
11-20-2009

Notorious: The Treatment of Famous Trademarks in America and How Protection Can Be Ensured

Blake W. Jackson

Follow this and additional works at: <https://digitalcommons.pepperdine.edu/jbel>



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Blake W. Jackson, *Notorious: The Treatment of Famous Trademarks in America and How Protection Can Be Ensured*, 3 J. Bus. Entrepreneurship & L. Iss. 1 (2009)

Available at: <https://digitalcommons.pepperdine.edu/jbel/vol3/iss1/4>

This Article is brought to you for free and open access by the Caruso School of Law at Pepperdine Digital Commons. It has been accepted for inclusion in The Journal of Business, Entrepreneurship & the Law by an authorized editor of Pepperdine Digital Commons. For more information, please contact Katrina.Gallardo@pepperdine.edu, anna.speth@pepperdine.edu, linhgavin.do@pepperdine.edu.

NOTORIOUS: THE TREATMENT OF FAMOUS TRADEMARKS IN AMERICA AND HOW PROTECTION CAN BE ENSURED

BLAKE W. JACKSON*

I. INTRODUCTION	63
II. BACKGROUND	65
A. Implementing Protection for Famous Foreign Trademarks Is Not a New Problem	65
B. History of the Famous Foreign Marks Doctrine in America	65
C. The Lanham Act Provides No Statutory Foundation	66
D. Protection for Famous Foreign Marks in America is Only Found in Common Law	67
1. Prunier's	68
2. The Stork Club	69
3. Maxime's	70
4. Koffler	70
5. Mother's Kitchen	71
III. CURRENT CASE LAW	72
A. Grupo Gigante	72
B. Bukhara Restaurants	74
C. Ramifications of ITC and Grupo Gigante	75
IV. IMPLEMENTING PRACTICAL CHANGE	76
A. The Constitutional Limitations of a Lanham Act Amendment	77
1. Interpretation of the Commerce Clause Dictates Congressional Authority to Protect Famous Foreign Trademarks	79
2. A Hypothetical Illustration of Why the Commerce Clause is Important in a Famous Foreign Marks Discussion	81
B. The Fourth Circuit's Re-definition of "Use in Commerce"	82
C. Ramifications of the Fourth Circuit's Two-Pronged Test Found in International Bancorp	84
D. An Example of Another Common Law Test	87

* This note was written in 2008-09 by Blake W. Jackson, then a 3L at Chicago-Kent College of Law. Blake Jackson is a 2009 graduate of the Chicago-Kent College of Law. From the author: "I would like to give thanks to Professor Graeme B. Dinwoodie who agreed to be my advisor for this note. Professor Dinwoodie provided me with a wealth of knowledge regarding international trademark law and current trends on the topic. I would also like to give special thanks to Professor Sarah K. Harding for allowing me inundate her with multiple draft copies of the note and for providing a great sounding board for ideas regarding the paper. Lastly, I would like to thank Professor Richard W. Renner, who also furnished valuable insights."

V. SOLUTION TO PROTECTING FAMOUS FOREIGN MARKS	89
A. Redefine “Use in Commerce” of a Trademark to Include Source Connections	90
B. Amend the Lanham Act to Provide Uniform Protection.....	91
C. Use the Lanham Act’s Existing Secondary Meaning Analysis for Determining Whether a Mark is Famous.....	92
D. Define the “Relevant Consumer Population” Narrowly	93
V. CONCLUSION	95

“But in neither case does [creating a trademark] depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought.”

– U.S. Supreme Court, 1879.¹

Trademarks are used throughout the world to expedite commercial interactions and aid consumer decision-making. When governments step in to ensure that certain trademarks are used only by their corresponding owners and nobody else, companies are able to forge bonds with their consumer bases and consumers can feel assured of a uniform quality of products that they choose. Trademarks are traditionally based on certain pillars which define what they are and how they can be used. Territoriality and actual use in commerce are those traditional pillars. This seemingly simple construct is upset however, when a company’s trademark becomes famous. Through the technological wonders of the twenty-first century, it is now possible to become exposed to all the world’s trademarks without even leaving your couch. This presents a problem when certain trademarks are exposed to a relevant consumer population that does not have ready access to the products tied to those marks and that population makes a source connection with the goods.

For all the reasons that governments protect trademarks used at home, it is equally important to protect famous trademarks which are not. But the United States has been slow to standardize this 62 protection. Although implementing the protection will not be easy, it is an important thing for America to do. By following the steps outlined in this note, we can institute real standardized protection for truly famous trademarks. If we fail to take these steps, we will continue to be plagued by a mire of conflicting case law and unsure protections. It is unfortunate that today’s trademark law in such an important area is in such disarray.

¹ In re Trade-Mark Cases, 100 U.S. 82 (1879).

I. INTRODUCTION

Imagine a convenience store unlike the ones that populate American street corners today. Imagine a convenience store without brightly lit coolers full of soda and other beverages. Imagine instead, rows and rows of blacked out soda coolers. Customers who shop at this convenience store are required to reach into a darkened cooler in order to select their beverages without knowing what they would get. Common sense tells us that this convenience store would quickly go out of business. Consumers would be upset by the uncertainty that such a store would provide. Soda companies would dislike this convenience store because their loyal customers could not find and purchase their favorite products consistently.

Trademarks are a way of shedding light on the dark soda cooler. Trademarks allow customers to establish a source connection with a particular brand. This source connection gives consumers the capability of making informed decisions about the brands that they purchase. This source connection also gives the companies who own the marks the ability to establish goodwill with their consumers who become loyal to their favorite brands. A symbiotic relationship is created by trademarks in a capitalist economy wherein the consumer and producer rely on one another to remain as predictable as possible.

It is therefore in everyone's best interest for governments to protect trademarks. If fraudulent parties could hijack trademarks and fool the consuming public, the symbiotic relationships would fail. Government regulation is a good tool to ensure that trademarks do what they are supposed to do in a capitalist economy. With the power to regulate comes a responsibility to ensure fair play. A careful balance must be struck with the regulation of trademarks: they must be protected to ensure the symbiotic relationships stay alive, but they must also be awarded to only those who actually use them in commerce and therefore create the source connection with consumers.

Maintaining protection of trademarks to only those actually *used* in commerce is a very important pillar of trademark law. A hoarding system would evolve if parties were allowed to retain rights to trademarks and not be required to actually use them in commerce. Hoarding trademarks is counterproductive to a capitalist economy's competitive system. Hoarding does not reward those who are actively trading in the economy, but rather those who stagnate it.

Another pillar to trademark law, beyond necessitating actual use of a trademark, is that of territoriality.² This pillar stems from the historical context of trademark usage where brands were only used in commerce in certain geographic areas. Because of limitations in historical product distribution, companies only needed trademark protection where their trademarks were affixed to products physically sold in those locations. Where two companies' products were sold in the same geographical area, the rule under United States common law became that the first to use a trademark in a particular area won the rights to use the trademark in

² Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 886, 891 (2004) (questioning the trademark territoriality principle has been questioned by a number of leading scholars, including Graeme B. Dinwoodie).

that area.³ Later users of the trademark were barred from entering that particular marketplace with a trademark which was already established there.

Over time however, this traditional territorial model began to break down. With the advent of newer technologies, it became easier for companies to produce and ship goods to many places. Mass media tools such as radio and magazines allowed for a broader base of consumers to be exposed to more and more products. Once this hyper exposure began to take place, the traditional definitions of why trademarks were protected began to erode.

To help explain, we will go back to the soda cooler example. What is it about certain brands that keep consumers coming back? It may be personal experience with that brand. It may be word-of-mouth recommendations. It may be a catchy advertisement that has convinced someone to try a new label. In the historical setting, these forces were only exerted on consumers who had the ability to purchase brands at the local level because companies only advertised products where their products were physically sold. A consumer would not have exposure to a brand if it were not sold in her area. A person would not likely hear a word-of-mouth recommendation for a brand not available at her local store.

But with the expansion of mass media, things changed. Suddenly, consumers *were* exposed to brands that were not sold in their geographic location. They *were* presented with the opportunity to create a source connection with these trademarks. This presented a problem for the traditional trademark model and raised the question: do trademarks warrant protection if consumers have created a source connection with the brand, even if that brand is not locally available to those consumers?

This question has been encapsulated in the “well-known” or “famous” marks doctrine. This doctrine supports the idea that trademarks deserve protection if they are well-known, or famous enough to given consumers, even if those consumers cannot physically purchase the goods or services to which the trademarks are affixed. The doctrine assumes that for all of the same reasons that local trademarks should be protected, so should trademarks which are famous to a given population.⁴

This note will analyze the state of American law with regard to the idea of protecting famous foreign trademarks in the twenty-first century. It will analyze the history of the doctrine in America and briefly describe the problems associated with historical attempts at protection. It will highlight the most current cases dealing with the issue and critique the way courts have attempted, or avoided, protecting famous trademarks. It will then conclude with recommendations on how to best protect famous foreign trademarks in America, while recognizing that implementation is not without its difficulties.

³ See *Hanover Star Milling Co. v. Metacalf*, 240 U.S. 403 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

⁴ The famous marks doctrine is commonly referred to and discussed in case books nationwide, including, JANE C. GINSBURG ET AL., *TRADEMARK AND UNFAIR COMPETITION LAW*, 148 (4th ed. 2007), *see also* Dinwoodie, *supra* note 2 (discussing in-depth the idea that trademarks may deserve protection beyond where they are affixed to a product sold in a particular area, also known as the famous marks doctrine).

II. BACKGROUND

A. Implementing Protection for Famous Foreign Trademarks Is Not a New Problem

Interestingly enough, the problem of whether and how to afford protection to famous trademarks is not a new dilemma. We, today in the “age of technology and information,” think that the global marketplace is something we invented after 1990. But the roots of this problem date back quite some time. The following quotation by New York Supreme Court Justice Shientag in 1936 is exemplary: The “current” state of trademark law in the area of territoriality “in these days of rapid and constant intercommunication between States and nations” is in “a most unsatisfactory state.”⁵

Justice Shientag lamented in 1936 that new technology was shaking the foundations of traditional trademark territoriality principles. Airplanes, radio, telephone, rail and auto travel were effectively shrinking the world in 1936.⁶ But whether you are talking about depression era radio or twenty-first century video chat rooms, the fundamental difficulties of protecting famous trademarks are the same. This difficulty focuses on the definition of “fame” itself. Without a good test of determining which trademarks are famous, and therefore deserving of protection, the famous trademarks doctrine struggles.

Fame has been defined as “the condition of being known or talked about by many people, [especially] on account of notable achievements.”⁷ This definition creates problems for those who wish to quantify the test for fame. The definition largely depends on polling the thoughts of “many people” without specifying how many that could be. To compound the problem, the results of an inquiry into fame will depend heavily upon the sample set of the people polled.

It is no wonder, then, that historically the question of fame has been a difficult one for courts to deal with. But to best understand where the famous marks doctrine is today, an analysis of its history and origins is appropriate.

B. History of the Famous Foreign Marks Doctrine in America

The analysis begins in nineteenth-century Paris. The Paris Convention of 1883 was the seminal international conference regarding trademark law and the protection of trademarks generally.⁸ The Paris Convention is still regarded as the basis for trademark law in many global jurisdictions.⁹ Parts of the original convention text and its revised texts were integrated into the 1994 TRIPS agreement, the

⁵ *Maison Prunier v. Prunier's Rest. & Cafe, Inc.*, 288 N.Y.S. 529, 557 (Sup. Ct. 1936).

⁶ Alexis Weisberger, *Is Fame Alone Sufficient to Create Priority Rights: An International Perspective on the Viability of the Famous / Well-Known Marks Doctrine*, 24 CARDOZO ARTS & ENT. L.J. 739, 740 (2006).

⁷ THE NEW OXFORD AMERICAN DICTIONARY 611 (2001).

⁸ Clark W. Lackert, *Famous Marks: Dilution from an International Perspective*, 476 PLI/PAT 87, 96 (1997) (“[T]he most influential international convention on the question of patents and trademarks is the so-called Paris Convention.”).

⁹ *Id.*

most recent international intellectual property agreement.¹⁰

This important document actually included protection for well-known marks in a 1925 revision. The provision was found in Article *6bis*:

Marks: Well-Known Marks

(1) 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.

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

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.¹¹

Article *6bis* demonstrates that protecting well-known marks is important in a global economic perspective. And because this article was one incorporated into and built upon in the TRIPS agreement, Article 16-2 and 16-3 to which the United States is a signatory, the question of well-known marks in America should be a settled point. But it isn't. American courts have ruled that the Paris Convention is not self-executing American law.¹² Therefore, protection of well-known or famous marks in America is not settled by the Paris Convention, despite the American signature on it.

But if the Paris Convention isn't the source of law regarding protection of famous trademarks, then what is? Are there other statutes in effect to otherwise protect famous trademarks?

C. The Lanham Act Provides No Statutory Foundation

In America, statutes are usually called upon to standardize a particular area of law. Common law can be difficult to discern and is susceptible to change, on the whim of a judge. Because of this, and because the American Congress realized

¹⁰ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, http://www.wto.org/english/docs_e/legal_e/27-trips_04_e.htm (specifically incorporating Paris Convention article 6bis into TRIPS Article 16.3: "Article *6bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use").

¹¹ Paris Convention for the Protection of Industrial Property, Art. *6bis* July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

¹² See *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 160 (2d Cir. 2007); see also *In re Rath*, 402 F.3d 1207, 1209 (Fed. Cir. 2005).

that trademark protection was vital to the American economy, a set of federal statutes were created in 1947.¹³ These statutes became known as the “Lanham Act,” Title 15 of the U.S. Code. The problem with discussing the well-known marks doctrine in statutory American law is that the Lanham Act has no such provision.¹⁴

So, what does it mean that the only substantive American statute dealing with trademarks is devoid of a section dealing with the protection of famous foreign trademarks? The answer is that the doctrine has lacked firm bedrock from which to grow. Instead of evolving from a uniform written law, it has grown from state court common law. This means that protection of famous foreign marks has lacked a uniformity of treatment throughout the country. Different courts have branched off and used their own precedent with which to rule.¹⁵ Different policies of how to protect famous foreign marks have spawned.¹⁶ The ramifications of this unsteady picture have caused great confusion as to what trademarks deserve protection in America and how one can go about ensuring that protection.¹⁷

D. Protection for Famous Foreign Marks in America is Only Found in Common Law

Because the well-known or famous foreign marks doctrine is not in the Lanham Act and has therefore never been codified federally, courts have been left with only common law to protect such marks. But common law is not uniform. Nor is it predictable. Most courts have historically chosen the very broad doctrine entitled “unfair competition” in their attempts to protect famous foreign trademarks.¹⁸ This expansive, equity-seeking doctrine was first used by courts to rectify morally suspect situations where famous foreign trademarks were copycatted.¹⁹ And after surveying the case law which used such methods, it becomes apparent that because principles of equity are so ethereal, it is difficult to understand what standards, if any, courts used to protect famous foreign marks.

¹³ See Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended in scattered sections of 15 U.S.C.); *In re Trade-Mark Cases*, 100 U.S. 82 (1879). Note that this was the second attempt at a federal trademark statute. The first was struck down as unconstitutional in 1879 by the U.S. Supreme Court. See *Trade-Mark Cases*, 100 U.S. at 82.

¹⁴ See 15 U.S.C.A. § 1125(c) (West 2006). It is important to distinguish here what was expressly inserted as § 43(c) into the Lanham Act in 1995 which was meant to protect against dilution of “famous marks.” This law only protects marks that are registered or used *in* the United States. *Id.* So, in order to be precise, we should characterize the topic of this note as dealing with famous *foreign* marks which aren’t affixed to products sold in America, distinct from domestically used famous marks with which the Federal Trademark Dilution Act deals. This is known alternately as the “well-known” marks doctrine.

¹⁵ E.g., *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004); *ITC Ltd. v. Punchgini, Inc.*, 880 N.E. 852 (N.Y. 2007).

¹⁶ See *Supra* note 15.

¹⁷ See *Supra* note 15.

¹⁸ See 15 U.S.C.A. § 1126(b) (West 2002). Section 44(b) of the Lanham Act mentions unfair competition as a foundational ideal behind protection of famous marks in general. *Id.* New York state courts have championed the idea of unfair competition as a basis of protecting some famous marks, separate from a famous foreign marks doctrine. See *Maison Prunier v. Prunier’s Rest. & Cafe, Inc.*, 288 N.Y.S. 529, 536 (Sup. Ct. 1936); *ITC Ltd., v. Punchgini Inc.*, 880 N.E.2d 852, 854 (N.Y. 2007); *Vaudable v. Montmartre Inc.*, 193 N.Y.S.2d 332 (Sup. Ct. 1959).

¹⁹ See *Maison Prunier*, 288 N.Y.S. 529 (Sup. Ct. 1936).

1. *Prunier's*

One of the oldest cases dealing with famous foreign marks is *Maison Prunier v. Prunier's Restaurant and Café, Inc.*²⁰, from 1936.²¹ In this case, the New York Supreme Court examined a situation where a New York restaurant had opened with the same name, motif, and menu selection, as a famous contemporary Parisian restaurant.²² “Defendants were not satisfied with taking the plaintiff’s name; they also took the trade-mark of the plaintiff, alleged in the papers to have been registered in France, ‘Tout ce qui vient de la mer.’ They printed that on their menu with the free translation, ‘Everything that the sea produces.’”²³

The court decided that the Parisian restaurant was so famous that it would be unfair for another business enterprise to make money off of their fame.²⁴ This decision flew in the face of traditional territorial trademark principles that a mark only deserved protection in the geographical area where it was used.²⁵ The decision reflected the state of technology and sophistication of the New York restaurant community in the mid-1930s. Here, an American state court was willing to protect a foreign restaurant in the hopes of stopping consumer confusion as to the source connection that restaurant goes had with the famous restaurant all the way across the Atlantic Ocean.²⁶

The court was also trying to signal that this kind of behavior was unethical and would be punished in New York. The court scolded the defendants for even suggesting that they would uphold the mantle of quality and excellence that the famous Parisian restaurant maintained.²⁷

But the court did not have a famous foreign trademark statute with which to defend the original Prunier’s mark. Instead, it had to accomplish this protection using only the shifting laws of equity.²⁸ The court relied on the notion of unfair competition to find for the plaintiff.²⁹ It wanted to protect the “goodwill” that the Parisian restaurant had accumulated over the generations with its customers.³⁰

By deciding that the trademark from Paris deserved protection, the court established common law precedent to protect trademarks which were not attached to goods or services in America.³¹ But, although the *Prunier's* case left New York with the precedent of protecting famous foreign trademarks using the laws of equity, it left few crumbs for later courts to digest.

This is because the *Prunier's* court avoided any in-depth discussion detailing

²⁰ 288 N.Y.S. 529 (Sup. Ct. 1936).

²¹ *Maison Prunier*, 288 N.Y.S. at 529.

²² *Id.* at 538.

²³ *Id.* at 531.

²⁴ *Id.*

²⁵ Dinwoodie, *supra* note 4, at 907 (2004).

²⁶ *See Maison Prunier*, 288 N.Y.S. 529 (Sup. Ct. 1936).

²⁷ *Id.* at 532.

²⁸ *Id.* at 555.

²⁹ *Id.* at 554.

³⁰ *Id.* at 552.

³¹ *Id.* at 554.

how it decided that the Prunier's trademark ("PRUNIER'S") was famous in the first place. The court merely mentioned that PRUNIER'S must be famous because it was the subject of a copycat restaurant.³² No real test was set forth to determine fame. No survey evidence was shown to substantiate a claim. No laundry list of parameters was outlined for later courts to use.

Because of this, the *Prunier's* case did not settle the state of American law regarding protection of famous foreign marks. First, it was a New York state court ruling, not a federal ruling. Second, no statute was relied on to decide the case, but instead the equitable notion of unfair competition was called to action.³³ Third, no real test for fame was outlined.

2. *The Stork Club*

The next important case that warrants examination is a domestic version of *Prunier's*. This time one American restaurant copied another American restaurant that was very famous. In *Stork Restaurant, Inc. v. Marcus*³⁴, the Eastern District Court of Pennsylvania found that a Philadelphian copycat was infringing the trademark of the famous Stork Club night club in New York City.³⁵

In the 1930's, a famous social club in New York City called the Stork Club ("STORK CLUB") garnered a good deal of publicity.³⁶ The club became a popular establishment where rich and famous people would socialize.³⁷ After the original STORK CLUB's rise in popularity, another party opened a nightclub in Philadelphia and used the same name and logo as the original.³⁸ When the New York STORK CLUB found out, they sued to stop the Philadelphia operation from free-riding on their goodwill.³⁹ The Eastern District of Pennsylvania was faced with similar questions as the *Prunier's* court: would consumers be confused as to the source of the STORK CLUB trademark? And if they were confused, did that original trademark holder deserve protection in Philadelphia even though it was physically located and did business in New York? The Eastern District of Pennsylvania found that confusion could exist and that the original STORK CLUB trademark deserved protection, even in Philadelphia.⁴⁰

The *Stork Restaurant* case reaffirmed the idea that American courts were willing to protect famous trademarks, even if they were attached to goods or services sold outside of a certain geographical area.⁴¹ But the test applied by the *Stork Restaurant* Court left much to be desired. It skirted the fame analysis by simply declaring that Philadelphians must have known about the famous trademark

³² *Maison Prunier*, 288 N.Y.S. at 559.

³³ *Id.* at 554.

³⁴ 36 F. Supp. 90 (E.D. Pa. 1941).

³⁵ *Id.* at 95.

³⁶ *Id.* at 91.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Stork Rest. Inc.*, 36 F. Supp. at 95.

⁴¹ *See id.*

due to the amount of advertising the New York STORK CLUB used.⁴² In fact, the court was satisfied without actual evidence of consumer confusion. Instead, it accepted the possibility of future confusion as enough to enjoin the defendant.⁴³ The court noted that, “[t]hough there has been shown but slight confusion, it requires nothing but comparison of the names, insignia and fundamental character of business done to demonstrate that there is a likelihood of *future* confusion.”⁴⁴ No showing of lost profits to the Philadelphian copycat existed either.⁴⁵ And once again, the court relied on common law unfair competition to decide the case, as no statute-based protection existed.

3. *Maxime’s*

A third example of the use of unfair competition law happened in 1959 when the New York state courts tried *Vaudable v. Montmartre, Inc.*⁴⁶ In this case, Maxime’s of Paris (“MAXIME’S”) was the famous restaurant which found itself the target of a New York copycat.⁴⁷ Similar to the *Prunier’s* case, the state court used the equitable doctrine of unfair competition to find that the copycat restaurant infringed the famous trademark despite the fact that the famous trademarked restaurant was not located in New York.⁴⁸

The court used, “the doctrine of unfair competition, whose basic principle is that commercial unfairness should be restrained whenever it appears that there has been a misappropriation, for the advantage of one person, of a property right belonging to another.”⁴⁹

This New York State ruling seemed to cement the idea that a famous trademark exception existed in common law, but because it was another state court decision, it did not add to any national standardization. It also failed to help standardize any tests or rules regarding the determination of fame.

4. *Koffler*

As time went on, some parties began to rely heavily on advertising expenditures as proof of fame.⁵⁰ The need for some kind of quantifiable fame test was causing anxiety with trademark owners. Although proof of extensive advertising does not always lead to fame, it is some circumstantial evidence of consumer exposure to a brand or trademark.⁵¹ This strategy was rewarded in *Koffler Store, Ltd.*

⁴² *Id.*

⁴³ *Id.* at 94.

⁴⁴ *Id.* (emphasis added).

⁴⁵ *Id.* at 93.

⁴⁶ 193 N.Y.S.2d 332 (Sup. Ct. 1959).

⁴⁷ *Id.* at 334.

⁴⁸ *Id.* at 335.

⁴⁹ *Id.*

⁵⁰ See *Koffler Stores, Ltd. v. Shoppers Drug Mart, Inc.*, 434 F. Supp. 697, 704 (E.D. Mich. 1976).

⁵¹ *Id.*

*v. Shoppers Drug Mart, Inc.*⁵², where a Michigan court applied the New York idea of extensive cross-border advertising as a basis of finding fame.⁵³ In *Koffler*, the court found that a Canadian trademark had gained enough fame to deserve protection in the United States.⁵⁴ The court concluded that, “[w]here advertising and good will extend beyond the immediate selling market, this reputation will be protected even though the prior use is far removed from the market of the newcomer, and there is little likelihood of his expansion into that market.”⁵⁵

5. *Mother’s Kitchen*

Other parties were not as successful with proving fame through advertising expenditures. This may be because parties were still left to ponder after the *Koffler* decision, the limit of advertising needed to prove fame. This question arose in a case where the Trademark Trial and Appeals Board (“TTAB”) refused to offer protection for Mother’s Kitchen (“MOTHER’S KITCHEN”). MOTHER’S KITCHEN was a Canadian restaurant chain which advertised across the United States border via television.⁵⁶ In this case, the TTAB wanted a more concrete showing of fame in order to find that the goodwill of the Canadian restaurant was in jeopardy in the United States.⁵⁷ The TTAB found that just any advertising does not necessarily create a famous trademark, deserving of protection.⁵⁸ The TTAB compared the level of advertising of the MOTHER’S KITCHEN trademark to the Michigan Court’s finding in *Koffler*. The TTAB distinguished *Koffler* and found that a high degree of advertising was necessary to produce a famous trademark and, therefore, denied protection for MOTHER’S KITCHEN.⁵⁹

The *Mother’s Restaurants, Inc. v. Mother’s Other Kitchen, Inc.* case is interesting for a particular reason. Before this case, the American law on famous foreign trademark protection appeared to rest only in state unfair competition law. The Lanham Act has no famous marks exception and despite the Paris Convention’s famous trademark protection provision in Article 6bis, American courts continued to avoid the invocation of the Convention as American law. But *Mother’s Restaurants* was decided by a federal agency, the TTAB. This decision marked the first invocation of the famous marks doctrine by a federal administrative agency. In *Mother’s Restaurants*, the TTAB cited Lanham Act 2(d) for source confusion, but also *Vaudable* in mentioning that the famous trademark exemption actually existed.⁶⁰ This dicta is significant if for no other reason than it was the first time a federal agency had entertained the possibility of a federal famous marks excep-

⁵² 434 F. Supp. 697, (E.D. Mich. 1976).

⁵³ *Id.* at 704.

⁵⁴ *Id.*

⁵⁵ *Id.* (citing *Maison Prunier v. Prunier’s Rest. & Cafe*, 288 N.Y.S. 529 (Sup. Ct. 1936); *Stork Rest., Inc. v. Marcus*, 36 F. Supp. 90 (E.D. Pa. 1941)).

⁵⁶ *Mother’s Rests., Inc. v. Mother’s Other Kitchen, Inc.*, 218 U.S.P.Q. (BNA) 1046 (T.T.A.B. 1983).

⁵⁷ *Id.* at 1048.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

tion. And TTAB did so while referencing a Lanham Act provision together with common law precedent.⁶¹

Thereafter, the protection of famous foreign trademarks sat for some time. It languished in state court unfair competition law precedent, different in each state. It remained completely absent in states which had never ruled on the issue. It remained absent from federal statute and hopelessly tied to multiple strings of bisecting and intersecting case law. No uniform rules and tests were established and no concrete protection existed. But with the dawn of the new millennium came new discussions and new cases dealing with the subject. Would modern courts recognize the problems of the lack of uniformly protecting famous foreign trademarks?

III. CURRENT CASE LAW

A. *Grupo Gigante*

Just after 2000, the famous trademark question was thrust back into the spotlight by a pair of Federal Circuit court rulings on opposite coasts. In 1983, the TTAB had mentioned the famous marks exception at a federal level in *Mother's Restaurants*.⁶² Now it was time for other federal courts to discuss the doctrine. The question at hand was not only whether the federal courts would entertain a famous foreign trademark exception, but if so, what source of law they would refer to: common law, state unfair competition law, federal Lanham Act, or the Paris Convention? Also left to be seen was whether the courts would seriously begin a standardization process of testing fame.

First, the Ninth Circuit in California found that a famous trademark deserved protection in *Grupo Gigante SA De CV v. Dallo & Co., Inc.*⁶³ In that case, an established Mexican grocery store chain, looking to expand north of the border, found that an established but later created American store had already used its name.⁶⁴ Neither group had registered the trademark ("GIGANTE") in the United States, but the American company had used it in America first.⁶⁵ The Mexican company sued the American company for copycatting, claiming that the grocery store name GIGANTE was famous in Mexico.⁶⁶ It claimed that the American company was free riding off of the goodwill, which the Mexican company had with the Mexican-American population in southern California.⁶⁷

⁶¹ *Id.* Board Member Allen's concurring opinion in *Mother's* includes a dialogue which cautions against using advertising alone to constitute use of a trademark in the age of satellite technology for fear that it would be "extremely hazardous" to do so without some registration system in place. *Id.* at 1050-51. (Allen, Board Member, concurring). Allen distinguished *Mother's* from *Maxime's* for lack of unfair competition as it was never established that the MOTHER'S KITCHEN Canadian restaurant was famous in the United States. *Id.*

⁶² See *Mother's Rests.*, 218 U.S.P.Q. (BNA) at 1048 (referencing, in dicta, both the Lanham Act and *Vaudable* by the TTAB).

⁶³ 391 F.3d 1088, 1088 (9th Cir. 2004).

⁶⁴ *Id.* at 1091.

⁶⁵ *Id.* at 1091-92.

⁶⁶ *Id.* at 1091-93.

⁶⁷ *Id.*

The Ninth Circuit analyzed the name GIGANTE in order to decide if it deserved protection in America, even where the Mexican company had not used it.⁶⁸ The Ninth Circuit, although deciding the case on other grounds, did go into great detail as to the fame needed by the trademark in order to deserve protection in a foreign territory.⁶⁹ The court noted that the established test of secondary meaning, alone, was not a sufficient test to determine if enough fame existed in a trademark to afford it protection outside of the territory in which it was used.⁷⁰

In addition, where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark. The relevant American market is the geographic area where the defendant uses the alleged infringing mark. In making this determination, the court should consider such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country. While these factors are not necessarily determinative, they are particularly relevant because they bear heavily on the risks of consumer confusion and fraud, which are the reasons for having a famous-mark exception.⁷¹

The court ruling demanded concrete survey evidence of secondary meaning present in a “substantial percentage” of the “relevant American market.”⁷² That substantial percentage turned out to be in the twenty to twenty-two percent range of familiarity in a population of Spanish-speaking Californians.⁷³ By setting the parameters as such, the court effectively took a narrow view of the population and examined the “relevant market.”⁷⁴

The Ninth Circuit in *Grupo Gigante* even addressed the source of the law which it used to decide the case by stating that the Paris Convention was not self-executing American law.⁷⁵ Instead, the court found that the Paris Convention did nothing more than extend the idea of national treatment to American intellectual property law.⁷⁶

By so ruling, the Ninth Circuit placed the possibility of a federal famous foreign marks exception front and center. The court offered a standardization of the

⁶⁸ *Id.* at 1094.

⁶⁹ *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1099 (9th Cir. 2004).

⁷⁰ *Id.* at 1098.

⁷¹ *Id.* at 1098.

⁷² *Id.*

⁷³ *See id.* at 1108 (Graber, J., concurring).

⁷⁴ *Id.* Not all judges in *Grupo Gigante* felt that this was the proper test to administer to find fame. In a concurring opinion, Judge Graber called for a more stringent standard for establishing a famous trademark in the United States. *Id.* at 1106. Judge Graber first cautioned against using pure survey evidence to prove fame of a trademark and then criticized the court in *Grupo Gigante* for sampling a narrow population in its test of fame. *Id.* at 1107-08. Instead of the twenty-two percent standard which was proposed by the majority in *Grupo Gigante*, Graber argued that a majority, or fifty percent standard of familiarity in the potential customers, at the time the mark is first used, is more appropriate. *Id.* at 1108. Still, Graber’s more stringent percentage standard relies on the definition of who “potential customers” are and are not. *Id.*

⁷⁵ *Grupo Gigante*, 391 F.3d at 1099.

⁷⁶ *Id.*

test for fame by establishing that a “substantial percentage” of the “relevant population” coupled with the secondary meaning test would answer the question.⁷⁷ Thus, *Grupo Gigante* marked a large step forward toward the goals of federal recognition of famous trademark protection and in standardizing the test for fame.⁷⁸

B. Bukhara Restaurants

The most recent federal test for famous trademarks came from the east coast. This time it was the Second Circuit’s chance to answer the question of whether a famous trademark exemption existed on the federal level.

In 2007, an international restaurant chain sued a United States restaurant for copying their trademark.⁷⁹ In this case, the famous restaurant was named Bukhara (“BUKHARA”).⁸⁰ The original BUKHARA restaurant resides in New Delhi, India and has won numerous accolades.⁸¹ After establishing its first location, the restaurant expanded and opened other chain locations in Hong Kong, Bangkok, Bahrain, Montreal, Bangladesh, Singapore, Kathmandu, Ajman, and also locations in New York and Chicago.⁸² The American BUKHARA restaurants were subsequently shut down after a few years of poor business.⁸³

A few years after the BUKHARA restaurants were shut down in the United States, a former employee of the restaurant opened his own “BUKHARA” restaurant in New York.⁸⁴ The Indian company sued the American company for trademark infringement and false advertising, relying on the famous foreign trademark doctrine.⁸⁵ The federal district court granted summary judgment for the defendants based on the abandonment of the BUKHARA trademark in the United States.⁸⁶ The Second Circuit on appeal dismissed the idea of a federal famous foreign trademark exception.⁸⁷ It found “that Congress has not yet incorporated that doctrine into federal trademark law” and affirmed the district court’s ruling.⁸⁸

The Second Circuit certified certain questions back to the New York state courts to ascertain if a state claim for unfair competition existed.⁸⁹ The New York Court of Appeals found that unfair competition was a viable claim under New York state law, separate from a famous foreign marks claim, and that even foreign companies’ goodwill should be protected from fraud.⁹⁰ In 2008, the Second Cir-

⁷⁷ *Id.* at 1098.

⁷⁸ *Id.*

⁷⁹ *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007).

⁸⁰ *Id.*

⁸¹ *Id.* at 142-43.

⁸² *Id.* at 143-44.

⁸³ *Id.* at 146-48.

⁸⁴ *Id.* at 144.

⁸⁵ *ITC*, 482 F.3d at 142.

⁸⁶ *Id.* at 142.

⁸⁷ *Id.*

⁸⁸ *Id.* at 142.

⁸⁹ *Id.* See *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852, 854 (N.Y. 2007).

⁹⁰ *ITC*, 880 N.E.2d at 859 (N.Y. 2007).

cuit affirmed the district court's ruling and explained the New York Court of Appeals' answer on unfair competition.⁹¹ The Second Circuit reiterated what the New York Court of Appeals ruled, that a test for secondary meaning is necessarily coupled with proof that the defendant intentionally copied the plaintiff's mark or trade dress.⁹² The Second Circuit held that the district court did not err in requiring a showing of secondary meaning for the name "BUKHARA" and that no genuine issue of material fact existed regarding the New York consumer's primary association with the Indian company.⁹³ The Second Circuit agreed that the intentional copying actually existed in this case, but that no secondary meaning existed for the consumers in the New York area.⁹⁴

C. Ramifications of *ITC* and *Grupo Gigante*

The Second Circuit's ruling in *ITC Ltd. v. Punchgini, Inc.* essentially cut down the possibility of a federal famous trademarks exception. It did so by noting that the Ninth Circuit's ruling in *Grupo Gigante* was not based on either the Lanham Act or the Paris Convention and was therefore not binding law.⁹⁵

But the Second Circuit also left an interesting and difficult precedent for the only remaining famous trademark exception of state unfair competition law. In *ITC*, the Second Circuit, using New York State unfair competition law, examined whether the name BUKHARA held any secondary meaning for the relevant consumer population.⁹⁶ But unlike in *Grupo Gigante*, the *ITC* ruling seemed to broaden the scope of "relevant population" out to the point where no secondary meaning existed.⁹⁷ Remember, for the Ninth Circuit to find that GIGANTE was famous and therefore protectable, the Court examined a narrow population of only those "Spanish-speaking, [consumers who] had recently purchased Mexican-style food at a supermarket or other food store."⁹⁸ Judge Graber wrote in a concurring opinion in *Grupo Gigante* because he wanted to emphasize that he felt that "any residents of San Diego County-not just . . . Mexican-Americans-" should have been included in an analysis of whether GIGANTE was a famous mark or not.⁹⁹ The Second Circuit in *ITC* expanded Judge Graber's idea and examined an even more expansive view of the relevant population.

This disagreement highlights the very critical point of the "relevant population" analysis. The fundamental definition of who is and who is not in the "relevant population" with which to judge fame is a fundamental question at issue in

⁹¹ *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159, 163 (2d Cir. 2008).

⁹² *Id.* at 161.

⁹³ *Id.* at 163.

⁹⁴ *Id.* at 161-62.

⁹⁵ *ITC*, 482 F.3d at 160.

⁹⁶ *ITC*, 518 F.3d at 162.

⁹⁷ *Id.*

⁹⁸ *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004).

⁹⁹ *Id.* at 1108. Judge Graber also cited *Japan Telecom, Inc. v. Japan Telecom Am. Inc.*, 287 F.3d 866, 875 (9th Cir. 2002), for the idea that an analysis of the product should dictate the relevant consumer population and he felt that a grocery store sells groceries to all people and should therefore dictate a larger sample set with which to judge fame.

any famous trademarks exception analysis. By siding with the broadest interpretation of the test as the Second Circuit did in *ITC*, courts can effectively kill off the famous trademarks exception. This is because the court can decide that the “relevant population” in question is so large that any group who thought the mark was famous could be diluted by those who did not. For example, if the entirety of New York were examined as the “relevant population” of restaurant consumers in 1936, could Prunier’s have claimed fame as it did? If the entirety of Pennsylvania had been examined in 1951, would the Stork Club have been regarded as famous enough for protection?

It is for this reason, that the court’s decision of who is and who is not included as the “relevant population” holds the key to the famous trademark exception, not to mention which percentage of that population is targeted as the standard. If courts are allowed to dilute the fame of a trademark with a large “relevant population,” any codified protection of famous trademarks could be erased. But stopping courts from doing this is a difficult problem indeed.

As we have seen, the definition of “relevant population” is only one of the problems that stand in the way of implementing a practical solution to protecting famous trademarks in America. Thus far, we have outlined the problems with the historic attempts at protection when courts have used state equity law. We have highlighted the lack of federal protection and demonstrated some of the difficulties that new cases have raised. Next, this note will begin discussing how practical changes can be made to American law in order to move forward with protection of famous marks.

IV. IMPLEMENTING PRACTICAL CHANGE

It is obvious from the discussion thus far that sufficient protection for famous foreign trademarks is lacking in America. No uniform set of laws exists with which to guide business decisions. Patchwork state unfair competition law pervades the legal landscape in different forms in each state.¹⁰⁰ No single test is established for deciding whether a trademark is famous or not. Additionally, America is looking like it is shirking its international duties to uphold protection of famous foreign trademarks.¹⁰¹

¹⁰⁰ See, e.g., *Koffler Stores, Ltd. v. Shoppers Drug Mart, Inc.*, 434 F. Supp. 697, 704 (E.D. Mich. 1976); *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004); *Stork Rest. v. Marcus*, 36 F. Supp. 90 (E. D. Pa. 1941).

¹⁰¹ America is a signatory of TRIPS. 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. 81, (1994) [hereinafter WTO Agreement]. TRIPS Articles 16 (2) and 16 (3) deal with protection of famous trademarks. TRIPS is based on the Paris Convention Article 6*bis* which also deals with protection of famous trademarks. See Dinwoodie, *surpa* note 4, at 902 n.59 (stating that it is uncertain as to whether the Paris Convention is self-executing American law or not, but the United States is a TRIPS signatory). Although these conventions do not necessitate protecting famous trademarks that are not physically attached to goods sold in a particular geographic region, the idea was considered for the Paris Convention. Note that Article 6*bis* of the Paris Convention of 1958 attempted to insert language regarding the non-use requirement but that was removed after two dissenting votes were cast. See Dinwoodie, *surpa* note 4, at 913 for an in-depth look at the idea of use-based trademark requirements and a history of the Paris Convention’s revisions. In recognition of protecting famous foreign trademarks, even in areas where they are not attached to

These problems can all be remedied. There are steps that we can take in America if we are to extend a uniform protection to famous foreign trademarks. But the steps that we need to take are not easy. They are not things that can be written into law and forgotten about. They are fundamental changes in how we perceive American law. They are fundamental changes in how courts are allowed to decide certain points of law. They are not easy changes, but they must be made.

The second section of this note will detail the practicalities of implementing federal protection of famous foreign trademarks in America. It will analyze the hurdles that stand before such implementation including the Commerce Clause and also existing common law precedent. It will outline a practical solution to enacting federal protection of famous foreign trademarks in the United States, while conceding that implementation will not be easy. It will conclude with four steps that are necessary if we are to implement federal protection of famous foreign marks in America.

A. The Constitutional Limitations of a Lanham Act Amendment

A statutory answer may be the solution that comes to mind in order to standardize federal protection of famous trademarks. This note discussed how statutes standardize a particular issue much better than piecemeal common law rules, so such a solution looks enticing. The solution becomes increasingly attractive as the statute could be created as an amendment to the existing Lanham Act. This seems almost simple when one recognizes that there are already standards for measuring fame that have been established in the anti-dilution section of Lanham Act 43(c), the new federal trademark anti-dilution statute.¹⁰² It would be easy to adapt these

goods is a positive step for the world economy, WIPO came out with a joint recommendation on how to implement such laws. See Thirty-fourth Series of Meetings of the Assemblies and Other Bodies of the Member States of WIPO, Sept. 20-29, 1999, *General Report*, ¶¶ 171–83, Doc. A/34/16 (Sept. 29, 1999) [hereinafter *WIPO General Report*], available at http://www.wipo.int/edocs/mdocs/govbody/en/a_34/a_34_16.pdf. Despite the fact that world organizations emphasize the importance of protecting famous foreign trademarks, standardized federal protection still does not exist in America. *Compare Grupo Gigante*, 391 F.3d 1088, with *ITC*, 518 F.3d 159.

¹⁰² Section 43(c)(1)-(4)(c) of the Lanham Act states:

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to-- (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. (2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 34 unless the person against whom the injunction is sought willfully in-

general guidelines from domestic famous marks to famous *foreign* marks. But unfortunately this simple solution is not so simply executed.

One problem with this idea is that the Lanham Act is a federal statute. It reaches only what the United States Congress can lawfully legislate.¹⁰³ This becomes a problem when we look at protecting a famous foreign trademark that is not attached to any goods or services sold within the United States. The Constitution and specifically the Commerce Clause may limit congressional authority to make such a law.

The Lanham Act defines “use in commerce” in a definition section stating, “[t]he word ‘commerce’ means all commerce which may *lawfully be regulated by Congress*.”¹⁰⁴ Congressional power to regulate commerce is constrained by the Constitution and by the courts’ interpretations of the Constitution.¹⁰⁵

As the interpretation of these constitutional clauses has changed over the years, so too has Congress’ perceived power to regulate.¹⁰⁶ Strict constructionists like to think that the Commerce Clause and the Necessary and Proper Clause harshly restrict Congressional authority to regulate.¹⁰⁷ They argue that Congress may only make laws that deal with commerce between the states and international commerce.¹⁰⁸ More liberal interpretations of the Constitution have allowed Congress a broader power over lawmaking, at times stretching into what could be considered purely internal state matters.¹⁰⁹ This interpretation of Congressional authority to regulate has profound implications on the federal implementation of protecting famous foreign trademarks. If it is determined that Congress has no authority over trademarks that are not “used” in American commerce, then federal law over such marks would be unconstitutional.

tended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity. (3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to the mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label or form or advertisement. (4) The following shall not be actionable under this section: (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Noncommercial use of a mark. (C) All forms of news reporting and news commentary.

15 U.S.C. § 1125(c)(1)-(4)(C) (2006).

¹⁰³ See U.S. CONST. art. IV; U.S. CONST. amend. X.

¹⁰⁴ Lanham Act 15 U.S.C. § 1127 (2006) (emphasis added).

¹⁰⁵ Article I, Section 8, Clause 3 of the United States Constitution states that “Congress has the power to...” “...regulate commerce with foreign nations, and among the several states, and with the Indian tribes...” *Gibbons v. Ogden*, 22 U.S. 1 (U.S.1824) is the first of a series of cases which interpret the Congressional limits imposed by the commerce clause.

¹⁰⁶ See ERWIN CHEMERINSKY, CONSTITUTIONAL LAW, 11-12 (2d ed. 2005).

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* See also, 16 AM. JUR. 2D *Constitutional Law* § 837 (2009).

¹⁰⁹ *Id.*

1. Interpretation of the Commerce Clause Dictates Congressional Authority to Protect Famous Foreign Trademarks

The investigation of the Commerce Clause and its historic interpretation takes us back to the 1870's. By then, the United States Congress had recognized trademarks as having a large impact on the burgeoning American economy. Federal trademark statutes protecting trademark owners from copycat fraud were passed.¹¹⁰ Congress also established a federal trademark registration system in 1870.¹¹¹ But in 1879, through review of a group of consolidated trademark cases, the Supreme Court declared the federal trademark statute unconstitutional.¹¹²

In the consolidated cases entitled *In re Trade-Mark Cases*, the Supreme Court looked to Article I, Section 8, Clause 8 of the Constitution and only saw the federal powers to protect copyright and patents, not trademarks.¹¹³ It then looked to the Commerce Clause in Article I, Section 8, Clause 3 and found that pure intrastate commerce, taking place within one state, only by members of that state, was beyond the reach of federal regulatory control.¹¹⁴ Because the Court found that the federal trademark statutes did not attempt to limit federal control to commerce as only between the states or *only* between America and foreign nations, it was found to be unconstitutional.¹¹⁵ The Court even refused to allow the trademark statute to remain in place for interstate and international trade, which were areas of commerce that Congress could regulate.¹¹⁶

Because of this ruling, and the negation of the federal laws, trademark law in America went back to being a creature of common law. Trademark rights continued to exist in common law for a long time after the *Trade-Mark* cases were decided, partly because of the narrow view of Congressional authority to regulate commerce between the states. But in other areas of law, the Commerce Clause began to expand to give more regulatory authority to Congress.¹¹⁷ After the turn of the twentieth century, industrialization took hold and the Supreme Court began to broaden the Commerce Clause's scope.¹¹⁸ This allowed Congress to enact many

¹¹⁰ See e.g., Act of Aug. 14, 1876, ch. 274, 19 Stat. 141. See also *In re Trade-Mark Cases*, 100 U.S. 82 (1879).

¹¹¹ "Protection for lawful trade-marks may be obtained by individuals, firms, or corporations entitled to the same if they comply with the requirements prescribed by the act of Congress; and the provision is, that a trade-mark duly registered as required shall remain in force thirty years from the date of such registration, subject to an exception not necessary to be noticed. 16 Stat. 210; Rev. Stat., sects. 4937, 4941." See *In re Trade-Mark Cases*, 100 U.S. at 85 (quoting *McLean v. Fleming*, 96 U.S. 245 (1877)).

¹¹² *Id.*

¹¹³ *Id.* at 93 (referencing U.S. CONST. art. I, § 8, cl. 8). It does however have a clause dealing with copyrights and patents stating Congress has the power "[t]o promote the [p]rogress of [s]cience and useful [a]rts, by securing for limited [t]imes, to [a]uthors and [i]nventors, the exclusive [r]ight to their respective [w]ritings and [d]iscoveries." *Id.* (quoting U.S. CONST. art. I, § 8, cl. 8). Because of this, in the early days of American trademark law, rights were acquired only by use. No federal laws regarding trademarks existed.

¹¹⁴ *Id.* at 96.

¹¹⁵ *Id.* at 96-97.

¹¹⁶ *In re Trade-Mark Cases*, 100 U.S. at 98-99.

¹¹⁷ See *infra* note 130.

¹¹⁸ See *infra* note 130.

new federal laws which reached farther and farther into what was previously considered intrastate commerce.¹¹⁹ By 1946, Congress' view of the Commerce Clause was such that a federal trademark statute was no longer considered unconstitutional.¹²⁰ The passage of the Lanham Act signaled a change from previously strict views of Congressional authority to regulate trademarks in the United States.

Still more broadening of Congressional power to regulate took place over the next fifty years.¹²¹ In 1995, however, the Supreme Court signaled a change to this trend when it decided *United States v. Lopez*.¹²² *Lopez* showed the Supreme Court's intention to once again narrow the Commerce Clause's authority for Congress to regulate.¹²³

The subject of *Lopez* was a federal statute known as the Gun-Free School Zones Act of 1990.¹²⁴ This law was a criminal statute which forbade people from possessing firearms near public schools.¹²⁵ The Court found that the statute exceeded the authority of Congress to regulate commerce among the several states.¹²⁶ The Supreme Court found that the activities that the law sought to preempt were not commercial in nature and did not constitute interstate commerce.¹²⁷ This analysis was not unlike the Supreme Court's reasoning in *In re Trade-Mark Cases* from 1879.¹²⁸

Still more tightening of congressional authority to regulate among the several states took place over the next two decades. In 2000, the Supreme Court struck down the Violence Against Women Act in *United States v. Morrison*,¹²⁹ citing constitutional limitations.¹³⁰ Again the Supreme Court found that a lack of commercial activity between states kept federal laws from governing the subject matter, even if an aggregate of the activity might affect interstate commerce.¹³¹

¹¹⁹ See Edward S. Rogers, *The Lanham Act and the Social Function of Trade-Marks*, 14 LAW & CONTEMP. PROBS. 173, 177-84 (1949) (discussing how the Lanham Act dealt with the constitutional problem).

¹²⁰ See Lanham Act, 15 U.S.C. §§ 1114-27 (2006).

¹²¹ For a good discussion of how the Commerce Clause's authority shifted with *United States v. Lopez*, see ERWIN CHERMERINSKY, CONSTITUTIONAL LAW 153 (2d ed. 2005).

¹²² 514 U.S. 549 (1995).

¹²³ *Id.*

¹²⁴ *Id.* at 549-50.

¹²⁵ *Id.* (citing 18 U.S.C. § 922(q)(1)(A)).

¹²⁶ *Id.* at 549.

¹²⁷ Compare *Lopez*, 514 U.S. at 549-50 with *In re Trade-Mark Cases*, 100 U.S. 82, 93-99 (1879).

¹²⁸ See *Trade-Mark Cases*, 100 U.S. at 82.

¹²⁹ 529 U.S. 598 (2000).

¹³⁰ *Id.* This case affirmed the Fourth Circuit's striking of 42 U.S.C. § 13981, which was part of the Violence Against Women Act of 1994, Pub. L. No. 103-332, 108 Stat. 1902 et seq. It states that "[a]ll persons within the United States shall have the right to be free from crimes of violence motivated by gender." 42 U.S.C. § 13981(b).

¹³¹ *Id.* "As we observed in *Lopez*, modern Commerce Clause jurisprudence has 'identified three broad categories of activity that Congress may regulate under its commerce power.'" *Lopez*, 514 U.S. at 558 (citing *Hodel v. Virginia Surface Mining & Reclamation Ass'n*, 452 U.S. 264, 276-77 (1981); *Perez v. United States*, 402 U.S. 146, 150 (1971)). First, Congress may regulate the use of the channels of interstate commerce. *Lopez*, 514 U.S. at 558 (citing *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241, 256 (1964); *United States v. Darby*, 312 U.S. 100, 114 (1941)). Second, Congress is empowered to regulate and protect the instrumentalities of interstate commerce, or persons or things in inter-

From these recent cases, it is not a stretch to conclude that the days of unrestricted federal law-making powers are over, at least for now. This means that the Commerce Clause stands again as a resolute hurdle for all federally enacted statutes.¹³² And because the Lanham Act is a federal statute, passed by the United States Congress, it is subject to the constitutional limitations found by the courts. This affects the famous foreign marks doctrine because the famous trademarks at issue are not attached to any goods sold in America.

2. A Hypothetical Illustration of Why the Commerce Clause is Important in a Famous Foreign Marks Discussion

Suppose the only place that a particular *unregistered* trademark was used was in a sleepy corner store of Morton, Texas. There isn't an interstate highway within fifty miles of Morton and the only patrons of the store are also from Morton. Use of this trademark would probably not be considered "commerce" that Congress could regulate. If the corner store were on an interstate highway, a good argument could be made that using the mark with interstate highway travelers was interstate commerce and subject to regulation by Congress.¹³³ But what if the people who grew up and lived in Morton were the only people who ever saw this trademark?¹³⁴ Then surely it would be hard to argue that this trademark would fall under anything but state laws.

Likewise, it would be equally as hard to argue that the federal Lanham Act could reach trademarks that were never even used in the United States. For if the Commerce Clause can't reach west Texas, how could it reach Beijing? Suppose that the hypothetical above replaced Morton with Beijing. If only people from Beijing ever used a trademark in Beijing, surely the United States Congress could not regulate its use with the Lanham Act. But what if it could? What would it take for the Lanham Act to reach into Beijing?

Short of a constitutional amendment, the only conceivable way to do this would have to be to modify how we define the terms of the Commerce Clause itself. What if the traditional notions of "use" and "commerce" were redefined? What if "using" a trademark included making a goods-source connection instead of only physically affixing it to an item sold in America? What if "commerce" included exposing enough Americans to a brand so that the source connection gar-

state commerce, even though the threat may come only from intrastate activities. *Lopez*, 514 U.S. at 558 (citing *Houston, E. & W. Tex. Ry. Co. v. United States*, 234 U.S. 342 (1914); *Southern Ry. Co. v. United States*, 222 U.S. 20, 32 (1911)). Finally, Congress' commerce authority includes the power to regulate those activities having a substantial relation to interstate commerce ... i.e., those activities that substantially affect interstate commerce. *Lopez*, 514 U.S. at 558-59 (citing *NLRB v. Jones & Laughlin Steel Corp.*, 301 U.S. 1, 37 (1937); see *Morrison*, 529 U.S. at 608-09.

¹³² *But see* *Gonzalez v. Raich*, 545 U.S. 1 (2005) (upholding congressional laws criminalizing marijuana possession even though the laws prohibited purely intrastate activity that did not cross state lines).

¹³³ See *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662 (Fed. Cir. 1991), *cert denied*, 502 U.S. 823 (1991) (for a case which finds that a restaurant near an interstate highway is using a trademark in interstate commerce).

¹³⁴ See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959), (ruling on territoriality of trademark use in commerce centering on the lack of confusion issue).

nered fame?

As odd as it may sound, this suggestion is not a hypothetical one. Two recent cases indicate that the federal courts might just be entertaining this method of protecting foreign famous foreign trademarks. This note will next examine how these courts attempted to redefine “use” and “commerce” and will critique their attempts. It will find that although they succeeded in redefining traditional trademark usage, the courts missed opportunities to apply the secondary meaning analysis of Lanham Act 43(c) in order to more easily distinguish whether marks were famous or not. Instead of doing so, the courts concocted their own messy solutions and came up with ugly precedent. The first case from 2003, is *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco* and the second from 2008 is *Aktieselskabet AF 21. November 2001 v. Fame Jeans Inc.*¹³⁵

B. The Fourth Circuit’s Re-definition of “Use in Commerce”

In the first case, the defendant, Societe des Bains de Mer et du Cercle des Etrangers a Monaco (“SBM”) owned and operated a group of resorts and casinos in Monte Carlo, Monaco.¹³⁶ One of the established casinos was the Casino de Monte Carlo (“CASINO DE MONTE CARLO”) which has operated under that name since 1863.¹³⁷ This trademark was not registered in the United States, but was registered in Monaco.¹³⁸

The plaintiff in this case was International Bancorp, LLC (“Bancorp”), a French-run online gambling group which used the name CASINO DE MONTE CARLO on their gambling websites, including in the names of the sites themselves.¹³⁹ The websites not only used the name of the Monte Carlo casino, but also used pictures of the actual building’s interior and exterior in order to promote its online gambling site.¹⁴⁰ Bancorp had no affiliation with the actual casino, which is located in Monaco, or SBM, but allegedly used the name and images to bolster its caché with online gamblers.

When SBM became aware of Bancorp’s websites and their use of the name CASINO DE MONTE CARLO along with images of the casino, it challenged their use in the World Intellectual Property Organization (“WIPO”).¹⁴¹ WIPO appointed a committee to hear the challenge and the result was that WIPO agreed with SBM. They ruled that Bancorp should transfer all of the Casino de Monte Carlo websites to SBM.¹⁴² In order to escape this judgment, Bancorp filed suit in

¹³⁵ *Int’l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003); *Aktieselskabet AF 21. November 2001, v. Fame Jeans Inc.*, 525 F.3d 8 (D.C. Cir. 2008).

¹³⁶ *Int’l Bancorp*, 329 F.3d at 361.

¹³⁷ *Id.* at 363.

¹³⁸ *Id.* at 361.

¹³⁹ *Id.* at 363.

¹⁴⁰ *Id.* at 361.

¹⁴¹ *Id.* at 361-62.

¹⁴² *Int’l Bancorp*, 329 F.3d at 361.

the U.S. Federal Courts for a declaratory judgment of non-infringement. There, defendant SBM counterclaimed trademark dilution, infringement, unfair competition and cybersquatting.¹⁴³ The United States District Court for the Eastern District of Virginia found summary judgment in favor of defendant SBM on the counts of trademark infringement and cybersquatting, but ruled against SBM on the trademark dilution and unfair competition claims for failure to prove damages.¹⁴⁴ The court awarded \$51,000,000 to SBM and ordered a transfer of forty-three of Bancorp's fifty-three website domain names to SBM.¹⁴⁵ Plaintiff Bancorp appealed that decision to the Fourth Circuit.¹⁴⁶

On appeal, plaintiff Bancorp argued that SBM didn't have a protectable interest in its trademark in the United States because it was (1) unregistered; and (2) not used in commerce in the United States.¹⁴⁷ This was true in the sense that SBM did not have a registered trademark in America, and the only casino operated by SBM was located in Monaco. SBM would have to overcome these hurdles to win its infringement suit.

The Fourth Circuit began its analysis by defining "use in commerce" by stating that the Lanham Act required "*services* SBM provided under the "Casino de Monte Carlo" mark [to be] *rendered in commerce* . . ." ¹⁴⁸ The court then noted that it was the Constitution's Commerce Clause that limits the Lanham Act's scope of authority to regulate interstate and foreign trade.¹⁴⁹

The lower court had found trademark infringement of SBM's trademark because of a New York office owned by SBM.¹⁵⁰ SBM used the office to advertise trips to their casinos and resort properties in Monaco.¹⁵¹ It was disputed whether or not one could actually book a trip to the casino by walking into the office.¹⁵² SBM maintained that this was use in commerce: advertising, running the office, booking reservations *in America* with American consumers.¹⁵³ Bancorp contended that the only thing happening at the New York office was "mere[ly] advertising" and that the real services rendered by SBM were only in Monaco at their casino itself.¹⁵⁴

Although the district court found that this office was SBM's link to "use in commerce" in the United States, the Fourth Circuit found that it was not.¹⁵⁵ Instead, the Fourth Circuit found that even if SBM booked trips to their Monaco

¹⁴³ *Id.* at 361-62.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* at 362.

¹⁴⁷ *Id.* at 363.

¹⁴⁸ *Int'l Bancorp*, 329 F.3d at 363.

¹⁴⁹ *Id.* at 363-64.

¹⁵⁰ *Id.* at 364-65.

¹⁵¹ *Id.* at 365.

¹⁵² *Id.* at 364. The Fourth Circuit quoted the district court, which found that reservations could be booked in the New York office, but notes that the plaintiff disputed that any booking could be accomplished there and that the office was merely used for advertising. *Id.*

¹⁵³ *Id.*

¹⁵⁴ *Int'l Bancorp*, 329 F.3d at 365.

¹⁵⁵ *Id.*

properties, it was trips to other properties and not to their casinos.¹⁵⁶

Without the New York office link to “use in American commerce,” SBM needed some other way for the Lanham Act to reach them. This is where the Fourth Circuit used a bold step to take the Lanham Act to Monaco.

In order to find that SBM’s trademark was “used in commerce,” the court asked if American citizens had ever gone to the Monaco casino and gambled there.¹⁵⁷ The court found that “foreign trade” could be found if American *tourists* gambled at the foreign casino.¹⁵⁸ The Fourth Circuit summed up its reasoning when it stated,

Because SBM used its mark in the sale and advertising of its gambling services to United States citizens; because its rendering of gambling services to United States citizens constitutes foreign trade; because foreign trade is commerce Congress may lawfully regulate; and because commerce under the Lanham Act comprises all commerce that Congress may lawfully regulate, the services SBM renders under the “Casino de Monte Carlo” mark to citizens of the United States are services rendered in commerce, and the “use in commerce” requirement that the Lanham Act sets forth for the mark’s protectability is satisfied.¹⁵⁹

This assertion certainly seemed to cast a wide net for the Lanham Act. The Fourth Circuit court’s ruling was that the Commerce Clause now follows American tourists on holiday based on the international prong of the Commerce Clause.¹⁶⁰ If an American tourist steps into a back alley shop in Hong Kong, the Commerce Clause follows him. If an American tourist buys a Turkish candy bar, that trademark has now been “used” in America. The same could be said for service marks. Applying this logic, an American citizen visiting London who buys a manicure in a London boutique has just “used” that boutique’s trademark in America.¹⁶¹

C. Ramifications of the Fourth Circuit’s Two-Pronged Test Found in International Bancorp

Played out in such hypotheticals, the *International Bancorp* holding seems absurd. The possible ramifications of such a ruling could trickle into unforeseen areas of law with odd consequences. If this ruling means that the only thing needed to satisfy the Lanham Act’s “use in commerce” requirement is an Ameri-

¹⁵⁶ *Id.* This decision could have been the Fourth Circuit’s way around the fact that the district court had found summary judgment for SBM, despite there being a factual dispute. “The plaintiff companies argue, to the contrary, that there is no evidence in the record that the New York office books reservations to the casino, and that, as a result, the office engages in no activity beyond ‘mere advertising.’” *Id.* at 364. If the court found that booking trips to Monaco was “use in commerce” the question of whether a person could or could not book a trip to Monaco from this New York storefront would surely be a genuine issue of material fact for the fact finder. If so, the Fourth Circuit would have been forced to remand the case and reverse the summary judgment.

¹⁵⁷ *Id.* at 366.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 370.

¹⁶⁰ *Int’l Bancorp*, 329 F.3d at 367.

¹⁶¹ The court also required an advertising prong, which is dealt with later in the note. *See infra* notes 164-69 and accompanying text.

can purchasing trademarked goods or using service-marked products abroad, then would that also establish the mark's priority rights in America?¹⁶² This slant of the hypothetical deserves more discussion. Let us say that a Canadian company makes a chocolate bar with the trademark Goody Good Bar ("GOODY GOOD BAR") and sells only in Canada to Canadians starting in 2000. Then, a French company sells its own chocolate bar with the French trademark of GOODY GOOD BAR in France starting in August 2005. At the chocolate bar release party in Paris, an American buys one and eats it in Paris. The American mentions to the company representative that these bars would surely sell well in the American market as no GOODY GOOD BARS are currently on sale there. In September 2005, the Canadian company, now large enough to ponder exportation of its chocolate bars, gets the notion to head south and begin selling the bars in America. That month, the Canadian company files an intent to use application for GOODY GOOD BARS with the United States Patent and Trademark Office ("USPTO"). In October 2005, the French company decides that it, too, is ready to export its chocolate bars to America and files its own intent to use application with the USPTO for the bars, styled GOODY GOOD BAR.

The TTAB is then forced to hold a hearing to decide what to do with the two companies' applications. In the hearing, both companies are asked if they have ever "used the trademark" in American commerce and, if so, when. The Canadian company says that it has only used the mark in Canada and only sold to Canadian consumers since 2000. The French company says that an American in Paris bought one of its bars in August 2005 and that is why it decided to start exporting to America. According to *International Bancorp*, that purchase would satisfy the Lanham Act's "use in commerce" requirement and the TTAB would have to rule that the French company has priority of the mark in the United States.¹⁶³

To change the hypothetical and illustrate another point, suppose that the French company did not file an intent to use application but instead just consistently sold its chocolate bars to Americans on vacation in Paris from August 2005 onward. An American company stands up and begins to sell its own GOODY GOOD BARS in America in September 2005. Then in 2008, the French company learns of the American company's use of the mark and files a trademark registration with the USPTO, challenging the American company's registration. The French company asserts that it can prove "use in commerce" dating back to August 2005 when it first started selling bars to Americans. The American company can only trace its sales to Americans back to September 2005. According to *International Bancorp*, the TTAB would have to award priority to the French company for selling its goods to Americans in Paris even though the American company had actually sold its goods in America for some time.

The consequences of these hypotheticals can be readily identified. It would throw a large degree of uncertainty into every formulation in determining when a company first "used" its trademark in commerce in America. It would leave the

¹⁶² It is important to explore these possibilities as *SBM* has not been overruled and is technically, therefore, still good law.

¹⁶³ See *supra* Part III.B.

door open for foreign trademark owners to come to America whenever they wished and challenge a trademark based on its “use” of the mark with Americans traveling abroad. It would expand the secondary meaning analysis to a worldwide scale. It would raise critical questions such as: what about Americans living abroad? Does commerce with ex-patriots count as “use” in American commerce?

The *International Bancorp* court also mentioned advertising in its analysis. The court found that advertising alone was not enough to establish “use in commerce.”¹⁶⁴ But throughout its explanation of why it found that SBM had used its mark in American commerce, it noted that SBM’s advertising had been directed toward Americans.¹⁶⁵

Perhaps this was behind the court’s attempt to add a second prong to its new test: use in commerce is satisfied if you sell to an American abroad *and* advertise in the United States. It seems that this test was used by the Fourth Circuit to distinguish the *International Bancorp* case from *Person’s Co. v. Christman*.¹⁶⁶ The Fourth Circuit pointed out that in *Person’s* the Japanese company did not advertise in the United States and, therefore, selling to one American on holiday did not fulfill the use in commerce requirement.¹⁶⁷

But merely adding the “advertising directed toward Americans” prong does not make the test any more palatable. The test is still amorphous. How much advertising is necessary?¹⁶⁸ Is one storefront in New York enough? What about the Internet? What if Person’s had a website of its own (which it does, www.persons.com) that is accessible to Americans?¹⁶⁹ Is that enough advertising? Is that, coupled with one sale to an American, “use in commerce”? What if Person’s had an advertising sign on the side of a Japanese soccer field and an American cable channel showed that game on television? Would that, coupled with a sale to an American on vacation in Tokyo, constitute “use in commerce”? The Fourth Circuit’s vague and undefined attempt to supplant a real secondary analysis in *SBM* with a new test – sell to one American and direct some advertising toward Americans – leaves much to be desired.

The dissenting judge in *International Bancorp*, Judge Motz, saw the negative consequences of this new definition of use in commerce and vigorously voiced them.¹⁷⁰ Judge Motz noted that this new formulation of use in commerce “threatens to wreak havoc over this country’s trademark law and would have a stifling

¹⁶⁴ *Int’l Bancorp*, 329 F.3d at 364.

¹⁶⁵ *Id.* at 373. The court even found that it was improper to state that the SBM trademark had been exclusively used in Monaco, where advertising and marketing in the United States had occurred. *Id.*

¹⁶⁶ *Person’s Co. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990).

¹⁶⁷ *Id.* at 1568-69. But courts have rejected the claim that mere advertising alone does not constitute “use in commerce” in America. *See Buti v. Perosa, S.R.L.*, 139 F.3d 98 (2d Cir. 1998) (holding that the *ad hoc* distribution in the United States of an Italian restaurant’s t-shirts, key chains, and cards by the owner of the restaurant who was also the owner of a modeling agency to his colleagues in the modeling industry did not establish that the mark was used in commerce).

¹⁶⁸ *See Mother’s Rests. Inc. v. Mother’s Other Kitchen, Inc.*, 218 U.S.P.Q. (BNA) 1046 (T.T.A.B. 1983) (discussing advertising as a way of deciphering fame but failing to outline a strong test for doing so).

¹⁶⁹ The Fourth Circuit seemed to think that an Internet webpage was relevant in *Int’l Bancorp*.

¹⁷⁰ *Id.* at 388-89 (Motz, J., dissenting).

effect on United States commercial interests generally.”¹⁷¹

But whatever your feelings about the court’s ruling in *International Bancorp*, it is important to point out the tactic the court used to spread the authority of the Lanham Act from America to Monaco. In order to get around the Commerce Clause, the Fourth Circuit redefined the terms of the clause.¹⁷² In this way, it used the Lanham Act to reach a trademark that would not have otherwise been found to have been “used” in the United States. This profound reasoning has far-reaching repercussions on the famous foreign trademark doctrine going forward.

It is also important to point out that the court in *International Bancorp* sides-tepped an opportunity to apply the secondary meaning analysis found in the Lanham Act.¹⁷³ Instead, it made up its own messy two-pronged test to decide whether the mark held some secondary meaning or not.¹⁷⁴

D. An Example of Another Common Law Test

In the next case, *Aktieselskabet AF 21. November 2001 v. Fame Jeans Inc.*,¹⁷⁵ the United States Court of Appeals for the District of Columbia Circuit dealt with a situation in high fashion.¹⁷⁶ The established company was a Danish one called Bestseller.¹⁷⁷ Its Jack & Jones (“JACK & JONES”) label became very popular throughout Europe, Asia, South America and the Middle East, starting in 1991.¹⁷⁸ Bestseller moved to expand to North America by registering for a Canadian trademark in August 2004 and then for an American trademark in December 2004.¹⁷⁹ Unfortunately for Bestseller, Fame Jeans beat it to the registration of JACK & JONES in America by filing an intent to use application in January 2004.¹⁸⁰ Nine days after filing for the American trademark, Bestseller filed an opposition of Fame Jeans’ registration with the TTAB.¹⁸¹ The TTAB found in favor of Fame Jeans on summary judgment because Bestseller had never used the trademark in America and Fame Jeans had applied to register it first.¹⁸² The district court dismissed the new complaints, holding that Bestseller should have raised them with the TTAB originally.¹⁸³ The district court also found that Bestseller’s complaint failed to meet a supposed new pleading standard.¹⁸⁴

After a further appeal, the court of appeals found that the district court had

¹⁷¹ *Id.* at 388.

¹⁷² *See supra* Part III.B.

¹⁷³ *See* Lanham Act § 43(c), 15 U.S.C. § 1125 (2006) (outlining the secondary meaning analysis for famous trademarks used in America).

¹⁷⁴ *See supra* Part III.B.

¹⁷⁵ 525 F.3d 8 (D.C. Cir. 2008).

¹⁷⁶ *Id.*

¹⁷⁷ *Id.* at 11.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Aktieselskabet*, 525 F.3d at 11.

¹⁸² *Id.* at 12.

¹⁸³ *Id.* at 11.

¹⁸⁴ *Id.*

incorrectly waived Bestseller's new claims of infringement and disagreed with the district court's interpretation of the new pleading requirements. Even so, the court of appeals could not agree to all of Bestseller's arguments. Therefore, it affirmed the ruling in part and reversed in part.¹⁸⁵

Bestseller first asserted that an intent to use application required actual use in order for the intent to use priority date to count. Since Fame Jeans had not sold anything in the United States before Bestseller, Bestseller argued that its intent to use date was invalid. By so arguing, Bestseller was trying to redefine the intent to use doctrine. The court refused to redefine the intent to use priority date in this way and dismissed this claim by Bestseller.¹⁸⁶

The next argument by Bestseller was the more interesting of the arguments. The court analyzed whether Bestseller had "used" its trademark in the United States before Fame Jeans' intent to use application was filed in January of 2004. The court first dismissed the idea that Bestseller had "constructively used" the mark in America.¹⁸⁷

But Bestseller did not claim constructive use; it claimed actual use of the mark in the United States. Without selling a single item of clothing, Bestseller asserted that its JACK & JONES trademark was used through "analogous use" of the mark. Bestseller claimed that "regular business contacts, after-sales services, advertising of various forms, and marketing" should constitute use of the mark in America.¹⁸⁸ The court found that short run ads or press releases would not be enough. It required that the American public create an identifiable link with the trademark to find analogous use.¹⁸⁹

The analogous use idea in American trademark law is murky at best.¹⁹⁰ In *Fame Jeans*, the court of appeals placed extraordinary faith in the analogous use idea to somehow find that the internationally famous jeans company possessed rights to its JACK & JONES trademark in America. This faith seems especially questionable because of the dearth of actual advertising or promotional sales of the JACK & JONES trademark conducted by Bestseller in America.¹⁹¹ Nevertheless, the court signaled its intention to stretch the definition of "use" to its logical ends in order to protect what it thought was underhanded and improper registration of

¹⁸⁵ *Id.* at 23.

¹⁸⁶ *Id.* at 18-19.

¹⁸⁷ *Aktieselskabet*, 525 F.3d at 19. Constructive use under § 7(c) is when a foreign trademark applicant applies for a trademark in a foreign country, followed by a timely American filing under § 44(d). But for Bestseller, there was a thirteen-year gap between its 1991 Danish registration and its December 2004 American application. The court could not stretch the six month filing deadline to thirteen years in order to find that Bestseller had availed itself of § 44(d). *Id.*

¹⁸⁸ *Id.* at 20.

¹⁸⁹ *Id.*

¹⁹⁰ To fully comprehend the United States Court of Appeals for the District of Columbia Circuit's use of the analogous use doctrine, a case study is useful. One of the textbook cases on the issue is *Maryland Stadium Authority v. Becker*, 36 F.3d 1093 (4th Cir. 1994) (unpublished table decision).

¹⁹¹ See *Aktieselskabet*, 525 F.3d at 20 (indicating that only small test marketing analyses were conducted by Bestseller). "Bestseller actually does say it conducted 'research and marketing for use of the mark within the United States.'" *Id.* Contrast this with the three-year marketing and advertising that the Maryland Stadium Authority conducted with the "CAMDEN YARDS" trademark in *Maryland Stadium*, 36 F.3d 1093.

someone else's trademark by Fame Jeans.

Although the analogous use idea is beyond the scope of this note, the *Fame Jeans* case demonstrates another missed opportunity that the federal courts could have used to apply the Lanham Act's secondary meaning analysis in order to determine fame. Instead of using a statutorily constructed set of pre-defined rules, the court instead decided to unnecessarily delve into the confusing and unclear world of analogous use. Had the trademark JACK & JONES been subjected to the analysis of section 43(c) of the Lanham Act, it may have been found to be famous, and the resulting analysis would have rested more steadily on a bedrock of statutory guidelines.

V. SOLUTION TO PROTECTING FAMOUS FOREIGN MARKS

Thus far, we have established that the current state of the law which protects famous foreign marks in America is founded on inconsistent common law.¹⁹² We have established that protection of these marks is worth our time for the sake of uniformity and to aid in international business transactions, not to mention to live up to our international promises.¹⁹³ Although we understand that this protection is desirable, we are still left with the puzzle of how to practically implement this protection in the United States. Clearly courts are struggling with the practicalities of protection, even though they, too, seem to grasp the importance of its worth. The good news is that there are steps that we can take to protect the famous foreign trademarks and to standardize that protection. The bad news is that the steps are not easily accomplished. The steps outlined here are a series of changes and adaptations that must take place systematically in order for America to firmly establish a new twenty-first century trademark doctrine. These steps are all intertwined and are interdependent, but, for ease of discussion, they are broken out into subsets here:

1. To redefine "use in commerce" of a trademark to include fame: the situation when a substantial percentage of a relevant population makes a goods-source connection with a mark thereby making that mark famous;
2. To amend the Lanham Act to include protection of famous foreign trademarks. This is now only possible because of the clarified definition of "use" which allows amendment and enforcement of the federal statute (Lanham Act) under the Commerce Clause;
3. To use the pre-existing guidelines of section 43 of the Lanham Act to help define what is and what is not a famous foreign trademark; and finally,
4. To narrowly define the "relevant population" used in the analysis of fame in order to prevent a total obliteration of the doctrine by the courts' interpretations.

¹⁹² See *supra* Part III.

¹⁹³ See *supra* note 103.

A. *Redefine “Use in Commerce” of a Trademark to Include Source Connections*

Tied into this step is a normative shift in order to get over the Commerce Clause’s “use in commerce” requirement and allow implementation of a federal statute. Section 43(c) of the Lanham Act requires this normative shift as a necessary part of its secondary meaning analysis. By formally clarifying how a trademark is “used” in commerce, we can pull away from the antiquated definition which required physical attachment to a good or service found in a particular area. Instead, the proper definition of “use” should include the recognition by the relevant American consumer population of a famous trademark. The ramifications of making this shift are to avoid a constitutional battle when the Lanham Act is amended.

This re-definition is not a radical departure of the traditional trademark definition. To “use” a trademark in commerce means to use it in trade and allow people to buy goods with the mark attached to it.¹⁹⁴ But using a trademark means more than that. Trademarks are also “used” when they create a goods-source connection with consumers. This is demonstrated using the following hypothetical:

Two consumers watch television and surf the Internet. They are exposed to ads regarding different brands of peanut butter: X and Y. They see bus signs on their way to the store espousing the different brands. They hear advertising clips play on the satellite radio on their walk from the bus stop. When they get to the store, they both peruse the aisles and take account of the different kinds of peanut butter. They look at the labels, they recognize the brands and they make their purchases based on what they know about the brands. The first consumer recalls all the advertising that she saw that day and settles on brand X. The second consumer remembers a particular ad about brand Y, which is not being sold in his store. Instead of making a purchase, he decides not to buy any of the offered brands because he desires brand Y.

It is clear that in this scenario both consumers “used” trademarks to make their decisions, even though the second consumer did not buy anything at all. The second consumer was aware of brand Y and desired it even though he could not buy it in his store. If enough people similarly desired brand Y and felt that it was a good product, then brand Y has certainly generated goodwill and a reputation to uphold with those consumers. This is true even if those particular customers cannot immediately purchase brand Y at the corner store. To allow another company to steal the goodwill that brand Y has created is just as bad as allowing another company to steal the goodwill of brand X which *is* available locally to these consumers. In fact, *this* goods-source connection lies at the heart of a trademark’s purpose.

Old notions of what constitutes “use” of a trademark no longer apply. Some have considered a trademark “used” only where its product is sold. But today, exposure to global trademarks has reached a new zenith. We know that the advent of new technologies can bring about new definitions of legal terms. Therefore, I

¹⁹⁴ Dinwoodie, *supra* note 4, at 888.

submit that a person in America, who watches a foreign soccer match on television, “uses” the trademarks painted on the field that he subjectively sees, internalizes, and connects to a source. If enough members of a “relevant consumer population” create this goods-source connection, fame ensues and the trademark has served its purpose.¹⁹⁵ This fame should be recognized as fulfilling the trademark “use” requirement in regards to the Commerce Clause.

B. Amend the Lanham Act to Provide Uniform Protection

After the first step is established, it will allow us to amend the Lanham Act without fear that such a step will be considered unconstitutional. This is because we can now consider foreign trademarks as being “used in commerce” when they reach a certain level of fame. Because the trademarks are foreign, Congress would have the authority to regulate the commerce as between the United States and foreign nations.¹⁹⁶

This is a critical step as we have come to realize that federalizing the protection of famous foreign trademarks is the most efficient way to standardize protection. Although recognizing that statutory law is by no means a perfect and magic solution, it affords the best opportunity to work from a single set of guidelines and thereby maximize uniformity. By placing the protection of famous foreign trademarks into a federal statute, many of the common law uncertainties will be resolved.¹⁹⁷ Piecemeal, old, murky and uncertain common law precedent will be crystallized into a set of rules that apply in all states.¹⁹⁸ Foreign companies will have an answer to the question of how to protect their marks in America. This will foster better investment opportunities and make business forecasts easier to calculate. Courts will also have a statutorily based set of rules upon which to base their interpretations. This change will also enable the federal courts to hear cases of national infringement or dilution of famous foreign trademarks.

¹⁹⁵ “Relevant consumer population” is dealt with later in this note and is another central factor in defining fame itself. See *infra* Part IV.D.

¹⁹⁶ See U.S. CONST. art. I, § 8.

¹⁹⁷ Although some scholars have advocated for a federal registration system for famous trademarks, this is an unnecessary step. There are so many famous foreign marks that only companies looking to protect their rights in America would be relevant. The scope of such a registry would be overly burdensome and costly. See Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097 (2003) (advocating for a domestic registry of this type).

¹⁹⁸ Another idea is to allow federal common law of unfair competition to develop or draw upon the Paris Convention to do so. This has been rejected by the courts. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 908 (9th Cir. 2002) (“Section 44 and the Paris Convention therefore interact as follows: [a] foreign national is entitled to the same ‘effective protection against unfair competition’ to which an American is entitled, Paris Convention, art. 10bis, and in turn, the American gets the same right that the foreign national gets. We treat Mattel like a foreign national, who is treated like an American under the Paris Convention. Accordingly, Mattel is entitled to assert a cause of action under the Lanham Act for trademark infringement, 15 U.S.C. § 1114, or for false designation of origin, 15 U.S.C. § 1125, or it may assert state law claims for unfair competition, as it did. *But Mattel has no claim to a nonexistent federal cause of action for unfair competition.* As said, the Paris Convention provides for national treatment, and does not define the substantive law of unfair competition. We therefore reject Mattel’s argument that a treaty provision providing for ‘national treatment’ gives it more protections against foreign nationals than it has against U.S. nationals.” (emphasis added) (citation omitted)).

*C. Use the Lanham Act's Existing Secondary Meaning Analysis for Determining Whether a Mark is Famous*¹⁹⁹

The current case law coupled with section 43 of the Lanham Act can act as a guide to the new federal secondary meaning analysis.²⁰⁰ This is because section 43 of the Lanham Act is already established as a federal test for determining if domestically used marks are famous.²⁰¹ The question of secondary meaning should revolve around whether the relevant consumer population has formed a source connection with the trademark. Factors found in section 43, such as advertising, promotions, duration of use, and extent of use can all be analyzed at this stage by the litigants. Then existing case law regarding secondary meaning would also be used by the litigants in their analysis. Survey data and the metrics found in section 43 would be used as evidence that their mark is famous or their rival mark is not.²⁰²

But even if the established guidelines of section 43 of the Lanham Act are used, it will still be the courts' interpretations of the guidelines that determine whether a mark is famous. This analysis will necessarily be developed over time while case law on the subject evolves. But to begin, a general standard should be set for famous foreign marks, separate from famous domestic marks. Like the court in *Grupo Gigante* noted, the test for famous foreign trademarks should be a slightly higher one than that implemented for domestic marks. This is due to the fact that the new definition of "use" will have to supplant the old definition of selling the goods with a mark attached to them in a given location. When we make this substitution, we need to ensure that the mark is truly known in the area where protection is sought. Affixing the mark to a good sold in the area is presumed use, whereas using the mark by creating a goods-source connection must be proved. Therefore, the standard should be higher than when fame is coupled with physical use. I would suggest what has come to be known as a "secondary meaning plus" standard for finding the appropriate level of fame.²⁰³

¹⁹⁹ Another place to find definitions of fame is the *WIPO General Report*, *supra* note 103, ¶¶ 171-83, but, however, its analysis leaves something to be desired. Sections (2)(d) and (3)(b) of the recommendation's *Determination of Whether a Mark is a Well-Known Mark in a Member State* combine in a very confusing manner to state a foreign famous trademarks exception, but to the fame element as well as the use element. *Id.* ¶ 183. This type of protection, of marks that are famous outside of the state protecting the mark, misses the point of protecting the consumer's source connection with a famous trademark and is not recommended in this note's "Solution" section.

²⁰⁰ See *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1098 (9th Cir. 2004) (discussing secondary meaning and the requirement that a substantial percentage of the relevant population must also have a source connection with the mark).

²⁰¹ See Lanham Act § 43(c), 15 U.S.C. § 1125 (2006). Although section 43(c) of the Lanham Act has its drawbacks, it is still a solid federal statute upon which we can base the decision of fame. Further, reformation of section 43(c) could one day include a more clear hierarchy of which factors should weigh more heavily in a fame analysis than others.

²⁰² See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) (dealing with secondary meaning analysis and also with survey evidence); *Int'l Kennel Club of Chi., Inc. v. Mighty Star, Inc.*, 846 F.2d 1079 (7th Cir. 1988) (dealing with secondary meaning analysis and also with survey evidence).

²⁰³ *Grupo Gigante*, 391 F.3d at 1098 ("But secondary meaning is not enough. In addition, where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark. The relevant American market is the geographic area where the defen-

This approach should alleviate the problems that drove recent courts to adopt their own poor tests as common law stand-ins for secondary meaning analysis, such as the tests the *International Bancorp* court and the *Fame Jeans* court used.²⁰⁴ Instead of asking whether a trademark was famous, i.e., that Americans knew it existed and that is why it deserved protection, the courts instead bogged themselves down with wayward new tests and murky analyses.

This errant pioneering would not be necessary if every court dealt with the same statutory framework of analyzing fame. For instance, had the court applied the tests of section 43 of the Lanham Act, CASINO DE MONTE CARLO might well have been found to be famous in *International Bancorp*. Likewise, Bestseller would have been given the opportunity to prove that its JACK & JONES trademark was famous in America. It would also have given the opposing parties a fair opportunity to present evidence that these trademarks were not famous in America, no matter how famous they were in other countries, and that therefore there was no goodwill to protect in America.²⁰⁵ This system affords each side the best opportunity to understand the criteria for proving fame in a practical litigation situation and best unifies the standard nationwide.

D. Define the “Relevant Consumer Population” Narrowly

This last step is crucial in allowing protection of famous foreign marks to flourish in the United States. It is suggested more as a cautionary flag than anything else. We have seen how courts can read out certain types of protection by defining the relevant population base so widely that no trademark could ever be considered famous.²⁰⁶ Courts must not be allowed to do this and consequently nullify the Lanham Act’s famous foreign marks protection from the bench.

As we saw in *Grupo Gigante*, the court’s definition of the “relevant population” will make or break a case. If courts take a narrow approach in analyzing “relevant population” and only look at Spanish-speaking grocery store shoppers near San Diego,²⁰⁷ or only Philadelphia night club regulars,²⁰⁸ or only well-to-do New York restaurant frequenters,²⁰⁹ it will affect the analysis of whether to award protection. If, on the other hand, courts take an expansive view of “relevant popula-

dant uses the alleged infringing mark. In making this determination, the court should consider such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country. While these factors are not necessarily determinative, they are particularly relevant because they bear heavily on the risks of consumer confusion and fraud, which are the reasons for having a famous-mark exception.”).

²⁰⁴ See *Int’l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003); *Aktieselskabet AF 21. November 2001, v. Fame James Inc.*, 525 F.3d 8, 20 (D.C. Cir. 2008).

²⁰⁵ See *Person’s Co. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990) (holding that the court did not care that “PERSON’S” was established as a brand and famous in Japan).

²⁰⁶ See *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159 (2nd Cir. 2008) (finding that the relevant population was so expansive that it would be hard for almost any trademark to be considered famous).

²⁰⁷ See *Grupo Gigante*, 391 F.3d at 1088.

²⁰⁸ See *Stork Rest., Inc. v. Marcus*, 36 F. Supp. 90 (E.D. Pa. 1941).

²⁰⁹ See *Maison Prunier v. Prunier’s Rest. & Café, Inc.*, 288 N.Y.S. 529 (Sup. Ct. 1936).

tion” and look at all citizens of Southern California who shop for groceries, or all people living near New York City and Philadelphia, or every person in New York state, that would certainly push the analysis away from protection.²¹⁰ As has been shown time and time again, the scope of the relevant population analysis dictates the outcome of the case.²¹¹

The scope of relevant population will necessarily be a decision made by the courts based on precedent and whatever the current affinity of protecting famous foreign marks exists at the time the case is decided. That is just how precedent-based decision making works in America. But to protect truly famous marks, the scope should be set as narrowly as possible to provide protection with which to begin. As cases develop, courts will certainly modify the scope of analysis when facts warrant, remembering that the wider the scope, the less protection for famous foreign trademarks.²¹²

It is important to note that this “relevant population” analysis is necessarily coupled with the standard of survey evidence needed to decide fame. For deciding what percentage of the population must have the goods-source connection is as important in defining the “relevant population.” Some advocate a fifty-one percent majority.²¹³ Others define a “substantial percentage” at around a quarter of the population.²¹⁴ I would argue that the scope of the relevant population is inversely related to the resulting percentage of the population necessary to conclude that fame exists. If in one case an entire state is polled regarding a particular mark, then a lower percentage should be necessary to prove fame. If a narrow set of the population is polled, such as in *Grupo Gigante*, then a resulting higher percentage would be needed to show fame. Stating concrete percentages beyond a “secondary meaning plus” type standard might be getting ahead of ourselves at this point. Survey evidence is malleable. The definition of “relevant population” is malleable. The two are so intertwined that at this stage a flexible secondary meaning plus standard for fame is most helpful.

²¹⁰ Another aspect of this type of narrowing can be seen in *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d (BNA) 1164, 1166-67 (T.T.A.B. 2001), where the TTAB so broadened the scope of fame that Toro lawnmowers were not considered famous except in the lawn mowing industry.

²¹¹ See the South African case *McDonald's Corp. v. Joburgers Drive-Inn Restaurant (PTY) Ltd.* 1996 (82) ZASCA 1 (SCA) (S. Afr.) for a very good example of an interesting “relevant consumer population” analysis and how this analysis can make or break a case. In *Joburgers*, the court in South Africa narrowly focused on the population of those who had traveled to other countries where McDonald's restaurants were located, ignoring the vast majority of the domestic population who had never traveled abroad or even seen a McDonald's restaurant. *See id.*

²¹² Here, section (3)(a)(iii) of WIPO's *Determination of Whether a Mark is a Well-Known Mark in a Member State* does a good job outlining that a member cannot use the “public at large” as a means to measure if a mark is famous or not as this would essentially kill any possible findings that a mark was famous. *WIPO General Report, supra* note 103, ¶ 183.

²¹³ *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1106-08 (9th Cir. 2004) (Graber, J., concurring) (advocating a majority in his concurrence, whereas the majority seemed to advocate a twenty to twenty-two percent standard).

²¹⁴ *Id.*

V. CONCLUSION

Trademarks are used throughout the world to expedite commercial interactions and aid consumer decision making. When governments step in to ensure that certain trademarks are used only by their corresponding owners and nobody else, companies are able to forge bonds with their consumer bases and consumers can feel assured of a uniform quality of products that they choose. Trademarks are traditionally based on certain pillars which define what they are and how they can be used. Territoriality and actual use in commerce are those traditional pillars. This seemingly simple construct is upset, however, when a company's trademark becomes famous. Through the technological wonders of the twenty-first century, it is now possible to become exposed to all the world's trademarks without ever leaving your couch. This presents a problem when certain trademarks are exposed to a relevant consumer population that does not have ready access to the products tied to those marks and that population makes a source connection with the goods.

For all the reasons that governments protect trademarks used at home, it is equally important to protect famous trademarks which are not. But the United States has been slow to standardize this protection. Although implementing the protection will not be easy, it is an important thing for America to do. By following the steps outlined in this note, we can institute real standardized protection for truly famous trademarks. If we fail to take these steps, we will continue to be plagued by a mire of conflicting case law and unsure protections. It is unfortunate that today's trademark law in such an important area is in such disarray. But like the famous foreign trademarks problem, this disarray is nothing new. It is telling that a seventy-year-old quote about this same subject still rings true today. As the New York Supreme Court and Nims stated in 1936, it seems as if the state of the law regarding protection of famous foreign trademarks is still "in a most unsatisfactory state."²¹⁵

²¹⁵ *Maison Prunier v. Prunier's Rest. & Café, Inc.*, 288 N.Y.S. 529, 557 (Sup. Ct. 1936) (quoting NIMS, UNFAIR COMPETITION AND TRADE MARKS 568 (3d ed. 1929) (lamenting the state of law protecting famous foreign trademarks)).