The Famous Marks Exception to the Territoriality Principle in American Trademark Law

James Faris

Follow this and additional works at: https://scholarlycommons.law.case.edu/caselrev

Part of the Law Commons

Recommended Citation

This Note is brought to you for free and open access by the Student Journals at Case Western Reserve University School of Law Scholarly Commons. It has been accepted for inclusion in Case Western Reserve Law Review by an authorized administrator of Case Western Reserve University School of Law Scholarly Commons.
NOTES

THE FAMOUS MARKS EXCEPTION TO THE TERRITORIALITY PRINCIPLE IN AMERICAN TRADEMARK LAW

INTRODUCTION

Over the course of thirty years of continuous operation, a restaurant named “Bukhara” in New Delhi, India, develops a reputation as one of the world’s finest restaurants. The restaurant becomes famous throughout much of the world, and the restaurant’s owners decide to open several additional Bukhara restaurants outside of India. Meanwhile, five individuals in New York, familiar with the famous Bukhara restaurant in New Delhi, decide to open an Indian restaurant in New York called “Bukhara Grill.” The New York Courts and commentators often refer interchangeably to the “famous marks” doctrine and the “well-known marks” doctrine. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 29:61 (4th ed. 2007); see, e.g., ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 156 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007); Empresa Cubana Del Tabaco v. Culbro Corp., 213 F. Supp. 2d 247, 286 (S.D.N.Y. 2002). In the United States, the term “famous marks” has at least two different legal connotations. 5 MCCARTHY, supra, § 29:61. This Note discusses the famous marks doctrine as the legal concept by which the owner of a trademark can protect his mark within a particular nation if the mark is sufficiently well known in that nation, even if the owner has not actually used or registered the mark in that nation. Id. The status of a mark as a “famous mark” is also relevant in the context of state and federal anti-dilution statutes. Id.; see 15 U.S.C. § 1125(c) (2006). This Note will not discuss “famous marks” in the context of dilution.

Hypothetical based on ITC II, 482 F.3d 135; see ITC Ltd. v. Punchgini, Inc. (ITC III), 880 N.E.2d 852, 854 (N.Y. 2007) (stating that the London-based “Restaurant” magazine named ITC’s Bukhara restaurant as one of the fifty best restaurants in the world), acq. in answer to certified question 518 F.3d 159 (2d Cir. 2008).

See ITC II, 482 F.3d at 143.

Id. at 144.
restaurateurs, in addition to choosing a similar name for their restaurant, also replicate the New Delhi restaurant's logos, décor, staff uniforms, menus, and red-checkered bibs.\(^5\) The owners of the New York Bukhara Grill admit they chose their restaurant's name, at least in part, due to the recognition of the "Bukhara" mark among the relevant population in New York familiar with the New Delhi restaurant.\(^6\) The owners of the New Delhi Bukhara restaurant do not operate any restaurants in the United States, and they do not currently have the Bukhara mark registered with the United States Patent and Trademark Office ("USPTO").\(^7\) Can the owners of the New Delhi Bukhara restaurant assert any substantive rights in U.S. courts to enjoin the owners of the New York Bukhara Grill from infringing its famous trademark?

Under Article 6bis of the Paris Convention for the Protection of Industrial Property (the "Paris Convention") and Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), international treaties to which the United States is a signatory, the "famous marks" doctrine might preclude the New York restaurateurs' use of the Bukhara mark in the situation described above.\(^8\) Under the famous marks doctrine, "[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."\(^9\) But a majority of U.S. courts have held that the Paris Convention is not self-executing and cannot form the basis of a claim in federal court absent federal legislation giving effect to its articles.\(^10\) Congress codified federal trademark law with the Lanham Act in 1946,\(^11\) and the Ninth Circuit and the Second

\(^{5}\) Id.
\(^{6}\) Id.
\(^{7}\) Id.
\(^{9}\) See Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1099–100 (9th Cir. 2004) ("[T]he Paris Convention creates neither a federal cause of action nor additional substantive rights . . . ."); Int'l Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), 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."); Mannington Mills, Inc. v. Congoleum Corp., 595 F.2d 1287 (3d Cir. 1979) (finding that the Paris Convention is not self-executing and requires domestic legislation for implementation). But see Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640 (2d Cir. 1956) (observing in dictum that, upon ratification by Congress, the Paris Convention required "no special legislation in the United States . . . to make [it] effective here"); 5 McCarthy, supra note 1, § 29:33.
\(^{10}\) See Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at
Circuit are currently split as to whether the Lanham Act recognizes the famous marks doctrine.\textsuperscript{12}

One important reason why Congress might have chosen not to incorporate the famous marks doctrine into the Lanham Act is that the doctrine runs contrary to the territoriality principle of American trademark law.\textsuperscript{13} The territoriality principle, which is basic to U.S. trademark law,\textsuperscript{14} provides that, "a trademark is recognized as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark."\textsuperscript{15} As such, "ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country."\textsuperscript{16} Therefore, if federal trademark law recognizes the famous marks doctrine, it does so as an exception to the territorial nature of a trademark.

This Note addresses the dichotomy between the famous marks doctrine and the territoriality principle in U.S. trademark law. Part I describes the legal background of trademarks, the territoriality principle, and the famous marks doctrine. Part I also discusses the relationship between the Paris Convention, TRIPS, and the Lanham Act. Part II examines the decisions of courts in the United States that have addressed the famous marks doctrine, including the current split between the Ninth Circuit and the Second Circuit in their treatment of the famous marks doctrine under the Lanham Act. Part III discusses the need for a famous marks exception to the territoriality principle. Part III also considers various standards for determining whether a mark would qualify as famous under the famous marks doctrine and argues that a variation of the Ninth Circuit's "secondary meaning plus" is the appropriate standard. The secondary meaning plus standard would best balance the aims of the territoriality principle with the need to prevent consumer confusion and ensure compliance with international treaty obligations.

\textsuperscript{12} Compare Grupo II, 391 F.3d 1088 (recognizing the famous marks doctrine under the Lanham Act), \textit{with} ITC II, 482 F.3d 135 (declining to recognize the famous marks doctrine under the Lanham Act absent action by Congress).
\textsuperscript{13} See 5 MCCARTHY, supra note 1, § 29:1.
\textsuperscript{14} See ITC II, 482 F.3d at 155 ("The principle of territoriality is basic to American trademark law."); Am. Circuit Breaker Corp. v. Or. Breakers, Inc., 406 F.3d 577, 581 (9th Cir. 2005) ("It is now generally agreed and understood that trademark protection encompasses the notion of territoriality."); Kos Pharms., Inc. v. Andrx Corp., 369 F.3d 700, 714 (3d Cir. 2004) (stating that territoriality is basic to trademark law); Person's Co. v. Christman, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990) ("The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme.").
\textsuperscript{15} 5 MCCARTHY, supra note 1, § 29:1.
\textsuperscript{16} ITC II, 482 F.3d at 155.
I. LEGAL BACKGROUND OF THE TERRITORIALITY PRINCIPLE AND THE FAMOUS MARKS DOCTRINE

A trademark is "any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others . . ." The primary policy underlying the law of trademarks is the interest in protecting the public from confusion and deceit. A secondary policy justification for trademark law is the trademark owner's interest in not having "the fruit of his labor misappropriated." But a trademark owner's interest in protecting his mark from misappropriation often runs contrary to the fundamental policy of the law regulating the free market economy—that the public benefits from the encouragement of free competition. As such, exclusive rights in intellectual property, including trademarks, are the exception to the general preference for free copying and imitation.

A. The Lanham Act

In the United States, trademark law developed as a derivative of the common law tort of fraud and deceit during the nineteenth century. Congress first attempted to pass federal legislation providing for trademark registration in 1870, but the Supreme Court held the legislation unconstitutional in violation of Congress's Commerce Clause authority in 1879. Unlike copyrights and patents, the Constitution does not grant Congress exclusive power to regulate trademarks. Therefore, Congress has power to regulate trademarks

---

18 1 McCarthy, supra note 1, § 2:1.
19 Id.
21 See Int'l News Serv. v. Associated Press, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting) (discussing exceptions to the general rule for production that involves creation, invention, or discovery); 1 McCarthy, supra note 1, § 1:1; see also Restatement (Third) of Unfair Competition § 1 cmt. a (1995) ("The freedom to engage in business and to compete for the patronage of prospective customers is a fundamental premise of the free enterprise system.").
22 1 McCarthy, supra note 1, § 5:2; see also Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 141 (1989) ("The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.").
23 See Act of July 8, 1870, ch. 230, §§ 77-84, 16 Stat. 198, 210-12; see also 1 McCarthy, supra note 1, § 5:3.
24 See Trade-Mark Cases, 100 U.S. 82 (1879).
25 See U.S. Const. art. I, § 8, cl. 8 ("The Congress shall have Power . . . [t]o promote the
only under its Commerce Clause authority to "regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes."\(^{26}\)

From 1879 to 1946, Congress passed a series of statutes and amendments under its Commerce Clause authority directed at regulating trademarks within the United States, but they were all inadequate to handle the realities of commerce in a rapidly industrializing nation.\(^{27}\) In response to these inadequacies, a committee of the Patent Section of the American Bar Association together with Congressman Fritz Lanham, chairman of the House Patent Committee dealing with trademarks, introduced a new and comprehensive federal trademark registration act.\(^{28}\) The Lanham Trademark Act, which represents the codification of federal trademark law, became law in 1946.\(^{29}\)

**B. The Territoriality Doctrine**

Under section 32(1)(a) of the Lanham Act, the owner of a mark registered with the USPTO can bring a civil suit for trademark infringement against a person who used the mark without the owner's consent.\(^{30}\) Under section 43(a)(1)(A) of the Lanham Act, the producer of a product or service can sue a person who uses "any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of [the producer's] . . . services."\(^{31}\) Unlike an infringement claim under section 32, a claim under section 43 is available for marks not registered with the USPTO.\(^{32}\) But before a plaintiff can show that an infringer's use of a mark is likely to cause confusion under section 43, he must prove his own right to use that mark.\(^{33}\)

---

\(^{26}\) U.S. CONST. art. I, § 8, cl. 3.


\(^{28}\) See 1 MCCARTHY, supra note 1, § 5:4.

\(^{29}\) See 15 U.S.C. §§ 1051–1141 (2006); see also 1 MCCARTHY, supra note 1, § 5:4.


\(^{31}\) Id. § 1125(a)(1).

\(^{32}\) See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992) ("Section 43(a) prohibits a broader range of practices than does § 32, which applies to registered marks, but it is a common ground that § 43(a) protects qualifying unregistered trademarks . . . .") (citations and quotation marks omitted).

\(^{33}\) See United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) ("There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. . . . Its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of
Under federal trademark law, to prove his own right to use the mark in the United States a plaintiff who has not registered his mark with the USPTO must demonstrate prior use of the mark within the United States.\(^3\) Courts refer to the requirement of prior use in the United States as the "territoriality" doctrine.\(^3\) Under the territoriality doctrine, "[t]he priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world."\(^3\) This rule of territoriality is contrary to the "universality" doctrine, which states that, "if a trademark [is] lawfully affixed to merchandise in one country, the merchandise would carry that mark lawfully wherever it went and could not be deemed an infringer although transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise."\(^3\) Courts have rejected the universality doctrine in the United States.\(^3\)


\(^{35}\) See, e.g., Am. Circuit Breaker Corp. v. Or. Breakers Inc., 406 F.3d 577, 581 (9th Cir. 2005); \textit{Restatement (Third) of Unfair Competition} § 24 cmt. f (1995) ("The premise of the universality principle that trademarks necessarily identify the original manufacturer has been rejected in [U.S.] domestic law.").
The territoriality principle "is basic to American trademark law." Thus, for an owner of a mark in another country to ensure that U.S. trademark law will recognize his rights to the mark in the United States, he must use that mark in the United States. But under the territoriality principle, if a foreign mark holder has not used his mark in the United States before someone else, he will not be able to assert priority rights under federal law—even if a United States competitor has knowingly appropriated that mark for his own use.”

For the most part, the territoriality principle is the rule among foreign nations as well. Article 6(3) of the Paris Convention provides that “[a] mark duly registered in a country of the [Paris] Union shall be regarded as independent of marks registered in other countries of the Union, including the country of origin.” Thus, each country’s mark is independent of another’s. Courts have viewed the United States’ adherence to the Paris Convention as committing to U.S. law the territoriality doctrine as embodied in Article 6(3) of the Paris Convention.

---

39 ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 155 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007); see also 5 McCarthy, supra note 1, § 29:1.

[A] trademark has a separate legal existence under each country’s laws, and . . . its proper lawful function is not necessarily to specify the origin or manufacture of a good (although it may incidentally do that), but rather to symbolize 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.


40 See ITC II, 482 F.3d at 155; E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imports, Inc., 756 F.2d 1525, 1531 (11th Cir. 1985) (“Our concern must be the business and goodwill attached to United States trademarks, not French trademark rights under French law.” (internal quotation marks omitted)); cf. Int’l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco, 329 F.3d 359, 381 (4th Cir. 2003) (finding that the owner of a foreign mark can establish U.S. trademark rights through advertising in the United States coupled with the rendering of services to American customers abroad).

41 ITC II, 482 F.3d at 156; see also Person’s Co. v. Christman, 900 F.2d 1565, 1569–70 (Fed. Cir. 1990) (holding that use in Japan is not sufficient to establish priority rights in the United States, even though the U.S. competitor took the mark in bad faith).

42 5 McCarthy, supra note 1, § 29:1.

43 Paris Convention, supra note 8, art. 6(3); see also Person’s Co., 900 F.2d at 1569 (“[T]rademark rights exist in each country solely according to that country’s statutory scheme.”); Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985).

44 See Int’l Café, S.A.L. v. Hard Rock Café Int’l (U.S.A.), Inc., 252 F.3d 1274, 1279 (11th Cir. 2001) (“[T]he Paris Convention, as incorporated by the Lanham Act, is premised on the idea that each nation’s law should only have territorial application.”).
C. The Paris Convention, TRIPS, and the Famous Marks Doctrine

The Paris Convention, of which the United States is a signatory, has over 110 adhering nations and is the primary international treaty governing patents, trademarks, and unfair competition. The principal purpose of the Paris Convention is to ensure that foreign nationals receive the same treatment within the member countries regarding patents, trademarks, and unfair competition that those countries provide to their own citizens. The Paris Convention does not create an international registry for trademarks, but adopts the territoriality principle as a general rule and provides that "a mark exists only under the laws of each sovereign nation.

The famous marks doctrine originated in the addition of Article 6bis to the Paris Convention in 1925 as an exception to the general rule of territoriality in establishing priority of use in a trademark. Under this 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." The purpose of Article 6bis "is to avoid the registration and use of a trademark, liable to create confusion with another mark already well known in the country of such registration or use, although the latter well-known mark is not, or not yet, protected in that country by a registration

45 See 5 McCarthy, supra note 1, § 29:25.
47 5 McCarthy, supra note 1, § 29:25.
48 Article 6bis of the Paris Convention provides that:

(1) The countries of the [Paris] Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

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

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

Paris Convention, supra note 1, art. 6bis; see also ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 156 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007); 5 McCarthy, supra note 1, § 29:4.
which would normally prevent the registration or use of a conflicting mark." Article 6bis, however, does not provide any criteria for determining what constitutes a famous mark. Article 6bis merely provides that the "competent authority" of the nation where protection is sought shall decide whether a mark is "well known in that country as being already the mark of a person entitled to the benefits of [the Paris] Convention and used for identical or similar goods."

In 1994, President Bill Clinton signed into law the Uruguay Agreements Act to implement the General Agreement on Tariffs and Trade ("GATT"). Title V of GATT relates to changes in intellectual property law known as the Trade-Related Aspects of Intellectual Property Rights (TRIPS). Articles 16(2) and 16(3) of TRIPS, like Article 6bis of the Paris Convention, recognize the famous marks doctrine as an exception to the territoriality principle, but these articles extend the reach of Article 6bis to famous marks on non-competing goods. Of particular importance, TRIPS provides that, when determining whether a mark is a famous mark, the competent authority shall take account of "knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark." The Paris Convention, on the other hand, only provides that the mark be famous in the country where the mark holder seeks protection. Thus, under TRIPS, a foreign mark owner need not prove that his mark is famous among the population

---

50 BODENHAUSEN, supra note 46, at 90.
52 Paris Convention, supra note 8, art. 6bis; see also 5 McCARTHY, supra note 1, § 29:62.
53 See 5 McCARTHY, supra note 1, § 29:36 (noting that GATT is a multilateral treaty of over one hundred nations aimed at reducing trade barriers and liberalizing world trade).
54 See TRIPS, supra note 8; 5 McCARTHY, supra note 1, § 29:36.
55 Articles 16(2) and 16(3) of TRIPS provide:

[16(2)] Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

[16(3)] Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

TRIPS, supra note 8, arts. 16(2), 16(3); see also 5 McCARTHY, supra note 1, § 29:63.
56 TRIPS, supra note 8, art. 16(2) (emphasis added).
57 Paris Convention, supra note 8, art. 6bis.
of an entire country, but only among the "relevant sector of the public." 

While TRIPS establishes where to seek evidence of famous mark status, neither TRIPS nor Article 6bis of the Paris Convention provide any factors for determining whether a mark qualifies as a famous mark. As such, different nations have developed different standards for determining what constitutes a famous mark. In the United States, courts that have recognized the famous marks doctrine under federal law have developed different approaches for determining whether a foreign mark falls under the famous marks exception. But as discussed below, federal courts are divided not only as to the factors for determining whether a mark is a famous mark, but also as to whether federal law actually recognizes a famous marks exception to the territoriality doctrine.

II. FAMOUS MARKS CASE LAW IN THE UNITED STATES

A. State Common Law

Although the famous marks doctrine has existed since the introduction of Article 6bis of the Paris Convention in 1925, there has been very little case law addressing the doctrine in federal courts in the United States until the past decade. Prior to this past decade, the most notable cases dealing with the famous marks doctrine were trial court decisions from New York in common law unfair competition actions. In Maison Prunier v. Prunier's Restaurant & Cafe, Inc., a French corporation sought to enjoin the defendant's operation of a restaurant in New York City that utilized the same name as the

58 Mostert, supra note 51, at 108.
59 See id.
60 See 5 MCCARTHY, supra note 1, § 29-62; Alexis Weissberger, Note, Is Fame Alone Sufficient to Create Priority Rights: An International Perspective on the Viability of the Famous/Well-Known Marks Doctrine, 24 CARDOZO ARTS & ENT. L.J. 739 (2006) (comparing the treatment of the famous marks exception in the United States to its treatment in Brazil, China, and South Africa).
61 Compare Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1098 (9th Cir. 2004) (finding that, in addition to determining that a mark satisfies the secondary meaning test, a court must also be satisfied that "a substantial percentage of consumers in the relevant American market is familiar with the foreign mark"), with Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo I), 119 F. Supp. 2d 1083, 1091 (C.D. Cal. 2000) (finding that a mark need only attain secondary meaning in the relevant sector of the public to qualify as a famous mark for purposes of the famous marks exception), vacated, 391 F.3d 1088 (9th Cir. 2004).
plaintiff's restaurants in Paris and London. In 1872, Alfred Prunier founded a seafood restaurant in Paris under the name "Prunier." Prunier later opened a second Prunier restaurant in Paris, and the ownership and management of the two Paris restaurants passed down through the family until 1922, when the plaintiff corporation bought the restaurants. In 1935, the plaintiff established a branch Prunier restaurant in London. The Prunier restaurants developed international fame for their quality and wide variety of seafood.

Also in 1935, the defendants, without the permission of the French plaintiff, opened a restaurant in New York named "Prunier's Restaurant and Cafe." In addition to taking the name of the famous French restaurant, the defendants also adopted the French restaurant's slogan, "'Tout ce qui vient de la mer,'" and advertised itself as "The Famous French Sea Food Restaurant." The defendants admitted that they chose the name intentionally because of the good will and reputation of the plaintiff's restaurants in Paris and London, but they nonetheless argued that they never held themselves out as actually being associated with the French Prunier's restaurants. The court ultimately found for the plaintiff corporation, even though the French corporation had never operated a restaurant in the United States.

The court recognized the French plaintiff's right to sue in New York under Article 10bis of the Paris Convention, which requires member states to "assure to the members of the Union an effective protection against unfair competition." The court also recognized

---

64 Id. at 530–31.
65 Id. at 530.
66 Id.
67 Id.
68 Id. at 530–31.
69 Id. at 531.
70 See ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 157 n.16 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007) (providing the translation as "Everything that comes from the sea").
71 Maison Prunier, 288 N.Y.S. at 531.
72 Id.
73 Id. at 538.
74 Id. at 532. Article 10bis of the Paris Convention provides:

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
the principle of territoriality, but found that an exception to the territoriality principle exists where a second user is guilty of "bad faith." In determining whether a second user is guilty of bad faith, the court held that the mark's fame is a factor. The French Prunier restaurant was famous internationally, and it was entitled to protection from "any injury which might result to it from the deception of the public through the unauthorized use of its trade name, or a trade name which would lead the public to believe that it was in some way connected with plaintiff."

In 1959, a second New York trial court granted injunctive relief to another famous Paris restaurant based on the fame of the restaurant's mark in the United States. In Vaudable v. Montmartre, Inc., a New York City restaurateur copied the name, décor, and descriptive script style of the famous "Maxim's" restaurant in Paris. The court found for the plaintiff even though the New York restaurant was not in direct competition with the Paris restaurant, concluding that the lack of direct competition was immaterial to a common law unfair competition claim. In determining whether the New York restaurant had misappropriated the Maxim's mark, the court held that the French restaurant owners had priority because of their uninterrupted use of the mark in Paris and the fame of the Maxim's mark among "the class of people residing in the cosmopolitan city of New York who dine out."

It is important to note, however, that although the holdings in both of these cases recognize a famous marks exception to the territoriality principle, they do not recognize this exception under Article 6bis of the Paris Convention. Instead, the courts relied entirely on New

---

2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

Paris Convention, supra note 8, art. 10bis.

75 Maison Prunier, 288 N.Y.S. at 535–36.
76 Id. at 537.
77 Id. at 534 (quoting Long's Hat Stores Corp. v. Long's Clothes, Inc., 231 N.Y.S. 107, 108 (N.Y. App. Div. 1928)).
80 Id. at 334.
81 Id. at 335.
82 Id. at 334.
83 See ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 157 (2d Cir. 2007), cert. denied,
York common law misappropriation principles of unfair competition. 84

B. The Trademark Trial and Appeal Board

Two decisions of the federal Trademark Trial and Appeal Board ("TTAB") also provide examples of early recognition of the famous marks exception. 85 In Mother's Restaurants, Inc. v. Mother's Other Kitchen, Inc., 86 the TTAB found that advertising in the United States of a mark used in Canada creates no priority rights in the mark for the Canadian mark holder against a later good faith user in the United States. 87 But the court went on to state, in dictum, that if a plaintiff can show that his mark was "famous" in the United States within the meaning of Vaudable, then he will be able to preclude a later user of the mark in the United States. 88

In All England Lawn Tennis Club (Wimbledon), Ltd. v. Creations Aromatiques, Inc., 89 the U.S. defendant sought to register a trademark for "Wimbledon Cologne" with the USPTO. 90 The TTAB, under an alternative holding, granted the plaintiff's request to block the registration because the Wimbledon mark had "acquired fame and notoriety as used in association with the annual championships within the meaning of Vaudable." 91 The TTAB granted the injunction, even though the plaintiff did not use the mark in the United States, because "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." 92

But as with Maison Prunier and Vaudable, the TTAB's recognition of the famous marks doctrine came not from the Lanham

84 See id.
85 Decisions of the TTAB are administrative decisions that are not binding on federal district or circuit courts. 15 U.S.C. § 1071 (2006); Buti v. Impressa Peroa, S.R.L., 139 F.3d 98, 105 (2d Cir. 1998) ("[D]ecisions of the TTAB, while not binding on courts within this Circuit, are nevertheless 'to be accorded great weight.'" (quoting Murphy Door Bed Co. v. Interior Sleep Sys., Inc., 874 F.2d 95, 101 (2d Cir. 1989))).
87 Id. at 1048.
88 Id.
90 Id. at 1070.
91 Id. at 1072.
92 Id.; see also First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc., 77 U.S.P.Q.2d (BNA) 1334 (T.T.A.B. 2005) (stating in dictum, that the owner of a famous foreign mark need not use his mark in the United States to prevent the registration of the mark if it is likely to promote confusion on the part of consumers).
Act or Article 6bis of the Paris Convention, but from New York common law principles of unfair competition. In *Mother's Restaurants*, one member of the TTAB questioned the majority’s reliance on *Vaudable* and stated that federal application of the famous marks doctrine “depends upon whether the applicable text of the Paris Convention... and, in particular, Article 6bis of that Convention, is self-executing.”

C. The Ninth Circuit

In 2004, the Ninth Circuit Court of Appeals became the first federal appeals court to directly address whether federal trademark law recognizes the famous marks doctrine. In *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, the plaintiff had operated grocery stores in Mexico under the name “Gigante” since 1962. It registered the “Gigante” trademark in 1963 with the Mexican government, and, as of 1991, it operated almost one hundred “Gigante” grocery stores throughout Mexico, including two next to the border with the United States, near San Diego. Meanwhile, in 1991, Michael Dallo began operating a grocery store in San Diego named “Gigante Market.” Along with one of his brothers, he opened a second San Diego store under the same name in 1996. In 1999, Grupo Gigante opened its first U.S. store in the Los Angeles area, followed by two other stores. Grupo Gigante called all three of its U.S. stores “Gigante,” just like its Mexican stores. The Dallos sent Grupo Gigante a cease-and-desist letter in July 1999, when they learned that the Mexican company had opened a “Gigante” store in Los Angeles. Grupo Gigante responded by filing a lawsuit in federal court for trademark infringement under the Lanham Act.
Under a strict interpretation of the territoriality principle, the Dallos would prevail against Grupo Gigante. The Dallos were the first to make use of the “Gigante” mark in the United States, and, as such, they had priority in the trademark in the United States. The district court, however, held that Grupo Gigante’s “Gigante” chain of grocery stores was sufficiently famous among Mexican-Americans in Southern California to grant Grupo Gigante senior user status for the mark in the United States. The district court determined that Grupo Gigante’s “Gigante” mark was famous in the United States because it had acquired “secondary meaning” in Southern California.

On appeal, the Ninth Circuit acknowledged the fundamental principle in trademark law that “first in time equals first in right.” It also recognized the territoriality principle as “basic to trademark law.” Following the territoriality principle, Grupo Gigante’s use of the “Gigante” mark for decades prior to the Dallos’ use of the mark is rendered ineffectual, because Grupo Gigante’s prior use of the mark was in Mexico, not the United States. But the Ninth Circuit found that the territoriality principle is not absolute. The court recognized a famous marks exception to the principle of territoriality, stating that “when foreign use of a mark achieves a certain level of fame for that mark within the United States, the territoriality principle no longer serves to deny priority to the earlier foreign user.”

The Ninth Circuit, however, did not support its recognition of the famous marks doctrine with specific language of the Lanham Act or Article 6bis of the Paris Convention, but rather with policy justifications. According to the court:

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

---

105 See id.
106 Id.
108 Id. at 1091 (“Secondary meaning refers to a mark’s ability to identify particular goods and services in the minds of consumers.”).
109 Grupo II, 391 F.3d at 1093.
110 Id. (quoting Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985)).
111 Id.
112 Id.
113 Id.
114 See ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 160 (2d Cir. 2007) (“[I]t appears that the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy . . . .”), cert. denied, 128 S. Ct. 288 (2007).
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.\footnote{Grupo II, 391 F.3d at 1094 (footnote omitted).}

Since there was no support for its recognition of the famous marks doctrine among federal circuit opinions, the court relied on Vaudable and the TTAB's decisions in \textit{All England Lawn Tennis Club} and \textit{Mother's Restaurants}.\footnote{Id. at 1095.}

The Ninth Circuit rejected the district court's conclusion that secondary meaning was sufficient to determine whether a foreign mark qualifies as a "famous" foreign mark for purposes of the exception to the territoriality principle.\footnote{Id. at 1097.} Under the district court's rule, a mark would have secondary meaning """when, in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself.""\footnote{Id. at 1095 (quoting Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 211 (2000)).} In analyzing the district court's secondary meaning rule for defining a famous mark, the Ninth Circuit stated that it "would go too far if [the court] did away with the territoriality principle altogether by expanding the famous-mark exception this much."\footnote{Id. at 1097.} In addition to secondary meaning, the Ninth Circuit held that, "where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a \textit{substantial} percentage of consumers in the relevant American market is familiar with the foreign mark."\footnote{Id. at 1098.} The court went on to state that, in determining whether a mark is a famous mark, a court should consider whether a defendant intentionally copied the mark and whether unauthorized domestic use of a famous foreign mark would likely confuse consumers in the United States.\footnote{Id.}

\textit{D. The Second Circuit}

In 2007, the Second Circuit Court of Appeals became the second federal circuit court to address the issue of whether there is a famous marks exception to the territoriality principle in \textit{ITC Ltd. v. Punchgini, Inc.}\footnote{482 F.3d 135 (2d Cir. 2007), \textit{cert. denied}, 128 S. Ct. 288 (2007).} But prior to the ruling in \textit{ITC}, several district courts
within the Second Circuit had ruled on the availability of the famous marks doctrine under federal trademark law, reaching varying conclusions. In *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, the foreign plaintiffs claimed to have trademark rights to the "De Beers" mark in the United States for diamonds and other luxury names. The plaintiffs sued the defendants for, *inter alia*, trademark infringement under section 43(a) of the Lanham Act, after the defendants had registered several Internet domain names using the De Beers name and attempted to register the De Beers mark with the USPTO. The plaintiffs conceded that they had not sold products or services under the De Beers name in the United States, and sought to establish their priority rights to the De Beers mark under the famous marks doctrine. The defendants argued that since the plaintiffs had not used the De Beers mark in commerce in the United States, they did not have priority rights to the De Beers mark in the United States under the territoriality principle.

The district court referred to the famous marks doctrine as a "‘controversial’ common-law exception to the territoriality principle," but concluded that the owner of a famous foreign mark could assert the doctrine under section 43(a) of the Lanham Act as a "justified exception" to the territoriality principle. The court noted 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." Ultimately, however, the court was cautious in its application of the famous marks doctrine and found for the defendants because the foreign plaintiffs could not prove substantial use in commerce.

Another district court reached a different conclusion about the famous marks doctrine in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.* In *Almacenes*, the plaintiff was a Colombian

---

124 Id. at *4 n.2. The plaintiffs traced their rights to the De Beers mark to the mining company, founded in 1888, that originally made use of the De Beers mark. In the United States, the De Beers name is associated with the advertising slogan, "A Diamond is Forever." Id. at *3.
125 Id. at *4.
126 Id. at *3.
127 Id. at *18.
128 Id. at *19–20.
129 Id. at *21 (quoting ITC Ltd. v. Punchgini, Inc. (*ITC I*), 373 F. Supp. 2d 275 (S.D.N.Y. 2005)).
130 Id. at *25.
131 Id.
132 Id. at *26.
corporation that owned and operated a large chain of supermarkets throughout Colombia and Venezuela under the name EXITO. Because of immigration, the EXITO mark was well-known among certain segments of the Hispanic population in New York. The defendants took advantage of the goodwill associated with the EXITO mark by opening several small grocery stores in New York that used the EXITO name and specialized in Latin American produce.

Although the plaintiff had never used the EXITO mark in the United States, it brought a trademark infringement claim against the defendants pursuant to the Paris Convention’s Article 6bis famous marks exception to the territoriality principle. The district court identified the territoriality principle as a “bedrock principle of federal trademark law” and concluded that recognition of the famous marks doctrine would be “such a radical change in basic federal trademark law” that only Congress, and not the courts, could incorporate the doctrine into federal law. The judge acknowledged that, “[t]o the extent the [famous marks] doctrine is a creature of common law it may support state causes of action.” But the judge stated that the doctrine “has no place in federal law where Congress has enacted a statute, the Lanham Act, that carefully prescribes the bases for federal trademark claims.” In finding that the famous marks doctrine is not part of federal trademark law, the court rejected the plaintiff’s claim that the Lanham Act recognizes the doctrine by providing a foreign plaintiff with substantive rights under Article 6bis. According to the court, the Lanham Act’s incorporation of the Paris Convention only requires “‘national treatment.’”

Before the Second Circuit’s ruling in ITC, the court had previously declined to address directly the famous marks doctrine in two cases where the issue had arisen. First, in Buti v. Impressa Perosa, S.R.L., Impressa had opened a restaurant in 1988 under the name “Fashion Café” in Milan, Italy, and had registered the Fashion

---

134 Id. at 326.
135 Id.
136 Id.
137 Id. at 325.
138 Id. at 326.
139 Id. at 328.
140 Id. at 327.
141 Id.
142 Id.
143 Id.
144 Id. at 328 (quoting Int’l Café, S.A.L. v. Hard Rock Café Int’l (U.S.A.), Inc., 252 F.3d 1274, 1278 (11th Cir. 2001)).
145 139 F.3d 98 (2d Cir. 1998).
Cafe mark with the relevant authority in Italy. Impressa had advertised its restaurant in the United States, but it had never operated any restaurants in the United States. Meanwhile, in 1993, Buti opened a restaurant called Fashion Cafe in Miami, Florida, and then later opened restaurants with the same name in New Orleans and New York. Both Impressa and Buti attempted to register the Fashion Cafe mark with the USPTO, and Buti filed an action in federal court seeking recognition that Impressa had no rights to the Fashion Cafe mark in the United States. The district court, and later the Second Circuit, concluded that Impressa's efforts at advertising its restaurant in the United States were insufficient to satisfy the use in commerce standard, because the defendant only offered restaurant services in Italy. In its opinion, the Second Circuit referenced the existence of the famous marks exception, but concluded that the exception had no application in the Buti case because Impressa had made no claim under the doctrine.

The Second Circuit again referenced the famous marks doctrine in Empresa Cubana del Tabaco v. Culbro Corp., but declined to address whether the doctrine provides a legal basis for establishing priority rights in the United States. Empresa Cubana involved Cubatabaco, a Cuban cigar manufacturer, which sought to prevent a U.S. company, General Cigar, from selling cigars under the COHIBA mark. Cubatabaco had sold cigars under the COHIBA mark in Cuba since 1962 and internationally since 1982. But because of the 1963 trade embargo on Cuban goods, Cubatabaco had never sold COHIBA cigars in the United States. In 1981, General Cigar registered the COHIBA mark with the USPTO and began selling cigars in the United States under that mark. General Cigar stopped selling COHIBA cigars in 1987, but it resumed selling them in 1992.

\[145\text{ Id. at 100.}
146\text{ Id.}
147\text{ Id.}
148\text{ Id. at 100–01.}
149\text{ Id. at 103; Buti v. Impressa Perosa, S.R.L., 935 F. Supp. 458, 459–60 (S.D.N.Y. 1996), aff'd, 139 F.3d 98 (2d Cir. 1998). But see Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco, 329 F.3d 359, 381 (4th Cir. 2003) (concluding that the owner of a foreign mark can acquire U.S. trademark rights merely through advertising in the United States combined with rendering of services abroad to American customers).}
150\text{ Buti, 139 F.3d at 104 n.2.}
151\text{ 399 F.3d 462 (2d Cir. 2005).}
152\text{ Id. at 464–65.}
153\text{ Id. at 464.}
154\text{ Id.}
155\text{ Id.}
Cubatabaco argued that General Cigar had abandoned the COHIBA mark in 1987 when it stopped selling cigars under the COHIBA mark. 156 Cubatabaco further argued that by 1992, when General Cigar resumed selling COHIBA cigars, Cubatabaco’s COHIBA mark was sufficiently famous in the United States to deserve protection under the famous marks doctrine. 157 The district court recognized that the territority principle would normally prevent Cubatabaco from succeeding, since General Cigar was the first user of the COHIBA mark in the United States. 158 The court, however, concluded that a claimant could pursue rights identified in Article 6bis of the Paris Convention under section 44(b) of the Lanham Act. 159 The court further concluded that the proper standard for determining whether a mark is sufficiently famous to warrant Article 6bis protection is whether the mark has acquired secondary meaning for recognition. 160 The district court ultimately found that Cubatabaco’s COHIBA mark was sufficiently famous in the United States to warrant protection and held that Cubatabaco had priority in the mark over General Cigar. 161

On appeal, the Second Circuit reversed, but declined to decide whether it should recognize the famous marks doctrine because, “even assuming that the famous marks doctrine is otherwise viable and applicable, the [Cuban] embargo bars [plaintiff] from acquiring property rights in the . . . mark through the doctrine.” 162 Cubatabaco also asserted a claim for unfair competition under Article 10bis of the Paris Convention, as incorporated by sections 44(b) and 44(h) of the Lanham Act. 163 But the court held that the Paris Convention creates no substantive rights beyond those independently provided for in the Lanham Act. 164

In 2007, the Second Circuit directly addressed the availability of the famous marks doctrine under federal trademark law in ITC Ltd. v. Punchgimi, Inc. 165 In ITC, the plaintiff, a corporation organized under the laws of India, opened “Bukhara” restaurant in 1977 in a five-star

156 Id.
157 Id.
159 Id. at *89.
160 Id. at *91.
161 Id. at *152.
162 Empresa Cubana, 399 F.3d at 481.
163 Id. at 484–85.
164 Id.
165 482 F.3d 135 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007).
hotel in New Delhi, India. The restaurant has remained in continuous operation for the past thirty years and has obtained a measure of international renown. ITC named the restaurant after the legendary Silk Road city in Uzbekistan, and the restaurant features a menu and décor inspired by the northwest region of India. Over the past three decades, following the success of its New Delhi restaurant, ITC opened or franchised Bukhara restaurants in Hong Kong, Bangkok, Bahrain, Montreal, Bangladesh, Singapore, Kathmandu, and Ajman. ITC also opened a Bukhara restaurant in New York in 1986 and licensed the use of the “Bukhara” mark, which it had registered with the USPTO in 1987, to a Chicago restaurateur the same year. The New York Bukhara restaurant remained in business for five years, closing its doors in 1991. The Chicago restaurant had a longer lifespan, but ITC cancelled the franchise in 1997, after a decade in business.

Later, in 1999, five individuals incorporated Punchgini, Inc. for the purpose of opening an Indian restaurant in New York City. Three of the five Punchgini incorporators had previously worked at ITC’s New Delhi Bukhara restaurant, and one of the five incorporators had worked at ITC’s New York Bukhara restaurant. In choosing a name for its New York restaurant, Punchgini considered several different possibilities, but ultimately decided on “Bukhara Grill.” Punchgini’s choice was due, at least in part, to the recognition of the “Bukhara” mark among the relevant population in New York familiar with ITC’s New Delhi restaurant. In addition to the similarity in names between ITC’s “Bukhara” restaurant and Punchgini’s “Bukhara Grill” restaurant, Punchgini also replicated ITC’s Bukhara restaurant’s logos, décor, staff uniforms, menus, and red-checkered bibs. Punchgini’s Bukhara Grill was successful, and some of the original Punchgini incorporators organized a second corporation for
the purpose of opening another New York restaurant, aptly named “Bukhara Grill II.”

In 2000, ITC demanded that Punchgini refrain from further use of the “Bukhara” mark, accusing it of unlawfully appropriating the reputation of ITC’s Bukhara restaurants in India and the United States by adopting a virtually identical name for its Bukhara Grill restaurants in New York. Punchgini refused to stop using the Bukhara mark, and ITC filed a lawsuit in federal court in 2003 for trademark infringement. ITC’s trademark infringement case faced a significant hurdle in that ITC had not owned, operated, or licensed any Bukhara restaurants in the United States since 1997. The district court ruled that, because ITC had not used its Bukhara mark in commerce in the United States for over three years, it had abandoned the mark. Therefore, in order for ITC to prevail, it had to argue that U.S. trademark law precludes Punchgini’s use of the Bukhara mark because the mark is sufficiently famous among the relevant population in New York that it will cause consumer confusion—despite the fact that ITC had abandoned its own use of the Bukhara mark in the United States before Punchgini opened its first Bukhara Grill restaurant.

On the issue of the famous marks doctrine, the district court stated that “[t]he very existence of this doctrine is controversial, as is its scope.” Nonetheless, the court reasoned that, assuming that the doctrine is available under federal trademark law, ITC must at least establish that the “Bukhara” mark had acquired secondary meaning in the relevant American market to qualify under the famous marks doctrine. The court concluded that “[b]ecause ITC has failed even to establish a triable issue as to the existence of ‘secondary meaning’ in the New York market in which defendants operate, it is unnecessary to decide whether to adopt the Ninth Circuit’s analysis requiring an additional showing over and above ‘secondary meaning.’” Thus, the district court did not address the existence of the famous marks doctrine under federal law, but concluded that, even if the doctrine was available, the plaintiff’s mark was not
sufficiently famous to warrant an exception to the territoriality principle.\textsuperscript{186}

On appeal, the Second Circuit reiterated its conclusion in \textit{Empresa Cubana} that “the Paris Convention creates no substantive United States rights beyond those independently provided in the Lanham Act.”\textsuperscript{187} The court held that, because Congress had not expressly incorporated the famous marks doctrine into the Lanham Act, it is not part of federal trademark law.\textsuperscript{188} The court acknowledged the many policy justifications for recognizing a famous marks exception to the territoriality principle, but concluded that sound policy “is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute.”\textsuperscript{189} Therefore, the court concluded that Congress, not the courts, is ultimately responsible for determining whether and under what circumstances to make available an exception to the basic principle of territoriality.

The Second Circuit expressly rejected ITC’s argument that sections 44(b) and (h) of the Lanham Act incorporate the protections for famous marks provided in the Paris Convention and TRIPS.\textsuperscript{190} According to the court, the plain language of sections 44(b) and (h) do not indicate a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.\textsuperscript{191} The court held that section 44(b) merely “grants foreign mark holders covered by these treaties only those protections of United States law already specified in the Lanham Act.”\textsuperscript{192} As for section 44(h)’s references to an “entitle[ment] to effective protection against unfair competition,”\textsuperscript{193} the court concluded that its “precedent precludes [the

\textsuperscript{186} Id.

\textsuperscript{187} \textit{ITC II}, 482 F.3d at 162 (citing Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462, 485 (2d Cir. 2005)).

\textsuperscript{188} Id. at 164.

\textsuperscript{189} Id. at 165.

\textsuperscript{190} Id. at 162–63. The court’s finding that sections 44(b) and (h) do not incorporate the famous marks protections of the Paris Convention and TRIPS is contrary to the view of a leading commentator on trademark law. \textit{See} 5 \textit{MCCARTHY}, \textit{supra} note 1, § 29:4 (“In the author’s view, the well-known or famous marks doctrine of Paris Convention Article 6bis is incorporated into United States domestic law through the operation of Lanham Act § 43(a), § 44(b) and § 44(h).” (footnote omitted)); \textit{see also} Brandon Barker, Note, \textit{The Power of the Well-Known Trademark: Courts Should Consider Article 6BIS of the Paris Convention an Integrated Part of Section 44 of the Lanham Act}, 81 WASH. L. REV. 363 (2006).

\textsuperscript{191} \textit{ITC II}, 482 F.3d at 163.

\textsuperscript{192} Id. Section 44(b) requires that foreign mark holders receive “the benefits of this section . . . to the extent necessary to give effect to any . . . convention, treaty or reciprocal law,” as well as the “rights to which any owner of a mark is otherwise entitled by this chapter.” 15 U.S.C. § 1126(b) (2006).

\textsuperscript{193} 15 U.S.C. § 1126(h). Lanham Act § 44(h) provides, in full, that:

\begin{quote}
Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection
\end{quote}
court] from construing this phrase to afford foreign mark holders any rights beyond those specified in section 44(b)." 194 The court reasoned that Congress's "specificity in dealing with registered marks cautions against reading a famous marks exception into sections 44(b) and (h), which nowhere reference the doctrine, much less the circumstances under which it would appropriately apply despite the fact that the foreign mark was not used in this country." 195

Despite the Second Circuit's holding that ITC could not maintain a federal claim for unfair competition under the famous marks doctrine, the court recognized that ITC might have a claim for misappropriation under New York common law. 196 As such, the court certified to the New York Court of Appeals the question of whether New York common law recognizes the famous marks doctrine. 197 The court also certified to the New York Court of Appeals the question of how famous a mark must be to fall within the famous marks doctrine. 198 As to the second question, the Second Circuit listed four possible standards that the state court might consider in establishing whether a mark qualifies as a famous mark. 199

In December 2007, the New York Court of Appeals answered the first question affirmatively, but stipulated that it was "not thereby recognizing the famous or well-known marks doctrine, or any other new theory of liability under the New York law of unfair competition." 200 Instead, the state court held that "when a business, through renown in New York, possesses goodwill constituting property or a commercial advantage in this state, that goodwill is protected from misappropriation under New York unfair competition law . . . whether the business is domestic or foreign." 201

As to the second certified question, the New York court stated that, "at a minimum, consumers of the good or service provided under a certain mark by a defendant in New York must primarily associate the

against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Id.

194 ITC II, 482 F.3d at 164.
195 Id.
196 Id. at 165.
197 Id. at 166–67.
198 Id. at 167.
199 Id. at 167–70.
201 Id.
mark with the foreign plaintiff." The court declined to provide a list of relevant factors for determining whether a plaintiff's mark had established the requisite goodwill, but stated that this inquiry would necessarily vary with the facts of each case. After receiving the New York court's response, the Second Circuit affirmed its judgment for the Punchgini defendants—concluding that ITC had failed "to raise a triable question of fact on the issue of secondary meaning necessary to establish a New York State claim for unfair competition in a foreign mark."

Thus, the two federal circuit courts that have addressed the famous marks doctrine directly have come to conflicting conclusions about the doctrine's existence under federal trademark law. In the Ninth Circuit's opinion in Grupo Gigante, the court relied almost entirely on policy justifications for recognizing the doctrine as an exception to an absolute rule of territoriality. The Second Circuit concluded in ITC that policy justifications cannot, by themselves, support finding an exception to the bedrock principle of territoriality, especially where Congress had enacted a comprehensive trademark statute.

III. INCORPORATING THE FAMOUS MARKS DOCTRINE INTO THE LANHAM ACT

A. The Need for a Famous Marks Exception to the Territoriality Principle

Although the Second Circuit concluded in ITC that the Ninth Circuit's reliance on policy justifications in Grupo Gigante could not, by itself, support judicial recognition of the famous marks doctrine under federal law, the Second Circuit did recognize the persuasiveness of those policy arguments. Globalization, the Internet, increased immigration, the threat of trademark piracy, and the United States' own treaty obligations all lend powerful support to the argument that the United States should recognize, at the very least, a limited famous marks exception to the territoriality principle.

---

475

202 Id. at 860.
203 Id.
204 ITC Ltd. v. Punchgini, Inc., 518 F.3d 159, 164 (2d Cir. 2008).
205 Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1094 (9th Cir. 2004).
207 Id.
208 Id. at 165.
Therefore, Congress should act to incorporate expressly the protections for famous marks found in Article 6bis of the Paris Convention and Article 16(2) of TRIPS into the Lanham Act.

The primary policy underlying the law of trademarks is the interest in protecting the public from confusion and deceit. The Ninth Circuit stated in *Grupo Gigante* that, in this nation of immigrants, "[t]here can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home." Congressional recognition of the famous marks exception would help protect immigrants from confusion and deceit. Additionally, the Internet, satellite television, and increased international air travel have all worked to create a smaller and more networked world. Brand manufacturers can now promote their products across borders in a much more efficient and cost-effective manner than previously possible. Brand reputation for some brands expands to foreign markets even before the brand owner has actually begun marketing his products in those countries. Unfortunately for the owners of these international brands, trademark law has not kept pace with the rapid expansion of globalization. As a result, trademark pirates are often able to register internationally famous marks with their local trademark office before the true owner of the mark even recognizes a need to protect its mark in that particular country.

Trademarks, as intellectual property assets, are often the most valuable assets global companies hold. In order to protect these assets, it is essential that U.S. companies be able to enforce the famous marks doctrine internationally. The principle of comity

---


210 See generally TRIPS, supra note 8, art. 16(2); Paris Convention, supra note 8, art. 6bis.

211 See 1 MCCARTHY, supra note 1, § 2:1.

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

213 See Mostert, supra note 51, at 103-05.

214 See id. at 104.

215 See id. note 209, at 4.

216 See Mostert, supra note 51, at 104-05.

217 See id. at 105.

218 See id.

219 Cf. id. at 105-06 (discussing brand owners' need to protect their famous marks on a
among nations demands that the United States also honor its treaty obligations under the Paris Convention and TRIPS and codify the famous marks exception into federal trademark law.\textsuperscript{220} Furthermore, recognition of the famous marks doctrine under federal law will benefit U.S. consumers, because a strong trademark system enhances competition.\textsuperscript{221} Absent adequate trademark protection within U.S. courts, foreign companies will have little reason to provide quality goods to U.S. consumers, because free riders would be able to destroy their competitive advantage.\textsuperscript{222}

\section*{B. Possible Famous Marks Standards}

Once Congress has determined that expressly incorporating the famous marks doctrine into the Lanham Act best serves the underlying policies of federal trademark law, it must then consider the appropriate standard for determining when the doctrine should apply. In \textit{ITC}, the Second Circuit certified to the New York Court of Appeals the question of how famous a foreign mark must be to permit its owner to sue for unfair competition.\textsuperscript{223} The Second Circuit then suggested four possible standards that the New York Court of Appeals might consider in answering the question: secondary meaning, secondary meaning plus, the anti-dilution statute standard, and the recommendation of the World Intellectual Property Organization ("WIPO").\textsuperscript{224} Although the court suggested the possibilities as standards for applying the famous marks doctrine under New York common law, these four standards are also helpful when considering the appropriate standard for application of the famous marks doctrine under federal trademark law.

\subsection*{1. The Secondary Meaning Standard}

Under the secondary meaning standard, a foreign mark would qualify for federal trademark protection under the famous marks doctrine if the mark had the ability to "trigger in consumers' minds a link between a product or service and the source of that product or service."\textsuperscript{225}

\begin{itemize}
\item \textsuperscript{220} See \textit{id.} at 106.
\item \textsuperscript{221} Leaffer, \textit{supra} note 209, at 7.
\item \textsuperscript{222} \textit{id.}
\item \textsuperscript{223} \textit{ITC Ltd. v. Punchgini, Inc. (ITC II)}, 482 F.3d 135, 167 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007).
\item \textsuperscript{224} \textit{id.} at 167–69.
\item \textsuperscript{225} Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1095 (9th Cir.)
\end{itemize}
California adopted this standard in *Grupo Gigante* to hold that the correct inquiry was to decide whether the “Gigante” mark had acquired secondary meaning in the San Diego area.\(^\text{226}\) In finding that the Gigante mark had satisfied the secondary meaning standard and therefore qualified for protection under the famous marks doctrine, the district court considered seven independent factors.\(^\text{227}\) These factors included: “survey evidence; direct consumer testimony; exclusivity, manner and length of use of the mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant.”\(^\text{228}\)

Secondary meaning serves two separate functions in trademark law.\(^\text{229}\) First, secondary meaning “serves to determine whether certain marks are distinctive enough to warrant protection.”\(^\text{230}\) Therefore, in *Grupo Gigante*, the foreign plaintiff would have to prove that consumers identify the Gigante mark with the foreign plaintiff’s particular brand of store.\(^\text{231}\) The second function of the secondary meaning standard is to define the geographic area in which a user has priority, regardless of which user used the mark first.\(^\text{232}\) This second function of secondary meaning is an application of the *Tea-Rectanus* doctrine.\(^\text{233}\) Under this doctrine, priority of use of a mark in one area of the United States does not necessarily prevent a good faith and innocent user in another area of the United States from also using the mark, if the second user’s geographic area is “remote.”\(^\text{234}\) Because a basic principle of trademark law is that trademark rights are governed by priority of use,\(^\text{235}\) if a senior user has not used his mark in the


\(^{227}\) Id.; see also Filipino Yellow Pages, Inc. v. Asian Journal Publ’n, Inc., 198 F.3d 1143, 1151 (9th Cir. 1999) (listing the factors that a court should consider in determining whether a descriptive mark has acquired secondary meaning).

\(^{229}\) Grupo I, 119 F. Supp. 2d at 1091.

\(^{230}\) Grupo II, 391 F.3d at 1096.

\(^{231}\) Id.

\(^{232}\) Id.

\(^{233}\) The doctrine’s name is derived from two early trademark 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).

\(^{234}\) See 5 McCarthy, supra note 1, § 26:2.

junior user's territory, then the *Tea-Rectanus* doctrine holds that the senior user may not prevent the junior user's use of the mark. The result is that one user might have the right to use a mark in one geographic area of the United States, while another user has the right to use the same mark in another geographic area of the United States.

The *Grupo Gigante* district court acknowledged that, in adopting a secondary meaning standard for famous foreign marks, it was analyzing the case as if both the plaintiff and defendants were operating stores in Southern California, as opposed to the actual situation, where the plaintiff claimed its first priority status based on its prior use of the Gigante mark in Mexico. The plaintiff operated a Gigante store in Tijuana, just twenty miles south of the defendants' San Diego stores—as such, "[the court could find] no rational reason why the outcome in this case should be different if the [plaintiff] operated [its] Gigante grocery stores 20 miles to the north of the defendants' stores, rather than 20 miles to the south." Thus, under the district court's secondary meaning standard, it is completely irrelevant that the foreign plaintiff's earlier use of the mark was entirely outside the United States.

But "treating international use differently is what the territoriality principle does," as the Ninth Circuit correctly stated in *Grupo Gigante*. If Congress were to adopt secondary meaning as the appropriate standard, it would effectively abolish the territoriality principle. Under this standard, it would make no difference whether prior use was made in the United States or abroad. The only relevant inquiry, under the *Tea-Rectanus* doctrine, would be whether the mark had obtained secondary meaning within the "relevant sector of the public." to warrant protection. The Ninth Circuit concluded that "[w]e would go too far if we did away with the territoriality

---

236 *Rectanus*, 248 U.S. at 100.
237 *Grupo II*, 391 F.3d at 1096-97 ("The point of [the *Tea-Rectanus*] doctrine is that in the remote area, where no one is likely to know of the earlier user, it is unlikely that consumers would be confused by the second user's use of the mark.").
238 *Grupo I*, 119 F. Supp. 2d at 1091; see also 2 *McCarthy*, supra note 1, § 16:34 (noting that where plaintiff and defendant both use a descriptive mark, "the issue of priority and ownership is not which party first used the mark, but which party first achieved secondary meaning in the mark"); Investacorp, Inc. v. Arabian Inv. Banking Corp., 931 F.2d 1519, 1524 (11th Cir. 1991) (holding plaintiff has no protectable interest in descriptive mark unless it attained secondary meaning before defendant started using similar mark).
239 *Grupo I*, 119 F. Supp. 2d at 1092.
240 See *Grupo II*, 391 F.3d at 1097.
241 Id.
242 See id.
243 Id.
244 TRIPS, supra note 8, art. 16(2).
principle altogether by expanding the famous-mark exception this much.\textsuperscript{245}

Currently, there is no unified international trademark regime, and trademark rights must be governed by each nation's individual laws.\textsuperscript{246} The Paris Convention requires that member states maintain adherence to the territoriality principle.\textsuperscript{247} Because the territoriality principle is such a long-standing principle of both domestic and international law, Congress should not adopt secondary meaning as the appropriate standard for determining whether a foreign mark qualifies under the famous marks doctrine.

2. The Secondary Meaning Plus Standard

The second possible standard that the Second Circuit suggested in \textit{ITC} was what it referred to as "secondary meaning plus."\textsuperscript{248} Secondary meaning plus is the compromise standard that the Ninth Circuit ultimately concluded was the appropriate standard in \textit{Grupo Gigante}.\textsuperscript{249} Under this standard, a court would first determine whether the mark had acquired secondary meaning under the test that the district court applied in \textit{Grupo Gigante}.\textsuperscript{250} Then, "where the mark has not before been used in the American market,\textsuperscript{251} the court must be satisfied, by a preponderance of the evidence, that a \textit{substantial} percentage of consumers in the relevant American market is familiar with the foreign mark."\textsuperscript{252} Judge Graber, in a concurring opinion in \textit{Grupo II}, suggested that, under this standard, a ""\textit{substantial} percentage"" of people in the relevant market would mean more than

\textsuperscript{245} \textit{Grupo II}, 391 F.3d at 1097.
\textsuperscript{246} \textit{Id.} at 1098; see Ingenohl v. Olsen & Co., 273 U.S. 541, 544 (1927) ("A trade-mark started elsewhere would depend for its protection in Hongkong upon the law prevailing in Hongkong and would confer no rights except by the consent of that law."); Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985) ("[T]rademark rights exist in each country solely according to that country's statutory scheme.").
\textsuperscript{247} Paris Convention, \textit{supra} note 8, art. 6(3) ("A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.").
\textsuperscript{248} \textit{ITC} Ltd. v. Punchgini, Inc. (\textit{ITC II}), 482 F.3d 135, 167 (2d Cir. 2007), \textit{cert. denied}, 128 S. Ct. 288 (2007).
\textsuperscript{249} \textit{Grupo II}, 391 F.3d at 1098.
\textsuperscript{250} \textit{Id.}
\textsuperscript{251} Under the facts of the \textit{ITC} case, Congress would need to provide that secondary meaning plus also applies where the holder of a famous mark had previously used the mark in the United States, but had since abandoned domestic use of the mark. \textit{See ITC II,} 482 F.3d at 167 n.31.
\textsuperscript{252} \textit{Grupo II}, 391 F.3d at 1098 (footnote added).
This is also the standard suggested by J. Thomas McCarthy, the author of the leading treatise on trademark law. In Grupo Gigante, the Ninth Circuit defined the "relevant American market" as the "geographic area where the defendant uses the alleged infringing mark." The court also provided two relevant, though "not necessarily determinative," factors that a court should consider in determining whether a foreign mark satisfies the secondary meaning plus test: "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." As Judge Graber emphasized in her concurrence in Grupo Gigante, secondary meaning plus is an intermediate standard between secondary meaning and the Lanham Act's anti-dilution statute. Under this secondary meaning plus standard, the owner of a foreign mark need not satisfy the higher degree of fame required by the anti-dilution statute. But where the owner does not use the mark in the United States, "[the foreign mark owner] must show more than the level of recognition that is necessary in a domestic trademark infringement case.

3. The Anti-Dilution Statute Standard

The standard provided under section 43(c) of the Lanham Act, the federal anti-dilution statute, was the third possible standard suggested by the Second Circuit in ITC. The anti-dilution standard

---

253 Id. at 1108 (Graber, J., concurring).
254 See 5 MCCARTHY, supra note 1, § 29:4 (agreeing with the Ninth Circuit that substantial percentage is a reasonable rule and that "at least 50% of the relevant group is an appropriate measure of 'substantial' in this context").
255 Grupo II, 391 F.3d at 1098.
256 Id.
257 Id. at 1107 (Graber, J., concurring); see 15 U.S.C. § 1125(c) (2006).
259 Grupo II, 391 F.3d at 1106 (Graber, J., concurring).
260 § 43(c)(1) of the Lanham Act reads as follows:

(c) Dilution by blurring; dilution by tarnishment.

(1) Injunctive relief.

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

261 ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135, 168 (2d Cir. 2007), cert. denied, 128
is a much higher standard than secondary meaning in that it requires that a mark be “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” The holder of a mark that satisfies this high standard may seek to enjoin another person who uses the mark, “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”

Section 43(c)(2)(A) provides four factors for a court to consider when determining whether a mark is sufficiently famous for anti-dilution protection:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

These factors provide useful guidelines that a court might consider in determining whether a mark is sufficiently famous to warrant protection under the foreign marks doctrine.

But the anti-dilution standard, especially the requirement that the mark be “widely recognized by the general consuming public of the United States,” is much too high a standard to apply in the famous marks doctrine context. In Grupo Gigante, the Ninth Circuit argued that courts should not allow unscrupulous entrepreneurs to use trademark law to “fool immigrants into thinking that they are buying from the store they liked back home.” If Congress were to choose to apply the anti-dilution standard to the famous marks doctrine, the doctrine would not serve to protect immigrants in the vast majority of

263 Id. § 1125(c)(1).
264 Id. § 1125(c)(2)(A).
265 Id.
266 Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1094 (9th Cir. 2004).
cases. Applied to the facts of the *Grupo Gigante* case, the foreign plaintiff would need to prove that a significant percentage of *all* Americans across the nation recognized the Gigante mark as the plaintiff's mark. But the benefit the *Grupo Gigante* defendants received by adopting the Gigante mark was not the goodwill the mark carried nationwide, it was the goodwill the mark carried among the Hispanic population in Southern California. Thus, adopting the anti-dilution standard for purposes of determining whether a mark would fall under the famous marks doctrine would be equivalent to refusing to recognize the doctrine altogether.

4. *The WIPO Standard*

Finally, the Second Circuit suggested in *ITC* that, should the New York Court of Appeals decide to adopt a completely new standard for the recognition of the famous marks doctrine, it might consider the factors recommended by the WIPO in 1999 in the non-binding *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*. These factors include:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;

2. the duration, extent and geographical area of any use of the mark;

3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;

4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;

5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;

---

267 See generally *Grupo II*, 391 F.3d 1088.
268 Id. at 1091.
6. the value associated with the mark.270

The New York Court of Appeals ultimately answered the Second Circuit’s second certified question by stating that, under New York common law, “[w]hether consumers of a defendant’s goods or services primarily associate such goods or services with those provided by a foreign plaintiff is an inquiry that will, of necessity, vary with the facts of each case.”271 In so doing, the court refused to provide an “exhaustive list of the factors relevant to such an inquiry.”272 The court’s conclusion correctly states the reality of litigation under the famous marks doctrine. The determination of whether a mark is sufficiently famous to warrant an exception to the territoriality principle is a question of fact.273 The foreign marks that might qualify for this exception will vary immensely depending on the product or services sold under the mark and the geographic area encompassed by the “relevant sector of the public.”274 As such, determinations of whether a mark is sufficiently famous to fall under the famous marks doctrine will necessarily have to be a case-by-case inquiry.275

C. The Appropriate Famous Marks Standard

Adoption of a variation of the Ninth Circuit’s secondary meaning plus standard will best address the needs for a famous marks exception to the territoriality principle in an increasingly global economy, the interests in maintaining adherence to the long-standing trademark principle of territoriality, and the practical necessity for a flexible standard to determine whether a mark is sufficiently famous on a case-by-case basis. Under this standard, a foreign mark will be sufficiently famous to warrant protection under federal trademark law if a substantial percentage of the relevant sector of the public is familiar with the mark, such that the defendant’s use will likely cause confusion within that sector of the public.276 In applying this standard, courts should consider the factors recommended by the WIPO,277 as

270 Id. at 6; see also Mostert, supra note 51, at 111–13 (listing the factors that are common among the Lanham Act’s anti-dilution statute, the Cartagena Agreement, The Canadian Trade-marks Act, cases in Colombia, France, and Mexico, practice procedures of the Trade Mark Office in China, and the WIPO report).
272 Id.
273 See Mostert, supra note 51, at 113.
274 See TRIPS, supra note 8, art. 16(2); Mostert, supra note 51, at 113.
275 See Mostert, supra note 51, at 113.
276 See S McCARTHY, supra note 1, § 29:4.
277 See WIPO REPORT, supra note 272, at 6.
well as any other factors that the particular circumstances of a given case call into question. The facts of each case will dictate which factors are relevant.  

Two issues that will prove extremely important in analyzing any famous marks doctrine case under this secondary meaning plus standard will be determining what constitutes a “substantial percentage” and who constitutes the “relevant sector of the public.” As to the former issue, the practical need for flexibility in applying the secondary meaning plus standard mandates that a court not define “substantial percentage” as any specific threshold number. Evidence to prove that a substantial percentage of the public is familiar with a particular mark might include “unsolicited requests from potential licensees, distributors and consumers of the goods or services which bear the mark . . . . [and] survey evidence.” Because the types of evidence that a plaintiff might introduce to establish the fame of his mark could vary so drastically, any attempts by a court to establish a minimum percentage that constitutes “substantial percentage” will likely prove futile. Further, courts should be hesitant to attach too much weight to survey evidence that purports to establish that a certain percentage of the relevant sector of the public is familiar with a particular mark, as that evidence might not be comprehensive or entirely accurate.

On a case-by-case basis, the issue that will most likely prove determinative under the secondary meaning plus standard will be defining who constitutes the “relevant sector of the public.” In Grupo Gigante, Judge Graber stated in her concurrence that:

Because a conclusion that Plaintiffs have a protectable interest would prohibit Defendants from selling groceries under that mark to any residents of San Diego County—not just to Mexican-Americans—it makes little sense to define the relevant public so narrowly. Comprised of all grocery shoppers, the “relevant sector of the public” in this case is the very antithesis of a specialized market; because everyone

---

278 See Mostert, supra note 51, at 114.
279 See 5 MCCARTHY, supra note 1, § 29:4.
280 But see Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088, 1108 (9th Cir. 2004) (Graber, J., concurring); 5 MCCARTHY, supra note 1, § 29:4 (suggesting that at least 50 percent of the relevant group is an appropriate measure of a “substantial percentage”).
281 Mostert, supra note 51, at 111.
282 Id.
eats, the relevant sector of the public consists of all residents of San Diego County, without qualification.283

Thus, under Judge Graber's analysis of what constitutes the relevant sector of the public, Grupo Gigante would have to prove that a substantial percentage of the entire population of San Diego County was familiar with the plaintiff's Gigante mark.284 Defining the relevant sector of the public so broadly would render the famous marks doctrine ineffective in many of the cases where its application would be most desirable. If the famous marks doctrine is to mean anything to the plaintiff in Grupo Gigante, the court must define the relevant sector of the public to include only the people who a defendant seeks to confuse and deceive.285 Under the facts of Grupo Gigante, a fairer definition of the relevant sector of the public would be only those Mexican-Americans in San Diego who shopped at the defendants' Gigante stores.286

But determining the appropriate standard for who constitutes the relevant sector of the public would also greatly depend on the facts of a given case. The WIPO, in its Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, provided several factors for determining who constitutes the relevant sector of the public:

(a) Relevant sectors of the public shall include, but shall not necessarily be limited to:

(i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;

(ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;

(iii) business circles dealing with the type of goods and/or services to which the mark applies.

(b) Where a mark is determined to be well known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark.

283 Grupo II, 391 F.3d at 1108 (Gaber, J., concurring).
284 Id.
285 See 1 MCCARTHY, supra note 1, § 2:1 (stating that the primary policy underlying the law of trademarks is the interest in protecting the public from confusion and deceit).
286 Grupo II, 391 F.3d 1088.
(c) Where a mark is determined to be known in at least one relevant sector of the public in a Member State, the mark may be considered by the Member State to be a well-known mark.

(d) A Member State may determine that a mark is a well-known mark, even if the mark is not well known or, if the Member States applies subparagraph (c), known, in any relevant sector of the public of the Member State.²⁸⁷

For example, in Person's Co. v. Christman,²⁸⁸ the plaintiff was a Japanese clothes manufacturer who produced and sold clothes under the “Person’s” brand.²⁸⁹ It did not sell “Person’s” clothes in the United States and had not registered the mark with the USPTO, and the “Person’s” mark was not known in the United States.²⁹⁰ The defendant, while on a trip to Japan, discovered the plaintiff’s line of clothes and decided to develop his own line of “Person’s” clothes to sell in the United States, without the plaintiff’s permission.²⁹¹ When the plaintiff learned of the defendant’s activities, he sued the defendant based on likelihood of confusion, but the court held that the plaintiff’s prior use in Japan did not warrant him protection in the United States.²⁹²

While commentators have criticized the Person's Co. court’s holding,²⁹³ it is clear that the plaintiff’s mark was not famous in the United States when the defendant first made use of the mark in the United States. Therefore, the famous marks doctrine should not apply in that situation. But under a narrow definition of who constitutes the relevant sector of the public, such a plaintiff could argue that a court should only consider whether a substantial percentage of Japanese-Americans are familiar with the mark. Yet the defendant in Person’s did not appropriate the plaintiff’s mark because he wanted to appropriate the goodwill associated with the mark in the United States²⁹⁴—the mark was not known outside of Japan, so there was no goodwill associated with the mark in the United States.²⁹⁵

As this example shows, in applying the secondary meaning plus standard, it is important that courts focus on “the overall ‘commercial

²⁸⁷ WIPO REPORT, supra note 272, at 7.
²⁸⁸ 900 F.2d 1565 (Fed. Cir. 1990).
²⁸⁹ Id. at 1566–67.
²⁹⁰ Id.
²⁹¹ Id.
²⁹² Id. at 1569–70.
²⁹³ See, e.g., Carney, supra note 209, at 31.
²⁹⁴ See Person's, 900 F.2d at 1570.
²⁹⁵ Id.
impression' and the picture that emerges from the totality of
the evidence. Adoption of the Ninth Circuit's secondary meaning
plus standard would allow courts the flexibility they need to
analyze whether a mark is sufficiently famous for protection on a
case-by-case basis.

CONCLUSION

The Paris Convention and TRIPS both provide that signatory
nations recognize a famous marks exception to the fundamental
trademark principle of territoriality. The United States is a
signatory of both of these international treaties. But TRIPS is not
self-executing on its face, and a majority of U.S. courts have held
that the Paris Convention is not self-executing. As such, if federal
trademark law provides for a famous marks exception to the
territoriality principle, it must do so under the Lanham Act—the
comprehensive and frequently amended statute that represents the
codification of federal trademark law. But the Lanham Act does not
expressly provide for the famous marks doctrine. Therefore, it is up
to Congress, not the federal judiciary, to incorporate the famous
marks doctrine into federal trademark law.

Cases such as ITC and Grupo Gigante provide convincing
evidence that Congress must act to incorporate the substantive
provisions of the Paris Convention and TRIPS into the Lanham
Act. The primary policy of trademark law is to protect the public
from confusion and deceit. The famous marks doctrine will prevent
the behaviors that the defendants in ITC and Grupo Gigante
exhibited—taking advantage of the goodwill of a famous foreign
mark to confuse customers into thinking that they were associated
with the foreign mark holder.

A secondary policy of trademark law is to protect the trademark
owner's interest in his mark. Globalization has increased the value
of famous marks as intellectual property assets, but it has also created

206 Mostert, supra note 51, at 114.
207 See TRIPS, supra note 8, art. 16(2); Paris Convention, supra note 8, art. 6bis.
Agreements [including TRIPs], nor the application of any such provision to any person or
circumstance, that is inconsistent with any law of the United States shall have effect.").
n.5 (11th Cir. 2001).
210 See ITC Ltd. v. Punchgini, Inc. (ITC II), 482 F.3d 135 (2d Cir. 2007), cert. denied, 128
211 See id.; Grupo Gigante S.A. de C.V. v. Dallo & Co. (Grupo II), 391 F.3d 1088 (9th Cir.
2004).
212 See 1 McCARTHY, supra note 1, § 2:1.
213 Id.
more opportunities for trademark piracy. The incorporation of the famous marks doctrine into federal law will help ensure the owners of famous foreign marks that their marks are safe from misappropriation in the United States. Finally, if Congress does not act to incorporate the famous marks doctrine into the Lanham Act, then the United States will remain in violation of its treaty obligations under the Paris Convention and TRIPS. This could lead to problems of reciprocity when U.S. companies attempt to ensure the protection of their famous marks abroad.

Congress should incorporate the substantive provisions of Article 6bis of the Paris Convention and Article 16(2) of TRIPS into the Lanham Act. The appropriate standard for determining whether a foreign mark warrants protection as a famous foreign mark should be the Ninth Circuit’s secondary meaning plus standard. The secondary meaning plus standard will best balance the need to prevent consumer confusion and ensure compliance with international treaty obligations that incorporate the territoriality principle. Moreover, the secondary meaning plus standard will allow courts the flexibility to apply the famous marks doctrine in what will necessarily be a fact-specific, case-by-case determination.

JAMES FARIS†

304 See Mostert, supra note 51, at 104.
305 Id. at 106.
306 See Grupo II, 391 F.3d 1088.
† J.D. Candidate 2009, Case Western Reserve University School of Law; B.A., University of Missouri, 2000. I would like to thank Professor Jonathan L. Entin and the staff of the Case Western Reserve Law Review for their thoughtful comments and attention to detail. All errors are my own. Most of all, I would like to thank my wife, Moira Faris, for her limitless support and patience.