

**Hot Topics in Trademark Law: Trademark Rights in A Global Economy -  
Protection and Enforcement of Well-Known and Famous Marks**

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When seeking to use and protect trademarks in the global market, sometimes a basic trademark infringement likelihood of confusion analysis is simply not enough. This is particularly true when considering the implications with respect to well-known or famous marks, whether you are analyzing the issues from the perspective of the mark owner or a new entrant into the market. In addition, while there is no global law of trademarks, developing international norms, established through treaties and educational efforts of many different constituencies interested in the protection and enforcement of trademark rights, have sought to create standards that provide at least some harmonization and consistency in the nature of rights that may be established and enforced. In particular, with respect to “well-known marks,” efforts have been made with respect to ensuring the protection and enforcement of trademarks which have earned reputations that exceed the scope of the goods and services upon which they are used, or even which exceed the geographic territory within which they are used.

In developing any trademark litigation strategy, it is critical to evaluate the mark owner’s business goals, and to consider the impact that litigation in one jurisdiction could have on rights in other jurisdictions. In particular, it is necessary to assess the strength of the client’s rights across jurisdictions and determine whether the assertion of claims in one jurisdiction might have an effect on potential rights elsewhere. The litigator who files suit in the United States without considering the implications with respect to rights in other jurisdictions could have a very upset client on his or her hands if, for example, the defendant is subsequently able to assert prior rights in another jurisdiction when that other jurisdiction turns out to be of strategic interest to the client.

In the United States, well-known marks are protected and enforced through the application of several different legal theories -- the standard infringement (likelihood of confusion) analysis, the law of dilution which protects “famous” marks, and through the “well-known marks doctrine” which permits enforcement of rights based on reputation in the U.S. developed through use in other jurisdictions, a doctrine which is not without controversy. This paper will focus on recent developments with respect to the latter two subjects – specifically, U.S. federal dilution law and the well-known marks doctrine.

**I. Evolution of Dilution: Protecting Famous Marks in the U.S.**

Famous marks used and/or registered in the United States are protected against both infringement and dilution. The U.S. Federal Trademark Dilution Act (“FTDA”), the federal statute which “protects the owners of famous marks” from dilution and applies “regardless of the absence of competition or confusion,” went into effect in January 1996. The Trademark Dilution Revision Act (“TDRA”), which amended the earlier FTDA statute in October 2006, made assertion of dilution claims harder, including by tightening the standard for what it means to be a

famous mark, as discussed further below.<sup>1</sup> U.S. dilution law is an area of law which has been evolving significantly in recent years.

The owner of a famous mark can bring an action against any use of that mark that dilutes the distinctive quality of that mark, either through "blurring" or "tarnishment." Blurring weakens the power of the mark through its identification with a third party's goods, even when those goods are dissimilar and there is no likelihood of confusion. Blurring has been described as "the whittling away of the established trademark's selling power and value through its unauthorized use by others." *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.* 2011 WL 6747431 (SDNY, Dec. 23, 2011) \*2 (citing *Tiffany (N.J.) Inc. v. eBay, Inc.*, 600 F.3d 93, 111 (2d Cir. 2010)). For example, although not likely to cause confusion among consumers, Exxon computers would likely dilute the distinctive quality of the EXXON mark. Tarnishment is found when the mark is cast in an negative light, typically through its association with inferior or sordid products or services; for example, use of a famous mark in connection with a pornographic website.

Under federal dilution law, in deciding whether a mark is famous the courts will look to the following factors: (1) the degree of inherent or acquired distinctiveness; (2) the duration and extent of use; (3) the amount of advertising and publicity; (4) the geographic extent of the market; (5) the channels of trade; (6) the degree of recognition in trading areas; (7) any use of similar marks by third parties; (8) whether the mark is registered. 15 U.S.C. § 1125(c). Kodak, Exxon, and Xerox are all classic examples of famous marks.

A number of recent cases have served as case studies for how difficult it can be to prove a claim under the TDRA.

#### **A. The TTAB Takes on the TDRA: Even Famous Brands Find it Hard to Prove Dilution**

The United States Patent and Trademark Office's Trademark Trial and Appeal Board ("TTAB") in particular has been busy in recent months with a number of high-profile decisions involving dilution claims.

##### ***"Famous" Coach Mark is Not Famous?***

In *Coach Services, Inc. v. Triumph Learning LLC*, 2012 WL 540069 (Fed. Cir.), the owner of the COACH brand for luxury products including handbags, wallets, luggage, and related products must have been surprised to learn that its mark would not meet the standard of "famousness" under the facts of that case. Coach opposed an application for registration of the mark COACH for use in connection with educational materials used to prepare students for standardized tests which had been filed by Triumph Learning, based on both trademark infringement and dilution. Despite the fact that Coach handbags are extremely well-known and highly regarded by many consumers in the United States, the TTAB held that although Coach had shown that its mark was famous for purpose of the likelihood of confusion analysis on its trademark infringement claim, Coach had failed to submit sufficient evidence to prove that its mark had become a "household

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<sup>1</sup> It is important to note that state law dilution statutes are typically far less strict than the federal statute in this regard.

name,” and thus was not famous for purposes of the TDRA. This latter point must have come as a blow to Coach, as some of the evidence that it had submitted (e.g., evidence of sales and advertising figures and evidence that its sales had exceeded over \$10 billion in the relevant time frame) had been excluded on technical grounds. In particular, the TTAB’s highly specific Notice of Reliance procedures came into play.

On appeal, the Federal Circuit noted that “it is well-established that dilution fame is difficult to prove” and that courts apply “a rigorous standard.” *Id.* at \*13. Fame for dilution “requires widespread recognition by the general public” and an opposer “must show that, when the general public encounters the mark ‘in almost any context, it associates the term, at least initially, with the mark’s owner.” *Id.* at \*14 (citing *Toro Co. v. ToroHead Inc.*, 61 USPQ.2d 1164 (TTAB 2001)). Notwithstanding the submission of evidence in the form of news articles describing Coach as “a must-have American icon” and the like, the Federal Circuit found that Coach had failed to prove its mark was famous in the dilution context. *Id.* at \*15.

It is worth noting that both the TTAB and the Federal Circuit were clearly influenced by the fact that the Triumph’s COACH mark had a distinct commercial impression of its own when used in the context of education. The Federal Circuit noted that “we find substantial evidence supports that Board’s determination that Triumph’s COACH mark, when applied to educational materials, brings to mind someone who instructs students, while CSI’s COACH mark, when used in connection with luxury leather goods, including handbags, suitcases, and other travel items, brings to mind traveling by carriage.” *Id.* at \*10. Given the different connotations of the marks and the very different nature of the goods and services, Coach’s claims regarding likelihood of confusion, which it pursued along with its dilution claims, may have damaged its credibility with the courts, and concomitantly the strength of its dilution claim.

The Federal Circuit remanded the case to the TTAB on two very narrow issues, both solely relating to the Board’s finding of acquired distinctiveness with respect to Triumph’s mark, which have yet to be decided. Thus, we must stay tuned for the final outcome in this case.

### ***Rolex is Famous, but Still No Dilution***

In *Rolex Watch U.S.A., Inc. v. AFP Imaging Corp.*, 101 U.S.P.Q.2d 1188, 2011 WL 6780738 (T.T.A.B., Dec. 5, 2011), Rolex was able to adduce sufficient evidence to prove its mark was famous for purposes of dilution analysis, but still could not prove a likelihood of dilution in this opposition proceeding. The case turned on the differences between the ROLEX mark and the mark which was being opposed, namely, AFP’s ROLL-X mark. Also important was AFP’s intent in selecting its ROLL-X mark, and the way that potential consumers would view the marks in context.

AFP filed an application to register the mark ROLL-X for x-ray table for medical and dental use. Rolex opposed on the grounds of likelihood of confusion and likelihood of dilution. While noting that the requirements for proving fame for purposes of dilution are “stringent,” the TTAB held that Rolex had established fame through the evidence submitted regarding its advertising, sales, promotion, and news articles, and observed that the trademark was first registered in 1915, almost 100 years ago, had been used continuously and exclusively by Rolex since that time. The

TTAB further observed that the term is a “coined and fanciful term with no other meaning other than its significance as a trademark.” *Rolex Watch*, 2011 WL 6780738 at \*6. The TTAB specifically noted that Rolex’s marketing efforts were directed at the general public. In fact, the TTAB specifically contrasted some of these facts with the facts in the *Coach* case, noting that Coach had advertised “almost exclusively in print fashion media targeted to young women” and the COACH mark is “an ordinary word with multiple meanings.” *Id.*

The TTAB also focused on the differences in the ROLEX and ROLL-X marks themselves, and concluded that “[b]ecause of the hyphen between ROLL and X, consumers are likely to view the mark as consisting of the English word ROLL, which has various meanings ...” and the letter “X” which is likely in context to be perceived as suggesting the term “x-ray.” *Id.* at \*8. Further, the Board appeared influenced by the fact that AFP was already using a similar mark, DENT-X for its dental x-ray business, and thus the ROLL-X mark was consistent with an extension of its product line. *Id.* at \*11. Although Rolex’s survey showed that 42% of respondents said that Rolex watches came to mind when they heard the name ROLL-X, this did not prove an association between the marks, and even if there was an association, that such association did not prove that the distinctiveness of the ROLEX mark would be impaired by AFP’s registration of the mark ROLL-X. *Id.* at \*10. Thus, without a showing that the ROLEX mark would likely be harmed by any association between the marks, the TTAB concluded that there was no likelihood of dilution.

### ***Dilution! Blackberry is Famous and Addictive, and Crackberry is Not a Parody***

While trademark owners have had difficulty proving their dilution case in light of heightened standards for fame and a failure to show sufficient harm, defendants who have sought to avoid liability under the dilution statute using a parody defense have likewise faced a difficult road. In *Research in Motion Ltd. v. Defining Presence Marketing Group, Inc. et al.*, 102 U.S.P.Q.2d 1187, 2012 WL 893481 (T.T.A.B., Feb. 27, 2012), RIM, the owner of the famous BLACKBERRY mark brought claims of both trademark infringement and dilution in opposing a registration for the mark CRACKBERRY filed by Defining Presence. Defining Presence used the CRACKBERRY mark in connection with a website dedicated to discussing RIM’s products, through which it also sold BlackBerry accessories.

The TTAB agreed that the BLACKBERRY mark was famous for dilution purposes, based upon “the ground breaking role of this device in shaping the culture and technology of the early twenty-first century, the incredible volume of sales, opposer’s extensive promotional and advertising expenditures within the United States, and evidence of widespread media attention.” *Id.* at \*9. This was not a case where the mark owner had difficulty proving its mark was famous! The TTAB also held that there was a clear association between the BLACKBERRY and CRACKBERRY marks. Indeed, the TTAB found that Defining Presence had deliberately set out to create an association with the BLACKBERRY mark.

In its defense, Defining Presence argued that its use of the CRACKBERRY mark was permissible as a fair use parody. The fact that Defining Presence’s website related specifically to RIM products “significantly undercut” its claim of parody, however. Under the TDRA’s plain language, “parodying a famous mark is protected by the fair use defense only if the parody is not

‘a designation of source for the person’s own goods or services.’” 2012 WL 893481 at \*13. In addition, Defining Presence itself had not created the term CRACKBERRY for purposes of its parody, and instead the term had been in common usage before Defining Presence began using it -- and was even selected as “word of the year” by Webster’s Dictionary in 2006. The TTAB observed that “the record shows that the public at large initially adopted the term “CrackBerry,” as a nickname for opposer’s goods, alluding to the widely-held view that users of BLACKBERRY wireless handheld devices often appear to be addicted to their devices.” Id. at \*5. Thus, the TTAB held that Defining Presence’s use of the CRACKBERRY mark would blur the distinctiveness of RIM’s mark.

## **B. Federal District Court Developments in Dilution Law**

In the federal courts, several cases of recent vintage also merit attention.

### ***The Charbucks Case: No Harm, No Foul***

In one of the most closely watched dilution cases in recent years, Starbucks learned the hard way how difficult it can be to prove dilution under the TDRA. In *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009), Starbucks brought suit against the owner of the mark MR. CHARBUCKS for use in connection with coffee. The Second Circuit affirmed the decision of the District Court for the Southern District of New York entering judgment in defendant’s favor on Starbuck’s trademark infringement, state dilution and state unfair competition claims. The Second Circuit vacated the district court’s judgment with respect to Starbuck’s federal trademark dilution claim, requiring the district court to reconsider its analysis with respect to the impact of the similarity (or differences) between the parties’ marks and its analysis regarding bad faith. So far so good for Starbucks on federal dilution!

On remand, however, the district court dashed Starbucks’ hopes of prevailing under the TDRA and found that Starbucks had failed to carry its burden of demonstrating dilution under the federal statute. In particular, the court focused on the fact that there was “no evidence that Charbucks is ever used as a standalone term.” *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 2011 WL 6747431 (S.D.N.Y. Dec. 23, 2011) at \*3. Instead, the record evidence showed use of the term preceded or followed by the terms “Mister,” “Mr.” or “Blend” and used in conjunction with the defendant’s Black Bear logo or other mark. The court found that these differences made dilution less likely. The court distinguished the cases relied on by Starbucks, noting that in those cases, the marks were used on their own, without contextual features. Id.

Importantly, the court found that while Starbuck’s survey evidence showed some association in the minds of potential consumers (30.5% of respondents said that they associated the term “Charbucks” with “Starbucks”), “the survey did not measure how consumers would react to the Charbucks marks as they are actually packaged and presented.” Id. at \*4. The court concluded that while Starbucks had demonstrated that was some association, it was not significant enough to be likely to impair the distinctiveness of Starbuck’s famous mark. Id. at \*5. In other words, Starbucks failed to prove that the strength of its mark was likely to be harmed by the defendant’s use of the CHARBUCKS mark and thus there was no likelihood of dilution. It is hard to reconcile the result in this case with the result in the CRACKBERRY case, other than to observe

that the court may have been moved by the fact that the defendant in the CHARBUCKS case was a small business which perhaps the court believed was being treated unfairly by the large Starbucks Corporation. In any event, the court was not persuaded that this relatively small businesses' use of the CHARBUCKS mark would really be likely to harm Starbucks.

### ***Louis Vuitton Makes its Mark on Federal Dilution Law***

*Louis Vuitton Malletier SA v. Hyundai Motor America*, 2012 WL 1022247 (S.D.N.Y, March 22, 2012), is one of a number of trademark cases that have been in the news recently involving the well-known Louis Vuitton trademarks. In March of this year, the District Court for the Southern District of New York granted Louis Vuitton summary judgment on trademark infringement claims arising from the reference to Louis Vuitton's "toile monogram" mark in a Hyundai Sonata television advertisement. In the 30 second commercial, Hyundai used brief vignettes showing classic luxury items (caviar, lobster, large yachts, chandeliers and red carpet) juxtaposed against every day themes (blue-collar workers eating lunch, policemen sitting in their cruisers), including an inner-city basketball game played on a "lavish marble court with a gold hoop" and "a basketball bearing marks similar, but not identical to the Louis Vuitton marks." *Id.* at \*1. According to Hyundai, the ad was intended to communicate that the Sonata car offered "'luxury for all' ... by poking fun at the silliness of luxury-as-exclusivity..." *Id.* at \*2.

Hyundai did not dispute that the Louis Vuitton marks are famous and distinctive. Instead, Hyundai argued that it did not dilute the marks because its use was fair use. Unfortunately for Hyundai, testimony obtained at depositions of Hyundai executives undermined and ultimately defeated Hyundai's legal arguments. Hyundai executives testified to "definitely laddering and borrowing equity from Louis Vuitton" and trying to make the basketball "look like that so we would get that quick reference to luxury and people would get the luxury reference quickly." Further the same (former) Hyundai marketing executive testified that "[t]he Hyundai brand is one with significant deficiencies when you ask consumers what you think about safety, what you think about amenities, what you think about styling ... the idea was to reframe the way people looked at Hyundai, the brand..." *Id.* at \*2-3. The court concluded that Hyundai had "disclaimed any intention to parody, criticize or comment upon Louis Vuitton. Rather, it contends that the basketball design in the "Luxury" ad reflects a broader social comment ...." *Id.* at \*17. While the court somewhat downplayed their importance, Louis Vuitton submitted evidence of messages from Twitter in which users wrote "I think a Louis Vuitton football or basketball would be gangsta"; "Dyd yall See tht Louis Vuitton Basketball" Lols iWant"; etc., which seemed to clearly influence the court's decision. *Id.* at 11.

Although Louis Vuitton's complaint brought trademark infringement and unfair competition claims as well, on summary judgment, Louis Vuitton focused only on its trademark dilution claims. On summary judgment, the court held that the fair use defense was inapplicable on the facts of the case under the clear text of the FTDA, which "expressly states that fair use applies if dilution has arisen due to 'use in connection with ... identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods and services of the famous mark owner.'" *Id.* at 17. The court concluded that because the ad was not intended to comment "directly" upon Louis Vuitton, but rather to make a "generalized statement that contrasts the Sonata with 'old' luxury," the ad was not a parody or other fair use. *Id.* at \*19 (citing *Rogers v. Koons*, 960 F.2d.

301, 310 (2d Cir. 1992) (“the copied work must be, at least in part, an object of the parody.”). The court further contrasted its decision from the Fourth Circuit’s earlier, and controversial, decision in *Louis Vuitton Malletier SA v. Haute Diggity Dog, LLC*, 507 F.3d 252, 260-261 (4<sup>th</sup> Cir. 2007), in which the Louis Vuitton trade dress and marks were parodied by dog chew toys, because, unlike in the “Chewy Vuitton” case, the Hyundai advertisement was not an “over-the-top, unmistakable parody of the original.” *Id.* \*20.<sup>2</sup>

### ***And Google Gets Involved ...***

Intellectual property disputes involving Google have proliferated in the news of late. In the most recent of those cases to address dilution law, the Fourth Circuit itself had the opportunity to discuss (and distinguish) its controversial decision in the “Chewy Vuitton” case in the context of *Rosetta Stone Ltd. v. Google, Inc.*, 2012 WL 1155143 (4<sup>th</sup> Cir.). Although the decision in *Rosetta Stone* is of greater note and has garnered more press for its discussion of keyword advertising and secondary liability for trademark infringement, the case also addresses the issue of dilution law.

Rosetta Stone alleged that its famous trademark had been sold by Google to third parties as an “ad word,” such that when Google search engine users keyed in the term “Rosetta Stone,” the search engine results would show “sponsored links” listing third party products, as well as returning results for Rosetta Stone’s own products. Rosetta Stone asserted that this resulted in Rosetta Stone’s customers purchasing counterfeit goods and otherwise being confused with regard to the source of third party goods, as well as diluting its famous mark.

The district court granted Google’s motion for summary judgment on two grounds: (1) that Rosetta Stone had failed to present evidence that Google was using the Rosetta Stone marks to identify Google’s own goods and/or services; (2) that Rosetta Stone had failed to show that Google’s use of the mark was likely to impair the distinctiveness or harm the reputation of Rosetta Stone. On appeal, the Fourth Circuit concluded that, as to the first point, the district court had improperly confused the fair use *defense* with the obligations of the plaintiff’s affirmative case. The Fourth Circuit explained that once the plaintiff establishes a prima facie case of dilution, the burden is then on the defendant to demonstrate that the use was a “fair use .. other than as a designation of source [defendant’s] own goods or services.” Thus, the Fourth Circuit concluded that the district court “erroneously required *Rosetta Stone* to demonstrate that Google was using the ROSETTA STONE mark as a source identifier for Google’s own products.” 2012 WL 1155143 at \*19-20. Further, the Fourth Circuit held that the district court’s fair use analysis was not sufficiently comprehensive; for example, the district court failed to consider the defendant’s good faith (or lack thereof) in deciding to use the mark. *Id.*

The Fourth Circuit also held that the district court had erred in holding that Rosetta Stone had not been harmed by Google’s conduct because Rosetta Stone’s brand awareness had actually increased during the relevant period. The Fourth Circuit explicitly distinguished its earlier

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<sup>2</sup> In *Haute Diggity Dog*, the court found that the parody had been able to “convey two simultaneous – and contradictory – messages: that it is the original, but also that it is not the original and is instead a parody.” *Louis Vuitton*, 507 F.3d at 260. The court’s decision was criticized because many commentators felt that the Louis Vuitton marks had been unfairly used by the defendant to promote its own goods and was not a true parody.

decision in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4<sup>th</sup> Cir. 2007), explaining that the *Louis Vuitton* case addressed very different facts and defendant's fair use defense had been based on a claim of parody, which Congress expressly included as a protected fair use under the FTDA. In the case of parody, the Fourth Circuit noted, the defendant's use of the mark might actually enhance the plaintiff's mark and make it more famous, but the district court erred in expanding this sort of analysis to find no harm in the *Rosetta Stone* case. In sum, the Fourth Circuit concluded that the district court had placed too much emphasis on actual injury and did not apply the correct standard of *likelihood* of dilution.

However, less promising for *Rosetta Stone* on remand, the Fourth Circuit also noted that the district court had found that the *Rosetta Stone* marks were famous in 2009, but that the fame of the marks should be measured from 2004 – the date when *Rosetta Stone* alleges Google's diluting use first began. The Fourth Circuit accordingly remanded these (and other non-dilution related) issues for reconsideration by the district court.

In conclusion, dilution has clearly become harder to prove, at least at the federal level. The standard for showing that a mark is famous is strict, and courts and the TTAB are putting mark owners to their paces to prove fame. Importantly, the requirement of association between the famous mark and the junior user's mark and the requirement of likelihood that the famous mark will be harmed by such association are also being strictly applied. Courts do not appear to be amenable to arguments that even a lower level of association between a famous mark and junior user's mark could cause dilution if multiple junior users are permitted (a sort of "death by a thousand cuts" argument) and instead owners of famous marks are being required to prove harm with respect to use by each individual junior user. On the other side of the ledger, once fame and potential harm are shown, defendants seeking to avoid liability using a parody defense are likewise facing a difficult standard.

## **II. The Well-Known Marks Doctrine: An Exception to Territoriality Requirements**

The fundamental operative principle behind the "well-known marks doctrine" is that some marks are so famous or well-known that their reputation crosses jurisdictional boundaries. Under the well-known marks doctrine, trademarks may be protected, even without use or registration in the United States, if the mark is so well known due to use in another jurisdiction so as to create consumer confusion when used by another person or entity in the U.S. Territoriality, a long-standing bedrock of U.S. trademark law, holds that trademark rights depend on priority of use or registration in a particular jurisdiction, however. Some commentators feel that the well-known marks doctrine is inconsistent with territoriality principles as it permits use in one jurisdiction to confer rights in another.

While the well-known marks doctrine is sometimes also referred to as the "famous marks doctrine," in order to distinguish from the standard of "fame" used the dilution statute, I will refer herein to the doctrine as "the well-known marks doctrine." Although all famous marks are likely to be "well-known," under the strict definition of fame set forth in the TDRA discussed above, not every well-known mark is famous. Of course, terminology becomes even more confusing when considering this issue in a global context, as the term "well-known mark" carries



its own meaning in international treaties and the statutes of other jurisdictions. Nonetheless, for lack of a better option, I will use the term “well-known marks doctrine” here.

### ***A Split in the Circuits: When Courts Disagree***

Implementation of the well-known marks doctrine in the United States has been inconsistent, and how the law will eventually unfold in this area is somewhat unclear. Most recently, in *ITC Ltd v. Punchgini*, the Second Circuit Court of Appeals refused to recognize the doctrine, thereby creating a split with the Ninth Circuit, which had earlier explicitly recognized the doctrine in *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004).

In *ITC Ltd v. Punchgini*, ITC, an Indian corporation that operated the Bukhara restaurant in New Delhi filed a lawsuit in 2003 against Punchgini, Inc., the owner of Bukhara Grill in New York City, asserting claims under the Lanham Act and unfair competition claims under New York common law, based, in part, on the well-known marks doctrine. Although ITC had in the past used the BUKHARA mark in the United States, its use in the United States had apparently ceased. ITC asserted that use of the name “Bukhara Grill” was likely to cause confusion with the Bukhara restaurant in New Delhi. The District Court for the Southern District of New York granted the defendant’s summary judgment motion relating to plaintiff’s trademark infringement claims, concluding that ITC had abandoned its BUKHARA mark for restaurant services in the United States, and further granted defendant summary judgment on ITC’s unfair competition claim because it depended on the well-known marks doctrine, which was not supported in U.S. law. The Second Circuit affirmed the District Court, also concluding that Congress had not incorporated the well-known marks doctrine into U.S. trademark law.

As the Second Circuit pointed out, the Ninth Circuit is the only federal appeals court to have explicitly recognized the well-known marks doctrine as an exception to the territoriality principle to date. Given the importance of the decision, it is worth a short description of the Ninth Circuit’s earlier decision here. The *Grupo Gigante* case was the result of a dispute between a large chain of grocery stores in Mexico called “Gigante,” which were well known among Mexican-Americans in Southern California, and a competing chain of “Gigante” grocery stores in Los Angeles. The Ninth Circuit in that case concluded that “[a]n absolute territorial rule without a famous marks exception would promote customer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people.” 391 F.3d at 1094. Further, the Ninth Circuit held that “where the mark has not been before used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market are familiar with the foreign mark.” 391 F.3d at 1098. Thus, the Ninth Circuit concluded that there is a well-known marks exception to the territoriality principle of U.S. trademark law.

In declining to follow the Ninth Circuit’s lead, the Second Circuit expressly declined to grant judicial recognition to the well-known marks doctrine absent express Congressional recognition. *ITC Ltd v. Punchgini, Inc.*, 482 F.3d 135, 165 (2d Cir. 2007) (“we conclude that Congress has not yet incorporated that doctrine into federal trademark law.”).

### *Implications for Treaty Obligations?*

The Second Circuit's *Punchgini* decision generated significant attention and discussion. While protection of well-known marks, whether registered or not, is a familiar and comfortable concept in U.S. law through the historical protection of common law rights and the evolving law of dilution discussed above, the Second Circuit's decision reflected the fact that the enforcement of such rights based on trans-border reputation poses challenge to the long-standing principle of territoriality in U.S. law. Many commentators felt that the decision was inconsistent with the United States' obligations pursuant to Article 6bis of the Paris Convention for the Protection of Industrial Property and the TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights of the World Trade Organization). Article 6bis states:

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

It is interesting to note that the provision is not specifically designed to prevent dilution, and requires that the goods be identical or similar, and requires the existence of some likelihood of confusion. Article 16 of TRIPS extends the scope of protection of well-known marks beyond that of the Convention. Article 16(2), in particular, extends protection to marks that have not yet been used in the jurisdiction where protection is sought but have been extensively promoted and have obtained reputation in the relevant market:

In determining whether a trademark is well known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

Although the Second Circuit's decision was criticized by many commentators as contrary to the United States' obligations pursuant to these treaties, the analysis in the *Punchgini* case was more complex than some initial reports suggested. The Second Circuit sought input from the New York Court of Appeals as to whether New York state law recognized the well-known marks doctrine, and asked how well-known must a mark be to come within the doctrine. Specifically, the court certified two questions: (1) Does the New York common law permit the owner of a federal mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country?; and (2) If so, how famous must a foreign mark be to permit a foreign mark owner to bring a claim for unfair competition? The New York Court of Appeals responded to the Second Circuit's first question in the affirmative. The New York Court of Appeals concluded, however, that "to prevail against defendants on an unfair competition theory, under New York law, ITC would have to show first, as an independent prerequisite, that defendants appropriated (i.e., deliberately copied), ITC's Bukhara mark or trade dress for their

New York restaurants, and would have to establish that the relevant consumer market for New York's Bukhara restaurant primarily associates the Bukhara mark or dress with those Bukhara restaurants owned and operated by ITC. *ITC Ltd v. Punchgini, Inc.*, 9 N.Y.3d 467, 480 (N.Y. 2007).

In subsequently evaluating this issue, the Second Circuit concluded that, "[l]ike the district court, we observe that ITC's proffered evidence of goodwill derived entirely from foreign media reports and sources and was unaccompanied by any evidence that would permit an inference that such reports or sources reach the relevant consumer market in New York." *ITC Ltd v. Punchgini, Inc.*, 518 F.3d 159, 163 (2d Cir. 2008). Further, ITC made no attempt to prove its goodwill in the relevant market through consumer study evidence, and held that the record was "devoid of any evidence of actual overlap between customers of defendants' restaurants and ITC's Bukhara ... particularly in light of evidence that numerous Indian restaurants in Massachusetts, Washington, Virginia, and around the world have used the name "Bukhara" all without any affiliation or association with ITC. *Id.* This result, with its emphasis on ITC's failure to submit evidence supporting its arguments that *its* BUKHARA mark was well known in the United States, is indeed consistent with the U.S.'s treaty obligations. *See also* Lee Ann W. Lockridge, *Honoring International Obligations in U.S. Trademark Law: How the Lanham Act Protects Well-Known Foreign Marks (And Why the Second Circuit Was Wrong)*, 84 St. John's L.Rev. 1347 (2010).

### ***A Legislative Solution?***

In view of the split between the Second and Ninth Circuit decisions, a legislative solution has been considered, although to date not implemented by Congress. In March 2011, the Executive Committee of the International Trademark Association (INTA)'s Board of Directors recommended that INTA accept a resolution that "[INTA] supports the amendment of the trademark law of the United States of America to provide an explicit statutory basis for the protection of trademarks that are determined to be well known in the United States but are not registered or used in the United States." See [www.inta.org/Advocacy/Pages/Well-KnownMarkProtectionintheUnitedStatesofAmerica](http://www.inta.org/Advocacy/Pages/Well-KnownMarkProtectionintheUnitedStatesofAmerica).

### ***Other Jurisdictions***

This lack of clarity in U.S. law should not deter the U.S. trademark litigator from seeking protection for well-known marks in other jurisdictions. Indeed, in many jurisdictions well-known marks are strongly enforced and establishing trans-border reputation can be a valuable tool in the litigator's tool kit. Many jurisdictions have passed trademark statutes that provide protection for well-known marks even when unregistered, and some, like India, provide explicit protection for marks which are well-known only through trans-border reputation.

Using India as an example, in India, when a trademark has been determined to be a well-known mark in at least one relevant section of the public in India, it will be considered well-known, whether or not it is registered. Further, in an inquiry into whether a mark is well-known, the mark need not be in use in India. In *Austin Nichols and Co. and Seagram India Pvt. Ltd. vs. Arvind Behl, Jagatjit Industries Ltd.*, 2006 (32) PTC 133 (Del), the Indian court addressed the

issue of the importance and weight to be given to trans-border reputation. The Court held: “the Plaintiffs having come out with ‘Blenders Pride’ whiskey first in the international market were first past the post; even though the Defendants were the first to do so in India. The fact that the product of the Plaintiffs was not manufactured or sold in India from 1973 (when it first entered the market) till 1995 when it became freely available in India, is of no consequence.” The court held that the mark “Blenders Pride” had been used in connection with whiskey in over 50 countries and had a “tremendous” reputation in India through foreign visitors, satellite channels and the internet.

In many jurisdictions, however, as in the United States, the issue of protection for marks based on trans-border reputation is a developing area of law and the jurisprudence is unsettled. In others, e.g., China, the law does not permit enforcement of rights based on trans-border reputation, although trans-border reputation may be considered as a factor when rights are based on registration in China and the strength of the mark’s renown is being considered. Article 13 of China Trademark Law provides:

Article 13 In the event of an application for registration of a trademark that is a reproduction, imitation, or translation of another's well-known trademark not registered in China on same or similar goods, and consequentially is likely to create confusion, the application shall be rejected and the trademark shall be prohibited from use.

In the event of an application for registration of a trademark that is a reproduction, imitation, or translation of another's well-known trademark registered in China on different or dissimilar goods, and consequentially is likely to create confusion and cause damage to the interests of the registrant for the well-known trademark, the application shall be rejected and the trademark shall be prohibited from use.

Thus, the owner of a registered well-known trademark in China has the right to prevent the third parties from using same or similar marks on different or dissimilar goods and services. The higher the reputation of the trademark, the broader protection it will enjoy; namely, more classes can be protected for the trademark with higher reputation. Although the Chinese Courts and Chinese Trademark Office may consider evidence from outside China in evaluating the strength of the mark’s reputation, they typically will only consider it as supplementary evidence and primarily will focus on use of the mark within China.

Although this issue thus requires a jurisdiction-by-jurisdiction analysis, a comprehensive global trademark policing strategy should include analysis and inquiry into this issue in the jurisdictions of primary interest to the client.

## **Conclusion**

Strategies for protection and enforcement of well-known and famous marks require consideration of the different and developing legal theories that may apply in jurisdictions around the globe. In addition, advising trademark owners considering the adoption of marks that are the same or similar to famous or well-known marks which are to be used for different goods

and services or in different jurisdictions also requires an understanding of this developing area of law.

Even in the United States, the law continues to develop with respect to the protection afforded to well-known and famous marks. Moreover, despite the trend towards harmonization of the law in different jurisdictions, there is still quite a bit of disparity with respect to how well-known and famous marks are treated on a jurisdiction-by-jurisdiction basis. In addition to an understanding of the developments in the law with respect to dilution and the well-known marks doctrine in the United States, a comprehensive global strategy requires an understanding of these issues and a strong network of attorneys in jurisdictions around the world with which one can consult.

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