

IS FAME ALONE SUFFICIENT TO CREATE PRIORITY RIGHTS:  
AN INTERNATIONAL PERSPECTIVE ON THE VIABILITY OF  
THE FAMOUS/WELL-KNOWN MARKS DOCTRINE<sup>1</sup>

I.	INTRODUCTION.....	740
II.	BACKGROUND PRINCIPLES.....	744
	A. <i>Territoriality and Famous Marks</i> .....	744
	B. <i>The Lanham Act</i> .....	749
	C. <i>The Paris Convention, TRIPS, and the Conflict with the Lanham Act</i> .....	752
III.	DICHOTOMY WITHIN THE CIRCUITS: A COMPARISON OF SECOND AND NINTH CIRCUIT DECISIONS .....	756
IV.	INTERNATIONAL TREATMENT OF FAMOUS UNREGISTERED FOREIGN MARKS.....	768
	A. <i>Brazil</i> .....	768
	B. <i>China</i> .....	771
	C. <i>South Africa</i> .....	773
V.	CONCLUSION .....	777

---

<sup>1</sup> The term “famous” triggers significantly different legal consequences than “well-known” in the United States. *See, e.g.*, Scott N. Barker, *Applying the FTDA to Internet Domain Names*, 22 DAYTON L. REV. 265, 275 (1997) (“Famous marks have a higher degree of reputation than well-known marks and therefore merit broader protection.”); Frederick W. Mosert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 TRADEMARK REP. 103, 115 (1996) (same).

Despite the terms’ disparate implications, the well-known marks doctrine has often been referred to as the famous marks doctrine. *See, e.g.*, *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 286 (S.D.N.Y. 2002), *rev’d in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 29:61 (4th ed. 2006). The overlap in the use of the terms is particularly confusing because the famous marks doctrine also has dilution connotations. *Id.* In fact, “[c]ourts . . . use a variety of terms to refer to well-known marks . . . which have such a large degree of overlap and inter-connection that their multiple use has caused a fair amount of confusion . . . . [Experts] . . . [have] indicated that such ‘usage reflects no more than a linguistic muddle.’” Mosert, *supra* at 114-15.

Because courts have used both of these terms with respect to infringement, I employ them interchangeably, depending on the language used by each court. I refer to the famous and well-known marks doctrine only in terms of infringement, and not in the context of dilution. Furthermore, this Note does not discuss the protection granted to famous marks under the antidilution statute of section 43(c) of the Lanham Act, 15 U.S.C. § 1125 (2006). Thus, regardless of the differing legal consequences, the variation in the terms’ meanings is not at issue in this Note.

## I. INTRODUCTION

Trademarks have become increasingly international in nature over the past century because of treaties such as the Paris Convention<sup>2</sup> and The Agreement on Trade Related Aspects of Intellectual Property (TRIPS),<sup>3</sup> the creation of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO),<sup>4</sup> and the ease of communication between foreign countries.<sup>5</sup> Furthermore, as a result of the rapid globalization of the world economy, trademark protection has become a vital component of economic growth and prosperity.<sup>6</sup> This development, however, has been coupled with attempts to free-ride on the intellectual property rights of trademark owners.<sup>7</sup> This Note addresses this trend with respect to foreign marks that are well-known or famous in the United States, but have not been registered,<sup>8</sup> or in some cases used, in this country.

By example, consider the following scenario. Company One owns the largest retail store in the Republic of Colombia and has utilized the EXITO mark in Colombia since 1949. It has not opened any stores in the United States. Company Two owns a variety of local supermarkets in predominantly Hispanic neighborhoods in New York with a particular emphasis on Latin American produce. Company Two adopts the EXITO mark using an exact replica of Company One's mark. The issue is whether

---

<sup>2</sup> Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised at Stockholm July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention]. The Paris Convention is "the first international treaty to have addressed the issue of well-known marks . . . ." <sup>3</sup> MARY M. SQUYRES, TRADEMARK PRACTICE THROUGHOUT THE WORLD § 25:3 (2005). The Paris Convention grants foreign nationals the same protection and benefits accorded to nationals of any other member country, without discrimination. *See id.*

<sup>3</sup> The Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M. 1125 (1994) [hereinafter TRIPS].

<sup>4</sup> The Agreement establishing the WTO "serves as an umbrella agreement" for "goods, services, . . . intellectual property [and] dispute settlement . . ." WTO legal texts, [http://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm](http://www.wto.org/english/docs_e/legal_e/legal_e.htm) (last visited Oct. 1, 2006). *See also* What is WIPO?, [http://www.wipo.int/about-wipo/en/what\\_is\\_wipo.html](http://www.wipo.int/about-wipo/en/what_is_wipo.html) (last visited Oct. 1, 2006). WIPO was established by the WIPO Convention in 1967 with the goal of protecting intellectual property throughout the world in collaboration with other international organizations. *Id.* *See infra* Parts II.C and IV for more information about the WTO and WIPO.

<sup>5</sup> *See, e.g.,* De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc., 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307, at \*25 (S.D.N.Y. May 18, 2005).

<sup>6</sup> Margaret C. Levenstein & Valerie Y. Suslow, *The Changing Internal Status of Export Cartel Exemptions*, 20 AM. U. INT'L L. REV. 785, 813 (2005) (noting that the United States is entering a period of a more integrated global market).

<sup>7</sup> *See, e.g.,* Empresa Cubana Del Tabaco v. Culbro Corp., 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006); Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc., 381 F. Supp. 2d 324 (S.D.N.Y. 2005); Vaudable v. Montmartre, Inc., 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959).

<sup>8</sup> Registered refers to federal registration with the Patent and Trademark Office. This Note is primarily concerned with federal registration, not state registration.

Company Two should be precluded from using EXITO because the mark is famous within New York's Hispanic community and is likely to cause consumer confusion, even though Company One has neither registered nor used its mark in New York or anywhere else in the United States. This example illustrates the tension underlying the conflict between the famous marks doctrine and the territoriality principle, as will be explained below.<sup>9</sup>

Pursuant to TRIPS and the Paris Convention, to which the United States is a signatory, the infringing activity performed by Company Two is impermissible among member nations, as famous marks deserve special protection.<sup>10</sup> However, under the Lanham Act, the codified body of U.S. trademark law, no such general prohibition of a third party's infringement of foreign unregistered famous marks exists. Rather, pursuant to section 43 of the Act, a mark that is not registered must be used in commerce and likely to cause consumer confusion, mistake, or deceit, in order to receive common law protection.<sup>11</sup> Thus, there is a conflict between the international treaties and the Lanham Act as to the degree of protection afforded to famous unregistered marks which are used in a foreign country but not in the United States.

One complication with assigning superior rights to famous

---

<sup>9</sup> This example has been adapted from *Almacenes Exito*, 381 F. Supp. 2d 324. See *infra* text accompanying notes 153-66 for a discussion of this case.

Although this Note focuses on the use of well-known foreign unregistered trademarks in the United States, Part IV examines how well-known United States marks are protected from infringers in foreign countries.

<sup>10</sup> See Paris Convention, *supra* note 2, at art. 6*bis*; TRIPS, *supra* note 3, at art. 3(1). See also *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) ("A mark that is strong because of its fame or its uniqueness[] is more likely to be remembered and more likely to be associated in the public mind with a greater breadth of products or services, than is a mark that is weak . . ."); *R.J. Reynolds Tobacco Co. v. R. Seeling & Hille*, 201 U.S.P.Q. 856, 860 (TTAB 1978) (stating that the law rewards a famous mark "with a larger cloak of protection than in the case of a lesser known mark because of the tendency of the consuming public to associate a relatively unknown mark with one to which they have long been exposed if the [relatively unknown] mark bears any resemblance thereto").

<sup>11</sup> 15 U.S.C. § 1125(a)(1) (2006).

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

*Id.*

unregistered foreign marks stems from the territorial nature of a trademark. The territoriality principle provides that “[p]riority of trademark rights . . . depends solely upon priority of use in [that country], not on priority of use anywhere in the world.”<sup>12</sup> Most trademarks do not become globally famous the minute they are used; rather, trademarks first develop a local reputation that spreads through advertising, use, and business growth. These territorial beginnings assure that some conflict will arise as geographically separate uses conflict in the global marketplace. In such instances, pursuant to the famous marks exception to the territoriality principle, “a party with a well-known mark at the time another party starts to use the mark has priority over the party using the mark.”<sup>13</sup>

The famous marks doctrine is not universally recognized in the United States. In fact, there exists a sharp division between the Second and Ninth Circuit courts as to its viability.<sup>14</sup> While the Ninth Circuit has recognized the doctrine,<sup>15</sup> within the Second Circuit there have been divergent decisions regarding the scope of the doctrine that have yet to be resolved by the Court of Appeals. Rather than ruling on the issue, in *Empresa Cubana Del Tabaco v. Culbro Corp.*,<sup>16</sup> the Second Circuit left open “the question of whether an entity that has not used a mark on products sold in the United States can nonetheless acquire a United States trademark through operation of the famous marks doctrine.”<sup>17</sup> Because there is a circuit split as well as a conflict of laws, this issue is particularly ripe for both the federal courts and Congress to address.

To resolve this conflict, this Note argues that the courts should find that the common law famous marks doctrine is contrary to the text of the Lanham Act and the underlying territoriality principle. This is not a case where a statute is

---

<sup>12</sup> 4 MCCARTHY, *supra* note 1, § 29.2 (citations omitted). *See also Almacenes Exito*, 381 F. Supp. 2d at 326 (“It has long been a bedrock principle of federal trademark law that registration or prior use of a mark in the United States is a precondition to maintaining a cause of action for infringement of the mark and the like.”).

<sup>13</sup> *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 286 (S.D.N.Y. 2002), *rev’d. in part*, 399 F.3d 462 (2d. Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006).

<sup>14</sup> The debate regarding the famous or well-known marks doctrine has been centered in the Second and Ninth Circuits. Thus, this Note focuses on the opposing decisions in these courts. However, in *Int’l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 389 (4th Cir. 2003), the Fourth Circuit also broached the issue, but did not directly discuss its merits because the defendant conceded that the doctrine was inapplicable if it could not show any use of its mark in the United States. Most recently, in *Maruti.com v. Maruti Udyog Ltd.*, Civ. No. L-03-1478 (BEL), 2006 U.S. Dist. LEXIS 61690, at \*16 (D. Md. Aug. 15, 2006), a Maryland district court declined to apply the famous marks doctrine because “the Fourth Circuit has never recognized the doctrine . . . [and] there is disagreement over what the doctrine requires.”

<sup>15</sup> *See Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004).

<sup>16</sup> 399 F.3d 462 (2d. Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006).

<sup>17</sup> *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d at 465.

ambiguous and judicial interpretation is required.<sup>18</sup> Rather, aside from the dilution cause of action found in section 43(c), the Lanham Act does not provide for protection of famous unregistered marks. Part II of the Note introduces the Lanham Act and the territoriality principle, the Paris Convention, TRIPS, and the famous or well-known marks exception as relevant to both federal and state law.<sup>19</sup> Part III highlights the dichotomy between the holdings of relevant cases in the Second and Ninth Circuits. Part IV examines the laws of three signatories to TRIPS and the Paris Convention: Brazil,<sup>20</sup> China,<sup>21</sup> and South Africa,<sup>22</sup> with respect to their treatment of famous unregistered foreign marks. This Part suggests that the United States should harmonize its treatment of famous marks with the protections guaranteed by these countries. Part V concludes that United States federal courts should follow the Second Circuit district court's decision in *Almacenes Exito, S.A. v. El Gallo Meat Market*,<sup>23</sup> by not recognizing the famous marks doctrine. While the doctrine may be cognizable under state law,<sup>24</sup> it should not be incorporated into federal law where the Lanham Act and the territoriality principle are controlling.

A determination that the famous marks doctrine is not applicable in the United States would resolve the inconsistencies in the federal courts. However, this would not settle the inherent conflict between the Lanham Act and the international treaties. Thus, Part V further contends that Congress should amend the Lanham Act by incorporating the text of article 6*bis* of the Paris

---

<sup>18</sup> For an explanation of the distinction between judicial legislation and judicial interpretation, see *Addison v. Holly Hill Fruits Prods. Co.*, 322 U.S. 607, 618 (1944) ("Construction . . . must avoid 'that retrospective expansion of meaning which properly deserves the stigma of judicial legislation.' To blur the distinctive functions of the legislative and judicial processes is not conducive to responsible legislation.") (quoting *A.B. Kirschbaum Co. v. Walling*, 316 U.S. 517, 522 (1942)); *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 333 (1938) (noting that judicial legislation should be condemned).

<sup>19</sup> Federal trademark rules preempt state rules. See *Minuteman Press Int'l, Inc. v. Minute-Men Press, Inc.*, 219 U.S.P.Q. 426, 431-32 (N.D. Cal. 1983) (holding that state law cannot narrow the federal rights of a junior user/federal registrant); *Am. Auto Ass'n v. AAA Ins. Agency, Inc.*, 618 F. Supp. 787, 798 (W.D. Tex. 1985) (finding "that state law cannot limit . . . the protection given to federally registered marks . . ."); *Spartan-Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279, 1284 (4th Cir. 1987) ("[T]he Lanham Act effects a limited preemption of state law, resolving the conflict in favor of the federal registrant's rights.").

<sup>20</sup> See *infra* Part IV.A. See also 3 SQUYRES, *supra* note 2, § 28:10.

<sup>21</sup> See *infra* Part IV.B.

<sup>22</sup> For example, see the discussion surrounding *McDonald's Corp. v. Joburgers Drive-Inn Restaurant Ltd.*, *infra* Part IV.C.

<sup>23</sup> 381 F. Supp. 2d 324 (S.D.N.Y. 2005).

<sup>24</sup> The famous marks doctrine continues to be recognized as a matter of state law. See, e.g., *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332, 335-36 (N.Y. Sup. Ct. 1959); *Maison Prunier v. Prunier's Rest. & Cafe, Inc.*, 288 N.Y.S. 529, 532-37 (N.Y. Sup. Ct. 1936).

Convention (with the TRIPS changes) to ensure compliance with United States international treaty obligations and provide protection for these famous or well-known marks in the United States. This provision would comport with one of the main purposes of the Lanham Act by eliminating consumer confusion, particularly because duplication of a famous unregistered mark would be more likely to cause confusion than would duplication of a non-famous mark.<sup>25</sup> Further, this addition to the Lanham Act would bring United States trademark doctrine into accord with trademark laws of other countries. Finally, such a change would help ensure continued reciprocity with other nations with respect to foreign courts' treatment of attempts to capitalize on famous unregistered United States marks used in other countries.

## II. BACKGROUND PRINCIPLES

### A. *Territoriality and Famous Marks*

“A trademark is a word, name, symbol, device, or other designation . . . that is distinctive of a person's goods or services and that is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others.”<sup>26</sup>

---

<sup>25</sup> See *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307, at \*25 (S.D.N.Y. May 18, 2005) (“[G]iven that ‘avoidance of consumer confusion is the ultimate end of all trademark law,’ a doctrine that prevents consumers from being misled by trademark pirates is a warranted application of the Lanham Act . . .”) (quoting *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)).

<sup>26</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995).

In its most basic sense, a mark is whatever in the marketplace distinguishes goods or services of one source from those of other sources. Typically, it is a name (or word), but it can also be:

1. The design of a container for the product, such as the hourglass-shaped Coca-Cola bottle;
2. A symbol or logotype, such as the U.S. Steel symbol consisting of a circle with three four-pointed stars within it;
3. Distinctive indicia applied to goods, such as the stripes and other marks that are often applied to the sides of tennis shoes;
4. Ornamentation applied to a product, if the ornamentation is distinctive (as opposed to being merely decoration such as application of the color green to the entire surface of applicant's medical inhalers), such as the well-known checkered stripe found around certain cabs;
5. A number or set of numbers such as “7-Eleven”;
6. A series of letters, such as the call letters of a radio or television station;
7. A sound or series of sounds, such as the combination of notes played during television and radio station identification breaks; and
8. A three-dimensional object, such as the Rolls Royce radiator or a pair of carved marble lions at the entrance to a Chinese restaurant;
9. A color or combination of colors, if non-functional or distinctive;
10. A phrase;
11. A telephone number;
12. A fragrance;
13. An internet domain name if used as a trademark or service mark;

Because of its distinctive qualities, a trademark is generally viewed as a company's most valuable asset.<sup>27</sup> Consequently, trademark owners are often required to take various measures to protect their marks.

For example, it has long been established that registration or prior use of a mark in the United States is a precondition to maintaining a cause of action for trademark infringement.<sup>28</sup> To succeed on such a claim under the Lanham Act, a plaintiff must show that the defendant: (1) used in commerce, (2) without consent, (3) a reproduction or copy of plaintiff's registered mark, as part of the sale or distribution of goods or services, and (4) that such a use is likely to cause confusion.<sup>29</sup> Regardless of whether a Lanham Act claim is brought pursuant to section 32 for infringement of a registered mark or section 43 for infringement of an unregistered mark which is protected under common law, the principal objectives of infringement causes of action are to prevent consumer confusion and to provide the mark owner with a remedy.<sup>30</sup>

---

14. A building.

1 JAMES E. HAWES & AMANDA V. DWIGHT, TRADEMARK REGISTRATION PRACTICE § 1:4 (citations omitted).

<sup>27</sup> See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 790-91 (1997) (“[T]hese functions of trademark as product, source, and quality identifiers, and as vessels for the development of brand personas, elevate trademarks above physical assets and other forms of intellectual property as the most valuable assets of many companies.”).

<sup>28</sup> See, e.g., *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), *superseded by statute*, Lanham Act, 15 U.S.C. §§ 1051-1141, *as recognized in* *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985); *Trade-Mark Cases*, 100 U.S. 82 (1879); *Buti v. Impresa Perosa S.R.L.*, 139 F.3d 98 (2d Cir. 1998); *Person’s Co. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990).

<sup>29</sup> Lanham Act § 32, 15 U.S.C. § 1114(1) (2006).

Before a court analyzes the likelihood of consumer confusion, it must first decide whether plaintiff's mark merits protection. *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1075 (2d Cir. 1993). The strength of a mark and the protection accorded to it depends on “the degree of the mark's distinctiveness.” *Id.* Distinctiveness is divided into four categories: “generic, descriptive, suggestive, and arbitrary or fanciful.” *Id.*

A generic term is a common name, like automobile or aspirin, that describes a kind of product. A common name, available to anyone, is never entitled to trademark protection. At the opposite end of the distinctiveness array is an arbitrary or a fanciful term. Such may always claim trademark protection, is never a common name for a product, and bears little or no relationship to the kind of product represented. An arbitrary term is one that has a dictionary meaning – though not describing the product – like IVORY for soap. A fanciful mark is a name that is made-up to identify the trademark owner's product like EXXON for oil products and KODAK for photography products.

*Id.* at 1075-76 (citations omitted).

<sup>30</sup> See *Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, 453 F.3d 377, 383 (6th Cir. 2006) (“[The] two fundamental purposes of trademark law [are]: preventing consumer confusion and deception in the marketplace and protecting the trademark holder's property interest in the mark.”). See also *Ford Motor Co. v. Summit Motor Prods. Inc.*, 930 F.2d 277, 291-92 (3d Cir. 1991); *Safeway Stores, Inc. v. Safeway Ins. Co.*, 657 F. Supp. 1307, 1313 (M.D. La. 1985).

Difficulties arise when determining the standard for likelihood of confusion because

Internationally, trademarks have a similar definition and function.<sup>31</sup> “[T]rademark rights exist in each country solely according to that country’s statutory scheme.”<sup>32</sup> Most developed countries have an individualized set of trademark laws,<sup>33</sup> although there has been some synthesis among countries who have signed treaties delineating the rights and remedies for trademark claims.<sup>34</sup> Thus, in general, a trademark is registered in each country and an owner can obtain foreign trademark protection on a nation-by-nation basis.<sup>35</sup>

As a result, trademark infringement is determined according to the law of the country in which the trademark was allegedly infringed, based on the territoriality principle. The concept of territoriality is basic to trademark law: “[F]oreign use has no effect on U.S. commerce and cannot form the basis for a holding [of priority of trademark use].”<sup>36</sup> Accordingly, “priority of trademark rights in the United States depends solely upon priority of use in

---

neither does an exclusive list of factors exist, nor is each factor given equal weight. See Richard L. Kirkpatrick, *Likelihood of Confusion Issues: The Federal Circuit’s Standard of Review*, 40 AM. U. L. REV. 1221, 1222-23 (1991). Instead, each circuit has developed its own test. The Second Circuit utilizes eight factors to decipher whether there is a likelihood of confusion: (1) the strength of the senior user’s mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the defendant’s good faith in adopting its own mark, (7) the quality of defendant’s product, and (8) the sophistication of the buyers. *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

<sup>31</sup> TRIPS defines a trademark as:

Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

TRIPS, *supra* note 3, § 2, at art. 15.

<sup>32</sup> *Person’s Co. v. Christman*, 900 F.2d 1565, 1569 (Fed. Cir. 1990).

In the United States, the statutory scheme is based on registration and use in commerce. 3 MCCARTHY, *supra* note 1, §§ 19:2-3.

<sup>33</sup> *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985). See also *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1098 (9th Cir. 2004) (“[T]rademark rights gained in other countries are governed by each country’s own set of laws.”).

<sup>34</sup> For an exhaustive list of international treaties affecting trademark registration, see 2 HAWES & DWIGHT, *supra* note 26, §§ 23:3-21. Of particular relevance to this Note is the Paris Convention.

<sup>35</sup> The enactment of the Trademark Law Treaty (TLT) has made it easier to file and prosecute international infringement. See 2 SQUYRES, *supra* note 2, § 18:22 for more details about the TLT. Furthermore, pursuant to the Madrid Agreement and the Madrid Protocol, there is an international filing system in place whereby a company can register its marks in WIPO’s International Bureau in Geneva. Once registered with WIPO, the trademark is protected in every member country. Madrid System for the International Registration of Marks, <http://www.wipo.int/madrid/en/> (last visited Oct. 1, 2006).

<sup>36</sup> *Person’s*, 900 F.2d at 1568-69.



the United States, not on priority of use anywhere in the world.”<sup>37</sup> Because trademark protection is territorial in nature, no national law or international convention can confer extraterritorial force or effect to trademarks outside a particular territory.<sup>38</sup> It follows that the law of the territory where protection is granted primarily controls the matter of trademark protection within the territory, despite the considerations of comity that are embedded in international covenants like the Paris Convention.

Yet, despite their territorial beginnings, some marks have become so well-known or famous that they have established a global reputation.<sup>39</sup> Pursuant to the famous marks exception to the territoriality principle, marks that are famous or well-known, regardless of whether they have been registered or used in a foreign country, are entitled to special protection because they have a high level of recognition and are likely to cause consumer confusion if used by another party.<sup>40</sup> This principle was derived from the Supreme Court’s decision in *Hanover Star Milling Co. v. Metcalf*,<sup>41</sup> where the Court held that “a trade-mark ‘acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader’s goods have become known and identified by his use of the mark.’”<sup>42</sup> The famous

---

<sup>37</sup> *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 326 (S.D.N.Y. 2005) (quoting 4 MCCARTHY, *supra* note 1, § 29.2). *See also* De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc., 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307, at \*19 (S.D.N.Y. May 18, 2005) (“Courts apply a . . . related ‘territoriality’ principle, which means that . . . ‘[t]rademark rights exist in each country solely according to that country’s statutory scheme.’”) (quoting *Person’s*, 900 F.2d at 1568-69); *Buti v. Impresa Perosa S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998) (stating that trademark rights are territorial in nature).

Although it might be argued that the Lanham Act itself, while referring to use in commerce . . . does not specify the “territorial principle” in haec verba, the principle was long established before enactment of the Lanham Act in 1946 and was already so basic to trademark law that it may be presumed to be implied in the Lanham Act.

*Almacenes*, 381 F. Supp. 2d at 327 n.3.

<sup>38</sup> *See* *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, 479-81 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006); *Vanity Fair Mills v. E. Teaton Co.*, 234 F.2d 633, 640-41 (2d Cir. 1956).

<sup>39</sup> For example, few would dispute that at least in the United States, McDonald’s is one of the most famous fast-food chains in operation. Due to a long period of use, high volume of sales, advertising, and a large number of franchised fast-food restaurants throughout the United States bearing the mark, the mark has clearly become well-known to consumers.

<sup>40</sup> *De Beers*, 2005 U.S. Dist. LEXIS 9307, at \*20. Under the common law famous or well-known marks doctrine, “a party with a well-known mark at the time another party starts to use the mark has priority over the party using the mark.” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 286 (S.D.N.Y. 2002), *rev’d in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006). *See also* 4 MCCARTHY, *supra* note 1, § 29:4 (recognizing the doctrine); LOUIS ALTMAN, 3 RUDOLF CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 20:26 (4th ed.) (same).

<sup>41</sup> 240 U.S. 403 (1916), *superseded by statute*, Lanham Act, 15 U.S.C. §§ 1051-1141, *as recognized in* *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).

<sup>42</sup> *Hanover Star Milling Co. v. Metcalf*, 240 U.S. at 416 (quoting *Hanover Star Mill. Co. v. Allen & W. Co.*, 208 F. 513, 519 (7th Cir. 1913)).

marks doctrine has since garnered strong support in state courts, but has not received the same endorsement in federal courts.<sup>43</sup>

The reasons for granting heightened protection to well-known marks fall squarely under the two pillars of trademark law: (1) consumer protection from likelihood of confusion and (2) preservation of the owner's property rights in the mark.<sup>44</sup> If another party decides to use the well-known mark, there is a great potential for consumer deception because of the widespread recognition of the mark. In addition, there are more opportunities for a junior user to free-ride on the efforts of the senior owner of the well-known mark than there would be if the mark was not well-known.<sup>45</sup> Moreover, "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."<sup>46</sup> From a theoretical perspective, these reasons in support of the famous marks doctrine seem sound; however, in practice, the famous marks doctrine cannot be reconciled with the territoriality principle or the text of the Lanham Act. This Note therefore asserts that it is not appropriate for the courts to embark on judicial legislation by expanding the Lanham Act beyond its textual meaning to provide for a controversial common-law state doctrine, but rather proposes that Congress amend the Act to protect such marks and to ensure compliance with United States international trade obligations.

---

<sup>43</sup> The Supreme Court has not rendered a decision regarding the viability of the famous marks doctrine. Among the federal Courts of Appeal, only the Ninth Circuit has recognized the doctrine. See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004).

The famous marks doctrine was most notably applied in two New York state cases: *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332, 334-36 (N.Y. Sup. Ct. 1959) (granting the owner of the well-known Paris restaurant Maxim's, which had received considerable publicity and recognition in the United States over many years, a permanent injunction against the use of the name by a newly opened New York restaurant) and *Maison Prunier v. Prunier's Restaurant & Cafe, Inc.*, 288 N.Y.S. 529 (N.Y. Sup. Ct. 1936) (interpreting the Paris Convention as applied to New York common law and finding that Prunier, a French restaurant that was well-known in the United States, was entitled to assert trademark rights against a New York restaurant with the same name).

Further, it is easier for a plaintiff to protect a mark pursuant to a New York common law unfair competition claim as compared to a Lanham Act section 43(a) claim for infringement. Under New York law, a plaintiff does not have to establish that a trade name has acquired secondary meaning to prevail. Rather, the plaintiff need only establish a likelihood of consumer confusion. *Coach Leatherware Co. v. Ann Taylor, Inc.*, 933 F.2d 162, 169 (2d Cir. 1991).

<sup>44</sup> 3 SQUYRES, *supra* note 2, § 25:21.

<sup>45</sup> *Id.*

<sup>46</sup> *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307, at \*25 (S.D.N.Y. May 18, 2005).

### B. *The Lanham Act*

Trademark law is a relatively new addition to United States statutory law.<sup>47</sup> The Lanham Act is the governing trademark statute in the United States and provides guidelines for registration of trademarks, causes of action for misuse, and civil remedies for infringement.<sup>48</sup> Although federal registration is not necessary to establish exclusive rights to a mark, a trademark owner must have either: (1) registered the mark and used the mark in commerce or (2) filed a bona fide intent to use application prior to bringing an infringement action.<sup>49</sup> Furthermore, because the United States maintains a two-tiered system, trademarks can be registered at either the state or the federal level.<sup>50</sup> Trademarks registered at the state level receive only local protection, whereas federal registration under the Lanham Act guarantees national protection.<sup>51</sup>

To receive nationwide protection, section 45 of the Lanham Act requires that the mark be “used by a person” or be a mark “which a person has a bona fide intention to use in commerce and

<sup>47</sup> 1 MCCARTHY, *supra* note 1, § 5:3. The first federal act providing for trademark registration was not issued until 1870. *Id.* It permitted registration of the mark regardless of whether it was used in interstate or intra-state commerce. *Id.* That act was declared unconstitutional in 1879 on the ground that Congress could only regulate on the basis of its commerce power. Trade-Mark Cases, 100 U.S. 82, 96 (1879). In 1881, Congress passed a new statute, but it only provided for regulation of trademarks used in commerce with foreign nations and Indian tribes. It wasn't until 1905 that the first “modern” federal registration trademark statute was passed. Act of Feb. 20, 1905, ch. 592, 58 Pub. L. No. 84, 33 Stat. 724 (repealed 1946).

<sup>48</sup> 15 U.S.C. §§ 1051-1141 (2006). The purpose of the Act is “to eliminate judicial obscurity, to simplify registration and to make it stronger and more liberal, to dispense with mere technical prohibitions and arbitrary provisions, to make procedure simple, and relief against infringement prompt and effective.” S. REP. NO. 79-1333 (1946), *as reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

<sup>49</sup> *See, e.g., In re Int'l Flavors & Fragrances*, 183 F.3d 1361, 1366 (Fed. Cir. 1999) (“[F]ederal registration of a trademark does not create an exclusive property right in the mark. The owner of the mark already has the property right established by prior use.”).

“Consumers are also benefited by the registration of national trademarks, because such registration helps to prevent confusion about the source of products sold under a trademark and to instill in consumers the confidence that inferior goods are not being passed off by use of a familiar trademark.” *Natural Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1395 (3d Cir. 1985).

<sup>50</sup> *See* Anne Hiarig, *Basic Principles of Trademark Law*, UNDERSTANDING BASIC TRADEMARK LAW 10-12, 31-32 (Practising Law Institute July, 2004). A mark does not have to be registered to receive protection as there exists common law rights.

<sup>51</sup> *Id.* At the federal level, registration provides a host of benefits. Registration protects against possible confusion in the market and provides the trademark holder with standing to sue infringers in federal court. Lanham Act § 39, 15 U.S.C. § 1121; Lanham Act § 43(a), 15 U.S.C. § 1125(a). Further, registration is prima facie evidence of the registered mark's validity and incontestability of the right to use the mark. Lanham Act § 7(b), 15 U.S.C. § 1057(b); Lanham Act § 15, 15 U.S.C. § 1065.

At the state level, trademark registration is often sought because it is issued almost automatically and inexpensively, and it is available to local businesses that cannot qualify for a federal registration because their mark is not used in interstate commerce. 3 MCCARTHY, *supra* note 1, §§ 22:1-22:4. For a more detailed description of federal-state interaction in trademark law, see *id.*

applies to register on the principal register established by this Act . . . .”<sup>52</sup> Thus, any foreign mark holder who elects not to register his mark in the United States takes a substantial risk of losing his rights in the mark. If a bona fide United States user registers the mark before the foreign owner of the mark, that registration becomes “prima facie evidence” of “ownership of the mark” and the “exclusive right to use” it in the United States goes to the registered user.<sup>53</sup>

Use in commerce is defined by section 45 of the Act as “all commerce which may lawfully be regulated by Congress.”<sup>54</sup> This definition has been construed broadly to encompass both intrastate and entirely foreign commerce.<sup>55</sup> The leading Trademark Trial and Appeal Board (TTAB) case regarding use in commerce is *Mother’s Restaurant Inc. v. Mother’s Other Kitchen, Inc.*<sup>56</sup> The issue was whether a Canadian restaurant had established trademark rights in the United States solely by advertising there. The TTAB found that advertising a mark in connection with goods or services marketed in a foreign country did not create priority rights in the United States as against one who had adopted the same mark in the United States prior to the foreigner’s first use of the mark.<sup>57</sup> However, the TTAB noted an exception when “it can be shown that the foreign party’s mark was . . . a ‘famous’ mark within the meaning of *Vaudable v. Montmartre*.”<sup>58</sup>

Pursuant to section 44 of the Lanham Act, a party whose country is a member of a treaty to which the United States is a

---

<sup>52</sup> Lanham Act § 45, 15 U.S.C. § 1127. It is rudimentary that trademark rights flow from use. See, e.g., *Allard Enters. v. Advanced Program Res.*, 249 F.3d 564, 572 (6th Cir. 2001); *Hydro-Dynamics, Inc. v. George Putnam & Co.*, 811 F.2d 1470, 1473 (Fed. Cir. 1987).

<sup>53</sup> Lanham Act § 33(a), 15 U.S.C. § 1115(a).

<sup>54</sup> Lanham Act § 45, 15 U.S.C. § 1127.

<sup>55</sup> *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 641 (2d Cir. 1956) (citations omitted).

<sup>56</sup> 218 U.S.P.Q. 1046 (TTAB 1983). Although not binding on federal appellate courts, TTAB precedent is entitled to “great weight.” *Buti v. Impresa Perosa S.R.L.*, 139 F.3d 98, 105 (2d Cir. 1998). Cf. *Imperial Tobacco Ltd. v. Phillip Morris, Inc.*, 899 F.2d 1575, 1580 (Fed. Cir. 1990) (“A foreign trademark may be known by reputation in this country and may even be protectable under concepts of unfair competition, but such mark is not entitled to either initial or continued registration where the statutory requirements for registration cannot be met.”).

The conflict in the holdings of *Vaudable* and *Imperial Tobacco* can be reconciled by the fact that the registrant in *Imperial Tobacco* did not argue that its mark was famous, only that it was “known by reputation in this country.” The issue of famous marks was not before the court. Thomas L. Casagrande, *What Must A Foreign Service Mark Holder Do to Create and Maintain Trademark Rights in the United States*, 93 TRADEMARK REP. 1354, 1376 n.121 (2003).

<sup>57</sup> *Mother’s Restaurant*, 218 U.S.P.Q. at 1047-48.

<sup>58</sup> *Id.* See *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959). However, *Vaudable* was decided under New York state law. The common law rationale for applying the famous marks doctrine in state court is not applicable in federal court where the Lanham Act and territoriality principle are controlling.

signatory is entitled to the rights and benefits under the Act to the extent necessary to give effect to the provisions of the treaty.<sup>59</sup> While Congress generally intended for section 44 to implement the Paris Convention and international agreements involving trademark law, the courts have not been clear in determining whether this section incorporates substantive rights.<sup>60</sup> The TTAB and various courts have held that provisions of section 44 should be construed narrowly.<sup>61</sup> In fact, the Second Circuit has gone so far as to say that section 44 implicitly abrogates all preexisting trademark treaty rights that it does not affirmatively incorporate.<sup>62</sup>

While the Lanham Act has been revised more than thirty times since its enactment, it remains devoid of an infringement cause of action for famous unregistered foreign marks.<sup>63</sup> The most sweeping changes to the Act were made in 1988 (Trademark Law Revision Act).<sup>64</sup> As a result of this amendment, Congress expanded the scope of section 43(a) to make it the primary resource for asserting claims for unregistered marks, service marks, trade names, and trade dress. However, the section still requires that the mark be used in commerce, and does not address the scope of protection offered to owners of famous unregistered foreign marks whose marks have been infringed.

---

<sup>59</sup> Lanham Act § 44(b), 15 U.S.C. § 1126(b). This states in relevant part:

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

*Id.*

<sup>60</sup> See 15 U.S.C. § 1127 (“The intent of this Act is . . . to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.”). See also S. REP. NO. 79-1333 (1946), as reprinted in 1946 U.S.C.C.A.N. 1274, 1276 (“This bill attempts to accomplish these various things: . . . 2. To carry out by statute our international commitments . . . [T]he United States has failed adequately to protect owners of trademarks in the other American countries doing business with this country.”).

<sup>61</sup> See, e.g., *Int’l Cafe S.A.L. v. Hard Rock Cafe Int’l, Inc.*, 252 F.3d 1274, 1277-78 (11th Cir. 2001); *In re Societe D’Exploitation de la Marque Le Fouquet’s*, 67 U.S.P.Q.2d 1784 (TTAB 2003).

<sup>62</sup> *Havana Club Holding, S.A. v. Galleon, S.A.*, 203 F.3d 116, 128 (2d Cir. 2000).

<sup>63</sup> From its enactment in 1947 until 1992, the Lanham Act was amended almost twenty times. From 1992 until 2000, the Act was amended another eight times. Since 2000, there have been several additional amendments. For a complete list of the dates and amendments to the Act, see 1 MCCARTHY, *supra* note 1, §§ 5:5-5:11.

<sup>64</sup> Pub. L. No. 100-667, 102 Stat. 3935 (1988).

The most recent amendment to the Act is the 2003 implementation of the Madrid Protocol. The goal of the Protocol is to make trademark registration easier in the sixty-five member countries. For a detailed description of the Madrid Protocol, see 3 MCCARTHY, *supra* note 1, § 19:31.2.

C. *The Paris Convention, TRIPS, and the Conflict with the Lanham Act*

While the Lanham Act is the governing United States trademark doctrine, the United States has entered into various treaties which regulate national and international trademark law. The most famous of these is the Paris Convention.<sup>65</sup> “The two main purposes of the Paris Convention are to facilitate international patent and trademark protection and to minimize unfair competition in the member countries.”<sup>66</sup> In order to satisfy these objectives, the Paris Convention emphasizes the principle of “national treatment.”<sup>67</sup> This is a nondiscrimination policy by which member nations must treat the nationals or domiciliaries of other members as they would their own citizens,<sup>68</sup> thereby enabling marks to be protected in foreign countries.

The Paris Convention affords certain protections to well-known marks. Article *6bis* provides for refusal to register or prohibition of the use of a trademark “which constitutes a reproduction, an imitation, or a translation, liable to create *confusion*, of a mark considered . . . 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.”<sup>69</sup> This

---

<sup>65</sup> Paris Convention, *supra* note 2. “[The Paris Convention] is . . . the most important of treaties to United States trademark owners, both because the United States is a member country of the Paris Convention (while it is not a member country of certain other important conventions) and because of its provisions for reciprocity and priority.” 2 HAWES & DWIGHT, *supra* note 26, § 23:3.

The most recent iteration of the Paris Convention was ratified and proclaimed by the United States in 1970. Paris Convention, *supra* note 2. This date is relevant for Part III’s discussion *infra* of the United States embargo with Cuba and for comparison with the date of the last amendment to the Lanham Act, *supra* note 64.

Since its inception, the treaty has been revised six times: 1900 (Brussels), 1911 (Washington, D.C), 1925 (the Hague), 1934 (London), 1958 (Lisbon), and 1967 (Stockholm). 2 HAWES & DWIGHT, *supra* note 26, § 23:3.

Despite establishing an international protection regime for trademarks, the Paris Convention did not define the primary features of a trademark. No multinational treaty definition of trademarks was established until the adoption of TRIPS in the 1990s.

<sup>66</sup> 3 MCCARTHY, *supra* note 1, 19:31.2.

<sup>67</sup> 1 SQUYRES, *supra* note 2, § 6.2.

Over 100 countries have adhered to the treaty’s provisions. For a complete list of member countries, see Paris Convention, *supra* note 2, Signatories. See also 1 SQUYRES, *supra* note 2, app. 6(A).

<sup>68</sup> See Paris Convention, *supra* note 2, at art. 2.

<sup>69</sup> *Id.* at art. *6bis* (emphasis added). Article *6bis* states that signatory nations:

[U]ndertake, 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.

*Id.*

entitles a signatory to the Paris Convention to relief against an infringing use of the mark. Article 6*bis* establishes an exception to many countries' fundamental trademark principles, including those of the United States, by rebutting the presumption that trademark rights arise solely from registration and use in individual countries.

While the term "well-known mark" first appeared in the Paris Convention, the protection offered under article 6*bis* only affects goods that are identical or similar to those for which the mark is well-known.<sup>70</sup> TRIPS extends the trademark owner's rights to well-known service marks, as well as to dissimilar goods and services.<sup>71</sup> "[TRIPS] is an attempt to narrow the gaps in the way these rights are protected around the world, and to bring them under common international rules."<sup>72</sup> In a similar fashion to the Paris Convention, TRIPS obligates members to adopt a minimum standard of international property protection by requiring national treatment for all WTO countries. Further, it "provides enforcement provisions and procedures which trademark owners can use regardless of legislative procedures (or lack thereof) in their countries to protect their well-known marks."<sup>73</sup>

TRIPS covers five issues: (1) how basic principles of international intellectual property agreements should be applied, (2) how to give adequate protection to intellectual property rights, (3) how countries should enforce these rights, (4) how to settle intellectual property disputes between member countries, and (5) special transitional arrangements while the new system is being implemented.<sup>74</sup> Of particular import, the Agreement recognizes that "[m]arks that have become well-known in a particular country [should] enjoy additional protection."<sup>75</sup> In terms of protection offered, the TRIPS provisions far exceed those proffered in the

---

<sup>70</sup> *Id.*

<sup>71</sup> TRIPS defines a trademark as "[a]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings . . ." TRIPS, *supra* note 3, at art. 15. The agreement was first signed by 111 countries. *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> 3 SQUYRES, *supra* note 2, § 25:4. Pursuant to article 3 of TRIPS:

Each member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits.

TRIPS, *supra* note 3, at art. 3(1).

<sup>74</sup> Understanding the WTO: The Agreements, [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm) (last visited Oct. 1, 2006).

<sup>75</sup> *Id.*

Paris Convention. For example, in determining whether a mark is well-known, article 16 of TRIPS states that “[m]embers 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.”<sup>76</sup> While the Paris Convention requires that the mark be “well known in that country,” TRIPS targets the “relevant sector of the public.”<sup>77</sup> The relevant sector standard should result in greater protection because a mark can be well-known to a particular sector of the public without being well-known to the country’s public at large.

However, neither article 6*bis* of the Paris Convention nor article 16 of TRIPS defines the characteristics of a well-known mark. Consequently, different countries have adopted disparate approaches in determining what qualifies as well-known. To clarify the existing standards, in 1999, the assemblies of the Paris Union and WIPO adopted a Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.<sup>78</sup> Pursuant to this Recommendation, a court need not establish whether a mark is used or has been registered in the local jurisdiction.<sup>79</sup> Rather, a mark will be protected in a country where it is well-known even if the mark is neither registered nor used there.<sup>80</sup> To ascertain whether a mark is well-known, the Joint Recommendation provides that consideration be given to a list of non-inclusive factors including: “the degree of knowledge or recognition of the mark in the relevant sector of the public; duration, extent and geographical area” of use (or advertising or promotion) of the mark; “duration and geographical area of any registrations” for the mark; and any “value associated with the mark.”<sup>81</sup>

Yet, because the Joint Recommendation serves only as a guideline for member countries, the question remains whether the Paris Convention and TRIPS have any substantive effect on United States trademark law.<sup>82</sup> If the Convention does mandate substantive protection, then each member nation should endow trademark owners with adequate remedies against infringement

---

<sup>76</sup> TRIPS, *supra* note 3, at art. 16(2) (emphasis added).

<sup>77</sup> *Id.*

<sup>78</sup> Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, [http://www.wipo.int/about-ip/en/development\\_iplaw/pub833.htm](http://www.wipo.int/about-ip/en/development_iplaw/pub833.htm) (last visited Oct. 1, 2006).

<sup>79</sup> Determination of Well-Known Marks, [http://www.wipo.int/aboutip/en/development\\_iplaw/pub833-02.htm#P90\\_4657](http://www.wipo.int/aboutip/en/development_iplaw/pub833-02.htm#P90_4657) (last visited Oct. 1, 2006).

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> Patricia V. Norton, Note, *The Effect of Article 10bis of the Paris Convention on American Unfair Competition Law*, 68 FORDHAM L. REV. 225 (1999).



according to the treaty provisions and disregard any inconsistencies that this may cause with its domestic laws. However, if the Convention is not incorporated because of the lack of an implementing statute, each country must make its own decision as to how to provide adequate protection.

The United States Constitution states that Congress shall determine “the supreme Law of the Land.”<sup>83</sup> Both a Congressional act and a treaty are considered law of the land.<sup>84</sup> Domestic statutory law is therefore identical to a treaty in terms of importance, and neither is deemed more persuasive in the event of an inconsistency between the two.<sup>85</sup> Rather, when the responsibilities under a treaty and a statute are contradictory, it is well-settled that the one enacted last in time prevails.<sup>86</sup> Relevant to the instant analysis are the dates of the Lanham Act, the Paris Convention, and TRIPS. The Lanham Act was enacted in 1946, while the Paris Convention was entered into force in the United States in 1970, and TRIPS was signed as part of the Uruguay Round Negotiations in 1994.<sup>87</sup> Thus, it would appear that TRIPS is last in time.

However, the Lanham Act was last amended in 2003 with the implementation of the Madrid Protocol.<sup>88</sup> While it would be reasonable to argue that last in time refers to the enactment of a statute and not its amendments, this argument is substantially weakened if the amendments relate to the subject matter of the treaty with which they conflict. In this case, the last amendment to the Lanham Act, which incorporates the Madrid Protocol, is directly on point with the issues of protection and registration of foreign marks in the Paris Convention and TRIPS. The true last in time analysis should center on the date of the last relevant amendment to the treaties and the date of the last relevant amendment to the Lanham Act. Therefore, the Lanham Act should be deemed last in time.

Aside from the last in time analysis, many courts have been reluctant to find in favor of a treaty that conflicts with a statute, and instead have held that the treaty is not self-executing.<sup>89</sup> For a

---

<sup>83</sup> U.S. CONST. art. VI, cl. 2. A treaty only has to be approved by the Senate, rather than by both the Senate and the House of Representatives. *Id.*

<sup>84</sup> *Foster v. Neilson*, 27 U.S. 253, 314 (1829), *overruled by* *United States v. Percheman*, 32 U.S. 51 (1833).

<sup>85</sup> *Id.*

<sup>86</sup> *Whitney v. Robertson*, 124 U.S. 190, 194 (1888). *See infra* note 149.

<sup>87</sup> 15 U.S.C. § 1051 (2006); Paris Convention, *supra* note 2; TRIPS, *supra* note 3.

<sup>88</sup> The Madrid Protocol is a mechanism for facilitating the registration of marks in multiple nations. It reduces the cost of registering a mark in a foreign mark and decreases the amount of paper work involved. I MCCARTHY, *supra* note 1, § 5:11.

<sup>89</sup> *See, e.g.,* Louis Henkin, *Lexical Priority or “Political Question”: A Response*, 101 HARV. L. REV. 524 (1987).

provision to be self-executing, it must “suppl[y] a sufficient rule by means of which the right given may be enjoyed and protected, or the duty imposed may be enforced . . . .”<sup>90</sup> It must be able to be applied directly to domestic law at the moment of its enactment. A treaty will be deemed self-executing unless its language suggests that implementing legislation is necessary, Congress passes a resolution requiring implementing legislation, or the Constitution requires implementing legislation.<sup>91</sup> A majority of the courts have held that the Paris Convention is not self-executing; consequently, its provisions cannot become effective in the United States unless domestic legislation is passed.<sup>92</sup> Therefore, the Lanham Act trumps the provisions of the Paris Convention under this analysis as well. Part III of this Note will further address this debate.

### III. DICHOTOMY WITHIN THE CIRCUITS:

#### A COMPARISON OF SECOND AND NINTH CIRCUIT DECISIONS

Historically, little case law existed on the famous marks doctrine in the federal courts. However, in the past decade, there has been much controversy regarding the doctrine’s validity.<sup>93</sup> While several district courts have analyzed the issue, only the

---

<sup>90</sup> *Davis v. Burke*, 179 U.S. 399, 403 (1900) (“[A treaty] is not self-executing when it merely indicates principles, without laying down rules by means of which those principles may be given the force of law.”).

<sup>91</sup> RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW OF THE UNITED STATES § 111 (1987).

<sup>92</sup> Unlike the Berne Convention and the Madrid Protocol, implementing legislation for the Paris Convention has not been enacted. *See* Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988) (codified as amended in scattered sections of 17 U.S.C.); Madrid Protocol Implementation Act of 2002, Pub L. No. 107-273, 116 Stat. 1913 (2002) (codified as amended at 15 U.S.C. §§ 1141-1141n).

Many courts have addressed the issue of the self-executing nature of the Paris Convention. *See, e.g.*, *Int’l Cafe S.A.L. v. Hard Rock Cafe Int’l, Inc.*, 252 F.3d 1274, 1277 n.5 (11th Cir. 2001) (“The Paris Convention is not self-executing because, on its face, the Convention provides that it will become effective only through domestic legislation.”); *Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287, 1298-1300 (3d Cir. 1979); *Ortman v. Stanray Corp.*, 371 F.2d 154, 157 (7th Cir. 1967); *Mattel, Inc. v. MCA Records, Inc.*, 28 F. Supp. 2d 1120, 1158 (C.D. Cal. 1998) (holding that the Paris Convention does not create a separate cause of action from those available under the Lanham Act); *see also* S. REP. NO. 79-1019 (1946), as reprinted in 1946 U.S.C.C.A.N. 3044, 3045 (“The provisions of the Convention of Paris are not self-executing, and legislation is therefore needed to carry into effect any provision not already in our present law.”). *But see* *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 640 (2d Cir. 1956) (“[N]o special legislation . . . was necessary to make the [Paris] Convention effective . . . .”); *Davidoff Extension S.A. v. Davidoff Int’l, Inc.*, No. 83-1435-Civ., 1983 U.S. Dist. LEXIS 12139 (S.D. Fla. Oct. 31, 1983) (stating that the Paris Convention is self-executing).

<sup>93</sup> *See, e.g.*, *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006); *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004); *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324 (S.D.N.Y. 2005); *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. May 18, 2005); *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d 275 (S.D.N.Y. 2005).

Ninth Circuit has applied the famous marks exception.<sup>94</sup>

This controversy was presented in the Ninth Circuit case of *Grupo Gigante S.A. de C.V. v. Dallo & Co.*<sup>95</sup> At issue was the use of the word GIGANTE in a grocery store's name.<sup>96</sup> Since 1962, a large chain of grocery stores in Mexico had registered and operated under the name GRUPO GIGANTE.<sup>97</sup> By 1991, Grupo Gigante had almost 100 stores in Mexico, including two just south of the United States-Mexican border near San Diego.<sup>98</sup> In 1991, Michael Dallo opened a grocery store, Gigante Market, in an area of San Diego where the shoppers were familiar with the Mexican mark. Dallo then opened a second store in 1996, also located in San Diego.<sup>99</sup> Three years later, the Mexican chain, Grupo Gigante, opened its first United States grocery store in Dallas, Texas, which was followed by two more stores in San Diego.<sup>100</sup> All three of the Grupo Gigante stores were called GIGANTE, in similar fashion to its Mexican stores. Grupo Gigante brought suit against Dallo on a number of federal and state grounds, including infringement under section 43(a) of the Lanham Act.<sup>101</sup>

Because Grupo Gigante had neither registered nor used its mark in the United States before Gigante Market had opened in San Diego, based on the territoriality principle, Grupo Gigante had no legal basis upon which to prevail. Although the Ninth Circuit recognized that “[t]he territoriality principle has a long history in the common law,” it held that this principle is not an absolute right.<sup>102</sup> Despite the lack of authority from the Ninth Circuit or any other circuit, the *Grupo Gigante* court found that the famous marks exception was applicable. The court reasoned that in the absence of the application of the famous marks exception, there would be consumer confusion, particularly among immigrants who would wrongly think that they were buying from a

---

<sup>94</sup> *Grupo Gigante*, 391 F.3d 1088.

<sup>95</sup> *Id.* Note that the court refers to the famous or well-known marks doctrine interchangeably. *Id.* at 1092. See *supra* note 1 for an explanation of the difference between the famous and well-known marks doctrines.

<sup>96</sup> *Gigante* means giant in Spanish. SPANISH CONCISE DICTIONARY 192 (Harper Collins 2d ed. 2000).

<sup>97</sup> *Grupo Gigante*, 391 F.3d at 1091.

<sup>98</sup> *Id.*

<sup>99</sup> *Id.* At this time, Grupo Gigante had not opened any grocery stores in the United States. *Id.*

<sup>100</sup> *Id.* at 1091-92.

<sup>101</sup> *Id.* Neither company had registered the mark federally. Grupo Gigante registered the GIGANTE mark with the state of California in June, 1998, and the Dallos registered the mark in California in July, 1998. *Id.*

<sup>102</sup> *Id.* at 1097-98. “It is ‘not enough to have invented the mark first or even to have registered it first.’ If the first-in-time principle were all that mattered, this case would end there. It is undisputed that Grupo Gigante used the mark in commerce for decades before the Dallos did.” *Id.* at 1093.

store that they knew and frequented in their native country.<sup>103</sup>

The Ninth Circuit relied on a New York state court's holding in *Vaudable v. Montmartre Inc.*<sup>104</sup> to justify its application of the famous marks exception. In *Vaudable*, a New York restaurant had opened under the name MAXIM'S, which was also the name of a well-known Parisian restaurant in operation since 1893.<sup>105</sup> The New York Maxim's used typography for its sign and other features which were likely to evoke the Paris Maxim's restaurant. The state court enjoined the New York restaurant from using the name, even though the Paris restaurant did not operate in New York or anywhere in the United States, on the basis that the MAXIM'S mark was "famous."<sup>106</sup> In addition, the Ninth Circuit found support from the TTAB's prior recognition of the famous marks exception.<sup>107</sup> However, neither a New York case decided on state grounds outside the context of the Lanham Act and the territoriality principle nor a TTAB decision has a binding effect on federal courts.<sup>108</sup>

Both the district court and the appellate court in *Grupo Gigante* failed to establish a clear standard for defining the famous marks exception and its applicability.<sup>109</sup> The district court established secondary meaning<sup>110</sup> as the defining feature of a famous mark: "a mark has a 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.'"<sup>111</sup> To avoid a complete abdication from the territoriality principle, the Ninth Circuit rejected the notion that secondary

---

<sup>103</sup> *Id.* at 1094.

<sup>104</sup> 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959). This is the most cited case in support of the famous marks exception.

<sup>105</sup> *Vaudable v. Montmartre Inc.*, 193 N.Y.S.2d at 334.

<sup>106</sup> *Id.* at 335.

<sup>107</sup> *See, e.g.*, *All Eng. Lawn Tennis Club (Wimbledon) Ltd. v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069, 1072 (TTAB 1983); *Mother's Rests. Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046, 1048 (TTAB 1983).

<sup>108</sup> TTAB decisions are administrative law decisions, reviewable de novo by either the federal circuit or a district court. 15 U.S.C. § 1071 (2006); *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1344 (Fed. Cir. 2001) ("We review the board's conclusions of law de novo and affirm its findings of fact if they are supported by substantial evidence.").

<sup>109</sup> *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1095 (9th Cir. 2004).

<sup>110</sup> Secondary meaning serves two functions: (1) "to determine whether certain marks are distinctive enough to warrant protection . . ." and (2) to "define[] the geographic area in which a user has priority, regardless of who uses the mark first. [P]riority of use in one geographic area within the United States does not necessarily suffice to establish priority in another area." *Id.* at 1096.

The district court held that the proper inquiry was whether the mark had achieved secondary meaning in the San Diego area. *Id.* at 1095. It concluded that Grupo Gigante's use of the mark had achieved secondary meaning and that Grupo Gigante was eligible to receive protection under the famous marks doctrine. *Id.* at 1096.

<sup>111</sup> *Id.* at 1095 (quoting *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000)).

meaning was sufficient.<sup>112</sup> Instead, it held that for a mark to fall within the famous marks exception: (1) secondary meaning must be established and (2) it must be proven by a preponderance of the evidence that a “substantial percentage of consumers in the relevant American market is familiar with the foreign mark.”<sup>113</sup> The court concluded that the famous marks exception does exist under certain conditions and is necessary to avoid consumer confusion otherwise prevalent with famous unregistered foreign marks.

The Ninth Circuit’s tenuous conclusions recently received limited support from a Second Circuit district court in *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*<sup>114</sup> In *De Beers*, the plaintiffs incorporated in the United Kingdom in 2002 and had the right to use the DE BEERS trade identity in the retail diamond and luxury goods area in the United States and elsewhere.<sup>115</sup> Plaintiffs conceded that neither products nor services had been sold in the United States under the DE BEERS name. Defendant Syndicate incorporated in Delaware in 1981 but became inoperative in 1986.<sup>116</sup> In 2002, the defendant filed a certificate of renewal and registered the mark DEBEERS DIAMOND SYNDICATE with the PTO.<sup>117</sup>

---

<sup>112</sup> *Id.* at 1098.

<sup>113</sup> *Id.* The court set forth several factors in determining what constitutes the “relevant American market”: (1) “intentional copying of the mark” and (2) whether American consumers will assume that “they are patronizing the same firm that uses the mark in another country.” *Id.*

<sup>114</sup> 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. May 18, 2005).

The district court in *Empresa Cubana* also applied the famous marks doctrine, and found that COHIBA for cigars was sufficiently famous to warrant protection. *Empresa Cubana Del Tabaco v. Culbro Corp.*, 97 Civ. 8399 (RWS), 2004 U.S. Dist. LEXIS 4935, at \*39 (S.D.N.Y. Mar. 26, 2004) *rev’d in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006). To determine the requisite level of fame, the court utilized an existing test for secondary meaning, using the same factors which are analyzed in determining “whether a mark that is not inherently distinctive is protectable.” *Id.* at \*23. As noted in *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997), these factors include: “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark’s use.”

More recently, the Southern District of New York Court outlined the history and possible scope of the famous marks doctrine, but declined to address its viability. *ITC Ltd. v. Punchgini*, 373 F. Supp. 2d 275, 288 (S.D.N.Y. 2005). The court did state, however, that “the Ninth Circuit manages to neatly square the circle of what has often been considered a somewhat anomalous, and perhaps even unnecessary, doctrine.” *Id.* (citing *Int’l Bancorp. LLC v. Societe des Bains de Mer et Du Cercle des Etrangers a Monaco*, 329 F.3d 359, 389 n.9 (4th Cir. 2003)).

<sup>115</sup> The DE BEERS name has been used for over a century in connection with the diamond mining and distribution business founded in 1888. In the United States, the name is associated with an advertising campaign featuring the slogan A DIAMOND IS FOREVER. *De Beers*, 2005 U.S. Dist. LEXIS 9307, at \*3.

<sup>116</sup> The company became inoperative because it had failed to pay state taxes. *Id.* at \*4.

<sup>117</sup> *Id.* at \*4-5. Defendant Syndicate listed a first use date of June, 1981, and a first use in commerce date of January, 2002. *Id.* at \*5.

Plaintiff filed an action alleging, *inter alia*, trademark infringement in violation of section 43(a) of the Lanham Act.<sup>118</sup> Plaintiff claimed that all United States rights to the DE BEERS trade name for jewelry and luxury goods belonged to them.<sup>119</sup> Defendant counterclaimed that since plaintiffs had never used the DE BEERS mark in commerce in the United States, they did not have rights to the name in the United States.<sup>120</sup> Plaintiffs responded that their rights “should be recognized under the ‘famous marks doctrine’” since they conducted business abroad under the mark.<sup>121</sup>

The district court acknowledged that the famous marks doctrine is important today because international travel and commerce are so easily accomplished and because business ties extend past national boundaries.<sup>122</sup> The court noted that “[u]nder th[is] doctrine, foreign marks are protectable ‘even without use or registration within the United States, where the mark . . . is so “well known” or “famous” as to give rise to a risk of consumer confusion if the mark . . . is used subsequently by someone else in the domestic marketplace.’”<sup>123</sup> The rationale is “to protect businesses from having their goodwill usurped by ‘trademark pirates who rush to register a famous mark on goods on which it has not yet been registered in a nation by the legitimate foreign owner.’”<sup>124</sup> Despite the lack of case law from the Second Circuit, the *De Beers* court, in responding to a preliminary motion, found that the doctrine could be applied if appropriate based on the facts of each case because it is a “justified exception” to the territoriality principle.<sup>125</sup> However, in its ultimate findings of fact, the court noted that it must be cautious when applying the controversial exception, and therefore found that the plaintiffs were not entitled to relief, because there was no “direct[]

---

<sup>118</sup> The plaintiff amended its complaint to add a claim for violation of section 32(1) of the Lanham Act for infringement of a registered mark. *De Beers LV Trademark, Ltd. v. DeBeers Diamond Syndicate, Inc.*, 04 Civ. 4099 (DLC), 2005 U.S. Dist. LEXIS 37827, at \*1 (S.D.N.Y. Dec. 29, 2005).

<sup>119</sup> *De Beers*, 2005 U.S. Dist. LEXIS 9307, at \*4 n.2.

<sup>120</sup> *Id.* at \*5-6.

<sup>121</sup> *Id.* at \*17. “To succeed on a § 43(a) claim, a plaintiff must establish both ‘(1) that its trademark is protectable and (2) that the defendant’s mark is likely to confuse consumers as to the source of sponsorship of its product.’” *Id.* at 18 (quoting *Playtex Prods. Inc., v. Georgia Pac. Corp.*, 390 F.3d 158, 161 (2d Cir. 2003)).

<sup>122</sup> *Id.* at \*25.

<sup>123</sup> *Id.* at \*21 (quoting *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d 275, 286 (S.D.N.Y. 2005)).

<sup>124</sup> *Id.* at \*25 (quoting 4 MCCARTHY, *supra* note 1, § 29:61).

<sup>125</sup> The *De Beers* court did not discuss whether the famous marks doctrine should be applied to the federal claims. The court held that because the question of whether the mark had achieved the required level of fame in the United States to warrant protection was a question of fact, it was not appropriate for the court to make such a finding on plaintiff’s motion to dismiss the counterclaim. *Id.* at \*26.

substantial proof” of use in commerce.<sup>126</sup>

In contrast to the district court’s opinion in *De Beers*, when the Second Circuit was twice presented with the opportunity to recognize the doctrine, it declined to do so. In *Buti v. Impresa Perosa S.R.L.*,<sup>127</sup> the Second Circuit noted the existence of the doctrine, but found that its application was not warranted.<sup>128</sup> Then, in *Empresa Cubana Del Tabaco v. Culbro Corp.*, the court expressly declined to reach the issue of whether the famous marks doctrine constituted a valid exception to the territoriality principle. Instead, the court concluded that the Cuban trade embargo banned United States recognition of property rights, including trademark rights in the well-known COHIBA brand of Cuban cigars, and therefore foreclosed any discussion of the doctrine.<sup>129</sup>

At issue in *Empresa Cubana* was the right to use COHIBA on cigars. In 1969, after filing an application to register COHIBA in Cuba, Cubatabaco began selling COHIBA cigars there.<sup>130</sup> Cubatabaco had also been selling COHIBA cigars outside of the country since 1982, but had not sold COHIBA cigars within the United States because of the 1963 embargo against Cuban goods in commerce.<sup>131</sup> General Cigar, a United States company,

<sup>126</sup> *De Beers LV Trademark, Ltd. v. DeBeers Diamond Syndicate, Inc.*, 440 F. Supp. 2d 249, 266 n.14 (S.D.N.Y. 2006).

<sup>127</sup> 139 F.3d 98, 104 n.2 (2d Cir. 1998).

<sup>128</sup> In *Buti*, Impresa opened a Fashion Cafe in Milan, Italy, and registered the FASHION CAFE trademark in Italy in 1988. Impresa did not open a Fashion Cafe anywhere in the United States nor did it engage in any formal advertising in the United States. *Buti v. Impresa Perosa S.R.L.*, 139 F.3d at 100. Santambrogio, Impresa’s principal, claimed that he advertised the mark in the United States by distributing t-shirts, key chains, and vouchers to people in the modeling business, which entitled them to free meals in the Fashion Cafe in Milan. *Id.*

In 1993, Buti launched a restaurant in Miami Beach, Florida, called the Fashion Cafe. *Id.* Buti also opened a Fashion Cafe in New Orleans and New York. Before the New York restaurant opened, Impresa attempted to register FASHION CAFE with the PTO. Buti filed a declaratory action claiming that Impresa did not have rights in the FASHION CAFE trademark in the United States. *Id.* at 101.

<sup>129</sup> 399 F.3d 462, 465 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006). The Second Circuit decided *Empresa Cubana* three months prior to the district court’s preliminary decision in *De Beers*.

<sup>130</sup> *Id.* Cuba is a signatory to the Paris Convention and to the General Inter-American Convention for Trademark and Commercial Protection Convention—Pan American pmbl., Feb. 20, 1929, 46 Stat. 2907.

<sup>131</sup> “The Cuban Asset Control Regulations (‘Regulations’), 31 C.F.R. § 515.201 *et seq.*, which were promulgated pursuant to Section 5(b) of the Trading with the Enemy Act of 1917, ch. 106, § 5(b), 40 Stat. 415 . . . contain the terms of the embargo.” *Empresa Cubana*, 399 F.3d at 465. In 1997, Congress codified the Regulations in the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, Pub. L. No. 104-114, tit. I, § 102, 110 Stat. 792 (1996) (codified at 22 U.S.C. §§ 6021-6091). *Id.*

31 C.F.R. § 515.201(b) (2006) provides in pertinent part that:

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings,

obtained a registration for COHIBA in the United States in 1981, and sold cigars under the COHIBA name until 1987.<sup>132</sup> In 1992, General Cigar resumed selling COHIBA cigars, and in 1997, General Cigar introduced a new cigar with the COHIBA mark.<sup>133</sup> General Cigar conceded that the Cuban COHIBA was well-known to cigar consumers in the United States at the time its 1997 campaign was launched.<sup>134</sup>

Cubatabaco claimed that General Cigar abandoned its mark in 1982, and that by 1992, COHIBA was sufficiently well-known in the United States such that the Cuban COHIBA deserved protection under the famous marks doctrine.<sup>135</sup> While the district court recognized that the test for ownership of a mark is priority of use, and that pursuant to the territoriality principle foreign use of a trademark cannot form the basis for establishing priority in the United States, the court stated that “General Cigar’s priority of use . . . is not the end of the matter.”<sup>136</sup> The court concluded that

---

instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

*Id.*

The Regulations state that the “foreign country designated under this part” is Cuba, 31 C.F.R. § 515.201(d), and that “property” includes trademarks. *Id.* § 515.311. “Transfer” is defined as “any actual or purported act or transaction . . . the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property . . .” *Id.* § 515.310.

<sup>132</sup> “General Cigar first learned of the name ‘Cohiba’ in the 1970s after General Cigar executives read a *Forbes* magazine article stating that Cubatabaco was planning to sell its Cohiba cigars outside of Cuba.” *Empresa Cubana*, 399 F.3d at 465-66.

<sup>133</sup> *Id.* at 466. “General Cigar filed for a second COHIBA registration on December 30, 1992, and the application was granted without opposition in 1995.” *Id.* It appears that this decision to file for registration again was prompted by articles in the *Wine Spectator* which described COHIBA as Cuba’s “finest” brand. *Id.*

<sup>134</sup> *Id.* The district court noted that “[t]he 1997 advertising for the General Cigar COHIBA attempted to create an association in the consumer’s mind to Cuba and the Cuban COHIBA.” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 97 Civ. 8399 (RWS), 2004 U.S. Dist. LEXIS 4935, at \*65 (S.D.N.Y. March 26, 2004), *rev’d in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006).

<sup>135</sup> Under the Lanham Act, non-use for three consecutive years establishes a prima facie case of abandonment. 15 U.S.C. § 1127 (2006). Although the ultimate burden of proof as to abandonment remains with the party asserting this defense, where non-use gives rise to the statutory presumption of abandonment, the trademark owner must come forward with evidence that the “circumstances do not justify the inference of an intent not to resume use.” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 268 (S.D.N.Y. 2002), *rev’d in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006) (citing *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99 (5th Cir. 1983)).

<sup>136</sup> *Empresa Cubana*, 2004 U.S. Dist. LEXIS 4935, at \*89.



if the Cuban COHIBA mark was sufficiently famous in the United States before General Cigar resumed use of the mark in 1992, then Cubatabaco had priority rights even though it had never used the mark in the United States.

In determining the standard for whether a mark has acquired the requisite degree of fame, General Cigar argued that it should be based on the Federal Trademark Anti-Dilution Act (FTDA),<sup>137</sup> which protects only those marks which have shown a “substantial degree of fame.”<sup>138</sup> General Cigar’s claim was readily rejected by the district court because “the international “famous marks” doctrine . . . addresses an issue of trademark protection that is significantly different from that of dilution.”<sup>139</sup> The court further noted that “the standard for fame . . . required to obtain anti-dilution protection is more rigorous than that required to seek infringement protection.”<sup>140</sup> The court held that the determination of whether a mark is famous should be based on the secondary meaning standard for recognition, which includes among other factors the examination of consumer studies, media coverage of the product, and attempts to plagiarize the mark.<sup>141</sup> After assessing these factors, the court determined that Cubatabaco’s COHIBA mark was sufficiently famous, and therefore, under the famous marks doctrine, had priority over General Cigar’s use of the mark in commerce.<sup>142</sup>

The Second Circuit reversed the district court on the ground that the Cuban Asset Control Regulations (Regulations) prohibited Cubatabaco from acquiring rights in the COHIBA mark in the United States.<sup>143</sup> Specifically, the court ruled that 31 C.F.R. § 515.201(b)(2), which prohibits “transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States” if the transfer involves property in which a Cuban entity has an interest, effectively barred Cubatabaco from succeeding on any property

---

<sup>137</sup> 15 U.S.C. § 1125(c).

<sup>138</sup> *Empresa Cubana*, 2004 U.S. Dist. LEXIS 4935, at \*96 (quoting TCPIP Holding Co. v. Haar Commc’ns Inc., 244 F.3d 88, 99 (2d Cir. 2001)).

<sup>139</sup> *Id.* at \*97 (quoting 4 MCCARTHY § 24:92).

<sup>140</sup> *Id.* at \*98 (quoting I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 47 (1st Cir. 1998)).

<sup>141</sup> *Id.* at \*103-04. There are six factors to be considered in determining secondary meaning in the Second Circuit. *See supra* note 114. However, the court did not consider the first, fourth, or sixth factors as they were of “minimal relevance” because of Cubatabaco’s inability to sell COHIBA cigars in the United States. *Empresa Cubana*, 2004 U.S. Dist. LEXIS 4935, at \*104.

<sup>142</sup> *Empresa Cubana*, 2004 U.S. Dist. LEXIS 4935, at \*152.

<sup>143</sup> Although the court noted that General Cigar did not raise this argument at trial, the court nonetheless considered it on appeal because it “implicates an issue of significant public concern—the United States national policy towards Cuba as established by the President and Congress . . . .” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, 471 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006).

arguments.<sup>144</sup> Granting Cubatabaco an injunction to prevent General Cigar from using COHIBA would violate the embargo.<sup>145</sup> The Second Circuit also rejected Cubatabaco's argument that even if the Regulations prevented its acquisition of the mark, it had rights under article 6*bis* of the Paris Convention, in conjunction with sections 44(b) and (h) of the Lanham Act.<sup>146</sup> Again, the court found that the embargo barred Cubatabaco from acquiring any type of property rights in the United States.<sup>147</sup>

Further, the Second Circuit noted that even if the Paris Convention could not be reconciled with the Regulations, because the Regulations were ratified later in time, the Regulations are controlling.<sup>148</sup> It repeatedly has been stated that "[I]n legislative acts trump treaty-made international law' when those acts are passed subsequent to ratification of the treaty and clearly contradict treaty obligations."<sup>149</sup> This proposition was explained by the Supreme Court in the *Head Money Cases*:

[T]here is nothing in [a treaty] which makes it irrevocable or unchangeable. The Constitution gives it no superiority over an act of Congress in this respect, which may be repealed or modified by an act of a later date . . . . [S]o far as a treaty made by the United States with any foreign nation can become the subject of judicial cognizance in the courts of this country, it is

---

<sup>144</sup> *Id.* at 474.

<sup>145</sup> *Id.* at 476.

<sup>146</sup> *Id.* at 479. However, the court did recognize that "[s]ections 44(b) and (h) incorporate Article 6*bis* and allow foreign" countries to acquire trademark rights in the United States "if their marks are sufficiently famous in the United States before they are used" here. *Id.* at 480. See also 4 MCCARTHY, *supra* note 1, § 29:4 (stating that the "famous marks doctrine of Paris Convention Article 6*bis* is incorporated into United States domestic law though [sic] the operation of the Lanham Act § 43(a), § 44(b) and § 44(h).").

Section 44(h) of the Lanham Act states:

Protection of foreign nationals against unfair competition. Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

15 U.S.C. § 1126(h) (2006). For the text of § 44(b), see *supra* note 59.

<sup>147</sup> "We do not read Article 6*bis* and Sections 44 (b) and (h) of the Lanham Act to require cancellation of General Cigar's properly registered trademark or an injunction against its use of the mark in the United States under these circumstances." *Empresa Cubana*, 399 F.3d at 481.

<sup>148</sup> The Paris Convention was most recently ratified by the United States in 1970, see *supra* notes 2, 65, while the Regulations were reaffirmed and codified in 1997 with the passage of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, see *supra* note 131.

<sup>149</sup> *Empresa Cubana*, 399 F.3d at 481 (quoting *United States v. Yousef*, 327 F.3d 56, 110 (2d Cir. 2003)). See *Brad v. INS*, 128 F.3d 1009, 1014 n.5 (7th Cir. 1997) ("[A] prior treaty does not trump the provisions of a subsequent legislative act."); *Comm. of United States Citizens Living in Nicaragua v. Reagan*, 859 F.2d 929, 936 (D.C. Cir. 1988) ("Treaties and statutes enjoy equal status and therefore . . . inconsistencies between the two must be resolved in favor of the *lex posterior*.").

subject to such acts as Congress may pass for its enforcement, modification, or repeal.<sup>150</sup>

Finally, the Second Circuit held that Cubatabaco could not maintain a claim for unfair competition under article 10*bis* of the Paris Convention<sup>151</sup> pursuant to sections 44(b) and (h) of the Lanham Act, because the Paris Convention does not create substantive rights beyond those independently provided for in the Lanham Act.<sup>152</sup> In so deciding, the court greatly confined the scope of the protection afforded under United States law pursuant to the Paris Convention.

Six months after the Second Circuit's decision in *Empresa Cubana*, in *Almacenes Exito S.A. v. El Gallo Meat Market*, another Second Circuit district court was presented with the issue of whether the famous marks doctrine is a viable exception to the territoriality principle.<sup>153</sup> The plaintiff, Almacenes Exito, was a large chain of supermarkets that was incorporated under the laws of the Republic of Colombia and operated under the name EXITO<sup>154</sup> outside of the United States in Colombia and Venezuela since 1949.<sup>155</sup> Although Almacenes Exito had neither registered nor used the mark in the United States, EXITO had come to be known "by a high percentage of the Hispanic population in New

---

<sup>150</sup> *Edye v. Robertson*, 112 U.S. 580, 599 (1884). See *Breard v. Greene*, 523 U.S. 371, 376 (1998); *Whitney v. Robertson*, 124 U.S. 190, 194 (1888) (holding that if a treaty and a federal statute conflict "the one last in date will control the other").

<sup>151</sup> Article 10*bis* 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;
  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 2, at art. 10*bis*.

<sup>152</sup> *Empresa Cubana*, 399 F.3d at 484-85 (citing *Int'l Cafe v. Hard Rock Cafe Int'l, Inc.*, 252 F.3d 1274, 1277-78 (11th Cir. 2001)).

<sup>153</sup> *Almacenes Exito S.A. v. El Gallo Meat Mkt. Inc.*, 381 F. Supp. 2d 324 (S.D.N.Y. 2005).

<sup>154</sup> "Exito" means success in Spanish. *Id.* at 326.

<sup>155</sup> *Id.* Plaintiff owns the largest retail superstore chain in Colombia, maintaining sales of \$700,000,000 in 1999. *Id.*

York City.”<sup>156</sup> The defendants operated several small grocery stores specializing in Latin American produce in Manhattan and the Bronx also under the EXITO name, using an exact replica of Almacenes Exito’s mark.<sup>157</sup>

Almacenes Exito claimed that pursuant to article 6*bis*(1) of the Paris Convention as implemented by section 44(b) of the Lanham Act, the defendants infringed their EXITO trademark.<sup>158</sup> The defendants asserted that since the mark was never used by Almacenes Exito in commerce in the United States, pursuant to the territoriality principle, the mark was not protected.<sup>159</sup> Almacenes Exito argued that its mark fell within the famous marks exception to the use requirement because the mark was well-known in the United States and another’s use of the mark would likely cause confusion among consumers familiar with the mark.<sup>160</sup>

The court held that “[the famous marks doctrine] has no place in federal law where Congress has enacted . . . the Lanham Act, that carefully prescribes the bases for federal trademark claims, [and] nowhere specifies the well-known or famous marks doctrine.”<sup>161</sup> Most significantly, the court rejected the argument that the famous marks doctrine is implied in the Lanham Act because of article 6*bis*, and denied that the Lanham Act provides a foreign plaintiff with additional substantive rights created by the Paris Convention.<sup>162</sup>

The court found support for its holding from the Second Circuit’s *Empresa Cubana* decision even though the Second Circuit had not resolved the question of the viability of the famous marks doctrine.<sup>163</sup> In rejecting a similar argument relating to unfair competition, the *Almacenes Exito* court noted that the *Empresa Cubana* court had expressly adopted the view of the Eleventh Circuit in *International Cafe, S.A.L. v. Hard Rock Cafe International*

---

<sup>156</sup> *Id.*

<sup>157</sup> *Id.* The mark appears in uppercase, block black letters, with each letter inside individual yellow rectangular blocks that are outlined in black. *Id.*

<sup>158</sup> *Id.* Plaintiffs also alleged false designation of origin and false descriptions pursuant to the Lanham Act, trademark dilution under New York General Business Law, and trademark infringement and unfair competition under New York common law. *Id.* at 325.

<sup>159</sup> *Id.*

<sup>160</sup> *Id.* at 326-27.

<sup>161</sup> *Id.* at 327. The court noted that “[t]o the extent the doctrine is a creature of common law it may support state causes of action . . . .” *Id.* Further, even though the territoriality principle is not specifically referred to in the Lanham Act, because the principle is so basic to trademark law, it is “presumed to be implied” in the Act. The same cannot be said for the famous marks doctrine. *Id.* at 327 n.3.

<sup>162</sup> See *supra* note 69 for the text of article 6*bis* of the Paris Convention. Plaintiff also relied on article 8 of the Paris Convention which states: “A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.” Paris Convention, *supra* note 2, at art. 8.

<sup>163</sup> *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006).

*Inc.*,<sup>164</sup> with respect to the self-executing nature of the Paris Convention:

We agree that Section 44 of the Lanham Act incorporated to some degree, the Paris Convention. But we disagree that the Paris Convention creates substantive rights beyond those independently provided in the Lanham Act. As other courts of appeals have noted, the rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act. Instead, we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires “national treatment.”<sup>165</sup>

Since a United States citizen who claimed to own EXITO but had not registered the mark or made prior use of it in the United States would be barred from bringing a federal infringement action, based on the principle of national treatment, the natural conclusion is that a foreign owner of the EXITO mark would likewise be barred.<sup>166</sup>

Although the *Almacenes Exito* holding is contrary to those of *Grupo Gigante* and *De Beers*, the *Almacenes Exito* court correctly interpreted the conflicting mandates of the Lanham Act, the Paris Convention, and TRIPS. Because the territoriality principle is a longstanding tenet of trademark law and the Lanham Act nowhere mentions the famous marks exception, the Lanham Act cannot be read to provide substantive rights to signatories of the Paris Convention and TRIPS beyond that of national treatment.<sup>167</sup> Furthermore, as discussed above, if a treaty and a federal statute conflict, “the one last in date will control the other . . . .”<sup>168</sup> The Lanham Act was last amended in 2003 with the implementation of

<sup>164</sup> *Int'l Cafe S.A.L. v. Hard Rock Cafe Int'l, Inc.*, 252 F.3d 1274 (11th Cir. 2001).

<sup>165</sup> *Empresa Cubana*, 399 F.3d at 484-85 (quoting *Int'l Cafe*, 252 F.3d at 1277-78). See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1100 (9th Cir. 2004) (“[T]he Paris Convention creates neither a federal cause of action nor additional substantive rights . . . .”); *Maruti.com v. Maruti Udyog Ltd.*, Civ. No. L-03-1478 (BEL), 2006 U.S. Dist. LEXIS 61690, at \*19 (D. Md. Aug. 15, 2006) (noting that the Fourth Circuit takes a narrow view of the provision of the Lanham Act which provides for enforcement of United States treaty obligations and affirming that the principles of the Paris Convention do not exceed the rights conferred by the Lanham Act).

<sup>166</sup> *Almacenes Exito*, 381 F. Supp. 2d at 328. See also *Empresa Cubana*, 399 F.3d at 484 (“The Paris Convention requires that ‘foreign nationals . . . be given the same treatment in each of the member countries as that country makes available to its own citizens.’”) (quoting *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 640 (2d Cir. 1956)). See *supra* note 43.

The same is not true of the plaintiff’s state law claims, since the territoriality principle is not part of state law. Rather, New York has clearly adopted the famous marks doctrine as evidenced by the courts’ decisions in *Maison Prunier v. Prunier’s Restaurant & Cafe, Inc.*, 288 N.Y.S. 529 (N.Y. Sup. Ct. 1936) and *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959).

<sup>167</sup> See, e.g., *Empresa Cubana*, 399 F.3d at 484-85; *Almacenes Exito*, 381 F. Supp. 2d at 328; *Grupo Gigante*, 391 F.3d at 1100; *Int'l Cafe*, 252 F.3d at 1277-78.

<sup>168</sup> *Whitney v. Robertson*, 124 U.S. 190, 194 (1888).

the Madrid Protocol, while the Paris Convention was most recently ratified in 1970.<sup>169</sup> Therefore, because the territoriality principle is so basic to United States trademark law and because the Lanham Act is in fact last in time, the famous marks exception should not be validated by the federal courts.

#### IV. INTERNATIONAL TREATMENT OF FAMOUS UNREGISTERED FOREIGN MARKS

This Part provides a brief overview of the manner in which various countries within the WTO, who are thereby signatories to the Paris Convention and TRIPS,<sup>170</sup> have dealt with famous unregistered foreign marks.<sup>171</sup> This presents a reverse scenario from the cases described in the previous Part. In these situations, a United States owned mark is famous in another country but not registered there, and a foreign national is using the mark and trading on the goodwill of the United States company. Each foreign country's disparate laws dictate the protection offered to such marks.<sup>172</sup> This Part focuses specifically on the laws of three countries: Brazil, China, and South Africa, which, unlike the United States, all protect famous unregistered foreign marks that are being infringed. One explanation for the difference in the treatment of these marks by the United States as compared to Brazil, China, and South Africa, is the presence of the Lanham Act in the former and the lack of a comparable national doctrine in the latter.

##### A. *Brazil*

Each member of the WTO must protect unregistered well-known service marks and trademarks, including goods and services "in classes other than those registered or used in other countries."<sup>173</sup> In addition to the WTO trademark regulations, Brazil, like many other countries, has adopted its own national system to protect unregistered well-known marks.<sup>174</sup> Brazil has

---

<sup>169</sup> See *supra* notes 64-65.

<sup>170</sup> LETICIA PROVEDEL, 1 TRADEMARKS THROUGHOUT THE WORLD § 25:1 (2005). See also *supra* Part II.C for a discussion of TRIPS.

<sup>171</sup> When the WTO replaced GATT (which had been in existence since 1937) there were 128 GATT signatories; today, there are 149 member countries in the WTO. For a complete list of WTO members and their registration dates, see *id.* Brazil and South Africa signed the WTO agreement on January 1, 1995. China signed on December 11, 2001. Understanding the WTO: The Organization, [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm) (last visited Oct. 1, 2006).

<sup>172</sup> See *Person's Co. v. Christman*, 900 F.2d 1565, 1569 (Fed. Cir. 1990) ("[T]rademark rights exist in each country solely according to that country's statutory scheme.").

<sup>173</sup> 1 SQUYRES, *supra* note 2, § 7:21.

<sup>174</sup> 1 PROVEDEL, *supra* note 170, § 25:5.

established a first-to-file registration procedure in which the earlier applicant is entitled to registration and protection.<sup>175</sup> While prior use of a mark in Brazil is not required, a person who has been using a mark in Brazil for at least six months from the date of priority or the date of application has preferential rights to registration.<sup>176</sup> “All visually perceptible signs . . . are eligible for registration” that appear as either: (1) “word marks” (block letters), (2) “device marks” (drawings, pictures, emblems), or (3) “composite marks” (combination of word and device marks).<sup>177</sup> Moreover, company names can be protected and registered as valid trademarks under this system.<sup>178</sup>

Well-known marks in Brazil receive special protection by the Brazilian Patent and Trademark Office (INPI).<sup>179</sup> Pursuant to article 126 of the Brazilian Industrial Property Law (IPL),<sup>180</sup> marks that are well-known under article 6*bis* of the Paris Convention are protected, regardless of whether they have been previously filed or registered in Brazil.<sup>181</sup> Article 126 specifically provides special protection to a trademark that is “well-known . . . within its branch of activity . . . .”<sup>182</sup> Because the law does not describe what makes a trademark well-known, the INPI sought guidance from the Paris Convention and TRIPS.<sup>183</sup> The INPI held that “to determine if a trademark is well-known, the Member countries shall consider the public knowledge about the trademark in its field of activity, including the knowledge resulting from trademark promotion in the respective Member country.”<sup>184</sup> Thus, IPL article 126 affirmatively protects marks that are well-known in other countries but not registered in Brazil.

To qualify for such protection, a mark must be recognized as

---

<sup>175</sup> *Id.* Registration typically takes two years. *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> *Id.* § 25:6.

<sup>178</sup> *Id.*

<sup>179</sup> National Law Center for Inter-American Free Trade, 6 Inter-American Trade Report 2 (Aug. 27, 1999), available at <http://www.natlaw.com/bulletin/1999/9908/990827b.htm> [hereinafter Inter-American Trade Report].

<sup>180</sup> The current Brazilian IPL was entered into force on May 15, 1997. *Id.*

Article 126 states:

The well-known mark within its branch of activity pursuant to article 6*bis* (I) of the Paris Convention for Protection of Industrial Property enjoys special protection, regardless of whether it has already been filed or registered in Brazil.

(1) The protection that is the subject of this Article also applies to services marks.

(2) The INPI may *ex officio* deny a request for registration of a mark that wholly or partially reproduces or imitates a well-known mark.

IPL No. 9.279 (WIPO trans.) (May 14, 1996), available at [http://www.wipo.int/clea/docs\\_new/en/br/br003en.html](http://www.wipo.int/clea/docs_new/en/br/br003en.html).

<sup>181</sup> 1 PROVEDEL, *supra* note 170, § 25:7.

<sup>182</sup> IPL No. 9.279, *supra* note 180, at art. 126.

<sup>183</sup> Inter-American Trade Report, *supra* note 179.

<sup>184</sup> *Id.*

being officially well-known.<sup>185</sup> The party claiming the recognition is required to produce supporting evidence, including the elements in the non-exhaustive list in article 6 of Resolution 110/2004.<sup>186</sup> Once the owner establishes that the trademark is well-known, IPL article 126 protects the trademark, but only for specific products or activities.<sup>187</sup> However, it is possible to expand the scope of the protection afforded to an unregistered well-known mark under article 124 XXIII, if the conflicting trademark may result in confusion or association with a well-known mark.<sup>188</sup>

A comparison of United States and Brazilian trademark law illustrates that although both countries are members of the WTO, their national preferences are not in accord. IPL article 126 specifically affords protection to unregistered well-known foreign marks, whereas no such security is given to foreign owners under the Lanham Act for infringing uses of their marks in the United States.<sup>189</sup> Consistency in the two countries' laws can be achieved by either of two ways: (1) if Congress enacts a law that calls for direct application of the WTO regulations or amends the Lanham Act to include a provision for protection of famous unregistered foreign marks, or (2) if Brazil stops directly applying international law in its IPL, it would no longer be bound by such unilateral obligations to protect foreign marks. A change in United States law is the more favorable option because incorporating a provision into the Lanham Act that grants rights to these marks would serve the two goals of trademark law: alleviating consumer confusion and protecting producers' intellectual property rights.<sup>190</sup>

---

<sup>185</sup> *Id.*

<sup>186</sup> *Id.* On February 3, 2004, Brazil passed Resolution 110/2004 to protect well-known and highly reputed marks through an opposition or nullity procedure. Juliana L.B. Viegas, *Brazil: Famous Trademarks in Brazil*, MONDAQ: INTELLECTUAL PROPERTY, May 26, 2005, <http://www.mondaq.com/article.asp?articleid=32722&lastestnews=1>. Evidence of the high renown of a trademark includes: the geographical scope of the sales of products identified by the trademark within Brazil and abroad, the means by which the trademark has been marketed in Brazil and abroad, the amount of publicity, and the number of users or potential users of the product identified by the trademark. *Id.*

<sup>187</sup> See IPL No. 9.279, *supra* note 180, at arts. 124, 126.

<sup>188</sup> The following are not registrable as marks:

signs that imitate or reproduce, wholly or in part, a mark of which the applicant could not be unaware because of his activity, and whose titleholder is headquartered or domiciled in national territory or in a country with which Brazil has an agreement or that assures reciprocity of treatment, if the mark is intended to distinguish an identical, similar or alike product or service likely to cause confusion or association with that other party's mark.

*Id.* at art. 124 XXIII.

<sup>189</sup> See generally 15 U.S.C. §§ 1051-1141 (2006); IPL 9.279, *supra* note 180, at art. 126 XXIII.

<sup>190</sup> *Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, 453 F.3d 377, 2006 U.S. App. LEXIS 16449, at \*17 (6th Cir. June 30, 2006). This is not a decision that the courts should make because it would require them to engage in judicial legislation; rather, it is a decision for Congress. See *supra* note 18.



### B. *China*

For the world trading community, perhaps the most significant event in 2001 was China's entry into the WTO. "Despite only opening up to the world and starting its reform policy in 1978, China has [quickly] caught up with the international legislative standard of trademark protection" as mandated by the WTO.<sup>191</sup>

China adopted its first Trademark Law in 1983.<sup>192</sup> After becoming a party to the Paris Convention in 1985, China amended article 142 of the General Principles of the Civil Law of the People's Republic of China. It now provides that "[i]f any international treaty concluded or acceded to by [the People's Republic of China] contains provisions differing from those in the civil laws of [the People's Republic of China], the Provisions of the international treaty shall apply . . ."<sup>193</sup> "Any legally registered enterprise, or responsible institution or individual may apply for registration of its trademark."<sup>194</sup> In addition, any foreigner can register a mark if his country and China have a reciprocal agreement<sup>195</sup> or if the foreigner's country is a member of the Paris Convention.<sup>196</sup> As in the United States, "[t]he owner of an approved registration has the exclusive right to use the registered mark" and is entitled to bring an action for infringement of the mark.<sup>197</sup>

In marked contrast to the law in Brazil, in which well-known marks are recognized regardless of whether they have been registered in the country, article 38 of the original Chinese Trademark Law only protected registered well-known product marks.<sup>198</sup> Unregistered well-known marks were not within the law's ambit<sup>199</sup> and a mark could not be used in commerce unless registered in China.<sup>200</sup>

Additional provisions subsequently have been added to the

---

<sup>191</sup> Chi Keung Kwong, *Well-known Mark Protection in China, Hong Kong, Macau and Taiwan*, WORLD TRADEMARK LAW REPORT, July 7, 2004.

<sup>192</sup> Trademark Law of the People's Republic of China, at art. 43 (China Today trans.), available at <http://www.chinatoday.com/law/a02.htm> (last visited Oct. 1, 2006). The law was amended in 1993 and 2001. *Id.* Of particular relevance is the revision to article 14 which provides factors to determine whether a mark is well-known. *Id.*

<sup>193</sup> Kwong, *supra* note 191.

<sup>194</sup> ETHAN HORWITZ, PRC-1 WORLD TRADEMARK LAW AND PRACTICE § 1.02.

<sup>195</sup> For a list of the countries that have reciprocal agreements with China, see *id.*

<sup>196</sup> *Id.*

<sup>197</sup> *Id.* § 7.01.

<sup>198</sup> Kwong, *supra* note 191. Well-known marks were first recognized in China as early as 1985 with the PIZZA HUT trademark. In 1993, the Chinese Trademark Office similarly upheld an opposition filed by Coca-Cola to the registration of the mark XUEBI, the transliteration in Mandarin of SPRITE, on the ground that it was well-known. *Id.*

<sup>199</sup> HORWITZ, *supra* note 194, § 7.01 n.10.

<sup>200</sup> *Id.*

original Chinese Trademark Law to protect well-known foreign marks. For example, the Chinese Trademark Office commenced a new service on August 14, 1996, to identify and publicize famous trademarks in China.<sup>201</sup> Well-known marks are now defined as those marks which “have a relatively high reputation in the market and are known to the relevant public.”<sup>202</sup> “[T]he Trademark Office will reject an application for registration of a mark which is the same or similar to another’s well-known mark for dissimilar goods and where use of the mark might harm the rights . . . of the owner of the well-known mark.”<sup>203</sup> Further, in 2002, the Supreme People’s Court issued a ruling extending legal protection to well-known marks that were not registered in China.<sup>204</sup>

In 2003, The Regulations for Recognition and Protection of Well-Known Marks (New Regulations) were enacted as a supplement to the Trademark Law.<sup>205</sup> The New Regulations define a well-known mark as a “mark known to the relevant public of China and enjoying a relatively high degree of fame.”<sup>206</sup> A mark does not have to be registered in China to receive well-known mark status.<sup>207</sup> This enables the owner of a well-known mark to prevent the bad-faith registration and use of the mark by others,

---

<sup>201</sup> *Id.* § 5.07.

<sup>202</sup> *Id.* An application for well-known status must be filed with the Trademark Office with the following information:

- (1) the information on sales revenue and sales territory in the PRC where products bearing the trademark are sold; (2) profits and market share within the prior three years in the PRC; (3) sales revenues, profit and market share outside the PRC where products bearing the trademark are sold; (4) information on advertising, for example, the extent to which the advertisements or other promotions of the mark are disseminated; (5) evidence concerning the first date of use of the trademark and the duration of continuous use of the trademark; (6) evidence concerning the trademark registration in and outside of the PRC; and (7) other evidence demonstrating the reputation of the trademark.

*Id.*

<sup>203</sup> *Id.*

<sup>204</sup> Kwong, *supra* note 191.

<sup>205</sup> *Id.*

<sup>206</sup> Yvonne Chua & Howard Tsang, *Regulations for Recognition and Protection of Well-Known Marks in Force*, WORLD TRADEMARK LAW REPORT, May 30, 2003.

<sup>207</sup> *Id.* The criteria for granting well-known status are set forth in article 14 of the Trademark Law. All criteria do not have to be satisfied. *Id.*

Today, well-known trademark status can be granted by either administrative or judicial bodies. Under the administrative recognition system, owners of well-known marks can apply to either: (1) the Trademark Office (TO), (2) the Chinese Trademark Review and Adjudication Board (TRAB), or (3) the State Administration for Industry and Commerce (SAIC) in the course of an administrative infringement complaint. Horace Lam, *China Recognizes Further Marks as Well-Known Marks*, WORLD TRADEMARK LAW REPORT, Sept. 13, 2005.

Between January 1, 2005 and June 23, 2005, TRAB granted well-known trademark status to fifteen marks and the TO recognized sixty-four trademarks as well-known. Of the fifteen well-known marks recognized by the TRAB, one is owned by a foreign company and one is owned by a Hong Kong company, and of the sixty-four well-known trademarks recognized by the TO, four are owned by foreign companies. *Id.*

even if the mark is not registered in China. This provision is similar to Brazil's article 126 and is in accordance with TRIPS and the Paris Convention.

Article 142 of the General Principles of the Civil Law indicates that China, like Brazil, has a strong preference for direct application of international law.<sup>208</sup> Treaties have direct legal effect in China's courts and are superior to domestic statutes. As mentioned above, this differs from the system in the United States, because the United States generally does not give direct effect to WTO agreements in its national law, and treaties are equivalent to domestic statutes in terms of importance.<sup>209</sup> For this reason, China has not experienced the internal conflicts that the United States federal courts have encountered with respect to the scope of protection that should be granted to famous unregistered marks which originate in foreign countries.

### C. *South Africa*

A study of South Africa's trademark laws is particularly interesting because of the interaction between the apartheid regime and the aftermath of the divestment movement and the trade restrictions imposed by the United States during this time period. As a result of mounting political pressures and the passage of the United States Comprehensive Apartheid Act (CAAA), which prohibited United States companies from paying the necessary fees to either file trademark applications or maintain existing trademark registrations in South Africa,<sup>210</sup> the majority of United States companies sold their operations there in the late 1980s.<sup>211</sup> When the embargo ended, a number of United States companies with internationally-recognized marks, including Victoria's Secret, McDonald's, and Toys "R" Us, returned to South Africa only to discover that their marks had been appropriated by local South African entrepreneurs.<sup>212</sup> This was a result of an apartheid era South African law which allowed "any registered brand not used in [South Africa] for five years [to] be registered by" another company.<sup>213</sup> After apartheid fell, foreign companies

---

<sup>208</sup> See *supra* Part IV.A.

<sup>209</sup> See *supra* notes 78-82, 86.

<sup>210</sup> *Constitutionality of Federal Sentencing Guidelines*, 108th Cong. (2004) (statement of William Reinsch, Pres., Nat'l Foreign Trade Council) [hereinafter *Federal Sentencing Guidelines*]. See also Sarah E. Lockyer, *Yours, Mine and Not Necessarily Ours . . . Brand Protection Abroad Can Be Tricky, While Product Names Spark U.S. Legal Rifts*, NATION'S RESTAURANT NEWS, Aug. 2, 2004.

<sup>211</sup> Relations with the United States, <http://countrystudies.us/south-africa/84.htm> (last visited Oct. 1, 2006).

<sup>212</sup> *Federal Sentencing Guidelines*, *supra* note 210.

<sup>213</sup> Donald G. McNeil Jr., *Restoring Their Good Names: U.S. Companies in Trademark Battles*

were eager to return to South Africa and the new regime was desirous of renewed foreign investment. However, American companies who had lost their trademark rights were reluctant to reenter the market without restoration of their marks and assurance of adequate protection in the future.<sup>214</sup>

To improve its trade relations with the United States amongst other countries, South Africa's new government enacted several intellectual property laws. Thus, 1995 was a very significant year for South Africa in the arenas of intellectual property and international trade for two reasons: (1) on January 1, South Africa became a signatory to the WTO and (2) on May 1, the New Trade Marks Act No. 194 of 1993 became effective.<sup>215</sup> Like Brazil and China, as a member of the WTO, South Africa was now required to abide by the principles set forth in the Paris Convention and TRIPS.

Today, South Africa's statute governing trademarks is the Trade Marks Act. This Act provides for the protection of foreign well-known marks from specified countries.<sup>216</sup> Pursuant to section 35 of the Act, which gives effect to the provisions of the Paris Convention and TRIPS, a trademark which is protected by the Paris Convention as a well-known mark will be protected as a well-known mark in South Africa when the owner is "(a) a person who is a national of a convention country; or (b) a person who is domiciled in, or has a real and effective industrial or commercial establishment in, a convention country, whether or not such person carries on business, or has any goodwill, in the Republic."<sup>217</sup> Because the term well-known was not clearly defined, the Intellectual Property Laws Amendment Act No. 38 was enacted to clarify its meaning.<sup>218</sup> Pursuant to the amendment, in determining whether a mark is well-known, "due regard shall be given to the knowledge of the trade mark in the relevant sector of the public."<sup>219</sup>

---

*in South Africa*, NY TIMES, May 1, 1996, at D1. This law lapsed in 1994 with the end of the apartheid regime. *Id.*

<sup>214</sup> *Federal Sentencing Guidelines*, *supra* note 210.

<sup>215</sup> Trade Marks Act No. 194 of 1993 (WIPO trans.), available at [http://www.wipo.int/clea/docs\\_new/pdf/en/za/za009en.pdf#search='trade%20marks%20act%20no.%20194%20of%20south%20africa'](http://www.wipo.int/clea/docs_new/pdf/en/za/za009en.pdf#search='trade%20marks%20act%20no.%20194%20of%20south%20africa') (last visited Oct. 1, 2006) [hereinafter Trade Marks Act No. 194]. Prior to May 1, 1995, the Trade Marks Act No. 62 of 1963 was the governing doctrine. Arthur Schwartz & David Morfesi, *Dilution Comes of Age: The United States, Europe and South Africa*, 87 TRADEMARK REP. 436, 456 (1997).

<sup>216</sup> Trade Marks Act No. 194, *supra* note 215, § 35.

<sup>217</sup> *Id.*

<sup>218</sup> Intellectual Property Laws Amendment Act (1997), available at <http://www.info.gov.za/gazette/acts/1997/a38-97.pdf>.

<sup>219</sup> *Id.* § 65 (amending Act No. 194 § 35 (1993)).

Prior to the implementation of section 35, a party could bring an infringement action under the common law theory of passing off. Passing off however did "not protect

However, the meaning of “well-known” remains vague under the amendment as well. The leading South African case to address the term’s ambiguity is *McDonald’s Corp. v. Joburgers Drive-Inn Restaurant Ltd.*<sup>220</sup> The preliminary issue in *McDonald’s* was whether McDONALD’S was a well-known mark in South Africa. If McDONALD’S was well-known, then the question was whether that mark should be protected against the unauthorized use by a South African corporation, even though McDONALD’S was not used in the country, simply because it was well-recognized.<sup>221</sup>

McDonald’s is incorporated in Delaware and is one of the largest franchisers of fast food in the world. McDonald’s registered its trademarks, including McDONALD’S, BIG MAC, and the golden arches design in South Africa in the late 1960s through the early 1980s, but had neither traded nor used its marks in South Africa because of the country’s strict apartheid policies.<sup>222</sup>

Joburgers Drive-Inn Restaurant (Joburgers) is a South African company, directed by George Sombonos, with its principal place of business in Johannesburg.<sup>223</sup> In 1992, Joburgers decided to establish another chain of fast food restaurants utilizing McDonald’s trademarks.<sup>224</sup> At that time, McDonald’s trademarks were subject to expungement for nonuse because its last registration had been in 1985.<sup>225</sup>

After the end of the apartheid regime, McDonald’s wished to use its marks in South Africa. Since its marks were subject to expungement, McDonald’s attempted to avail itself of the new intellectual property laws in effect in South Africa. In addition to opposing expungement, McDonald’s sought relief for infringement of its well-known marks under section 35 of the Trade Marks Act, which states that an owner of a well-known mark need not do business in South Africa.<sup>226</sup>

The district court denied McDonald’s well-known marks application and refused to accept market survey evidence which indicated a widespread recognition of the McDONALD’S marks. The court explained that proof that a mark is well-known requires

---

the owner of a foreign trademark who had not established good will in South Africa.” Charles E. Webster, *The McDonald’s Case: South Africa Joins the Global Village*, 86 TRADEMARK REP. 576, 581 (1996). This created a problem in ensuring compliance with the Paris Convention. *Id.* Consequently, section 35 was passed. *Id.* at 581-82.

<sup>220</sup> *McDonald’s Corp. v. Joburgers Drive-Inn Restaurant Ltd.* 1997 (1) SA 1(A) (S. Afr.).

<sup>221</sup> *Id.* at 10.

<sup>222</sup> *Id.* McDonald’s was the owner of fifty-two trademarks in South Africa. *Id.* at 3

<sup>223</sup> *Id.* at 10.

<sup>224</sup> *Id.*

<sup>225</sup> See *supra* text accompanying note 213. Sombonos entered into an agreement with a fast food outlet in Durban that was trading under the name MacDONALDS to buy the outlet. *McDonald’s Corp. v. Joburgers Drive-Inn Restaurant Ltd.* 1997 (1) SA 1(A) at 11.

<sup>226</sup> *McDonald’s Corp. v. Joburgers Drive-Inn Restaurant Ltd.* 1997 (1) SA 1(A) at 13.

that it must “prevail the country to a substantial extent’ and ‘cover all levels of [South African] society.’”<sup>227</sup>

The Appellate Division reversed the district court’s judgment despite the fact that there was no actual use in South Africa. The Appellate Division held that “sec. 35(1) pertinently extends protection to the owner of a foreign mark ‘whether or not such person carries on business, or has any goodwill, in the Republic.’”<sup>228</sup> Furthermore, the court noted that well-known was intended to mean well-known to a sufficient number of people in the “relevant sector of the population.”<sup>229</sup> The court found that McDonald’s had met its burden in establishing the requisite fame for the marks because: (1) it had spent over \$900 million in advertising per year worldwide, (2) it had received 242 requests from South Africans who wished to enter into franchise agreements, and (3) by the end of 1993, there were 13,993 McDonald’s restaurants in over seventy countries.<sup>230</sup>

According to the Appellate Division, section 35 of the Act was established to provide a “practical solution” to the issues that arise when foreign businesses’ marks are recognized in South Africa, but the owners do not maintain a business or goodwill inside the country, and a third party begins using the mark.<sup>231</sup> Focusing on the language of the Trade Marks Act, the *McDonald’s* court decided the case in a manner that it is consistent with both Brazil and China’s national laws regarding famous unregistered foreign marks.<sup>232</sup> By holding that the well-known mark user must “prove the reputation of the mark among at least the relevant sector of the public *in the country* in which enforcement is sought,”<sup>233</sup> the Court supported the legislative force given to article 6*bis* of the Paris Convention, by not requiring use and registration of the mark in South Africa. *McDonald’s* is significant because it shows the uniformity in these foreign countries’ laws regarding foreign marks as compared to the disparate treatment given by the United States. Should Congress elect to amend the Lanham Act, this decision’s sound reasoning could provide the underlying foundation for such a revision.

---

<sup>227</sup> Schwartz & Morfesi, *supra* note 215, at 460 (quoting the Transvaal Provincial Court).

<sup>228</sup> *McDonald’s Corp. v. Joburgers Drive-Inn Restaurant Ltd.* 1997 (1) SA 1(A) at 19.

<sup>229</sup> Schwartz & Morfesi, *supra* note 215, at 460 (citing the Transvaal Provincial Court).

<sup>230</sup> Charles Gielen & Benoit Strowel, *The Benelux Trademark Act: A Guide To Trademark Law in Europe*, 86 TRADEMARK REP. 543, 586-88 (1996). McDonald’s also presented evidence that it had an annual turnover of over \$23 billion and that it sponsored the 1984 and 1992 Olympics and the 1990 and 1994 Soccer World Cups. *Id.* at 587. Finally, McDonald’s relied on two market surveys which indicated that a large majority of respondents were aware of McDonald’s. *Id.* at 588.

<sup>231</sup> Webster, *supra* note 219, at 585.

<sup>232</sup> See *supra* Parts IV.A-B.

<sup>233</sup> 3 SQUYRES, *supra* note 2, § 25:21.

## V. CONCLUSION

A trademark's territorial beginnings practically ensure that some conflict will arise as geographically separate uses overlap in today's global marketplace. This tension is particularly troublesome with respect to famous or well-known marks, as the need to protect the reputation and goodwill of these marks and prevent consumer confusion, is substantially greater than with ordinary marks.<sup>234</sup> However, as suggested by this Note, a United States federal court's grant of protection to famous unregistered foreign mark owners would be inconsistent with the United States body of statutory trademark law. Furthermore, such protection is not required by the Paris Convention, since United States courts have repeatedly interpreted the Paris Convention as not overriding United States trademark jurisdiction.<sup>235</sup>

The United States has established a complex legal framework for trademark protection at the federal and state levels for registered and unregistered marks. Yet, there are gaps in the protections offered, particularly with respect to the international treatment of famous foreign unregistered marks. This is evidenced by Brazil, China, and South Africa's national laws and their adherence to the Paris Convention and TRIPS. The discrepancy between the trademark doctrine in the United States and the laws in the aforementioned countries may be a product of the fact that the United States was at a more developed stage in the creation of its intellectual property laws than were Brazil, China, and South Africa when they drafted their trademark laws. These foreign countries substantially enacted their national trademark laws only after they entered the WTO. They had the flexibility to frame their national laws around the international provisions in TRIPS, whereas the Lanham Act was the established law for almost fifty years before the United States became a member of the WTO.

Still, despite these differences in the creation of intellectual property rights, the question remains whether under the United States federal trademark system the United States has complied with the major provision of TRIPS and the Paris Convention with respect to such marks. Regardless of how the question is answered, it is evident from cases such as *McDonald's* that there is a need to protect both United States unregistered well-known marks abroad and foreign well-known unregistered marks in the United

---

<sup>234</sup> See, e.g., *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), *superseded by statute*, Lanham Act, 15 U.S.C. §§ 1051-1141, as recognized in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).

<sup>235</sup> See *supra* notes 92, 165.

States. Furthermore, the dichotomy between the United States and fellow signatories in the protection afforded to these marks could lead to reciprocity problems for United States mark owners seeking rights abroad. For example, if South Africa continues to recognize United States marks that are not registered in South Africa but are well-known within the country, while the United States refuses to protect South African well-known marks in the United States, South Africa could retract the privileged status of these marks. It would be in the best interest of the United States not to allow this, as surely one would speculate that there are more infringing uses of famous United States marks in South Africa than there are of famous South African marks in the United States.

Despite these concerns, the federal courts are not the appropriate body to rectify the incongruities. By granting federal protection to these marks pursuant to the famous marks doctrine, courts would be overstepping their boundaries by engaging in judicial legislation.<sup>236</sup> This Note has argued that the courts' holdings should comport with the decision in *Almacenes Exito* by finding that the Paris Convention does not create substantive rights beyond those of the Lanham Act and by upholding the territoriality principle.

A change, however, is necessary to bring United States trademark law into accord with international reality and to ensure full compliance with its treaty obligations. Therefore, this Note has proposed that to promote a more efficacious and universal system of international trademark protection, Congress should amend the Lanham Act to protect famous unregistered foreign marks. An amendment incorporating the text of article 6*bis* of the Paris Convention would comport with the Act's dual purposes of preventing consumer confusion and providing producer protection in today's global marketplace. A provision similar to section 35 of South Africa's Act would most assuredly serve this purpose. However, only a congressional amendment, rather than a far-fetched judicial interpretation of the Lanham Act, could give strength to the common law famous marks exception; otherwise, the territoriality principle must remain controlling.

*Alexis Weissberger\**

---

<sup>236</sup> See *supra* note 18.

\* Executive Editor, *Cardozo Arts & Entertainment Law Journal*; J.D. Candidate, 2007, Benjamin N. Cardozo School of Law; B.A., 2004, *summa cum laude*, University of Pennsylvania. Many thanks to Professor Barton Beebe for his insightful comments and Stephen Scotch-Marmo and Aliza Reicher for their endless patience.