



WAKE FOREST
INTELLECTUAL PROPERTY
LAW JOURNAL

VOLUME 9

2008 - 2009

NUMBER 1

**THE FAMOUS MARKS DOCTRINE: A CALL FOR AMERICAN COURTS
TO GRANT TRADEMARK RIGHTS TO FAMOUS FOREIGN MARKS**

Jeffrey M. Reichard and Sam Sneed*

I. INTRODUCTION

Last year, the United States Court of Appeals for the Second Circuit rejected a trademark infringement claim by a restaurant owner in India who claimed that a New York City restaurant misappropriated his mark. Although the New York City restaurant substantially imitated the Indian restaurant, the Second Circuit determined that the Indian owner had no substantive rights under the Lanham Act because he had not used the mark in commerce in the United States. With this decision, the Second Circuit altered the landscape for the foreign famous marks doctrine.¹ By diverging from the Ninth Circuit's adoption of the famous marks doctrine, the Second Circuit only added to the unsettled nature of this doctrine.

This paper argues that the Second Circuit's decision was erroneous and that federal courts should affirmatively adopt the famous marks exception to the territoriality principle of trademarks. In Part I, we discuss the relevant principles associated with the territoriality principle and the famous marks doctrine, including a brief history of the creation of the doctrine. In Part II, we provide an objective analysis of the Ninth Circuit's decision to adopt the famous marks doctrine and the Second Circuit's decision to reject it. In Part III, we argue that federal courts should adopt the famous marks doctrine in accordance with the language of the Lanham Act, prior judicial opinions, and sound policy rationales. Finally, Part IV provides a brief conclusion summarizing our analysis and arguments.

* The authors would like to thank the Wake Forest Intellectual Property Law Journal and its staff for their insight, support and diligent work on this article.

¹ Throughout this paper the terms "famous marks doctrine," "famous marks exception," and the "well-known marks doctrine" should be treated synonymously.

A. The Territoriality Principle of Trademarks

Territoriality is a well-settled and basic United States trademark law principle. This principle essentially states that substantive rights in a trademark exist independently in each country. Accordingly, “ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country.”² Thus, United States courts will not maintain jurisdiction over actions that seek to enforce those trademark rights that only exist under foreign trademark law.³

According to the territoriality principle, a trademark owner must use its mark within the territory of the United States to gain federal protection under the Lanham Act.⁴ Indeed, the territoriality principle states that “foreign use [of a mark] is ineffectual to create trademark rights in the United States.”⁵ Therefore, unless a foreign mark holder can provide evidence which shows use in commerce within the United States, that owner generally does not have the right to gain protection for that mark in the United States.⁶

The territoriality principle was specifically promulgated in the Paris Convention for Industrial Property in 1883 (hereinafter “Paris Convention”).⁷ Specifically, Article 6(3) of the Paris Convention states that “[a] mark duly registered in a country of the Union shall be regarded as independent of marks registered in other countries of the Union, including the country of origin.”⁸

B. The Famous Marks Doctrine

Although the territoriality principle is a long-standing and well-established doctrine in United States trademark law, some United

² *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 155 (2d Cir. 2007).

³ *E. Remy Martin & Co. v. Shaw-Ross Int’l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir. 1985).

⁴ *ITC*, 482 F.3d at 155.

⁵ *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1271 n.4 (2d Cir. 1975).

⁶ *ITC*, 482 F.3d at 156 (citing *Person’s Co. v. Christman*, 900 F.2d 1565, 1569-70 (Fed. Cir. 1990)).

⁷ Although the United States was not present at the Convention in 1883, it became a signatory nation on May 30, 1887. *See* World Intellectual Property Organization, Contracting Parties – Paris Convention, *available at* <http://www.wipo.int> (follow “treaties” hyperlink; then follow “Paris Convention” hyperlink; then follow “Contracting Parties [PDF]” hyperlink) (last visited Nov. 26, 2007).

⁸ Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 1970 WL 104436 at Article 6(3).

States courts have carved out an exception to this general principle for famous foreign marks. Under this famous marks exception, “a trademark or service mark is protected within a nation if it is well known in that nation even though the mark is not actually used or registered in that nation.”⁹ For example, assume a famous German car manufacturer’s trademark is recognized by a substantial number of American citizens for its superior quality. Under the famous marks doctrine the German car manufacturer could potentially prevent American car manufacturers from exploiting its trademark, regardless of whether the German car manufacturer had used the mark in the United States.

The famous marks doctrine is derived from the 1925 addition of Article 6bis to the Paris Convention. Article 6bis requires member states to:

refuse or to cancel the registration . . . [of a mark which is] liable to create confusion, [when that] mark [is] considered by the 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.¹⁰

Although the language of Article 6bis appears to mandate the protection of famous foreign marks, the Paris Convention is not necessarily binding on American courts. Indeed, the majority of United States courts that have addressed the issue have concluded that the Paris Convention is not self-executing.¹¹ Thus, congressional

⁹ 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:64 at 29-182 (4th ed. 2002) [hereinafter MCCARTHY].

¹⁰ Paris Convention for the Protection of Industrial Property, Mar. 20 1883, as rev. at The Hague, Nov. 6, 1925, 21 U.S.T. 1583, 828 U.N.T.S. 305 at Article 6^{bis}(1) (emphasis added).

¹¹ See, e.g., *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, noted in *Empresa Cubana Del Tabaco v. Culbro Corp.*, 73 U.S.P.Q.2d (BNA) 1936 (2d Cir. 2005); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002); *Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287 (3rd Cir. 1979). See *In re Rath*, 402 F.3d 1207, 1209 (Fed. Cir. 2005) (“[W]e find that the Paris Convention is not a self-executing treaty and requires congressional implementation.”); *Int’l Cafe v. Hard Rock Cafe 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 effective only through domestic legislation.”). *But see* *Davidoff Extension S.A. v. Davidoff Int’l, Inc.*, 612 F. Supp. 4, 8 (S.D. Fla. 1984) (“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.” (addressing an argument based upon *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956))), *aff’d without op.*,

enacting legislation is necessary to create substantive rights under the Paris Convention.¹² Although Congress has enacted much of the Paris Convention through the Lanham Act, it remains unclear whether the famous marks doctrine articulated in Article 6bis has been enacted through the Lanham Act.

II. THE CURRENT CIRCUIT SPLIT

While many federal district courts disagree on whether the famous marks doctrine should be adopted, only two federal circuit courts have directly ruled on the issue. In 2004, the Ninth Circuit Court of Appeals expressly adopted the famous marks doctrine in *Grupo Gigante S.A. De C.V. v. Dallo & Co.* (hereinafter “*Grupo Gigante*”).¹³ Subsequently, in 2007, the Second Circuit Court of Appeals expressly rejected the famous marks doctrine in *ITC Ltd. v. Punchgini, Inc.* (hereinafter “*ITC*”).¹⁴

A. The Ninth Circuit’s Adoption of the Famous Marks Doctrine

In *Grupo Gigante*, the appellant, a Mexican corporation, had operated a large chain of grocery stores named “Gigante” exclusively in Mexico since 1962.¹⁵ By 1991, the corporation had almost one hundred grocery stores in Mexico using the Gigante name, including six stores just south of the United States-Mexico border in Baja.¹⁶ In 1991, Michael Dallo, knowing of Gigante’s success in Mexico, began operating a grocery store named “Gigante Market” just north of the United States-Mexico border in San Diego.¹⁷ When Grupo Gigante explored the possibility of expanding its stores into Southern California, it discovered Dallo’s use and sued him for infringement of its “Gigante” trademark.¹⁸

Although Grupo Gigante had not used its “Gigante” trademark in commerce in the United States, the Ninth Circuit adopted the famous marks exception to the territoriality principle to allow Grupo

774 F.2d 1178 (11th Cir. 1985); *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956) (stating in dictum that the Paris Convention is self-executing).

¹² See cases cited *supra* note 11.

¹³ *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

¹⁴ *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 172 (2d Cir. 2007).

¹⁵ *Grupo Gigante*, 391 F.3d at 1091.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.* at 1091-92.

Gigante to enforce its trademark rights in the United States.¹⁹ In adopting the famous marks doctrine, the Ninth Circuit stated:

While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and ‘palming off.’ There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.²⁰

To preserve the territoriality principle, the Ninth Circuit held that mere secondary meaning was not sufficient to implicate the famous marks exception.²¹ Instead, “the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market are familiar with the foreign mark.”²² In making this determination, the court looked to factors such as “the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country.”²³ Therefore, the Ninth Circuit required a level of brand recognition higher than mere secondary meaning, but not necessarily as high as is required for anti-dilution protection.²⁴

B. The Second Circuit’s Rejection of the Famous Marks Doctrine

Whereas the Ninth Circuit has chosen to adopt the famous marks doctrine, the Second Circuit recently declined to adopt the doctrine. In early 2008, the Second Circuit looked at the famous marks doctrine in conjunction with a North Indian restaurant. In *ITC*,²⁵ the plaintiff, a restaurant corporation based out of New Delhi, India, had created an extremely popular dining bistro called “Bukhara”

¹⁹ *Id.* at 1094.

²⁰ *Grupo Gigante*, 391 F.3d at 1094.

²¹ *Id.* at 1098.

²² *Id.* (emphasis in original).

²³ *Id.*

²⁴ See MCCARTHY, *supra* note 9, § 29:4 at 29-15.

²⁵ 482 F.3d 135.

(hereinafter “ITC-Bukhara”). ITC-Bukhara gained substantial popularity for its quality in New Delhi.²⁶ This popularity enabled ITC to open several other ITC-Bukhara restaurants throughout the world, including locations in Chicago and New York.²⁷ Nonetheless, from 1986 to 1997 ITC-Bukhara enjoyed minimal success in the United States, and due to a downturn in the restaurant industry, ITC closed down both of its restaurants in New York and Chicago.²⁸

In 1999 the defendants, Punchgini Inc., who had previously worked at ITC-Bukhara in New York, created the “Bukhara Grill.” Based in New York, Bukhara Grill serves North Indian cuisine and has the same décor, wood slab menus, staff uniforms, and logos as ITC-Bukhara.²⁹ Indeed, the Second Circuit found that the Bukhara Grill and ITC-Bukhara showed, “numerous similarities,” which were “suggestive of deliberate copying.”³⁰ Nonetheless, the Second Circuit refused to adopt a famous marks exception to the territoriality principle, thus denying ITC-Bukhara relief.³¹

In coming to its decision, the Second Circuit distinguished several pertinent cases, which had previously adopted the famous marks doctrine. First, the Second Circuit looked to various Trademark Trial and Appeal Board (hereinafter “T.T.A.B.”) decisions. The Second Circuit acknowledged that the T.T.A.B. found, on multiple occasions, that use of the famous foreign marks in the United States was not required in order to receive trademark protection.³² However, the court read those T.T.A.B. decisions to be void of any language which indicates that the “famous marks doctrine derives from any provision of the Lanham Act or other federal law.”³³ The Court distinguished the T.T.A.B. decisions largely on account of their reliance on cases decided under New York state unfair competition

²⁶ In 2002 and 2003, “Restaurant” magazine declared the New Delhi Bukhara one of the world’s fifty best restaurants. *Id.* at 143 n.4.

²⁷ *ITC*, 482 F.3d at 143.

²⁸ The Second Circuit found that ITC abandoned its Bukhara restaurants in New York and Chicago after it closed them down permanently in 1997. *Id.* at 147-53.

²⁹ *Id.* at 144.

³⁰ *Id.*

³¹ *Id.* at 161.

³² *Id.* at 158-59. *See also* All England Lawn Tennis Club v. Creations Aromatiques, 220 U.S.P.Q. 1069 (T.T.A.B. 1983) (holding the opposer had acquired rights in the term “WIMBLEDON” as the phrase had acquired fame and notoriety in connection with the annual tennis championship); *Mother’s Rests. v. Mother’s Other Kitchen*, 218 U.S.P.Q. 1046 (T.T.A.B. 1983) (arguing a foreign mark may have priority over the first use of a similar mark in the United States if the foreign mark is a “famous” mark); *Vaudable v. Montemarte, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959) (granting injunction restraining defendant’s from using the name “Maxim’s” to the owner of the famous French restaurant, Maxim’s).

³³ *ITC*, 482 F.3d at 159.

law.³⁴ In addition, the Second Circuit distinguished the Ninth Circuit's decision in *Grupo Gigante*. Again the court looked specifically for any explicit holding tending to show that the Lanham Act includes language which enacts the famous marks doctrine.³⁵ The Second Circuit dismissed the Ninth Circuit's findings, commenting that the decision was made purely on policy grounds.³⁶ Specifically, the court stated that "it appears that the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy."³⁷

Finally, the Second Circuit looked directly to the language of the Lanham Act and the Paris Convention to find that the language of §44(h) of the Lanham Act only requires national treatment.³⁸ This national treatment, as viewed by the Second Circuit, simply meant that "foreign nationals should be given the same treatment in each of the member countries as that country makes available to its own citizens."³⁹ However, the court acknowledged that its reading of §44(h) is in stark contrast to leading trademark commentator, Professor J. Thomas McCarthy.⁴⁰

Overall, the Second Circuit relied heavily on the express language of the Lanham Act. The court stated that the famous marks doctrine must be expressly included in the Lanham Act for federal courts to judicially recognize it. Furthermore, the court noted that Congress has amended the Act more than thirty times since 1947, but has not included language adopting the famous marks doctrine.⁴¹ Bearing this in mind, the Second Circuit opted to "wait for Congress to express its intent more clearly."⁴²

³⁴ *Id.* (stating that the T.T.A.B.'s "reliance on *Vaudable* suggests that recognition [of a famous marks doctrine] derives from state common law.").

³⁵ *Id.* at 159-60.

³⁶ *Id.* at 160. It is important to note that the Second Circuit acknowledged that the famous marks doctrine would create sound policy. *Id.* at 165.

³⁷ *Id.* at 160.

³⁸ *ITC*, 482 F.3d. at 162.

³⁹ *Id.*

⁴⁰ McCarthy reads § 44(h) as giving a statutory entitlement to "effective protection against unfair competition," and that its language is "coextensive with the substantive provisions of [Article 6bis]." See 5 MCCARTHY, *supra* note 9, at § 29:4, at 20-21 (quoting *Toho Co., Ltd. v. Sears, Roebuck & Co.*, 645 F.2d 788, 792 (9th Cir. 1981)).

⁴¹ *ITC*, 482 F.3d at 164.

⁴² *Id.*

III. THE FAMOUS MARKS DOCTRINE SHOULD BE ADOPTED BY AMERICAN COURTS

All United States federal courts should interpret the Lanham Act to incorporate the famous marks doctrine of Article 6bis of the Paris Convention for five distinct reasons. First, the plain language of Lanham Act Sections 44(b), 44(h), and 44(i) indicates that Article 6bis should be incorporated into United States trademark law. Second, even if the plain language of Sections 44(b) and 44(h) is ambiguous, it must be interpreted in accordance with Article 6bis under the Charming Betsy Canon. Third, the famous marks doctrine comports with the geographic nature of secondary meaning delineated in the Tea Rose-Rectanus Doctrine. Fourth, federal courts should attempt to create uniformity with the many state and federal courts that have adopted the famous marks doctrine, because Congress has impliedly ratified those courts' interpretation of the Lanham Act. Finally, the famous marks doctrine should be adopted to fulfill the overarching policy objectives of United States trademark law and global expansion.

A. The Plain Language of Lanham Act Sections 44(b), 44(h), and 44(i) Indicates That Congress Intended to Adopt the Famous Marks Doctrine.

Sections 44(b) and 44(h) of the Lanham Act, when read together, indicate that Congress intended to adopt the famous marks doctrine of Article 6bis of the Paris Convention. Section 44(b) specifically states: Any person whose country of origin is a party to any convention . . . to which the United States 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, treaty or reciprocal law.*⁴³

Furthermore, Section 44(h) of the Lanham Act declares that “[a]ny person designated in subsection (b) of this section . . . shall be entitled to effective protection against unfair competition, and the remedies provided [herein].”⁴⁴ Thus, when reading these two provisions together, foreign mark holders are entitled to effective protection against unfair competition to the extent necessary to give effect to Article 6bis of the Paris Convention.⁴⁵ Since Article 6bis

⁴³ 15 U.S.C. § 1126(b) (2006) (emphasis added).

⁴⁴ *Id.* § 1126(h).

⁴⁵ *See Toho Co. Ltd.*, (“[T]he federal right created by subsection 44(h) is co-extensive with the substantive provisions of the treaty involved . . . In this way,

mandates the refusal or cancellation of registration for famous foreign marks, federal courts should adopt the famous marks doctrine to give Article 6bis its intended effect.

Section 44(i) also implies that Congress intended the Lanham Act to adopt the famous marks doctrine. Specifically, Section 44(i) states that “[c]itizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.”⁴⁶ However, the Lanham Act already conveys the rights to effective protection from unfair competition to United States citizens through other sections of the Lanham Act.⁴⁷ Therefore, Section 44(i) would be superfluous if it did not extend substantive trademark rights beyond those already existing in other sections of the Lanham Act. Since statutes must be construed to give full effect to each provision,⁴⁸ Section 44(i) should be construed to extend the substantive rights of the Lanham Act to include rights promulgated through Article 6bis of the Paris Convention. Thus, to give Section 44(i) its fully intended effect, federal courts should adopt the famous marks doctrine.

B. If the Lanham Act is Considered Ambiguous, the Charming Betsy Canon Mandates that Federal Courts Should Adopt the Famous Marks Doctrine.

Although federal courts should find that Lanham Act Section 44 adopts the famous marks doctrine as discussed *supra*, any potential ambiguity in Section 44 should be interpreted so as to comply with Article 6bis of the Paris Convention. In *Murray v. Schooner Charming Betsy*, the Supreme Court of the United States declared that “an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains.”⁴⁹ The term “law of nations” is interpreted to mean international law, such as treaties and conventions.⁵⁰ Federal courts have used this canon, the

subsections (b) and (h) work together to provide federal rights and remedies implementing federal unfair competition treaties.”)

⁴⁶ 15 U.S.C. § 1126(i).

⁴⁷ See *General Motors Corp. v. Ignacio Lopez de Arriortua*, 948 F. Supp. 684, 689 (E.D. Mich. 1996) (“Interpreting section 44(b) as merely requiring “national treatment” renders section 44(i) superfluous.”).

⁴⁸ *United States v. Menasche*, 348 U.S. 528, 538-39 (1955) (“It is our duty ‘to give effect, if possible, to every clause and word of a statute.’”) (quoting *Inhabitants of Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883)).

⁴⁹ *Murray v. Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804).

⁵⁰ See *Sale v. Haitian Centers Council, Inc.*, 509 U.S. 155, 178 (1993).

“Charming Betsy Canon,” to interpret Section 44 of the Lanham Act on multiple occasions.⁵¹

Under the modern Charming Betsy Canon, when a statutory ambiguity exists, the court must construe the statute to comply with international treaties. Thus, if a court finds Section 44 of the Lanham Act ambiguous regarding the adoption of the famous marks doctrine, it must construe Section 44 to comply with Article 6bis of the Paris Convention. Therefore, since Article 6bis contains the famous marks doctrine, Section 44 should be construed to incorporate the famous marks doctrine.

C. The Famous Marks Doctrine Complies With the Geographic Nature of Secondary Meaning Outlined in the Tea Rose-Rectanus Doctrine.

Under the Tea Rose-Rectanus Doctrine,⁵² secondary meaning defines the geographic area in which a user has priority.⁵³ This doctrine essentially states that a good faith junior user may establish priority rights in an area that is geographically remote from that of the senior user.⁵⁴ Although this appears to imply that “use in commerce” is necessary for priority, the Tea Rose-Rectanus Doctrine is predicated on the territorial definition of secondary meaning, not just the geographical extent of actual use.⁵⁵ As the Ninth Circuit stated:

[s]econdary meaning comes into play in determining just how far each user’s priority extends. Courts ask whether the first geographically limited use of the mark is well-known enough that it has gained secondary meaning not just within the area where it has been used, but also within the remote area, which is usually the area where a subsequent user is claiming the right to use the mark.⁵⁶

⁵¹ See *In Re Rath*, 402 F.3d at 1211; *Crocker Nat’l Bank v. Canadian Imperial Bank of Commerce*, 223 U.S.P.Q. (BNA) 909, 924 (T.T.A.B. 1984).

⁵² The name of the doctrine comes from two pre-Lanham Act Supreme Court cases, *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916) (the “Tea Rose” case) and *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

⁵³ *Grupo Gigante*, 391 F.3d at 1096.

⁵⁴ See *Hanover Star Milling*, 240 U.S. at 403; *United Drug*, 248 U.S. at 90.

⁵⁵ *Hanover Star Milling*, 240 U.S. at 415-16 (“Into whatever markets the use of a trademark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.”).

⁵⁶ *Grupo Gigante*, 391 F.3d at 1097.

Therefore, under both the Tea Rose-Rectanus Doctrine and the famous marks doctrine, a trademark owner with secondary meaning in a geographical territory should receive priority regardless of actual use in that territory.

D. All Federal Courts Should Follow the Many Courts Which Have Already Adopted the Doctrine.

When interpreting statutory language, courts should consider past judicial constructions of the same statutory language.⁵⁷ Indeed, federal courts should use prior judicial interpretations of the Lanham Act, especially from sister circuits, as persuasive authority for Section 44 construction.⁵⁸ Many state and federal courts, including the Ninth Circuit and the T.T.A.B., have expressly adopted the famous marks doctrine of Article 6bis.⁵⁹ Congress' reluctance to overrule the many courts that have adopted the famous marks doctrine implies that Congress intended to incorporate the famous marks doctrine into the Lanham Act. Considering that the Ninth Circuit adopted the famous marks doctrine in 2004 and the Second Circuit only recently rejected the doctrine in 2007,⁶⁰ Congress' inactivity would tend to weigh in favor of adopting the famous marks doctrine.⁶¹ Furthermore, all federal courts should adopt the famous marks doctrine to achieve the uniformity of trademark regulation which Congress attempted to achieve through enactment of the Lanham Act.⁶²

⁵⁷ See *Montgomery v. Huntington Bank*, 346 F.3d 693, 699 (6th Cir. 2003); *United States v. Herrera*, 289 F.3d 311, 320 (5th Cir. 2002).

⁵⁸ See *Davidoff & CIE, S.A. v. PLD Int'l Corp.*, 263 F.3d 1297, 1298-1302 (11th Cir. 2001).

⁵⁹ See e.g. *Grupo Gigante*, 391 F.3d at 1088; *Empresa Cubana del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d 1650 (S.D.N.Y. 2004); *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005-1 Trade Cas. (CCH) P 74795, 2005 WL 1164073 (S.D.N.Y. 2005); *All England Lawn Tennis Club.*, 220 U.S.P.Q. 1069; *Mother's Rests*, 218 U.S.P.Q. 1046; *Vaudable*, 193 N.Y.S.2d 332; *Maison Prunier v. Prunier's Rest. & Café*, 288 N.Y.S. 529 (N.Y. Sup. Ct. 1936).

⁶⁰ See *Grupo Gigante*, 391 F.3d at 1098; *ITC*, 482 F.3d at 165.

⁶¹ This proposition is shown by Congress' decision not to amend the Lanham Act after the Ninth Circuit's decision in 2004. Conversely, Congress has not had a sufficient opportunity to amend the Lanham Act since the Second Circuit's decision earlier this year.

⁶² See *Dad's Root Beer Co. v. Doc's Beverages, Inc.*, 193 F.2d 77, 80 (2d Cir. 1952) ("the [Lanham] [A]ct created rights uniform throughout the Union."); *Centaur Comm'ns, Ltd. v. A/S/M Comm'ns, Inc.*, 830 F.2d 1217, 1219 (2d Cir. 1987) ("Congress intended . . . to establish uniform regulation of trademarks thereby eliminating the possibility that remedies would vary from state to state.").

1. Federal Courts Should Give Substantial Deference to the Trademark Trial and Appeal Board's Decision to Adopt the Famous Marks Doctrine.

If a court finds Section 44 of the Lanham Act to be ambiguous regarding the adoption of the famous marks doctrine, it should follow the T.T.A.B. decisions to adopt the famous marks doctrine under the Chevron Doctrine. Under the Chevron Doctrine, if an administrative agency is tasked with interpreting a particular statute, and that statute is ambiguous with respect to a specific issue, the courts will defer to the agency's reasonable interpretation of the statute.⁶³ Since the T.T.A.B. is charged with interpreting the Lanham Act,⁶⁴ federal courts should give substantial weight to its decision to adopt the famous marks doctrine. Indeed, even the *ITC* court stated that the T.T.A.B. is "to be accorded great weight under general principles of administrative law requiring deference to an agency's interpretation of the statutes it is charged with administering."⁶⁵

Currently, the T.T.A.B. has adopted the famous marks doctrine on at least two occasions. In *All England Lawn Tennis Club v. Creations Aromatiques*, the T.T.A.B. held that a foreign user of the "Wimbledon" mark could block a United States registrant from registering the trademark "Wimbledon Cologne," even though the foreign user had not used the "Wimbledon" mark in commerce in the United States.⁶⁶ Additionally, in *Mother's Rests. v. Mother's Other Kitchen*, the T.T.A.B. held that the Canadian trademark "Mother's Pizza Parlour" for restaurant services was likely to cause confusion with "Mother's Other Kitchen" in the United States.⁶⁷ Although each of these cases seemed to rely on precedent involving New York's unfair competition law, instead of the Lanham Act, their holdings are unequivocal: a famous marks exception to the territoriality principle exists. Therefore, federal courts should follow the T.T.A.B. by adopting the famous marks doctrine.

⁶³ See *Chevron v. Natural Res. Def. Council*, 467 U.S. 837 (1984).

⁶⁴ The T.T.A.B. is responsible for reviewing whether a trademark may be registered and conducting opposition and cancellation proceedings. See 15 U.S.C. §§ 1051, 1063-64.

⁶⁵ *ITC*, 482 F.3d at 159 (internal quotes omitted).

⁶⁶ *All England Lawn Tennis Club*, 220 U.S.P.Q. at 1072.

⁶⁷ *Mother's Rests*, 218 U.S.P.Q. at 1049.

- E. Courts Should Adopt the Famous Marks Doctrine Because it Comports with the Underlying Goals of Trademark Law, it Accounts for Good Faith Intentions, and it is Consistent with the Developing Globalization of Today's Marketplace.

In addition to the guidance of the T.T.A.B., the Charming Betsy Canon, the Tea Rose-Rectanus Doctrine, and the language of the Lanham Act, sound policy rationale supports adoption of a famous marks exception. Initially, and perhaps most importantly, the famous marks doctrine is consistent with the overarching goals of trademark law. Moreover, a failure to adopt the doctrine leaves courts without the necessary tools to account for the bad faith intentions of infringing parties. Finally, the expansion of globalized trade, advertising, travel, and immigration requires adoption of the doctrine in order to prevent confusion.

1. Courts Should Adopt the Famous Marks Doctrine Because it Enhances the Basic Goals of United States Trademark Law.

Trademark law was designed to safeguard against several harms. These safeguards include the prevention of “palming off,” the protection of goodwill, the protection and enhancement of atmospherics, and the ability to control the quality of products and services. Adopting a famous marks exception furthers each of these basic goals. Specifically, absent adoption, a would-be infringer can openly copy the mark of a foreign user and palm off that good or service as an original. If foreign famous marks can be readily copied and passed off as originals, United States consumers may end up paying more for an infringer’s lesser quality products. Here, the basic trademark goals of protecting atmospherics and preventing palming off are furthered by adoption of the famous marks doctrine. For example, envision a Columbian coffee manufacturer who is widely recognized in his country for the quality of his product, but did not gain effective protection of that coffee in the United States. If this manufacturer failed to foresee a viable market in the United States, and thus did not register his mark or take the necessary precautions, an “enterprising entrepreneur”⁶⁸ could take advantage of the Columbian

⁶⁸ While admittedly somewhat sarcastic, the term “enterprising entrepreneur” was developed by Fredrick W. Mostert in his article which provides an in-depth analysis of the pervasive development of global trademarks. See Fredrick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 TRADEMARK REP. 103, 104 (1996).

manufacturer's popularity by exploiting his goodwill. As a result, the relevant consumer population would be paying a higher atmospheric-based cost without benefiting from the Columbian manufacturer's superior quality.

The potential risk of goodwill exploitation is another reason why adoption of the famous marks doctrine comports with basic trademark goals. The ability of people to find foreign famous marks and palm them off in the United States as originals leaves goodwill vulnerable. A good example of this potential risk is found in *Vaudable v. Montmartre*.⁶⁹ In *Vaudable*, an extravagant and famous French restaurant in Paris was recreated by the defendant in New York City. The New York restaurant used the same interior, design, sign script, and name of its French counterpart without the permission of the French user.⁷⁰ This type of infringement upon a famous foreign mark is especially troubling because it only takes a single instance of bad publicity, on behalf of the New York restaurant to tarnish the goodwill already achieved by the French original. A poor health inspection, a notorious incident, or even just bad food could lead many people to think poorly of the innocent French restaurant, thus leading to dilution of the foreign user's mark.⁷¹

The ostensible ability of United States entrepreneurs to dilute foreign famous marks also causes a problem regarding foreign policy. Comity with others nations presents a unique rationale for accepting the famous marks doctrine. The golden rule of "do unto other as you would have them do unto you," applies in the international realm. It is unreasonable for foreign nations to give Americans' famous marks protection abroad if the United States is unwilling to grant other countries the same courtesies.⁷² For instance, Brazil and China both currently provide protection for unregistered American famous marks.⁷³ Thus, it is both sound foreign policy and wise for United States courts to follow suit by adopting the famous marks doctrine.

⁶⁹ *Vaudable*, 193 N.Y.S.2d at 332.

⁷⁰ *Id.* at 334.

⁷¹ See also, 5 MCCARTHY, *supra* note 9, at § 29:61 (acknowledging that one of the primary reasons for the famous marks doctrine is to protect mark owners from having their goodwill exploited 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.").

⁷² See also, *ITC*, 482 F.3d at 164-65 (noting that the ITC argued that the United States should be the first nation to start the trend of reciprocal protection for foreign famous marks).

⁷³ See Lei No. 9.279, de 14 de Maio de 1996, D.O., 15.05.1996. (Brazil), available at http://www.wipo.int/clea/docs_new/en/br/br003en.html; Chi Keung Kwong, *Well-known Mark Protection in China, Hong Kong, Macau and Taiwan*, World Trademark Law Report, July 7, 2004 (China).

Beyond the failure to protect the goodwill and the palming off of foreign famous marks, not adopting a famous marks exception also injures United States consumers. If famous marks can simply be copied and passed off as originals, United States consumers will not be assured of the quality of the famous foreign brand. It is in this respect that the basic trademark goal of quality control comes into play. For instance, an immigrant mother may entrust her infant's health to a famous brand of medicine from her home country. However, if the foreign user has not used the mark in the United States and the famous marks doctrine is not adopted, any unreliable drug manufacturer could sell an inferior product under the same trademark. Therefore, the mother would unknowingly be entrusting her child's health to a product of ostensibly inferior quality, thereby potentially exposing her child to harm. Recognition of the foreign famous marks exception would help avoid such problems by providing protection of quality. If the United States were to recognize this exception, it would likely prevent would-be infringers from being able to pollute the market with substandard goods under the auspices of superior foreign products.

The final basic trademark goal that would be furthered by adoption of the foreign famous marks exception is the prevention of confusion. By granting protection to famous foreign marks, courts would be expressly thwarting those who prey on the ineptitude of the consuming public. In fact, those who choose to palm-off famous foreign marks generally do so under the belief that they *will* confuse the public. After all, if the public was not confused, there would be no need for an exception. Indeed, Professor McCarthy believes that “[i]f a junior user were to use a mark in the United States that is confusingly similar to the foreign famous mark, then there would, *by definition*, be a likelihood of confusion among United States consumers.”⁷⁴

2. Courts Should Adopt the Famous Marks Doctrine Because it Would Require Parties to Have Innocent Intentions.

Courts should always look to the intentions of the parties when dealing in equity.⁷⁵ According to the Second Circuit's opinion, there

⁷⁴ See 5 MCCARTHY, *supra* note 9, at § 29:4 (emphasis added).

⁷⁵ See e.g., *Aetna Casualty & Surety Co. v. Aetna Auto Finance*, 123 F.2d 582, 584 (5th Cir. 1941) (stating that where, “it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the

is neither a good faith standard nor a bad faith exception to the territoriality principle.⁷⁶ Thus, parties that have admittedly falsified a foreign famous mark in order to take advantage of the public are treated exactly the same as parties that have coincidentally created a similar mark.⁷⁷ Adoption of the famous marks exception would allow courts to look at the intentions and knowledge of the parties.⁷⁸ Those who have merely created a similar mark through coincidence would be able to find a level of protection in a given area. Conversely, parties that seek to prey on confusion or leech onto a reputable mark would be unable to find protection for their behavior.⁷⁹ Alternatively, courts would be unable to provide redress in even the most despicable cases without adoption of the famous foreign marks doctrine.

3. Courts Should Adopt the Famous Marks Doctrine Because the Globalization of People, Products, and Services Increases the Likelihood of Harm.

When the Paris Convention was originally signed in 1883 the world had a different dynamic. Travel was less frequent, advertising was still in its infancy, and the Internet was not even a conception. However, today all of these factors have changed. With this evolution, judicial interpretations of the Lanham Act should adjust. Indeed, the law “serves the best interests of society by adopting standards of

work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.”).

⁷⁶ See *ITC*, 482 F.3d 156.

⁷⁷ Michael Ayer explores the potential of a bad faith exception in further detail. While positing that there exists a potential for intentional market clogging, he believes that, “[t]he current bad faith exception, which requires proof of the American users’ intent to block planned expansion to the United States market by the foreign firm, essentially limits the exception to cases of insider wrongdoing.” Michel J. Ayer, *Why the Time has Arrived to Broaden Protection of Foreign Famous Trademarks in the United States and why it Won’t Happen*, 32 J. CORP. L. 927 at 940-41 n.102. Moreover, “[e]xpanding the exception to include those cases in which the American user had knowledge of the foreign use would be a radical departure from the current state of the law but may be the only way to adequately protect firms and their marks.” *Id.*

⁷⁸ Although looking at New York state law, at least one court has considered the relative fame of a mark in deciding whether bad faith infringement existed. See *Maison Pruiner*, 228 N.Y.S. at 559 (identifying the achieved fame of a mark as an element in deciding whether a secondary creator acts in bad faith).

⁷⁹ Looking to the good faith intentions of the parties is not unheard of in the famous marks realm. In *Grupo Gigante*, the District Court found that there was “no evidence that the [American firm] acted in bad faith or had knowledge of Grupo Gigante’s Mexican stores before opening their first Gigante Market in 1991.” *Grupo Gigante S.A. v. Dallo & Co., Inc.*, 119 F. Supp. 2d 1083, 1104 (C.D. Cal. 2000).

conduct and responsibility that fairly meet the emerging and developing needs of our time.”⁸⁰ Hence, the Ninth Circuit was correct when it opined that “[c]ommerce crosses borders. In this nation of immigrants, so do people.”⁸¹ Thus, “protection of the global trading system through the prevention of piracy and unfair exploitation of [famous] marks has become essential.”⁸²

With foreign travel at a historic high, Americans now have the ability to see the world and experience different markets. The repercussions of this are twofold. First, travelers are more likely to be aware of foreign famous marks. Whether it is a famous French restaurant or a Cuban cigar, the popular products and services of foreign countries are seen and used by traveling Americans. Second, an increase in travel creates a special exposure to infringement. Traveling Americans with malevolent motives are able to pirate the ideas and marks of famous foreign products more easily. Indeed, infringers now have the increased ability to take products from around the world and palm them off as originals. Perhaps the United States District Court for the Southern District of New York was correct when it stated that “[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.”⁸³

Additionally, mass advertising has increased alongside the dramatic increase in travel. Magazines, newspapers, television, and the Internet all provide people with information about trademarks. This increase in advertising means that a foreign famous mark owner could advertise in the United States, thus creating goodwill, interest, and atmospherics, yet fail to obtain protection because of a lack of use. Indeed, Professor McCarthy writes that “[m]arks can become known in a nation in the absence of sales by various methods, such as advertising in internationally distributed media, such as magazines or television, by returning travelers who saw the mark in other nations, or by discussion in local media by reporters and commentators.”⁸⁴

The educational aspect of globalization stems from mass advertising. From traveling to advertising, people are able to become much more educated about foreign countries and their famous marks.

⁸⁰ *Larsen v. General Motor Corp.*, 391 F.2d 495, 506 (8th Cir. 1968).

⁸¹ *Grupo Gigante*, 391 F.3d at 1094.

⁸² Mostert, *supra* note 67, at 106.

⁸³ *De Beers LV Trademark Ltd.*, 2005 U.S. Dist. LEXIS 9307 at *25.

⁸⁴ See 4 MCCARTHY, *supra* note 9, at 11:78 (*referencing* § 29:4); see also *Int'l Bancorp, LLC., v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003).

There exists an entire genre of travel-related magazines and information designed to educate Americans about the interesting and popular activities available in foreign countries. By gaining this education about the famous products produced by other countries, Americans are becoming increasingly susceptible to buying inauthentic goods. Adoption of the famous marks doctrine would limit the opportunity for people to palm off products and services that this education has provided. Of course, the Internet plays the largest part in this education process. Never before has so much information been so easily available. Everything from foreign newspapers to personal blogs can inform American consumers about new foreign products. The immediacy of this information means that a German beer maker, whose homebrewed beer gathers quick acclaim, is susceptible to Budweiser creating a beer under that same name and registering the beer before the German maker even has time to understand the global sales potential of his success.

Finally, globalization calls for an adoption of the famous marks doctrine because the American melting pot presents unique exposure to confusion vis-à-vis inauthentic famous foreign marks. Because the United States is a nation of immigrants, there exists a great potential for exploitation. The *Grupo Gigante* case provides a tremendous example of this risk. People are more at ease when they are using products with which they have become comfortable. From grocery stores to popular beverages, at some level, immigrants seek products which they were familiar with back home. With the United States populace being composed of 11.5 percent immigrants, adoption of a famous marks exception would help prevent the confusion experienced by this significant percentage.⁸⁵ With people from every part of the world both visiting and living within the United States, there needs to be some protection for their false assumption that the goods sold in the United States are the same as those sold in their country of origin.

Thus, because adoption of a famous marks exception to the territoriality principle would promote basic trademark goals, allow courts to look at the infringers' intentions, and adapt trademark principles to the increasing globalization of the United States marketplace, the famous marks doctrine should be adopted.

⁸⁵ STEVEN A. CAMAROTA, IMMIGRANTS IN THE UNITED STATES — 2002; A SNAPSHOT OF AMERICA'S FOREIGN-BORN POPULATION, CENTER FOR IMMIGRATION STUDIES, NOVEMBER 2002, *available at* <http://www.cis.org/articles/2002/back1302.pdf>.

III. CONCLUSION

The Second Circuit's *ITC* decision has created uncertainty in the way famous foreign trademarks are treated in the United States. Despite the guidance of the T.T.A.B. and various state and federal courts, this deviation leaves foreign famous marks vulnerable to various levels of judicial interpretation. Because so much is at stake regarding the recognition of famous foreign trademarks, federal courts should adopt the famous marks exception to the territoriality principle.

In addition to the reasoning and rationale of the *Grupo Gigante* decision, courts should find that the famous marks doctrine is incorporated by the plain language of Sections 44(b), 44(h), and 44(i) of the Lanham Act. However, beyond the plain language of the relevant Lanham Act sections, adherence to the Charming Betsy Canon, the Tea Rose-Rectanus Doctrine, and the Chevron Doctrine all indicate that the famous marks doctrine should be adopted. Finally, the famous marks doctrine should be adopted because it comports with the overarching policy objectives of United States trademark law and the evolving globalization of the world's marketplace.