

What Does It Mean to Be Famous Worldwide?

Consider the following scenario: Three former employees of the plaintiff's high-end restaurant chain called "Bukhara" opened their own place after the Bukhara Restaurant in their town closed its doors (though it continued to operate elsewhere). The owners of the new restaurant called their new venture the Bukhara Grille. As one candidly acknowledged, there was "no restaurant Bukhara in New York, and we just thought we will take the name." In addition to the name, they made use of the original Bukhara's logos, decor, staff uniforms, wood-slab menus, and red-checked customer bibs and told the press that their Bukhara Grille restaurant "is quite like" the original Bukhara. The owners of the original Bukhara Restaurant brought suit.



A slam-dunk case of trademark infringement, you might say! And yet, in *ITC Corp. v. Punchgini Inc.*,¹ the Second Circuit ruled that the Lanham Act did not offer plaintiffs any protection. Bukhara Restaurants are located in New Delhi, Singapore, Kathmandu, and Ajman; and after a brief expansion in the United States, including locations in New York City and Chicago, Bukhara dropped out of its contracts in the U.S. market. Although the plaintiffs had held a Bukhara trademark in the United States at one time, the Second Circuit found that the plaintiffs had abandoned the

mark by not using it *domestically* for a period of more than three years. Nonetheless, because their mark was internationally famous, the plaintiffs asserted a right to sue under § 43(a) of the Lanham Act, which provides protection for unregistered marks.

The Principle of Territoriality

In essence, the territoriality principle stands for the idea that ownership of a trademark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country. Trademark protection ensures the consuming public of consistency with regard to a product's reputation and guarantees the holder of the mark that his or her good will and reputation will not be injured through others' use of the mark; this concept assumes, however, that the consuming public is aware of the

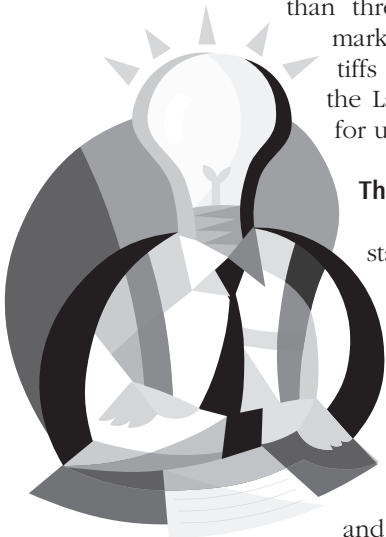
mark holder's use of the trademark. For this reason, a person or corporation using a mark in more than one country must register that mark as a trademark in each country in which it is being used. In the United States, it is domestic use—not foreign use—that gives priority to ownership of trademark rights.

What Is the Famous Marks Doctrine?

An exception to the principle of territoriality is the famous marks doctrine—which originated in 1925 when Article *6bis* was added to the Paris Convention for the Protection of Industrial Property—which provides that trademark registration or use in a signatory country may be refused, canceled, or prohibited if the mark is considered by the appropriate authority of the country of registration or use to be well known in that country as being the mark of someone from another signatory country and used for identical or similar goods. (Article *6bis* also covers service marks pursuant to Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights.) The leading commentator on trademark law, J. Thomas McCarthy, recognizes the doctrine as a "legal concept under which 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."²14

The doctrine was first exercised in the United States by a New York trial court in *Maison Prunier v. Prunier's Rest. & Café 143* in 1936. The case involved a New York restaurant that had opened up using the name of a well-known Parisian restaurant. Noting the general rule of territoriality, the court recognized an exception to the rule—the succeeding user's bad faith in using the mark. Basing the holding entirely on New York's common law principles of unfair competition, the court held that a French mark holder was entitled to protection against unfair competition in the United States when the mark was used in bad faith. The fame of the mark was considered in the determination of bad faith.

The federal Trademark Trial and Appeal Board has recognized the famous marks doctrine on several occasions. In 1983, the board applied the doctrine in preventing registration of a trademark for "Wimbledon Cologne," even though the foreign owner of the Wimbledon mark was not using that mark in connection with any product sold in the United States.¹⁴ The board cited the annual tennis championships in England as the basis for the fame and notoriety that



the Wimbledon mark had achieved domestically. The Trademark Trial and Appeal Board has applied the doctrine as recently as 2005.¹⁵

In 2004's *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, the Ninth Circuit applied the famous marks doctrine in finding that a Mexican grocery store chain using the name "Gigante" was sufficiently well known among Mexican-Americans in Southern California to prevent a separate chain of Los Angeles grocery stores from using the same mark. Specifically rebuffing the territoriality principle, the Ninth Circuit declared, "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."¹⁶

What's the Catch?

Despite this bulwark of authority in support of the commonsensical ideas expressed by the Ninth Circuit in *Grupo Gigante*, the famous marks doctrine is not mentioned in the Lanham Act or in any other federal law. And therein lies the difficulty, says the Second Circuit. Despite acknowledging the famous marks exception and its extensive recognition by other legal bodies, the Second Circuit in *ITC Ltd. v. Punchgini* rejected the plaintiff's claim for protection of a famous foreign mark that was not registered in the United States, holding that "Congress has not incorporated the substantive protections of the famous marks doctrine ... into the relevant federal law, and this court cannot recognize the doctrine simply as a matter of sound policy."¹⁷

The Second Circuit does have a point. In its decisions, the Trademark Trial and Appeal Board has never stated that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or of other federal law.¹⁸ Every trial court recognizing the doctrine has based its recognition entirely on a state's common law. And the Ninth Circuit's decision in *Grupo Gigante* was based only on policy reasons and made no reference to federal law.

After *ITC Ltd.*, we may have to wait and see whether Congress will follow the Ninth Circuit's policy reasons for recognizing the famous marks doctrine in *Grupo Gigante*. If not, the Second Circuit may have just stymied the doctrine's development in association with actions brought under the Lanham Act. Should the Second Circuit's reasoning carry the day, only the state's common law protections stand in the way of even the deceptive use of any foreign mark not registered or in use in the United States—no matter how famous that mark may be in its home country or even around the world. **TFL**

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Endnotes

¹482 F.3d 135 (2nd Cir. 2007).

²J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29.2, at 29–164, 4th ed. (2002).

³*Maison Prunier v. Prunier's Rest. & Café*, 288 N.Y.S. 529 (N.Y. Sup. Ct. 1936).

⁴*All England Lawn Tennis Club Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. 1069 (1983).

⁵*First Niagara Ins. Brokers Inc. v. First Niagara Fin. Group Inc.*, 77 U.S.P.Q.2d 1334, 30–31 (2005).

⁶391 F.3d 1088, 1094 (9th Cir. 2004).

⁷*ITC Limited*, 482 F.3d at 172.

⁸*Id.* at 159.

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