association of goods with those of a foreign plaintiff; and (3) “evidence of actual overlap between customers of the New York defendant and the foreign plaintiff.” 108
Specifically, the state court stated that
to prevail against defendants on an unfair competition theory, under New York law, ITC would have to show first, as an independent prerequisite, that defendants appropriated (i.e., deliberately copied), ITC’s Bukhara mark or dress for their New York restaurants. If they make that showing, [ITC] would then have to establish that the relevant consumer market for New York’s Bukhara restaurant primarily associates the Bukhara mark or dress with those Bukhara restaurants owned and operated by ITC. 109

The Second Circuit, in applying the opinion of the New York Court of Appeals, first found that ITC had in fact showed that defendants had, by their own admission, deliberately copied the Bukhara mark. 110

The Second Circuit equated the second prong of the New York state test with a showing of secondary meaning. 111 The Second Circuit affirmed the district court by holding that ITC “failed to adduce evidence sufficient to create a genuine issue of material fact on the question of whether the Bukhara mark, when used in New York, calls to mind for defendants’ potential customers ITC’s goodwill, or that defendants’ customers primarily associate the Bukhara mark with ITC.” 112

IV. ANALYSIS

A. Did the Second Circuit Get It Right when It Stated that There Is No Protection for Famous Foreign Marks Under Federal Law or Foreign Treaties?

Unfortunately, the ITC decision not only created a circuit split,
but it also seemed to add to the conflagration surrounding the famous marks doctrine instead of providing abatement. This comment, as noted in the introduction, proposes that while the famous marks doctrine should be enumerated in the Lanham Act and is beneficial on multiple levels, the Second Circuit was correct in leaving the ultimate decision to Congress.

1. Does the Paris Convention, by Itself, Provide Protection to Famous Foreign Marks Within the United States?

Part of the contention surrounding the Paris Convention involves whether or not the treaty is self-executing. If it is self-executing, the question is, does it create additional substantive protection for foreign marks? If it is not self-executing and can only find life within the Lanham Act, how fully has it been incorporated by Congress into the Lanham Act?

In *ITC*, the Second Circuit never held that the Paris Convention was or was not self-executing, but rather held that because “Bukhara” was a service mark, it was covered by the Trade-Related Aspects of International Property Rights (“TRIPS”), which, the court stated, was “plainly not a self-executing treaty.”113 Thus, by way of TRIPS, the court required that any support of the famous marks doctrine must come through the Lanham Act. However, the Second Circuit did make note of the Eleventh Circuit decision, which definitively held that the Paris Convention was not self-executing based on language of the statute that seems to require legislation.114

Some commentators have stated that while most courts have held that certain sections of the Paris Convention are not self-executing, those holdings have not been based on any generalized

113. *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 161-62 (2d. Cir. 2007) (citing *In re Rath*, 402 F.3d 1207, 1209 n.2 (Fed. Cir. 2005)). The TRIPs agreement became effective on January 1, 1995 and is the dominant international treaty dealing with intellectual property, including provisions dealing not only with trademark, but also with copyright and patent. The treaty equates IP rights with economic rights and allows the same treatment for service marks as is given to marks distinguishing goods. See generally Lauren Lowe, Note, 9 VAND. J. ENT. & TECH. L. 171, 172-76 (2006).

principles, but rather have seemingly based their analysis on an 1889 opinion of the United States Attorney General, which stated that such treaties were not self-executing because they involved complex issues beyond the expertise and knowledge of foreign diplomats.\textsuperscript{115} Other commentators argue that the very text of the Paris Convention would seem to require the United States to recognize the famous marks doctrine under 6bis.\textsuperscript{116} However, both of these contentions seem to fail in the face of the \textit{International Caf\`e} decision, which found that the Paris Convention, on its face, required domestic legislation in order to become active law within a certain country.\textsuperscript{117}

Other commentators suggest that whether or not the Paris Convention is self-executing, the Paris Convention’s famous marks doctrine had in fact been incorporated into United States law through certain Lanham Act provisions, such as section 43(a), section 44(b), and section 44(h).\textsuperscript{118} Thus, it becomes necessary to analyze whether these sections actually do incorporate the Paris Convention as they are currently worded, and as they operate within the context of federal trademark law.

\textbf{2. Does the Lanham Act Protect Famous Foreign Marks?}

As noted above, some commentators argue that the Lanham Act incorporates the famous marks doctrine through sections 43(a), 44(b), and 44(h) of Lanham Act.\textsuperscript{119} The Second Circuit, in \textit{ITC}, quickly cut section 43(a) from the equation in the context of this case because the plaintiffs had abandoned the mark.\textsuperscript{120} Therefore, there was not a thorough discussion of the applicability of the famous marks doctrine within the context of section 43(a), other than to briefly note a Southern District of New York case that

\begin{footnotes}
\footnote{115. JAY DRATLER, JR., INTELLECTUAL PROPERTY LAW: COMMERCIAL, CREATIVE, AND INDUSTRIAL PROPERTY § 1.09[3][c] (2007).}
\footnote{116. Prutzman, \textit{supra} note 8.}
\footnote{117. \textit{Int’l Caf\`e}, 252 F.3d at 1277.}
\footnote{118. MCCARTHY, \textit{supra} note 3, § 29:4.}
\footnote{119. \textit{Id.}}
\footnote{120. \textit{ITC}, 482 F.3d at 154 (citing Exxon Corp. v. Humble Exploration Co., 695 F.2d 96, 103 (5th Cir. 1983) (stating that where a section 43(a) claim is based on alleged ownership of a mark, it is necessary to consider “[w]hether the mark has been abandoned” before considering merits of claim)).}
\end{footnotes}
concluded that rights obtained under the operation of the doctrine at common law might be asserted in a federal unfair competition action filed under section 43(a) of the Lanham Act. The Second Circuit did not explicitly deny or endorse this proposition.

Commentators that support the proposition that the famous marks doctrine has been incorporated into the Lanham Act rely on the language of both the Paris Convention and sections 44(b) and (h) of the Lanham Act. Specifically, such commentators suggest that section 44(h) "provides that if a foreign entity is entitled to the benefits of a treaty such as the Paris Convention, it is entitled to protection against unfair competition and the remedies provided by the Lanham Act." However, sources that are skeptical that the famous marks doctrine was incorporated into the Lanham Act have either stated that such a doctrine would have to be explicitly enumerated since it changed a "bedrock principle of federal trademark law" – territoriality – or have stringently stuck to the argument that while the Lanham Act incorporates the Paris Convention, it does not create additional substantive rights beyond those already provided in the Lanham Act.

It is interesting to note that both the Ninth and Second Circuits have held that the Paris Convention, as incorporated by the Lanham Act, does not create any additional substantive rights other than those provided for by the existing Lanham Act provisions. This is a very important distinction. In the simplest of terms, it means that a foreign national covered by the terms of the Paris Convention is entitled to the same protections, and only those protections, that are available to an American citizen in the United States. With that in mind, it becomes very clear that while there is protection available to foreign nationals who actually use their marks within the United States, the same protection – at least

121. *Id.* at 160 (citing De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc., 440 F. Supp. 2d 249 (S.D.N.Y. 2006)).
124. *See* ITC, 482 F.3d at 162; Grupo Gigante S.A. De C.V. v. Dallo & Co., 391 F.3d 1088, 1099-1100 (9th Cir. 2004).
with the Lanham Act as it is currently written and interpreted by the courts – would not be available to foreign nationals who do not use their marks within the United States. U.S. trademark law requires that the holder of an unregistered mark demonstrate “use” within commerce, in addition to likelihood of confusion, mistake, or fraud before he or she can garner trademark protection under section 43(a). If a foreign national is provided protection for a mark that is not actually being used in the United States, the result would theoretically be substantively superior protection for foreign national mark-holders than for American mark-holders. This proposition was nicely explained by the Southern District of New York in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.:*

> [s]ince it is conceded that a United States citizen who claimed to own the EXITO mark could not bring a Lanham Act claim for infringement or the like against the defendants here if he had neither registered the mark in the United States nor made prior use of it in the United States, it follows . . . that the Second Circuit has effectively concluded that a foreign owner of an EXITO mark could not bring such an action either.

Thus, in the context of *ITC,* while a strict reading of the Lanham Act seems counterintuitive and apparently rewards the defendants for their bad faith use of another entity’s mark, if the Lanham Act does not create additional substantive rights for foreign marks holders, then the famous marks doctrine cannot apply.

**B. If There Should be Protection for Famous Foreign Marks, How Should the Doctrine be Clarified?**

While this comment contends that the Paris Convention is not self-executing, and that the Lanham Act, as currently written, does not explicitly include a provision for famous foreign marks absent use within the United States, this comment does contend that a famous marks doctrine would be beneficial to a federal trademark

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system that must operate in an increasingly global economy. As
noted by the Southern District of New York in *De Beers:*

> [r]ecognition 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. One of the purposes of the doctrine is to protect businesses from having their goodwill usurped by "trademark pirates who rush to register a famous mark on goods on which it has not yet been registered in a nation by the legitimate foreign owner." Moreover, given that "avoidance of consumer confusion is the ultimate end of all trademark law," a doctrine that prevents consumers from being misled by trademark pirates is a warranted application of the Lanham Act, particularly because consumers themselves cannot sue under Section 43(a).127

In accordance with the Second Circuit, this comment asserts that it is not within the federal circuit courts of appeals' discretion to resolve the United States' treaty agreements. Nor is it within the discretion of the courts, perhaps even the Supreme Court, to erase or qualify a principle that is fundamental to trademark law, without some express legislation by Congress. With that in mind, this comment proposes that legislation should be enacted by Congress that implements the famous marks doctrine in limited situations, such as in cases of clear bad faith, in order to meet our treaty obligations and encourage trade.

V. IMPACT

The Second Circuit's opinion in ITC could potentially mark a turning point in federal trademark law. While we are all still slightly uncertain as to whether the famous marks doctrine applies

to federal trademark law, we are moving closer to a definitive statement of the law. As it stands, the famous marks doctrine is recognized in the Ninth Circuit and unrecognized in the Second Circuit, creating a circuit split that affects not only the United States, but the world at large.

Legally, we are confronted with the opposing interests of protecting against unfair competition on an international level, and the concern of granting superior rights to foreign trademarks than those that exist for domestic trademarks. Courts and the public alike will continue to struggle with these competing interests. On the one hand, it makes sense to protect a foreign trademark that has become famous within the relevant market in the United States. After all, fame within the relevant market would imply a high possibility of confusion for would-be consumers of an infringer's goods or services. At the same time, fame in a relevant market would also imply a higher likelihood of bad-faith misappropriation of a foreign mark.

However, United States trademark law, as noted above, only recognizes an infringement action when the plaintiff can demonstrate use in commerce. If, under the Paris Convention, nationals of member countries are only guaranteed the same level of protection as is guaranteed to United States citizens, then to allow them relief under the famous marks doctrine would put them into direct conflict with the language of the Lanham Act.

Practically, this split indicates possible future certification by the United States Supreme Court, or, hopefully, action by Congress. However, this split also creates issues for entities operating both within the United States and abroad. On the one hand, domestic entities, unless they are residing in the Second or Ninth Circuits, still may be unsure of their level of liability to a foreign entity; on the other hand, foreign entities remain unclear of whether their marks will be protected from unfair competition within the United States if they lack registration.

Furthermore, the United States may face repercussions for failing to honor its treaty obligations, such as failure by other nations to honor American marks even though they are in use or registered in that country. Despite these possible complications, how does Congress resolve such treaty obligations in light of the more limited rights embodied in the Lanham Act for U.S. citizens?
And furthermore, if Congress does in fact codify the famous marks doctrine, it, or the courts, will face challenges in deciding what test should be used to determine the existence of a famous mark.

These are all questions and concerns that remain unanswered and they will continue to affect our judicial system and involvement in international trade. While the Second Circuit decision has led to a circuit split, perhaps it will also lead us closer to a final resolution of the issue by the Supreme Court or by Congress.

VI. CONCLUSION

The state of the famous marks doctrine within federal trademark law is currently unsettled. The decision in *ITC, Ltd. v. Punchgini, Inc* has created a circuit split and a great deal of confusion within the world of trademark law as to the level of protection afforded to foreign mark-holders. Considering this confusion, can we expect the Supreme Court to address the issue in the near future and lay all of the confusion to rest? While it is possible that the circuit split will inspire a decision by our highest court, it is more likely, as this comment argues, more beneficial that Congress explicitly endorse or reject the doctrine within the Lanham Act.

Specifically, legislation by Congress explicitly supporting or denying the famous marks doctrine in the Lanham Act would provide clarity to American citizens and to foreign nationals who own trademarks and wish to understand the extent of their priority rights. Furthermore, supportive legislation would ensure that the United States is fulfilling its treaty obligations, and therefore encourage reciprocal treatment of U.S. citizens within other member countries.

While this comment contends that a famous marks doctrine is good public policy in certain situations, there are valid arguments on both sides. Regardless of the validity of these arguments, a conclusion must be made for the public and the courts can rely upon.

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