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A Case Against the Use Doctrine in Trademark Law (Draft)

Srividhya Ragavan, *Texas A&M University School of Law*

DRAFT -1

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Introduction

"Welcome to the best restaurant in town," was the by-line of the advertisement in the local newspaper. A restaurant named Panera was to commence business in Tippasandra, Bangalore, India with a menu that included *chat*, *biryani* and *kebabs*. Panera Bangalore had no relationship with the American chain with the same name. At the time the advertisement appeared, Panera Inc., the American entity, had no interest in India and hence, there was no registration for the name in India. The Indian entity registered the mark by applying for registration with the Indian Patent & Trademarks Office (hereinafter, IPTO) for a large array of goods, including coffee, chai (a local Indian drink made with milk and black tea), flavoured bakery products, frozen products such as ice-creams and flavoured ice, insignias, t-shirts, caps, toys and more. Importantly, the name Panera was never used or advertised in India until the advertisement appeared from a local user from India, and the restaurant opened at the time [the IPTO] accepted the application or granted the registration.

Within India, Nilgiris is a well-known and within India, a famous[1] chain of grocery franchise that has stores in all major cities in India as well as in several major Asian

* Srividhya Ragavan serves as a Professor of Law, Texas A&M University School of Law. Ragavan sincerely acknowledges and thanks Ms. Latha R Nair of K&S Partners, New Delhi, India for providing details about the relevant Indian cases on the subject of trans-border reputation, though all opinions expressed regarding Indian case law and the legal position in this paper are that of the author alone.

[1] International conventions such as the Paris Convention and the TRIPS Agreement defines protection for well-known marks. These are marks which enjoys a trans-border reputation in a jurisdiction in which the product or service is not market. *See* Paris Convention for the Protection of Industrial Property, revised at the Stockholm Revision Conference, art. 6(bis), July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 303 [hereinafter Paris Convention]; *see also* TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 15, Apr. 15, 1869 U.N.T.S. 299, https://www.wto.org/english/docs_e/legal_e/27-trips.pdf [https://perma.cc/R4UR-RT9Q] [hereinafter TRIPS Agreement]. Famous marks are those that enjoy a wide-recognition even within a jurisdiction such that its reputation and its distinctiveness to function as a source identifier is stronger than a typically registered mark. Within the United States, famous marks are protected as part of Trademarks Dilution Act, 2006. *See* Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730; 15 U.S.C. § 1125(c)(2)(A) (2006).The distinction being that famous marks enjoy a higher level of protection within the United States but these are marks that have acquired fame within the United States. Thus, the famous marks of United States are not necessarily the well-known marks, which has spill-over reputation from use in another jurisdiction. The discussion in this paper is about famous foreign marks which are marks that have acquired fame in one country and hence, are well-known in another country.

cities. The Nilgiris trademark is distinct and enjoys a great reputation within India. As the Indian community in the United States increased, Nilgiris planned to tap into the market in the United States. Market research from the New York area, unfortunately, revealed the mark was used by a Ms. Patel, an American citizen of Indian origin, who was unrelated and unconnected from the owners of the Nilgiris mark, but Ms. Patel was familiar with the Nilgiris mark, stores, and popularity it enjoyed amongst consumers in India. Research showed that when Ms. Patel realized that that there were no Nilgiris stores in the United States, she started a small store in her neighbourhood, Grapevine, New York, to sell spices to the Indian community under the Nilgiris name. Lacking creativity, Ms. Patel adopted an identical font, style, and color of the original Nilgiris mark that prevails in India for her store. Several Indian immigrants who were in [the area or Grapevine] and familiar with the original Nilgris mark, embraced the store assuming that the store was authorized by or connected with the Indian entity that run the Nilgiris chain of stores. Capitalizing on this familiarity, Ms. Patel carefully selected and packaged her wares such that they resembled those sold by the Indian chain. Naturally, the store flourished. Ms. Patel using in the US, the name and fame of the Nilgiris chain of stores in India, was a known secret amongst her friends. In view of her store's success, she successfully applied to the United States Patent & Trademarks Office and obtained a trademark registration for the mark Nilgiris in the United States. In this particular case, the original Indian owner of the Nilgiris never used the mark in the United States, but Ms. Patel was aware of the mark and used it to capitalize on the fame.

Mindful of the current trend within the United States to revive the focus on the *use* of trademark to determine a mark's ability as a source indicator,[2] this paper highlights how focussing on *use* can create disparate results by examining the role of use when dealing with well-known marks. Hence, this paper implicates the prescriptions from harmonized[3] trade regime, especially trademark law.[4] Thus,

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[2] Alexandra J. Roberts, *Trademark Failure to Function,* 104 IOWA L. REV. (forthcoming Feb. 2019).

[3] Harmonization, the underlying rationale of which was eliminating the legal differences that exist in the form of protectionist policies, was conceived as a means to reduce the barriers to trade. The international trade regime provided the platform to globally harmonize laws, which resulted in the passage of several agreements. *See* Srividhya Ragavan, PATENTS & TRADE DISPARITIES IN DEVELOPING COUNTRIES, 167 (Oxford University Press 2012)

[4] Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments–Results of the Uruguay Round vol. 1, 33 I.L.M 181 (1994) [hereinafter Marrakesh Agreement]. The World Trade Organization (hereinafter, WTO) established under the Marrakesh Agreement consists of countries that are party to the Uruguay Round Agreements of the General Agreement on Tariff s and Trade ("GATT").

this paper will delve into how harmonization of trademarks law by the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") of 1994[5] assumes that principles of national treatment will result in WTO members treating foreign marks just as well as national marks. [6]

Part I of this paper begins with an outline of the envisaged role for *use* in international trade agreements for trademarks, especially focussing on the protection of well-known trademarks. Well-known marks typically protected in one territory under national trademarks laws and becomes well-known outside of the country. Part II sets the framework to appreciate well-known marks and the type of global protection envisaged for these marks. This part also discusses this issue within the framework of famous marks in the United States. In doing so, this part highlights the interplay of the traditional use doctrine within the existential tensions of famous marks with the territoriality doctrine.

Part III outlines India's trademark laws and precedents involved to examine the protection extended for well-known trademarks; while Part IV presents the contrast between India's governing statutory provisions and the judicial posture on foreign trademarks with that of the United States. Part V traces how India's recognition for well-known marks have been dictated by repeated pressures from the United States by the Office of the United States Trade Representative (hereinafter, USTR). Until recently, arguably, in an effort to conform with USTR's position of well-known marks, India has disregarded the jurisprudential tensions between the doctrines of territoriality and the protection for famous marks, much to its own detriment. Meanwhile, the United States, a strong proponent of protection for its well-known trademarks abroad, rarely extends the same treatment to famous foreign trademarks when foreign well-known marks are peddled into the United States and protected to the determent of a foreign trademarks owner.

This paper's main theme is to discuss larger public policy concerns that will ensue especially considering the role of the *use doctrine* in the context of international harmonization of protection of well-known trademarks. In order to do so, this paper examines protection of foreign marks in two jurisdictions, India and the United States to identify important global public policy concerns which has national implications. First, The paper also debunks the myth that that

[5] Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994; Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, vol. 31, 33 I.L.M. 81 (1994), reprinted in World Trade Organization, The Results of the Uruguay Round of Multilateral Trade Negotiations 365 (1995) [hereinafter TRIPS]. TRIPS seeks to reduce distortions and impediments to international trade by promoting adequate protection of IP rights. The TRIPS Preamble emphasizes strengthening international commitment to IP reform.

[6] *See* TRIPS *supra* note 5.

harmonization would result in trading partners extending reciprocal treatment.[7] That is, inapposite to the touted position, this paper uses the well-known marks example to outline disparate outcomes that ensue when focussing on *use* as source indicator. Second, in highlighting how harmonization has not resulted in uniformity or predictability internationally to identifying and recognizing well-known trademarks, this paper discusses how a lack of predictability under a harmonized system has raised strong public policy as well as economic outcomes that may be detrimental to some markets but benefit others. For instance, this paper traces how the United States practices the exact opposite of what it seems to preach for other developing countries. Overall, this paper asserts that a coherent approach will have to necessarily involve some level of flexibilities to determine what fame is for a foreign trademark in each jurisdiction depending on the market in question.

Part I

Competing Prescriptions on Territorial Use and Spill-Over Reputation

This part sets the tone to fully comprehend the competing principles and doctrines that apply under the international intellectual property regime. The discussion begins with how nationally the *use* doctrine tended to dominate the basic principles behind trademarks protection. From there, this part discusses the minimized role of the use doctrine in international agreements when dealing with a well-known trademark.

a) The Use Requirement & its Relationship with Territoriality:

Typically, like all intellectual property laws, trademarks law remains territorial.[8] That is, in its territorial sense trademark law essentially takes a form wherein sovereign governments protect marks whose reputation was gathered within its territorial boundaries.[9] The territoriality principle comports with the requirement that all intellectual property rights including trademarks rights are subject to the larger international principle that respects sovereignty of each country. Thus, each country's trademark law is subject to the framework designed and laid out in that country's statute.

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[7] *See generally* Francesco Paris & Nita Ghei, *The Role of Reciprocity in International Law*, 36 CORNELL INT'L L.J. 93 (2003).

[8] *See* A. Bourjois & Co. v. Katzel, 260 U.S. 689, 692 (1923).); *see also* Kristin Zobel, *The Famous Marks Doctrine: Can and Should Well-Known Foreign Marks Receive Trademark Protection within the United States?*, 19 DePaul J. ART TECH. & INT'L PROP. L., 145, 148 (2008).

[9] *See* James Faris, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law*, 59 CASE W. RES. L. REV. 451, 454–55 (2009) (discussing the territorial nature of trademarks law).

Under the territoriality principle, use within a country is the basis for creating rights territorially. Trademarks symbolizes the domestic goodwill of a trademark owner so that consumers will get an idea of the domestic reputation of the mark.[10] The concept behind the territoriality doctrine is that each country provides rights that are effective within their respective territories. Thus, a trademark has a "separate legal existence under each country's laws."[11] That is, "use of a mark outside a country does not give the user any rights to use the mark, or to stop others from using it, in that country."[12]

In the United States, in order for protection to be provided within the country, the first to use gets the rights. Typically, trademark protection within a territory, whether under common law or under statute, is extended from the time of its use or. Thus, between many users, the first-user gets priority of rights. Between several claimants, use of the mark is the easiest way to determine rights by focusing on priority of use. Known as the doctrine of priority, the tenet which forms the basis of the doctrine dictates that the first-in-time to use the trademark gets the right to use. Thus, the principle of first in time equals first in right.[13] The priority of trademark rights in any country is dependent solely upon priority of use in *that* country. The *United Drug Co., v. Theodore Rectanus Co.,*[14] case discusses the limits of geographic use with reference to unregistered marks. Two different parties used the same trademark—Rex—in two different locations for over twenty-five years. The products over which the mark was used were different, although related, considering that one used it on medicines to treat dyspepsia while the other used it on blood purifiers. Since both users had used it for several years, the rule of priority did not truly help either of the users. Considering this, the Supreme Court held that geographic limits circumscribed the rule of priority provided the use was made in good faith. The court outlined that "where two parties independently are employing the same mark upon goods of the same class, but in separate markets wherein one is wholly remote from the other, the question of prior appropriation is legally insignificant, unless at least it appears that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."[15] The court added that the right to a trademark grows out of its

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[10] *Id.*

[11] *Id.*

[12] L. Donald Prutzman, The Territoriality principle and Protection for Famous Marks in the Americas, 20 N.Y. St. B. Ass'n Int'l L. Practicum, 106, 107 (2007).

[13] GRAEME B. DINWOODIE & MARK D. JANIS, TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY, chapter 6 (5th ed. 2018).

[14] United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918).

[15] *See id.* at 101; *see also* Hanover Star Milling Co. v. D.D. Metcalf, 240 U.S. 403, 415 (1916).

use in connection with an existing business and not by mere adoption.[16] Thus, the Supreme Court established what is now called the *Tea-Rose/Rectanus doctrine*.

Essentially, the *Tea-Rose* doctrine states that the first user of a common law trademark may not oust a later user's good faith use of an infringing mark in a market where the first user's products or services are not sold.[17] Thus, between unregistered users, the priority of use in that geographic area controlled. Courts have repeatedly adopted the well-established Supreme Court rationale that the owner of a common-law mark may not "monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another."[18] This doctrine emphasizes territorial use and importantly, prior use in other parts of the world remain inconsequential to the determination of priority in any other jurisdiction.[19] Thus, the goodwill and domestic reputation of a mark is gained from its domestic use/presence. The territoriality and the priority doctrines, in essence, preserves the rights of the first user (or registrant) of a trademark within the territory.

The essential priority principles of the *Tea-Rose* doctrine apply to all registered trademark owners albeit with the modification that the owner of a registered mark has the right to expand its use into new areas of the territory unless a prior-user had generated sufficient goodwill in that market prior to registration. Under the Lanham Act, registration of a mark provides constructive notice within the United States,[20] which in turn, provides protection to registered marks, regardless of the areas in which the registrant actually uses the mark.[21] Registration under the Lanham Act confers constructive notice within the United States, which in turn, protection to registered marks, regardless of the areas in which the registrant actually uses the mark. Similarly, an unregistered user of a mark was not entitled to exclude a registered owner from using it in a territory that would fall within the zone of "normal expansion of business."

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[16] *Theadore Rectanus*, 248 U.S. at 98–99.

[17] *See* lNat'l Ass'n for Healthcare Commc'ns, Inc. v. Cent. Ark. Area Agency on Aging, Inc., 257 F.3d 732, 735 (8th Cir. 2001) (stating that the Supreme Court established the *Tea Rose/Rectanus*); *Theodore Rectanus Co.,* 248 U.S. at 100–01; *Hanover,* 240 U.S. at 415.

[18]*See Nat'l Ass'n for Healthcare Commc'ns, Inc*., 257 F.3d at 735 (citing *Hanover,* 240 U.S. at 416).

[19] *See* Person's Co., Ltd. v. Christman, 900 F.2d 1565, 1569–70 (Fed. Cir. 1990); Buti v. Perosa, S.R.L., 139 F.3d 98, 103–05 (2d Cir. 1998); Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985).

[20] 15 U.S.C.A. §1072 (2016).

[21] *Id.* (In doing so, it effectively eliminates good faith and lack of knowledge defenses otherwise available to a subsequent user).

Internationally, there is no focus on use as the fulcrum to determine whether a mark is capable of being a source identifier. [22]For example, Article 15(1) of the TRIPS agreement states that, "[A]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark."[23] Thus, use is not a requirement in order to qualify as trademark. The marks are generally required to be inherently distinctive; the article does provide for members to recognize acquired distinctiveness optionally where the mark is not inherently distinctive. Article 15 (3) specifically makes use an optional criterion to determine register ability. Typically, protection for trademarks are extended territorially in each country to marks that are either *used* or registered within the territory. But to the extent that some countries focus on use as the major criterion, it is notable that *use* is not a standard, universal requirement. Mandating *use* for registration can result in disparate results when it comes to protection of well-known marks, as demonstrated through the discussions below.

b) Well-Known Marks

With globalization, trademarks used in one jurisdiction can become well-known even in jurisdictions where goods or services that bear the same mark are not marketed.[24] Under these circumstances, the question is whether, and should, trademarks, that are well-known in one jurisdiction, be entitled to protection to prevent third parties from appropriating the fame of the mark by capitalizing on the lack of territorial protection in a different jurisdiction. The fame of well-known marks has challenged the traditional notions of trademarks law which extended protection within the territory based on use..[25]

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[22] *See generally* Srividhya Ragavan, *Spill-over Over Reputation: Comparative Study of India & the United States,* 14 U. PA ASIAN L. REVIEWREV. 332 (2019)

[23] *See* TRIPS *supra* note 5 at Art 15(1)

[24] Clark W. Lackert & Maren C. Perry, *Protecting Well-Known and Famous Marks: A Global Perspective,* KING & SPALDING, (LLP (Sept. 7, 2008), http://www.buildingipvalue.com/08_global/63-66kingspalding.pdf.

[25] Under the Trademark Dilution Revision Act of 2006, marks are considered famous if they satisfy the factors established in the statute. *See* Trademark Dilution Revision Act of 2006, H.R. 683 109th Cong. § 2 (2006) (outlining the protection of famous marks); 15 U.S.C § 1125(a)(2)(A) (2006) (defining the term fame.). Factors such as distinctiveness of the mark, the duration and extent of use of the mark, the duration and extent of publicity of the mark, the geographical trading area in which the mark is used, the channels of trade for the goods or services with which the mark is used, the degree of recognition of the mark, channels of trade, the nature and extent of use of the same or similar marks by third parties, registration status of the mark are examples of factors that are considered

Considering that well-known trademarks transgress territorial boundaries, this section outlines the international prescriptions and treatises that govern the protection of well-known marks, as well as the doctrinal contradictions that govern the protection of such marks.[26] At an international level, two important international treaties outline the legal protection of well-known marks at a multilateral level. These treaties recognize the importance of protection of trademarks whose fame goes beyond the territory of the mark's use and registration.

a) Paris Convention:

The Paris Convention for the Protection of Industrial Property, 1883 ("Paris Convention"), as amended, addresses the use of well-known marks under Article 6 (bis).[27] Under this Article, member states can legislatively provide for interested parties to reject applications, cancel registration, or prohibit use of trademarks which are confusingly similar to a well-known mark.[28] The Paris Convention has no specific definition of a well-known trademark except that the Article indicates that it may constitute:

> [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

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towards determining whether a mark is famous under Title 15 in the United States. *See generally,* Allan P. Hillman, *Trademark Dilution: The Fame Game*, CONN. L. TRIB. (Dec. 2006), https://shipmangoodwin.com/files/Publication/9b084099-2c37-4ff1-a1d4-03552f7c019f/Presentation/PublicationAttachment/d2b31cfe-f91b-4664-8ca4-07fc18de3b50/trademark_dilution.pdf.

[26] *See* Trademark Dilution Revision Act of 2006, H.R. 683 109th Cong. § 2 (2006) (outlining the protection of famous marks); 15 U.S.C § 1125(a)(2)(A) (2006) (defining the term fame). Factors such as distinctiveness of the mark, the duration and extent of use of the mark, the duration and extent of publicity of the mark, the geographical trading area in which the mark is used, the channels of trade for the goods or services with which the mark is used, the degree of recognition of the mark, channels of trade, the nature and extent of use of the same or similar marks by third parties, registration status of the mark are examples of factors that are considered towards determining whether a mark is famous under Title 15 in the United States. *See generally,* Allan P. Hillman, *Trademark Dilution: The Fame Game*, CONN. L. TRIB. (Dec. 2006), https://shipmangoodwin.com/files/Publication/9b084099-2c37-4ff1-a1d4-03552f7c019f/Presentation/PublicationAttachment/d2b31cfe-f91b-4664-8ca4-07fc18de3b50/trademark_dilution.pdf.

[27] *See* Paris Convention for the Protection of Industrial Property, revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1583; 828 U.N.T.S. 303, at Article 6(bis) *available at* http://www.wipo.int/treaties/en/ip/paris/trtdocs-wo020.html#P 19_137.

[28] *Id.*

person entitled to the benefits of this Convention and used for *identical or similar goods*.[29]

The standard, under the Paris Convention, seems to be that marks already in use in a third country should be well-known in the country of registration such that a strong likelihood of confusion would result if the mark were to be registered in the third country for use over *identical or similar products*. [30]The Paris Convention did not elaborate or define the extent of fame required for a mark to be well-known nor does it outline any limits or criterion to determine when a mark can be considered well-known.[31] The question of how much fame should spill-over to a second jurisdiction for a mark to be well-known was never addressed under the Paris Convention. Thus, presumably, sovereign member states were free to determine the outer limits of fame. Further, the use of the terms "identical or similar goods" limit the scope of protection of the well-known marks doctrine to goods under the Paris Convention.[32] Service marks were left uncovered. The question of fame over use of the mark on related and on dissimilar goods remained unaddressed.

b) TRIPS Agreement:

In 1992, when the WTO was established,[33] Article 2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("the TRIPs Agreement") incorporated all substantive provisions of the Paris Convention.[34] In turn, protection of trademark rights under the Paris Convention was extended to all WTO member-states. Article 16(2) of the TRIPs Agreement addressed well-known trademarks.[35] In general, Article 16 of TRIPs made important changes to the protection regime for well-known marks. First, the TRIPs Agreement vested the mandatory obligation on member states to statutorily provide for owners of a

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[29] *Id.; see also The Problem oOf Notoriety: Famous and Well-Known Marks,* Final Report of the WIPO Internet Domain Name Process (Apr. 30, 1999), https://archive.icann.org/en/wipo/FinalReport_4.html.
[30] Paris Convention, *supra n…. at …..*
[31] Stylianos Malliaris, *Protecting Famous Trademarks: Comparative Analysis of US and EU Diverging Approaches – The Battle Between Legislatures and The Judiciary: Who Is The Ultimate Judge?*, 9 CHI.-KENT J. INTELL. PROP. 48, 50 (2010).
[32] *Id.* Separately, the WTO has been working towards establishing a treaty addressing protection of well-known and famous trademarks. Thus, a Standing Committee was established to deal with issue such as determining when a mark becomes well-known. *See* WORLD INTELL. PROP. ORG., STANDING COMMITTEE ON THE LAW OF TRADEMARKS, INDUSTRIAL DESIGNS & GEOGRAPHICAL INDICATIONS (1998), http://www.wipo.int/edocs/mdocs/sct/en/sct_1/sct_1_3.pdf.
[33] *See* WTO, *supra* note … .
[34] *See* TRIPS Agreement, *supra* note 3, at Article 2.
[35] *Id.* at Art. 16.

registered trademark the exclusive right to prevent the use by unauthorized third parties from using "identical or similar" marks over "goods or services" in a manner resulting in likelihood of confusion with a registered trademark. [36] As such, the TRIPs Agreement specifically included service marks, which was originally not included under the Paris Convention.[37] That is, Article 16 of the TRIPs Agreement specifically elaborates that Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services.[38] Second, Article 16(2) of the TRIPs Agreement lists factors that a member state may consider to determine whether a mark is "well-known."[39] Factors such as knowledge of the trademark of one member in the relevant sector of the public as a result of the promotion of the trademark in another member state and such are considered.[40] The Article specifies that use of the mark within the territory is not be considered as a pre-requisite of knowledge of the mark although it indicates "promotion of the mark" within the territory is required.[41] Third, Article 16(3) expanded the scope of application of well-known marks to goods or services that are not similar to those in respect of which a trademark is registered, provided that: (i)the goods or services over which the trademark is applied need not be identical or related, and (ii) there is no need for proof of likelihood of public confusion.[42] That is, even when there is no confusion (the test to prove infringement) a well-known mark from one jurisdiction cannot be used by another party in a second jurisdiction if *a connection* may be established by the public. Thus, the use of a well-known trademark on a good or service can be construed as being violated under two circumstances: (a) the use falsely indicates a *connection* between those goods or services and the owner of the registered trademark, and (b) could *likely* damage the interests of the owner of the registered trademark.[43] Note that as such trademarks benefitted from a broader protection when law embraced the *likelihood* of confusion standard, as opposed to actual confusion. The need for a mere showing of a connection with goods and services of a well-known mark further broaden the scope of protection of well-known marks.[44] This broadened scope is applied over goods or services that are *not similar,* representing a change from the original standard for the use of a mark over "identical or similar" goods to a standard that was further broadened to cover "related goods." Overall, the TRIPs Agreement in mandating member

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[36] *See id.* at Art. 16(2) ("[I]n determining whether a trademark is well-known, members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the member concerned which has been obtained as a result of the promotion of the trademark.").
[37] *Id.*
[38] *Id.*
[39] *Id.*
[40] *Id.*
[41] *Id.*
[42] *Id.* art. 16(3).
[43] *Id.* at Art. 16(3)
[44] *Id.*

states to recognize well-known marks on goods and services, broadened the scope of protection of well-known marks.

Further, with a view to provide clarity on what constitutes a well-known trademark, Article 16 of the TRIPs Agreement notes that members shall take into account the knowledge of the trademark "in the relevant sector of the public," including the knowledge obtained within the country as a result of the promotion of the trademark.[45] By not defining "relevant public," this requirement includes an element of flexibility and subjectivity in determining what constitutes the "relevant public," and whether the "relevant public" had knowledge of the mark from the promotion, which presumably refers to advertisements and seems to specifically exclude the need for use or registration of the mark.[46] Given the inherent subjectivity outlined in Article 16, ultimately, the determination of whether a trademark used or registered in one jurisdiction can be considered well-known in another is based on national legislations and interpretations of what would constitute knowledge of the relevant public. Additionally, Article 16(2) provides a non-exhaustive list of circumstances for a competent national authority to define "the relevant public" to ultimately determine whether a contested mark is well-known.

The recommendation for member states from the World Intellectual Property Organization ("WIPO") with reference to the term "relevant sectors of the public" is that it is broad enough to include actual and/or potential consumers, members involved in the channels of distribution and business people involved in the *type* of goods and/or services to which the mark applies.[47] It is recommended that even if the mark is determined to be well-known in at least one relevant sector of the public, the member state shall consider the mark to be well-known.[48] That is, a Member State may determine that a mark is a well-known mark, even if the mark is not otherwise considered to be so known. The WIPO recommendations form a part of the non-binding Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks of WIPO which is meant to help member countries determine factors to protect well-known marks.[49] The recommendations

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[45] *Id.* at Art. 16(2)

[46] *Id.*

[47] WORLD INTELL. PROP. ORG., JOINT RECOMMENDATION CONCERNING PROVISIONS ON THE PROTECTION OF WELL-KNOWN MARKS (Sept. 1999), http://www.wipo.int/about-ip/en/development iplaw/pub 833.htm. ; *see also* Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, General Report of the Assemblies of the Member States of WIPO, 34th Annual Meeting, Doc. A/34/16 ¶¶171–83 (Sept. 29, 1999).

[48] *Id.* at 7.

[49] *Id.*

also define non-exhaustive recommendatory factors to determine when a mark can be considered well-known.[50]

The international prescriptions underscore the importance of having clear national laws to protect well-known marks the subject. The use of "acquired fame" to determine whether a mark is well-known has minimized, although not eliminated, the role of use within the jurisdiction as an important indicator to prove fame. While protection is mandated, there is adequate inbuilt flexibility for national laws to determine the scope of protection for marks from one jurisdiction to qualify for protection in a second jurisdiction based on spill-over reputation. Thus, harmonization notwithstanding, there is rightly, a level of variance in national laws and interpretations that can lead to different conclusions.

PART II

Globalization & doctrinal tensions

The discussion above establishes that well-known marks are those that are famous within a country and has a reputation or fame that spills over into other countries. Considering that the fame of the mark has preceded its use, countries typically like to protect and recognize trademarks that are famous in one jurisdiction, in another. Not only do the international agreements prescribe cross-border recognition for famous marks, bestowing such recognition can also create reciprocity, which is an important international law concept that encourages countries to reciprocate privileges that are similar to what the other country extends. Yet, the factum of globalization has exacerbated the doctrinal conflicts associated with the protection of well-known foreign trademarks.

a) Fame's Intersections with Territoriality & Priority Doctrines

The prescriptions of the international trade agreements and the recommendations on extending recognition for a mark famous in one jurisdiction, in a second jurisdiction forms an exception to the territoriality principle which is grounded on the use doctrine. That is because the international requirement that trademarks,

[50] *Id.* Under the WIPO Guidelines, a mark may be considered to be well-known/famous, if one or more of the considerations listed below applies. Such considerations include: (a) the degree of knowledge or recognition of the mark in the relevant sector of the public; (b) the duration, extent and geographical area of any use of the mark; (c) the duration, extent and geographical area of any promotion of the mark, (d) advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies; (e) the duration and geographical area of any registrations, and/or any applications for registration of the mark, (f) the record of successful enforcement of rights in the mark; (g) the extent to which competent authorities recognize the mark and the value associated with the mark. *Id.* at 6.

famous in one jurisdiction, should be extended protection in another jurisdiction because of its spill-over reputation is an exception to the principle of territoriality. In essence, international recognition of foreign trademark results in providing rights locally for property whose use and benefits have essentially been outside of the country. The local protection is not based on domestic use. Instead, the protection of famous marks emphasizes the reputational value of a trademark outside of a territory. It breaks away from and expands the traditional notion of trademarks as symbolizing quality and preserving market integrity.[51] It largely separates the notion of use or providing service from reputation and recognition.[52]

One of the earliest examples of the tension between the operation of territorial use requirement and well-known marks is outlined in a trial court decision of *Vaudable v. Montmartre, Inc.* from New York in 1959,[53] involving the use of the mark Maxim's for a restaurant in New York. Maxim's was a well-known Parisian restaurant in operation since 1893 which had no outlets in New York.[54] The trial court found that Maxim's of New York used similar fonts and signage in a manner distinctly evoking Maxim's of Paris besides copying the red and gold décor thereof and using Montmartre as part of its corporate name, all of which were clear attempts to create an illusion of identity with Maxim's of Paris. The trial court carved out an important exception to the principle of territoriality in recognizing the Paris Maxim's as a famous mark. In enjoining the New York use, *Vaudable* enunciated that use of a mark in one country (or territories) can result in gaining exclusive rights in another country provided the mark has become famous in a second jurisdiction.[55] That is, the first to use within the territory gets rights over the mark *except* where the first user's mark has already acquired fame, in a different territory on account of use by a different user (defined as "prior-user of the mark"). If the foreign mark is famous locally, then the prior-(foreign) user gets the exclusive rights over the mark used by the first local user in the territory (territorial user). It is a situation where a first user's mark enjoys a reputation in the markets of a foreign territory even before the first-user enters the market, owing to a prior use in by another in a different territory.

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[51] ROBERT P. MERGES, PETER S. MENELL, & MARK A. LEMLEY, INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGY AGE (Aspen Publishers, 6th ed. 2012).
[52] *See* DAVID HAIGH, BRAND VALUATION: UNDERSTANDING, EXPLOITING, AND COMMUNICATING BRAND VALUES 1 (1998).
[53] Louis Vaudable v. Montmartre, Inc...., 193 N.Y.S.2d 332 (N.Y. Supp. Ct. 1959).
[54] *Id.* Plaintiffs registered the mark Maxim's with the United States Patent Office for catering services and wines, and have merchandised and sold food products under that name, or a variant thereof, in the United States. *Id.*
[55] *Id.*

The reasoning of the court comports with an important policy justification for trademark law which recognizes the trademark owner's interest in not having "the fruit of his labor misappropriated."[56] But, if an innocent national user is confronted with a foreign famous trademark which has not been used within the territory, protecting the famous foreign mark may run contrary to this policy justification. Thus, when dealing with famous foreign marks, the question of territoriality and priority takes a different form. Typically, priority of use is limited to use within the territory.[57] The question with foreign marks is, whether the priority of use in another territory will count towards priority locally? That is, A uses the mark first internationally except in Utopia such that the mark becomes well-known world-wide acquiring fame everywhere including in Utopia. Within Utopia, B uses and registers the mark first. On the question of who gets priority in Utopia, traditional principles will dictate that the first to use within Utopia, being B, gets the rights over the mark. But, in the case of a well-known foreign mark, that can raise other questions. For example, assuming McDonalds is not registered in Utopia but remains well-known globally. Now, allowing a third party to register the mark in Utopia for exclusive use based merely on priority of use within Utopia may be unfair for McDonalds, which has a strong brand reputation internationally. In the same vein, it is arguable that if McDonalds cared about the Utopian market, it should have registered it there more quickly. If B had registered the mark in Utopia before McDonalds became famous, then, it would be unfair to B to let McDonalds use its fame outside of Utopia to capture the Utopian market by pushing B, a legitimate first territorial user, out.

From the above example, one can summarize that the first step for every country is to determine what it would define as sufficient "fame" locally of a well-known foreign mark.

b) Reciprocity & Universality Principles

Protection of famous foreign marks conforms with and may be fully justified based on the international law principles of reciprocity.[58] Typically, in international law and in international relations, the principle of reciprocity is universally accepted

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[56] James Faris, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law*, 59 CASE W. RES. L. REV. 451, 454 (2009)

[57] *See* Pearson's Co. v. Christman, 900 F.2d 1565, 1672 (Fed. Cir. 1990).

[58] *See generally* Odeen Ishmael, Notes on Diplomatic Practice: Reciprocity in International Law, ODEEN ISMAEL DIPLOMACY (Aug. 19, 2013), https://odeenishmaeldiplomacy.wordpress.com/2013/08/19/41-reciprocity-in-international-relations/.

as a basic foundational principle.[59] Under this, a State adopts a given behavior symmetrical in response to that adopted by another State.[60] International customary law recognizes the principle of reciprocity wherein trading parties will extend treatment such as favors or penalties or benefits toward each other.[61] Thus, a member recognizing a famous trademark of another would expect that the same treatment is meted to its famous trademark owners.

Another important international law principle termed as the "universality" doctrine. The "universality" principle is that a mark indicates the same source no matter where the mark is being used in the world.[62] This doctrine states that when a merchandise bearing a lawfully affixed trademark moves from one country to another, "the merchandise would carry that mark lawfully wherever it went" and the mark cannot be deemed to infringe even if the merchandise "is transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise."[63]

Generally, in order for the envisaged protection for famous marks to operate reciprocally, countries should focus on the fame rather than local use of the mark. Thus, exceptions for famous marks will be created to the principle of territoriality and by extension, the principle of priority of use. Under this construction, the first party to register a trademark should get priority within the territory of use unless the mark has an established fame from the use of a prior user in a foreign territory.[64] For instance, marks with global reputation such as say, Microsoft, McDonalds or Apple, are examples of well-known marks. The reputation or the fame of these marks spreads beyond territorial boundaries and enjoys a reputation even in countries where they may not be present.

The question becomes more complicated where innocent users are involved. For instance, it may be easy to expect that the same trademark may be used over similar or comparable goods or services in different parts of the world, even innocently. For example, "Home Store" may be used for a store that sells home products in rural Oklahoma, USA and in say, Manchester, UK innocently by two different parties. Under these circumstances, if one company goes into the territory of the other, the famous mark doctrine might dictate if one mark has more fame than the other. If not, the doctrine of priority will operate to limit protection to

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[59] *See id.*
[60] *Id.*
[61] Paris et al., *supra* note 7.
[62] J. THOMAS MCCARTHY, MCCARTHY ON, TRADEMARKS & UNFAIR COMPETITION, § 29:1 (4th ed. 2008).
[63] James Faris, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law,* 59 CASE W. RESERVE L. REV. 451, 456 (2009).
[64] *See* Tea Rose Doctrine for common law use.

respective owners within their respective geography/territory. Thus, each prior owner of the trademark can peacefully use the name within their territory of use subject to conditions and applicable statutory requirements.

Importantly, earlier cases did not outline how much "fame" is required for the mark to be considered famous enough such that the use by the first-territorial user will be considered inadequate to establish priority within the territory over a prior-foreign-non-user of the mark. Thus, the reputation of a famous mark in one jurisdiction, present and known in another, such as Reliance (from India), Macy's, Nordstorm or, Cognizant Technologies are not as clear as say, that of a Microsoft or Google.

The factum of globalization and the resulting ability to use trademarks from one jurisdiction in another has raised a fresh gamut of issues in this area. Under these circumstances, each member country struggles with creating the territoriality exception to the priority question. The discussions on India and the United States outlined in Part III and IV below serves as a great example to demonstrate the above proposition.

PART III

Treatment of Spill-over reputation in India

As a background, in January of 1995, India joined the WTO.[65] The graduation into a WTO member necessitated amendments to India's the Trade & Merchandise Marks Act, 1958[66] to comply with obligations under the TRIPs Agreement.[67] A new Trade Marks Act, enacted in 1999 and entered into force in 2003,[68] harmonized India's trademarks statute with the TRIPs Agreement. The discussions in this section is confined to the requirement of grating protection to well-known foreign trademarks and how India has been dealing with issues arising therefrom.

a) India's "Use" less Broad trans-border reputation

Modelled along the lines of the British statute on trademarks, the Trade & Merchandise Marks Act of 1958 had no specific provision addressing the

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[65]World Trade Organization (WTO), http://www.wto.org/english/thewto_e/countries_e/india_e.htm (last visited July 21, 2011).
[66] The Trade And Merchandise Marks Act, 1958, (India), Act No. 43 of 1958 [17th October, 1958] *available at* https://indiankanoon.org/doc/1005493/ (hereinafter, TMM 1958).
[67] TRIPS; Roberts, *supra* n. 2.
[68] *See* Trade Marks Act, 1999 (Act No. 47 of 1999) *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=128107.

protection for reputation enjoyed by a mark within India if the mark was not used or registered in India.[69] Thus, use was central to source identification at that time. Further, section 27(2) preserved common law rights of passing off with respect to unregistered but locally used trademarks.[70] Considering that the reputation and goodwill enjoyed by a mark is a pre-requisite for any passing-off action,[71] Indian courts dealt with trans-border reputation under Section 27(2) of the 1958 legislation.

Remarkably, in one of the earlier judgments rendered in *Centron Industrial Alliance Limited & Another v. Gillette UK Limited,*[72] in 1986, a Division Bench of the Bombay High Court dealt with an allegation by Gillette, the plaintiff-respondent, that Centron Industrial Alliance Limited and Everkeen Blade Co., infringed its trademark on 7O'Clock with respect to safety razor blades.[73] Imports of the 7O'Clock razors to India were not permissible post-1958 due to restrictions imposed by Government of India. Thus, there was a period when the blades were not sold in India by Gillette. However, in 1984, Gillette entered into a collaboration agreement with an Indian company for manufacture and sale of the razors in India. In 1985, Gillette was notified about the defendant's infringing use of the mark like the use of "7-Up" mark on safety razors. The defendants asserted that that Gillette's mark 7O'CLOCK was not used in India on or after 1958 and that whatever reputation and goodwill that existed with respect to goods thereof must be deemed to have been lost by the time the defendants' razors were put in the market.[74]

The Court noted that blades were advertised in foreign newspapers and magazines extensively and these were circulated in India through importation.[75] Additionally, the Court considered the fact that a large number of Indians travel out temporarily to other countries and would have had the opportunity to use Gillette's 7O'CLOCK branded razors and issued an injunction against the defendants. The defendants raised a defense of abandonment (loss of rights on account of non-renewal of trademark)[76] and asserted that Gillette had either no goodwill in the mark 7O'CLOCK because of non-use in India from 1958, or that

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[69] *See* TMM, 1958; *supra* n. 47.

[70] *Id.* at § 27(2) which stated "Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof."

[71] *Id.*

[72] Unreported. Decided on July 24, 1986 by the Bombay High Court in Appeal No. 368 of 1986 by Justices S. K. Desai & S.P. Bharucha *available at* www.casemine.com/judgement/in/58117eb32713e179478af29e#.

[73] *Id.*

[74] *Id.*

[75] *Id.* at para. 7.

[76] *See for example,* §§ 25 (3), (4) and § 26 read with § 46 which deals with non-use of the trademark.

goodwill had been lost from the date of non-use.[77] The court, however, opined that the mark had not lost its distinctiveness in India on the grounds that:

> "It is not possible for us at this stage at least to accept the submission that there was no user at all in India or not sufficient user as to amount to destruction or *abandonment* of the plaintiffs' goodwill and reputation. It is now equally not possible to accept the submission that the goods of the plaintiffs had lost their distinctiveness and had ceased to be associated in the minds of possible consumers with the goods of the plaintiffs on account of the policies of the Government of India as a result whereof the commercial user in India had become restricted."[78]

This case is exceptional in that it did not focus on the use or the absence thereof. Typically, loss of rights on account of non-use, termed also as abandonment, is an important part of trademark jurisprudence.[79] The Indian court seems to have considered several factors but not whether non-use results in loss of rights within India. Nor, did it try to define when a mark may lose rights on account of continuous non-use in the Indian market. Instead, the Division Bench of the Bombay High Court on a different occasion held in favor of Gillette regarding the very same mark in 1987 in *Kamal Trading Co. & Ors v. Gillette UK Limited.*[80] While the case involved the mark 7 O'CLOCK, the distinguishing feature was that the mark was adopted over dissimilar goods, namely, toothbrushes. Further, the defendant relied on a decision relating to abandonment from the English Courts in *Anheuser-Busch Inc. v. Budejovicky Budvar N P ("Budweiser case")*[81] where the Court of Appeals in England considered that the plaintiff's sale of Budweiser beer to military and diplomatic establishments in England (around 5 million cans) as "sporadic and occasional sales." Deeming these as not amounting to carrying on business in England, plaintiff was refused an injunction against the defendant's use of the same mark. In India, rejecting the holding of the said decision, the Division Bench held as follows:[82]

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[77] *Id.* at para. 6. P laintiffs had no goodwill in mark '7 O'CLOCK' as the goods manufactured by the plaintiffs are not available in India since 1958 and the goodwill, even if any, stood extinguished, while, on the other hand, the defendants acquired goodwill in respect of the mark '7 O'CLOCK' from 1982. (WRITE ABOUT THE ABANDONEMENT CASE HERE)

[78] *Id.* at paragraph 5.

[79] *See* 15 U.S.C. § 1127 under which a trademark is deemed abandoned if "its use has been discontinued with intent not to resume such use….Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark."

[80] 1988(8) PTC1 (Bom)

[81] FSR (1934) 413

[82] *Id.* at para. 11.

> "…it is not possible to conclude that the goodwill or the reputation stands extinguished merely because the goods are not available in the country for some duration. . . It is possible that the manufacturers may suspend their business activities in a country for short duration, but that fact would not destroy the reputation or goodwill acquired by the manufacturers."[83]

The decision broadened the concept of goodwill to the international requirements in that it clarified that goods need not be used or available in the country where goodwill is accumulated, provided that they are advertised.[84] This judgment was followed by the Delhi High Court in 1991 on the question passing-off involving *Apple Computers*.[85] Apple Computers Inc., ("Apple"), United States, which had been exporting its products to India since 1977, sued an Indian entity - Apple Computer Education – which also had a similar logo. This court similarly highlighted the broadened standard which dismissed use as a pre-requisite that plaintiffs "must carry on business in a jurisdiction before improper use of its name or mark can be restrained by the court." [86]

While the Gillette decision rightly asserted that "goodwill is not limited to a particular country", the court could have considered the implications on the rights of the local owner as a consequence of non-use of the mark (typically, termed as abandonment in the United States). But, the two Gillette decisions' bigger failures lie in not drawing a clear jurisprudential boundary of what fame is, when such fame translates into goodwill in a second jurisdiction – is it when advertisements are made, when the general public becomes aware of the mark, or is such knowledge limited to "the relevant market"? Thus, the court, arguably, did not draw clear boundaries to establish when goodwill begins and ends especially when the mark has either not been used in the jurisdiction, or has not been renewed and thus, abandoned. These broad decisions set the tone for many of the subsequent cases and became important precedents in India.

Five years later, in 1996, the Supreme Court of India had the occasion to decide the issue of trans-border reputation in *N R Dongre & Ors v. Whirlpool Corporation*.[87] The trademark at issue, WHIRLPOOL, was registered under the Indian Trademarks Act, 1958.[88] The trademark was used in connection with electrical goods, including washing machines and owned by Whirlpool Corporation USA. While the mark

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[83] *Id*.
[84] *Id.*
[85] MANU/DE/0919/1991.
[86] *Id.* at para. 159.
[87] 1996 (16) PTC 583 (SC) *available* at https://indiankanoon.org/doc/1732339/ [herein after Whirlpool, SC of India].
[88] N. R. Dongre v. Whirlpool Corp., (1995) A.LR. 300, 302–04 (Delhi) [hereinafter Division Bench decision].

was registered on February 22, 1956 in classes 7, 9 & 11, the registrations were not renewed after 1977 due to a lapse in protection. However, despite the lapse in registration, the Whirlpool mark was being used in India through sale of washing machines to the offices of the US Embassy and USAID offices in New Delhi. Further, Whirlpool had also advertised its products in various publications having circulation in India. Furthermore, goods bearing the Whirlpool mark were reaching Indian consumers either as second-hand products or through indirect channels. The defendant, an Indian company, applied in 1986 to register the mark Whirlpool for the same class of goods and that application was granted. [89]

The Supreme Court reviewed the findings of the Single Judge and the Division Bench of the Delhi High Court on the reputation of the Whirlpool mark in India. The court cited the Delhi High Court's position that, "[E]ven advertisement of trade mark without existence of goods in the market is also to be considered as use of the trade mark. It is also not necessary however that the association of the plaintiff's marks with his goods should be known all over the country or to every person in the area where it is known best."[90] Citing *Faulder & Co. Ltd. v. O & G. Rushton*,[91] the court held that the facts *prima facie* demonstrate that the respondent was the prior user of the trade mark 'WHIRLPOOL' as it was using the same since 1941, while the appellants themselves claim the adoption thereof from 1986 and only within India.[92] Thus, the court held that the trade mark 'WHIRLPOOL' has acquired reputation and goodwill in this country and the same has become associated in the minds of the public or potential buyers with the goods.[93]

This case completely dissociates the use requirement from considerations of spill-over reputation. The case is commendable for reiterating the international standard that famous marks can be protected even without use within the territory. Yet, the court could have perhaps delved into the issue of whether a mark that has been intentionally not renewed for ten years can be considered by a jurisdiction to have enough accumulated goodwill such that the foreign mark owner can take over the goodwill over a territorially registered user. Not fully addressing the statutory implications of not renewing a trademark (and whether it amounted to abandonment) basically provides establishes importance to local

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[89] Whirlpool Corporation filed an opposition which was rejected and the trademark was registered in the defendants' name. When the appeal came before the Supreme Court, Whirlpool Corporation's petition for expunging the registration granted to the defendant was pending before the Trade Marks Office. *Id*

[90] *Id.*

[91](1903) 20 RPC 477.

[91](1903) 20 RPC 477.

[92] *See* N.R.Dongre *supra* n. 74.[93] *See* Whirlpool SC of India, *supra* n. 73.

[93] *See* Whirlpool SC of India, *supra* n. 73.

advertisements than to statutory procedures.[94] There seems to be no legal basis for the court to protect the ownership rights of a trademark whose owner did not protect his rights over the mark within the territory. Similarly, the Supreme Court did not define or confine what the relevant market is. Also, the involved High Courts and even the Supreme Court did not venture into the question of establishing the threshold or criterion to fully determine the limits of fame. Nor was there any criterion established to distinguish between "use" of a known trademark from that of a well-known trademark in a manner sufficient to qualify as "famous." The judgment, arguably, highly diluted the value of trademark registration and associations with the territorially doctrine.

B) Use dissociations favoring foreign marks

The decision of the Indian Supreme Court in the Whirlpool decision started a trend that seemed to completely divorce the use doctrine and broadened the recognition of spill over reputation. It hugely favored owners of well-known marks in India. While the Whirlpool decision is widely regarded as an attempt to appease the United States, the Whirlpool case also became an important precedent setting the trend for further expansion of the scope of the recognition for trans-border reputation as elaborated below.[95] The holding of the Whirlpool case on trans-border reputation was followed in several of the subsequent cases decided under the trademarks statute. The decision is perhaps an example of how the judiciary, in seeming good faith, but without larger economic justification, has interpreted the statute more broadly to accommodate to global trends.

Following Whirlpool, in the 1997 a Division Bench decision of the Bombay High Court, in *Aktiebolaget Volvo of Sweden v. Volvo Steels Ltd. Of Gujarat (India)* [96] noted that trans-border reputation was recognized by Indian Courts and that as a matter of law, it was not necessary to prove actual sale if the plaintiff was able to prove goodwill and reputation of the mark in India. The plaintiff in that case, a Swedish automobile company, who had no business in India at that time, was suing a local defendant for unauthorized adoption and use of its famous mark Volvo in connection with mild steel ingots.[97] Later, in 2001, a Single Judge of the Delhi High Court held in *Rainforest Café Inc v. Rainforest Café and Ors* [98] that, although the American corporation, Rainforest Café Inc, had no business activity in India, the

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[94] *See* Trademarks Act, §§ 25 & 26 where nonrenewal after 7 years can result in the mark being removed from the register.
[95] Nicky Jatana, *Did Whirlpool Make Its Mark in India--N.R.Dongre v. Whirlpool Corp.*, 10 PAC. MCGEORGE GLOBAL BUS. & DEV. L.J. 331 (1997).
[96] 1998 (18) PTC 47 (Bom).
[97] *Id*.
[98] 2001 (21) PTC 353(Del).

fact that it had received several trade inquiries from India was sufficient to issue an injunction against a local defendant who adopted the identical mark 'Rainforest Café: A Wild Place to Eat' for his restaurant. The Court found that, failure to do so would cause irreparable injury to the reputation and goodwill of the plaintiff worldwide besides having adverse ramifications on the impending franchise enquiries for New Delhi and other parts of India.[99] In 2002, another Single Judge of the Delhi High Court cited the *Whirlpool* decision and held in favor of the American cosmetic company, Jolen Inc, which had no business activity in India at that time, by restraining a local defendant who adopted an identical mark and identical goods.[100]

Though the judicial trend remained favorable for protection of trans-border reputation, it did result in courts not delving into the larger legal and economic implications that are integral to appreciate the threshold and limitations of goodwill being spilled-over. Is there not a difference in India between the goodwill enjoyed by Apple and the likes of Rainforest Café and Jolen? Even if Jolen and Rainforest Café are considered as famous marks in the US, is the fame not different in a country like India where these products are predominantly known to much smaller segment of the population. Do the courts not have an obligation to consider how a "market" should be defined in order to determine fame and goodwill?

C) Well-known trademarks need no use post-TRIPS

The enactment of the Trade Marks Act, ("the TMA")2003 marked a new era because it highlighted that statutory protection is not pre-conditioned that the mark is used or registered in India.[101] Importantly, the provisions of TMA dissociated the use requirement for protecting well-known marks based on local recognition.[102] Section 11(9) of the statute proscribed that the Registrar shall not

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[99] *Id.*

[100] Jolen Inc. v. Doctor & Company [2002 (24) PTC 29 (Del)].

[101] *See* Trade Marks Act, 1999 (Act No. 47 of 1999) *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=128107 (hereinafter, TMA 1999) *See for e.g.,* 15 U.S.C.A. § 1125(c) stating that, "[]In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including ….(3) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register." [102] *Id.* at § 11 (8); *See for e.g.,* 15 U.S.C.A. § 1125 (requiring that the trademark owner must show valid ownership of the famous mark as well as commercial use in commerce of the mark that allegedly causes dilution of the famous mark. This law does not require the mark to be registered in the United States in order to receive famous mark protection but it should be used in the United States).

[102] *Id.* at § 11 (8); *See for e.g.,* 15 U.S.C.A. § 1125 (requiring that the trademark owner must show valid ownership of the famous mark as well as commercial use in commerce of the mark that allegedly causes dilution of the famous mark. This law does not require the mark to be registered in the United States in order to receive famous mark protection but it should be used in the United States).

deny protection for a well-known mark on the grounds that the trade mark has not been used, or, registered or, that the trade mark is not well-known to the public at large in India.[103] Not considering priority of local use to protect a well-known foreign mark was seemingly in line with the WIPO joint recommendations.[104] Given the traditional focus of the priority doctrine on territorial use, the question of whether well-known marks, which has local recognition based on prior foreign use, form an exception territoriality doctrine was fully statutorily expounded and may have been left to the courts to consider. That is, should a prior foreign user of a well-known be given priority against a first local user of the mark?

The non-exhaustive criteria for determining a well-known mark under section 11(6)[105] includes knowledge or recognition of the mark in the relevant section of the public; knowledge within India from promotion of the mark; duration, extent and geographical area of promotion either from use or registration; and instances of successful enforcement of rights over the mark.[106] The market for the goods, channels of distribution and "the business circles dealing with the goods or services, to which that trade mark applies" may be considered as well.[107] Thus, since the public at large need not know of a well-known mark, it is left to the judiciary to narrow what constitutes "well-known" and the "relevant public" to determine the extent of local fame over the mark.

In March 2017, India unveiled new Trademarks Rules under which parties may request the Registrar to determine a trademark as well-known by filing a relevant form.[108] While parties include all the evidence relied by the applicant in support of his claim,[109] the Registrar can request additional documents[110] and invite oppositions/objections from the general public.[111] However, the Registrar also has the power to change that status, subject to due hearing, if circumstances change.[112]

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[103] *Id.* at § 11 (9).
[104] *See* Problem of Notoriety, *supra n.* 9.
[105] *Id.* at § 11 (6).
[106] *Id.*
[107] *Id.* at § 11(7)(3).
[108] *See* TM Rules; *supra.* n. 74 at Rule 124.
[109] *Id.* (Once the documents are filed, the Registrar will make a determination, based on such documents and Sections 11(6) to (9) of the TM Act, whether the mark is well-known.
[110] *Id.* "For the purpose of determination, the Registrar may call such documents as he thinks fit."
[111] *Id.* at Rule 124 (4). "Before determining a trademark as well-known, the Registrar may invite objections from the general public to be filed within thirty days from the date of invitation of such objection."
[112] *Id.* at 124 (6). The Registrar may, at any time, if it is found that a trademark has been erroneously or inadvertently included or is no longer justified to be in the list of well-known trademarks, remove the same from the list after providing due opportunity of hearing to the concerned party .[113] *Id.* at 124 (5)."In case the trademark is determined as well-known, the same shall be published in the trademark Journal and included in the list of well-known trademarks maintained by the Registrar." *See* TM

A determination by the Registrar that a mark is well-known entails publication in the trademark Journal as part of the list of well-known trademarks maintained by the Registrar.[113] This is comparable to the Japanese practice of publishing well-known trademarks.[114] All of this goes to show the extraordinary powers that the Registrar wields with reference to either graduating or demoting a trademark as being well-known, which provides huge scope of influence.[115]

The amendments laid the foundation for the judiciary to underscore the doctrinal tension between territoriality and fame.

In 2004, in *Milmet Oftho Industries & Ors v. Allergan Inc*,[116] the Indian Supreme Court considered an appeal from a local defendant whose mark, OCUFLOX, for medicinal preparation was identical to the plaintiff's mark. Importantly, the foreign plaintiff never used the mark in India. The Court refused to focus on use and non-use in India was irrelevant if they were the first in the world market! The Supreme Court added that medical practitioners regularly travel abroad and because OCUFLOX is widely advertised, it likely acquired a worldwide reputation sufficient to trump over a local prior-user! It would have been nice to see the court

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Rules, *supra*. n. 74. On March 6, 2017, the Trade Mark Rules 2017 were notified into effect. Under the rules, the Indian Trade Marks Office maintained a list of well-known marks which were included based on a request by the owners of the marks provided they presented valid proof. *See* List of Well-known Trademarks, Office of the Controller General of Patents, Designs & Trademarks, Dept. of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, *available at* http://www.ipindia.gov.in/writereaddata/Portal/Images/pdf/well-known-trademaks.pdf . The Trade Marks Office typically preferred a court order recognizing the mark as a well-known mark as valid proof of fame of the mark.

[113] *Id.* at 124 (5)."In case the trademark is determined as well-known, the same shall be published in the trademark Journal and included in the list of well-known trademarks maintained by the Registrar." *See* TM Rules, *supra*. n. 74. On March 6, 2017, the Trade Mark Rules 2017 were notified into effect. Under the rules, the Indian Trade Marks Office maintained a list of well-known marks which were included based on a request by the owners of the marks provided they presented valid proof. *See* List of Well-known Trademarks, Office of the Controller General of Patents, Designs & Trademarks, Dept. of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, *available at* http://www.ipindia.gov.in/writereaddata/Portal/Images/pdf/well-known-trademaks.pdf . The Trade Marks Office typically preferred a court order recognizing the mark as a well-known mark as valid proof of fame of the mark.

[114] Brian J. Winterfeldt & Laura S. Emmett, *Protecting Famous Marks*, INTERNATIONAL TRADEMARK ASSOCIATION, https://www.inta.org/INTABulletin/Pages/ProtectingFamousMarks.aspx.

[115] That said, Registrar is required to take into consideration, Sections 11(6) to 11(9) of the TM Act, discussed above. It is also arguable that right of third parties to object and the right to appeal perhaps act as limitations on the power of the Registrar. Presumably, there may be marks that may qualify as well-known under Section 11 (6) of the statute but has either not made it to the well-known marks in the list because adequate documentation was not presented or, because, the Registrar did not think that it would qualify despite the documentation. The status of these marks may have to be judicially determined.

[116] (2004) 12 S.C.C. 624.

delve into the definition of "relevant market" such as whether it was the general public or the doctors or the smaller percentage of doctors who travel abroad or the pharmacists who dispense these medications? This case succinctly presented the conflict between the spill over reputation of well-known marks and territoriality underpinnings, which the Supreme Court failed to capture. The court, indicated though the following:

> "Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market."[117]

For the first time, the Court indicated that priority of innocent use within India should perhaps supersede trans-border reputation especially by a prior-local-good faith-user. Otherwise, it subjects local users unfairly to foreign corporations and their brand investments.[118]

Following the decision above, in 2006, in *Austin Nichols & Co. & Seagram India Pvt. Ltd. Vs. Arvind Behl, Jagatjit Industries Ltd.*,[119] a Single Judge of the Delhi High Court considered whether the mark "Blenders Pride" used in respect of the whisky manufactured by the plaintiff enjoyed trans-border reputation. Adopted in 1973, the foreign plaintiff had been selling the said whisky in over 50 countries worldwide. Plaintiff asserted that Blenders Pride enjoyed trans-border reputation in India on the grounds that between the late 1980s and early 1990s, millions of global Indian travelers were exposed to the sale and promotion of the whisky.[120] The plaintiff's business in India was set up in 1993 although, in 2003, ironically the respective marks of the plaintiff and the defendant, namely, Blenders Pride, were advertised in the same Trade Marks Journal and both parties filed oppositions against each other's application.[121] The defendants claimed that they were the prior-user within India and hence, presumably, implicated the question of the well-known mark exception to territoriality. The question of prior-user within the jurisdiction versus reputation outside the territory became significant.[122] The court

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[117] *Id.*
[118] *Id.*
[119] 2006 (32) PTC 133 (Del).
[120] *Id.*
[121] *Id.* The Indian Trademarks office granted registration to the defendants in 2004. In 2005, the plaintiffs learnt that the defendants had introduced their whisky in the Indian market and a suit was filed. The defendants asserted that they were the prior users of the Blenders Pride mark in India, thus bringing the question of prior user within the jurisdiction versus reputation outside the territory.
[122] Id.

cited *Milmet Oftho*[123] and held that, Blenders Pride whisky manufactured by the plaintiffs had the worldwide reputation, in other countries since 1973 and considered this lawsuit as the plaintiff's efforts to preserve their global reputation in the mark.[124] The Court found that the plaintiffs not manufacturing the said whisky in India was irrelevant and instead focused on the promotions made through information and communication technology.[125] This decision minimized the value of prior use locally for protection of marks with spill over reputation from abroad.

Other decisions along the same lines include a 2008 Division Bench decision of the Delhi High Court in *Kiran Jogani and Anr. Vs. George V. Records, SARL*,[126] determining whether the mark BUDDHA-BAR enjoyed trans-border reputation in India. The plaintiff-owner who first used it as part of a music album asserted that he was the first to use the name in 1996 for a restaurant in Paris.[127] The court felt that there was a "vast coverage given to the restaurant and the music in international press and the magazines including transmission of programs through television channels to show even the participation of Indian designers."[128] Based in this, the Court found merit in the claims of the plaintiff-appellant and upheld the trans-border reputation in its mark BUDDHA-BAR.

Similarly, in *Boehringer Ingelheim Pharma GMBH Vs. Premchand*,[129] decided in 2013, the trademark in dispute before a Single Judge of the Delhi High Court were "MUCOSOLVAN" and "MUCOSOLVIN", used in respect of their respective cough syrups. The plaintiff, a German company established in the year 1845, who had been conducting its business in India through its subsidiary, claimed that its mark "MUCOSOLVAN" was adopted in 1975 and that it has been using it continuously since 1979. The plaintiff asserted trans-border reputation in the mark and claimed that it was the first to adopt and use the said mark anywhere in the

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[123] (2004 (12) SCC 624)
[124] *Id.*
[125] *Id.*
[126] 2009 (39) PTC 69 (Del).
[127] *Id.* Further, plaintiff asserted that the music albums played at the said restaurant by well-known Disc Jockeys were compiled into CDs as they became extremely popular and were then sold under the trademark BUDDHA-BAR from the year 1999 onwards. The plaintiff also claimed extensive worldwide registrations for the said mark in classes 09 and 41 and argued that its reputation has spread across the world and spilled over to India well prior to the adoption of the offending mark by the appellant-defendant in 2002 in respect of musical records. The defendant argued that the plaintiff had failed to establish user rights in India and that the first invoice on record dated February 21, 2002, a date after the release of the defendant's album in January 2002. In doing so, this court considered, "[W]hat would be the best material which the respondent could have produced to establish its trans-border reputation?"
[128] *Id.*
[129] 2014 (57) PTC 339 (Del).

world. It had a pending application in India at the time of filing the suit. The plaintiff was aggrieved when it learnt in 2011 about the defendant's use of the mark MUCOSOLVIN for a cough syrup. The plaintiff alleged that the defendant, being in the same business was aware of the goodwill and reputation of its trademark MUCOSOLVAN and its use of the said mark since 1979.

Resisting the suit, the defendants argued that the plaintiff had not used its trademark "MUCOSOLVAN" in India till the date of the suit and that its pending trademark application filed in October 2011 was on an 'intention to use' basis. Rejecting the arguments of the defendant, the Court considered "other factors" and relied on *Milmet Oftho Industries.*[130] It noted the Supreme Court observed that the mere fact that the plaintiff was not using the mark in India would be irrelevant if they were first in the world market. The court was enamored and seemingly blinded by the fact that plaintiff held a registration for the mark MUCOSOLVAN in as many as 93 countries, and that the Plaintiff's MUCOSOLVAN products are available worldwide!

Other cases include a 2016 Division Bench decision of the Delhi High Court decided the issue of trans-border reputation of the mark, *Lavera Mac Personal Care Pvt. Ltd. & Ors v. Laverana GMBH*.[131] LAVERA is a Latin word meaning "the truth". The respondent-plaintiff, a German company, had adopted the mark LAVERA in 1980 for cosmetic products and has been marketing these products since the year 1982. The plaintiff claims extensive registrations around the world and a pending registration in India at the time of filing the suit.[132] The defendants, argued that the plaintiff had never used the mark in India and that they had been using the mark since 2005 although it was not registered, which made the court believe that the adoption of the name was dishonest. The defendants claimed that they adopted the identical mark LAVERA from the aloe vera plant used in beauty treatment. The Single Judge held in favor of the plaintiff by noting that the existence of a merchant on a webpage of foreign origin is sufficient to show the trans-border reputation even if it had no activity in India at the relevant time. The court felt that the growth of the internet and the modern means of communication made it relatively easier to establish international reputation and its spill-over effects. [133]

Part IV

[130] (2004) 12 SCC 624.
[131] 2016 (65) PTC 357 (Del).
[132] It was the plaintiff's claim that due to such extensive worldwide use, its products sold under the same mark have earned goodwill and reputation, that its products are freely available on e-bay and online stores, that it has country code top level domain name registrations in various countries.
[133] *Id.* at para. 15.

United States & Well-known Trademarks

The following segment outlines how the United States treats well-known marks carefully distinguishing it with locally famous marks. The discussion specifically compares American judgments with those in India to examine how the US deals with situations wherein a well-known foreign mark is used for the first time within the United States. Similarly, the discussion analyses the rights over a well-known mark registered in the US by a local-user who thereby becomes a prior-registered-user within the US. The question also examines whether fame of the mark abroad should be an exception to territoriality to establish priority of use.

a) Fame intersects with priority & territoriality:

At the outset, it is important to layout the dichotomy that exists in the United States between well-known marks and famous marks. Within the US, the federal Trademarks Dilution Act defines and provides a set of criterion to determine fame of a mark within the territory.[134] The objective is to ensure that when a mark attains the distinction of being famous, then the mark should not be used over products that impairs the distinctiveness even if it is not a competing, identical or related good. Thus, unlike infringement, which prevents consumer confusing use by a third party of a mark, dilution prevents impairment of a famous mark. Dilution does not deal with well-known marks from abroad and instead, prevents impairment of marks that are famous within the United States.

In the United States, protecting well-known marks from abroad runs counter to the strong use requirements. Thus, in order to conform to the international trade agreements, well-known marks from abroad should form an exception to the territoriality doctrine, and is typically termed as the famous marks doctrine.[135]

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[134] *See* 15 U.S.C. § 1125(c)(2)(A)(i)-(iv); Lanham Act, section 43(c) also known as the Trademarks Dilution Revision Act, 2006 (TDRA). Under the TDRA, Under the TDRA, a mark is *famous* if it is widely recognized by the general consuming public of the US as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- **(i)** The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- **(ii)** The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- **(iii)** The extent of actual recognition of the mark.
- **(iv)** Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

[135] *See also* J. THOMAS MCCARTY, MCCARTY ON TRADEMARKS AND UNFAIR COMPETITION § 29:4 (4th ed. 2008) (asserting that the famous marks doctrine is incorporated into United States domestic law through Lanham Act sections 43(a), 44(b), 44(h)).

Under the famous marks doctrine, considering the fame of the mark, the question is whether the second user in a different territory adopted the mark in good faith. For the first time, the United States, in *Maison Prunier v. Prunier's Rest. & Café,*[136] recognized the famous marks doctrine. "Maison Prunier" was a Paris restaurant with a branch in London. When a new restaurant was opened in New York City with a similar name, the owner sought to enjoin defendants' use of the name even though it did not have operations in New York. The appeals court sustained the ruling of the trial court.[137] The court specifically highlighted the general rule of territoriality but noted that bad faith use of a famous name by a second user formed an exception to the territoriality rule. Fame of the foreign mark within the United States became a relevant factor relevant to deciding whether the second user adopted the mark in good faith.[138] Additionally, using unfair competition principles, a foreign mark may be entitled to protection even if it was neither used nor registered—provided it is well-known among consumers and there is clear proof of lack of bad faith appropriation of the mark. It is worth adding here that some of these decisions have been based on state common law rather than under federal Lanham Act.[139]

b) ***Local Use & Fame Abroad – Travelling Americans need not know of all marks abroad!***

The following narrative examines how courts in the United States have dealt with cases where a mark that is well-known in a foreign country, have been subject to prior registration by a third party within the U.S. It raises the issue of priority in the United States, based on use of the mark.

In 1981, Larry Christman, a U.S. citizen, visited a Person's Co. retail store in Japan.[140] The Person's name was adopted, in 1977, by Takaya Iwasaki to market and distribute clothing items in retail stores located in Japan. On return from Japan, Christman developed designs for his own "PERSON'S" brand sportswear line based on the Person's products he had purchased in Japan. By April 1984, Christman not only supplied clothes bearing the Person's logo within the United States, he also registered the name for use on wearing apparel.[141]

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[136] 159 Misc. 551, 557–61 (N.Y. Sup. Ct. 1936).
[137] *Id.*
[138] *Id.*
[139] *Id. See also* Kristin Zobel, *The Famous Marks Doctrine: Can and Should Well-Known Foreign Marks Receive Trademark Protection within the United States?*, 19 DEPAUL J. ART, TECH. & INTELL. PROP. L. 145 (2008) (discussing cases establishing trademark law).
[140] Person's Co. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990).
[141] *Id.*

Meanwhile, Person's became a well-known and highly respected brand in the Japanese fashion industry. When the Japanese company wanted to sell its products in the United States, they initiated an action to cancel Christman's registration. On appeal, the Federal Circuit affirmed the Board's decision that Christman was a "good faith" prior user of the mark in the United States even though it was clear that he had misappropriated a mark in use in a foreign country. The Federal Circuit adopted the view that copying a mark in use in a foreign country is not *per se* an evidence of bad faith unless the foreign mark is *famous in the United States at that time the copying is undertaken and the mark is copied for the purpose of interfering with the prior user's planned expansion into the United States.*

> "Christman's conduct in appropriating and using the appellant's mark in a market where he believed the Japanese manufacturer did not compete can hardly be considered unscrupulous commercial conduct."[142]

Essentially, territorial *use* is the critical component to establish priority over a mark that has fame from abroad. Thus, the territorial use principle, especially the way it is defined and applied in the United States, does not deter third parties to adopt, use and protect within the U.S., trademarks that may be known and protected in another country.

Unlike India, which surprisingly attributes travelling Indians with exceptional knowledge of trademarks, the United States believes that expecting travelling Americans to know of marks in several countries is unfair. Hence, from a national perspective this seems like a fair determination although it does condone stealing relatively good marks from other countries under limited circumstances.

c) *Fame without Use:*

The narrative below examines a situation where a foreign mark enjoys a reputation in the United States where it is not being used. If a local user appropriates the mark, the question is whether courts will focus on local reputation of the foreign mark or on the use of the mark in order to determine priority.

The Ninth Circuit dealt with a case involving a large and well-known Mexican grocery chain—Grupo Gigante—which has been operational in Mexico since 1962 but did not have a presence in the US.[143] The name was appropriated by a Michael Dallo in 1996 to operate an American chain of grocery stores in a locality where shoppers were familiar with the Mexican mark. Neither party had registered the mark federally. Considering that the Mexican mark was well-known in the US,

[142] *Id.*
[143] 391 F.3d 1088 (9th Cir. 2004).

the question is should the Mexican owner be entitled to priority within the US based on the fame the mark acquired from its use in Mexico?T

Grupo Gigante, the plaintiff, asserted the fame of its mark in Mexico and the knowledge of its mark amongst Mexican consumers in the California market entitled it to protection in the US.[144]

The defendants argued that the territoriality principle required that the mark be used within the United States and that the prior-U.S.-user was entitled to protection even though he had essentially adopted the mark in the U.S. with full knowledge of its fame in Mexico. To its credit, the Ninth Circuit recognized the existence of the famous marks doctrine and how it is juxta positioned over the territoriality doctrine.[145] The court specifically clarified that section 44 of the Lanham Act implements Article 10bis of the Paris Convention[146] which requires member countries "to assure to nationals of [other member countries] effective protection against unfair competition." Further, section 44 of the Lanham Act extended Lanham Act protections to foreign nationals—although only "to the extent necessary to satisfy the United States' treaty obligations."[147]

Grupo established that its mark and its store was known (secondary reputation) to residents of the San Diego area to which the district court agreed. [148] Yet, the court ruled that the presence of secondary meaning alone, which was the court's yardstick to measure fame of the foreign mark in the United States, is insufficient to overcome the need for use. In addition to secondary meaning, the Ninth Circuit required that district courts 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."[149] The court defined the term "relevant American market" as the geographic area where the defendant uses the alleged infringing mark. In making this determination, the court required that factors such 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 foreign trademark owner should be considered.[150] The court held that these factors may not

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[144] *Id.*
[145] *Grupo Gigante,* 391 F.3d at 1094;.*See also* Fuji Photo Film Co., v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985); *see generally,* Zobel, *supra* note 138 (discussing the circuit confusion on this area of law).
[146] *See* 15 U.S.C. 1126*; See also* Paris Convention, *supra* note 4, art. 10 (bis).
[147] *Id.*
[148] *Grupo Gigante,* 391 F.3d at 1094 at FN 23, 24.
[149] Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1098 (9th Cir. 2004)
[150] *Id.*

necessarily be determinative, although they are relevant to show consumer confusion or fraud, which are the reasons for having a famous-mark exception.[151]

From a global perspective, this decision poses a problem with famous marks that already enjoy a reputation and identity in foreign jurisdictions, some of which may permeate within the United States, although the mark may not be used or registered in the United States. This is especially true of marks that may be well known within large pockets of different immigrant communities but not generally well-known. The decision essentially directs foreign mark owners interested in the U.S. market to carry the burden to register the mark in the United States.

This decision is unlike in India where in its zeal to recognize foreign marks, courts have repeatedly narrowed the goodwill requirement to what is recognized by the "travelling Indians" and to internet savvy Indians, which is a small class of the population of the country.

In reality, the famous marks doctrine has always had a tumultuous recognition in the U.S. The discussion in the initial part of the paper of the 1959 decision in *Vaudable v. Montmartre, Inc.,* [152] from the state court New York is a case to the point. While the Ninth Circuit agreed that well-known foreign marks can gain exclusive rights even in territories where it is not in use, it struggled with defining how much fame or how well-known the foreign mark must be in the U.S. to get protection. [153]

The United States has struggled to dissociate use in order to grant priority to well-known marks with fame if they are not used in the country. In *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona,*[154] the court specifically noted that the United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law. Similarly, in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.,*[155] the court noted that the famous marks doctrine had no place in federal law and that it was up to Congress to prescribe the bases for federal trademark claims for well-known marks. While other cases like *Empresa Cubana del Tabaco v. Culbro Corp.,*[156] opines that federal trademarks law embodies principles of famous marks doctrine under section 43(a).[157] *Use* remains fundamental to federal trademark law in the United States and that recognition of a famous foreign marks exception without use would be well-cemented perhaps

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[151] *Id.*
[152] 20 Misc. 2d 757 (1959).
[153] *Id.*
[154] 330 F.3d 617, 628 (4th Cir. 2003) ("United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law").
[155] 381 F. Supp. 2d 324, 327–328 (S.D.N.Y. 2005).
[156] 399 F.3d 462.
[157] 15 U.S.C. § 1125.

only with adequate Congressional action. In gist, the tendency is to provide rights to the local user who uses the mark first within the U.S. This is more so, if the U.S user has managed to register the foreign mark first in the U.S.

d) Foreigners & Protection for well-known marks used in US

Part III demonstrated the significant recognition India has awarded foreign trademarks, of which the U.S. trademark owners have been the biggest beneficiaries. It is worth recalling that India specifically derogated from the priority doctrine to bestow recognition for foreign trademarks. The following discusses how the United States treats a trademark well-known in India and world-wide and used in the United States.

The case in question, being, *ITC Limited v. Punchgini*,[158] related to the acquisition of the name Bukhara, which name was internationally used, known and voted one of the world's fifty best restaurants by a London-based Restaurant magazine.[159] In that dispute, the plaintiff, ITC Limited (ITC), an Indian corporation, operated the world famous BUKHARA restaurant since 1977 in different parts of the world. [160] In 1987, ITC obtained a federal U.S. trademark registration for BUKHARA for restaurant services but the New York restaurant closed on December 17, 1991, and on August 28, 1997, ITC cancelled its Chicago franchise. In 1999, the defendants, who had worked either in one of the BUKHARA restaurants, opened a restaurant in New York called the BUKHARA GRILL. The defendants' restaurant also mimicked the logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs of the plaintiff's restaurants.[161] ITC sued the defendants in federal court in New York claiming that defendants' use of a similar mark for a restaurant in New York constituted trademark infringement, unfair competition, and false advertising in violation of federal and state law.

On appeal, the Second Circuit in 2007 affirmed the grant of summary judgment to the defendant on ITC's federal and state trademark infringement claims on the grounds that the ITC depended on the "famous marks" doctrine, which the court found was not recognized under current federal trademark law.[162] In considering

[158] 482 F.3d 135 (2d Cir. 2007).
[159] *Id.*
[160] *Id.*
[161] *Id.*
[162] *Id.*

whether unfair competition principles apply, the court held that ITC "confronted a high hurdle in demonstrating that, at the time of defendants' challenged actions, it possessed a priority right to the use of the Bukhara mark and related trade dress for restaurants in the United States." Further, the court held that "a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use."[163] Thus, because ITC had ceased using the mark within the U.S., the court considered the mark abandoned (non-use) within the U.S.[164] Such abandonment was cited against ITC's ability to establish priority. The Second Circuit, citing *Grupo Gigante*, emphasized the role of use (territoriality) and limited the protection extended to foreign mark holders to rights specified in section 44(b).[165] In refusing to recognize the famous mark doctrine, the court held:

> "absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has *knowingly* appropriated that mark for his own use. "

In all, the court opined that foreign holders must have registered the mark and used it to be entitled to similar protections. Basically, the court outlined that while the famous marks doctrine was recognized in the United States, section 44(b) granted foreign mark holders "only those protections of United States law already specified in the Lanham Act." These are protections based on prior use or registration of the mark within the U.S. The court specifically held that Lanham Act's unfair competition protections are cabined by the long-established principle of use/territoriality.[166]

In effect, the Second Circuit allowed a defendant who knowingly misappropriated a mark that is internationally famous on the ground that the United States merely recognized a limited form of the famous marks doctrine exception to the use requirement of the territoriality doctrine.[167]

Perhaps, had the circuit courts considered doctrines such as reciprocity, or even of "universality principle," it would not have struggled with the need to quantify

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[163] *Id.*

[164] *See* 15 U.S.C. § 1127; *see also* Silverman v. CBS, Inc., 870 F.2d 40, 45 (2d Cir. 1989); *See also* J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 17:5, at 17-8 (4th ed. 2002) (noting that "abandonment" refers to situations involving the "non-use of a mark, coupled with an express or implied intention to abandon or not to resume use").

[165] *See ITC,* 482 F.3d at 139*; see also* 15 U.S.C. § 1126.

[166] *Id.*

[167] *Id.*

fame.[168] Under the principle of reciprocity, other countries will provide the same treatment that the U.S. provides to foreigners in this country out of a sense of reciprocity.[169] For example, a mark that is famous in the United States such as Victoria Secret, is likely to enjoy fame in foreign countries where it is not registered and enjoys a limited reputation within a smaller segment of the society. Under the circumstances, if the U.S. wants a foreign country to recognize the fame of a U.S. mark, American courts must extend the same curtsey to foreign marks. Similarly, under that doctrine of universality, if a trademark is lawfully used in one country and considered well-known in that country, that mark would be considered lawfully used over that same goods or services in the rest of the world and could not be deemed infringing in another country.

The most skewed aspect of the judgement is that when it was translated in the context of other jurisdictions, this ruling would imply that even if knowingly Starbucks or McDonalds is appropriated for the first time, in say, Timbaktu, if it were not used or registered there, these companies cannot expect to have their trademark recognized as long as Timbaktu established high standards of territoriality.[170]

Also, the decision from the U.S. does not logically sit well within the framework of the functions of the Office of the United States Trade Representative (USTR),[171] which as part of its charge to develop and coordinate U.S. international trade complies the section 301 report[172] against *perceived* unfair trade practices perpetrated by foreign countries. Considering the role of the USTR, the next section examines why the United States, of all countries, needs to recognize famous trademarks to avoid looking hypocritical.

PART V

Should the United States practice what it preaches?

The narrative in this part recognizes that the United States and India, our major examples, have taken completely opposite positions on the question of recognition of well-known marks, wherein the US has a focus on use to gain priority within

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[168] *See* Prutzman, *supra* note 12, at 107; *see also* Faris, *supra* note 9, at 456; *See, e.g.,* Am. Circuit Breaker Corp. v. Or. Breakers Inc., 406 F.3d 577, 581 (9th Cir. 2005).
[169] *See* Paris & Ghei, *supra* note 7.
[170] But, there have been other cases in the US concluding that United States trademark rights can be acquired *merely through advertising* in the United States combined with rendering of services abroad to American customers. See International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco, 329 F.3d 359, 381 (4th Cir.2003).
[171] *See e.g.,* www.ustr.gov.
[172] *See* Section 301, U.S. Trade Act, 1974 to unilaterally impose trade pressures stands.

the country. With that background, this part demonstrates how the United States' national posture is inconsistent with its international posture on the question.

Thus, this part discusses how the US posture is inapposite to the role and function of the Office of the USTR,[173] which as part of its charge to develop and coordinate U.S. international trade, compiles the section 301 report[174] against *perceived* unfair trade practices perpetrated by foreign countries.

a) **United States lacking a position on well-known marks**

At its best, the United States' position on protection of famous foreign trademarks is confusing with respect to the implementation of section 44 of the Lanham Act, which creates substantive law or a right of action applicable to international trademark disputes based on the trade obligations under the Paris Convention and the TRIPS Agreement.[175] Section 44 of the Lanham Act alludes to such treatment in that it states that foreign nationals are protected to the extent necessary to satisfy the United States' treaty obligations:

> Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter. [176]

Operationally, the U.S. does not extend reciprocal treatment to nationals of its trade partners. That is, courts in the United States have not dealt adequately with the reciprocity issue under section 44 of the Lanham Act. Unfortunately, courts in the United States have held a narrow view of section 44 of the Lanham Act in light of Article 10(bis) of the Paris Convention. Article 10(bis) essentially provides that member countries are bound to assure to each other's nationals effective protection against unfair competition.[177] The courts in the U.S. have essentially

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[173] *See e.g.,* www.ustr.gov.
[174] *See* Section 301, U.S. Trade Act, 1974 to unilaterally impose trade pressures stands.
[175] Mattel, Inc. v. MCA Records, Inc., 28 F. Supp. 2d 1120, 1158 (C.D. Cal. 1998) (holding that the Paris Convention does not create a right of action separate and distinct from those available under the Lanham Act); *See also* Zobel, *supra* note 149, at 172 (asserting that the state of the famous marks doctrine within federal trademark law is currently unsettled).
[176] 15 U.S.C. §1126(b).
[177] Paris Convention, *supra* note 4, art. 10(bis).

read the requirement of national treatment as merely requiring equal treatment of foreign and domestic parties *only* in trademark disputes.[178] National treatment has more breadth than simply providing "equal treatment in a trademark dispute." [179] Such a reading represents a narrow view of the national treatment doctrine. This narrow view has resulted in the United States repeatedly noting that famous marks are entitled to protection against unfair competition but they are not entitled to protection under federal law.[180] Thus, the trademark protection extended to foreigners derogates from the national treatment requirement which necessitates that foreigners get the exact same treatment as nationals.

Interestingly, in *Empresa Cubana del Tabaco v. Culbro Corp.*,[181] the district court concluded that the rights identified in Article 6(bis) of the Paris Convention could be pursued under section 44(b) and (h) of the Lanham Act, outlined above. Article 6(bis) outlines that basic protections for well-known trademarks.[182] Section 44(h) of the Lanham Act states that "[A]ny person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter"[183] shall also be entitled to protection against unfair competition as well as the remedies provided for infringement of marks as appropriate against acts of unfair competition.[184] This sub-section, arguably, provides an additional, as opposed to an alternative, layer of protection in the form of unfair competition rights to foreigners especially to those from countries that extend reciprocal recognition of well-known/famous American trademarks. That is, the international obligation of the United States outlined in Lanham Act §44(b) and §44(h) can be read as requiring the United States to reciprocally recognize famous foreign trademark of other countries by making appropriate exceptions to the territoriality doctrine. Thus, use within the United States should not be a pre-condition to recognize foreign trademarks that are well-known and have acquired sufficient fame within the US. There is little support to read the Lanham Act's protections as being limited

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[178] *Mattel,* 296 F.3d at 908.

[179] *See also* Int'l Café, 252 F.3d at 1278 (holding that the Paris Convention "only requires `national treatment'").

[180] *See also Int'l Café,* 252 F.3d at 1278 (holding that the Paris Convention "[A party] has no claim to a non-existent federal cause of action for unfair competition… the Paris Convention provides for national treatment, and does not define the substantive law of unfair competition. *See also Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004), "Because the Paris Convention creates neither a federal cause of action nor additional substantive rights, the district court properly dismissed Grupo Gigante's Paris Convention claims." *See also De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.,* 440 F. Supp. 2d 249 (S.D.N.Y. 2006) (supporting well-known mark claim under Section 43(a)].

[181] 213 F. Supp. 2d at 283-84; *See also Dinwoodie and Janis, chapter 6*

[182] Article 6(bis) Paris Convention

[183] 15 U.S.C. 1126(h)

[184] *Id.*

to just unfair competition or that it does not extend to creating an exception to the principle of territoriality.[185] This position finds support from other (leading) academics such as McCarthy who has concluded that "both the TRIPS Agreement and the Paris Convention Article 6bis require the United States to recognize rights" in famous foreign marks, even if they have not been registered or used in the United States.[186]

b) US considers emphasis on *use* by trade partners as "trade derogation"

The line of thinking employed by the United States nationally does not comport with what the United States expects when its well-known marks are adopted by third party prior users in other countries. Indeed, the office of United States Trade Representative (USTR) which oversees whether other countries are abiding by their trade obligations expects other nations to protect well-known American trademarks in foreign countries if it is not used in that country.[187]

~~There is another important reason as to why the United States should respect international law's reciprocity doctrine discussed above and hold a uniform posture nationally and internationally on recognition of famous foreign trademarks.~~

As part of its role as dispensers of trade policy expertise on trade-related intellectual property protection issues, typically in an unsolicited and unilaterally manner, the USTR relies on inputs from private industries.[188] Operationally, the USTR regularly decries that other countries do not extend appropriate intellectual property rights even when they employ a similar line or a jurisprudentially sound line of reasoning not just in trademarks but also in other areas of intellectual property rights.[189]

The following table outlines, from the year 2000 until 2018, citations in the Special 301 Report of the United States Trade Representative that cites the lack of recognition of famous American marks in other trading partners.[190] These reports, issued on a yearly basis, call out countries that the US unilaterally terms as violators of international intellectual obligations. The table below captures the countries USTR condemns as inadequately protecting well-known American trademarks.

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[185] *But see* Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462 at 485.
[186] *See* McCarthy, *supra* note 60, §29:62, at 29-167. *See also* ITC, Ltd. v. Punchgini, Inc., 482 F.3d 135, 163 (2d Cir. 2007).
[187] *See* USTR.gov (last visited June 30, 2019).
[188] *Id.*
[189] *See generally*, *Srividhya Ragavan, Sean Flynn & Brook Baker, Submission to the USITC…*
[190] *See* 2018 Special 301 Report https://ustr.gov/sites/default/files/files/Press/Reports/2018%20Special%20301.pdf

S. No	Year of Special 301 Report	Countries cited	Notes
1	2000[191]	Russia, Dominican Republic, Spain	With reference to Spain, the report states "recent court decisions have called into question the adequacy of protection for well-known trademarks."[192]
2	2001[193]	Russia & Jamaica	Russia, Lithuania and Hong Kong complied with the international requirement for recognizing well-known marks although it is unclear where any of these countries retained the use requirement. [194]
3	2002[195]	China[196], Russia & Jamaica	Vietnam received an honorable mention because it extended "indefinite protection to well-known or famous marks"[197]
4.	2003[198]	China and Mexico	China was cited because "[w]e are concerned that

[191] *See* USTR Releases Super 301, Special 301 And Title VII Reports https://ustr.gov/sites/default/files/2000 Special 301 Report.pdf
[192] *Id.* at 28.
[193] *See* 2001 Special 301 Report https://ustr.gov/sites/default/files/2001%20Special%20301%20Report.pdf
[194] *Id.* at 33 -36. "Rules for Recognizing a Trademark as a Well-Known Trademark in the Russian Federation" was registered with its Ministry of Justice. On June 16, Hong Kong published proposed amendments to its Trademarks Ordinance. Lithuania's new Law on Trade and Service Marks took effect on January 1,2001.
[195] *See* 2002 Special 301 Report https://ustr.gov/sites/default/files/2002%20Special%20301%20Report.pdf
[196] *Id.* at 17. "[T]he United States has concerns over China's lack of protection of foreign well-known marks in a manner that is consistent with international standards."
[197] *Id.* at 35
[198] *See* 2003 Special 301 Report https://ustr.gov/sites/default/files/2003%20Special%20301%20Report.pdf

			foreign trademark owners do not appear to be receiving national treatment with regard to their well-known marks. China has recognized nearly 200 marks as "well-known," none of which is a foreign mark."![199]
5.	2004[200]		China received an honorable mention because, i) China's State Administration of Industry and Commerce issued the Rules on the Determination and Protection of Well-Known Trademarks,[201] and ii) in 2004, China recognized US Companies' well-known trademarks.
5	2005[202]	China cited for inadequately implementing protection for well-known trademarks	
6	2006[203]	Brazil & Russia (and some of this was for counterfeit products)	
7	2010[204]		Belarus received an honorable mention because "Positive steps in 2009 included Belarus' adoption of amendments

[199] *Id.* at 11
[200] *See* 2004 Special 301 Report
https://ustr.gov/sites/default/files/2004%20Special%20301%20Report.pdf
[201] *Id.* at 35
[202] *See* 2005 Special 301 Report
ttps://ustr.gov/sites/default/files/2005%20Special%20301%20Report.pdf
[203] *See* 2006 Special 301 Report
https://ustr.gov/sites/default/files/2006%20Special%20301%20Report.pdf
[204]*See* 2010 Special 301 Report
http://www.sice.oas.org/ctyindex/USA/USTR_Reports/IP_301_Report_2010.pdf

			to its trademark law, including amendments to provide greater protection for well-known trademarks."[205]
8	2015[206]	The USTR lamented that "[i]n a number of countries, governments often do not provide the full range of internationally-recognized trademark protections… Robust protection for well-known marks is also important for many U.S. producers and traders who have built up the reputation of their brands."[207]	
9	2016[208]	Report laments "unreasonably high standards for establishing "well-known" mark status" in China.[209]	
10	2017[210]	Report notes "third parties are able to obtain trademarks in China even when the U.S. trademark is famous or well-known and the resulting registrations damage the goodwill or interests of U.S. right holders."[211]	

[205] *Id.* at 28
[206] *See* 2015 Special 203 Report https://ustr.gov/sites/default/files/2015-Special-301-Report-FINAL.pdf
[207] *Id.* at 16
[208] *See* 2016 Special 301 Report https://ustr.gov/sites/default/files/USTR-2016-Special-301-Report.pdf
[209] *Id.* at 24
[210] *See* 2017 Special 301 Report https://ustr.gov/sites/default/files/301/2017%20Special%20301%20Report%20FINAL.PDF
[211] *Id.* at 31

To the extent that the United States hesitates to recognize well-known foreign marks to the detriment of foreign trademark holders, it acts inapposite to what the office of the USTR preaches other countries. The United States position does not comport to WIPO Joint Recommendation, in Art. 2(3)(i) which specifically prohibits member States from embracing the *use* requirement to deny protection for a well-known foreign mark. [212] Moreover, bilateral agreements of the United States with other nations has included compliance with recognition of well-known marks and WIPO Recommendations. [213]

Importantly, by not recognizing well-known marks, American courts seemingly condones actions of Americans what it would condemn if perpetrated by foreigners or other countries as "unfair trade practice." In essence, the effect of the decisions not recognizing well-known foreign trademarks when at the same time, insisting other countries to do so is that it leads to one undesirable conclusion. It condones behavior of Americans in misappropriating and using famous foreign marks provided they register the marks within the US and use it. But, if the same scenario occurs abroad, then the USTR terms it as "unfair trade." It also goes against the basic ideological and principled basis that US uses to tout trademarks law as a means to preserve market integrity!![214]

b) Reciprocity & US trademark holders

Most importantly, United States trademark owners will suffer when other countries take note of the US position and refuse to recognize famous American trademarks abroad.

In the ITC decision, discussed earlier, even though a well-known mark was knowingly misappropriated and used by a local user, the Second Circuit, emphasized the use requirement and further opined that the ITC depended on the "famous marks" doctrine, which the court found was not fully recognized under current federal trademark law.[215] This decision was widely circulated in India.[216] Perhaps, this decision was an influencer, perhaps not. Either way, the Indian

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[212] World Intellectual Property Organization, Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (Sept. 1999), *http://www.wipo.int/about-ip/en/development iplaw/pub 833.htm*. >> This link doesn't work, but googling the name I found this one: https://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf

[213] *Grupo Gigante S.A. de C.V.*, *supra* note 179 at 1098.

[214] Menell and Mergers…s

[215] *Id.*

[216] *See e.g.*, Dhananjay Mahapatra, *ITC loses Bhukara Case in the US*, TIMES OF INDIA (Aug. 3, 2007), https://timesofindia.indiatimes.com/business/india-business/ITC-loses-Bukhara-copyright-case-in-US/articleshow/2251999.cms.

Supreme Court, when it had the first chance, focused on use to challenge the long established precedent of recognizing well-known trademark.

In 2017, the Supreme Court of India considered a trademarks passing off action initiated by Toyota Jidosha Kabushiki Kaisha ('Toyota'),[217] for the Prius mark, which it has been using extensively for its first commercial hybrid car. The court held that Toyota had not established goodwill or reputation of its mark in India as of 2001, when the defendant first started locally using the mark. Although from 1997 Toyota had launched the Prius in different global markets, the car was first launched in India only in 2010. Until 2009 Toyota had not filed for registration of the 'PRIUS' mark in India. Ruling in favor of the defendant, M/s Prius Auto Industries Ltd. ('Prius Auto'), a local Indian company, the court based its decision on the principle of territorial use of trademarks.[218] The defendant, Prius Auto, had registered the mark in 2002 and used it continuously since the year 2001.[219]

The Indian Supreme Court relied on U.K. Supreme Court decision in *Starbucks v. British Sky Broadcasting,* [220] which found that "…no trader can complain of passing-off as against him in any territory...in which he has no customers, nobody who is in trade relation with him." Based on this, the Supreme Court of India noted that the overwhelming global judicial and academic opinions favored the territoriality principle, which requires the court to determine if there has been any spill-over reputation and goodwill associated with the use of the mark of the claimant.[221]

India continues to undergo changes post the Prius decision. For example, in July, 2018, the Delhi High Court issued a permanent injunction against a retailer for infringing the famed 'Red Sole' trademark of Christian Loubutin be recognizing the well-known mark status of the Loubutin mark.[222] In this case, the mark was registered in India. [223]Interestingly, this order is in diametric opposition to the one taken by another judge of the same Court, Justice Valmiki Mehta, in the May of

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[217] *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto Industries Limited*, CIVIL APPEAL NOs.5375-5377 OF 2017 >> *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto Industries Ltd. & Ors, CS (OS)* No. 2490 of 2009, Civil Appeal Nos. 5375-5377 of 2017.

[218] Katherine Lyon Dayton, *India: Supreme Court Applies Territoriality Principle and Eviscerates Toyota's Prius Victory,* Mondaq (April 13, 2017). http://www.mondaq.com/india/x/691640/Trademark/Supreme+Court+Applies+Territoriality+Principle+And+Eviscerates+Toyotas+Prius+Victory

[219] Toyota Jidoshua, *supra* n. 216 at 4–10.

[220] Starbucks (UK) Ltd v. British Sky Broadcasting Group Plc & Ors, [2012] EWHC 1842 [2015] ETMR 31, [2015] ECC 19, [2015] UKSC 31, [2015] 1 WLR 2628.

[221] Toyota Jidoshua, *supra* note 216 at 28–29.

[222] *Christian Louboutin SAS v. Ashish Bansal*, CS(COMM) 503/2016, IA Number 5766/2016; *see also* https://www.livelaw.in/delhi-hc-grants-rs-20-lakhs-to-christian-louboutin-for-trademark-infringement-of-red-sole-read-judgment/.

[223] Indian trademark registration no. 1922048

2018[224] which held that Christian Louboutin's 'Red Sole' Trademark was not eligible for trademark protection ("Louboutin-2") although the denial focused on the question of registration of a color mark rather than the question of territoriality or that of well-known mark.[225]

b) **Abuse of TRIPS**

India's zeal to recognize every "foreign" mark as famous just because it is foreign is a classic example of how the TRIPS framework has been ab(used) in the name of globalization, development or market integrity by organized forces from the developed world to influence judicial, social-political processes in a manner that spews outcomes that are contrary to the spirit of the agreement. Ruth Okediji asserts that an "alliance of activists, scholars and organizations … promotes strategies to resist deterministic outcomes of global IP norms. In so doing, many of the alliance's chief protagonists … seek to influence domestic political processes that are inordinately influenced by the economic claims of industries whose business income flow principally from an expansive trough of IP rights."[226]

Consequently, the TRIPS agreement has contributed to the emergence of expertise of harmonization in both the developed and the developing world. The messiahs of such harmonization for the developed world, typically focus on a legal outcome whether statutory, judicial or regulatory that strictly conforms with an expansive view of the agreement, as read by industries and completely dissociating the social political costs to local industries and people. This group exploits its position as the messiahs of the developed world to get access to both corrupt and/or incompetent politicians, lawyers, legislators, regulators and bureaucrats to propound and establish theories that are inherently disconnected with local realities.

As Ruth Okediji rightly points out, "In developing countries, the rise of a veritable cottage industry of TRIPS professionals endeavouring to shape national legal regimes to ensure TRIPS compliance also succeeded, in a few cases, in inducing the creation of new IP bureaucracies where none previously existed, or in greatly

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[224] *Christian Louboutin SAS v.* Abubaker & Ors, CS (COMM) No.890/2018, *available at* http://lobis.nic.in/ddir/dhc/VJM/judgement/25-05-2018/VJM25052018SC8902018.pdf

[225] *See* Balu Nair, *Delhi HC Awards Punitive Damages for Infringement of Christian Louboutin's Red Sole,* SpicyIP, (Aug. 8, 2018) https://spicyip.com/2018/08/delhi-hc-awards-punitive-damages-for-infringement-of-christian-louboutins-red-sole-trademark.html.

[226] Ruth L. Okediji, *Legal Innovation In International Intellectual Property Relations: Revisiting Twenty-One Years Of The Trips Agreement,* Penn Law: Legal Scholarship Repository (March 18, 2015) https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1886&context=jil

expanding those that did."[227] Thus, she highlights how "Private industry consultants, technical assistance programs funded from the public purses of the U.S. and European Union, and training programs by the WTO and the World Intellectual Property Organization (WIPO) established a cultural and legal orientation about IP that emphasized particular interpretations of TRIPS and sought to strengthen national enforcement prospects of the Agreement." [228]

Another significant abusive distortion of the TRIPS agreement, has been the emergence of this fetish towards a global view in the developing world which has sometimes, such as in the case of recognition of famous foreign marks in India, distorted the limits of trade obligation and erased the lines between the national and the global. Not just India, and not just in the case of recognition of famous marks, there is a tendency in the developing world to generally view international obligations from in a highly expansive manner with disregard of local impact, realities and with a singular purpose of promoting private, business interests in the name TRIPS agreement and international obligations. Ruth Okediji highlights that "there is growing evidence that a range of countries are responding to TRIPS-related pressures by explicitly embracing, and then creatively limiting, the price that a maximalist global IP regime can exact from citizens and the policy costs it imposes on governments. … [T]hese initiatives potentiate human development returns that extend beyond the creative incentives of IP rights to include recognition of new social freedoms, the hardening of equality principles in local laws, judicial independence, and a general democratic largesse."[229]

The interesting aspect of this is that, even taking the narrow issue well-known marks, plenty of marks that are in *use* within the United States which may not qualify as famous under the Trademarks Dilution statute of the United States, have been deemed as well-known in India even though the product was not marketed in India.[230] While the most illogical aspect is the repeated designation of Indians who travel abroad or use the internet alone as a representative class of the larger I billion Indian market to determine if a foreign mark is well-known nationally.

Neither the United States, not its courts, its regulatory or administrative agencies engage in in-depth soul-searching to accommodate international obligations while

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[227] *Id.* at 23
[228] *Id.* at 198.
[229] *Id.* at 199.
[230] *Id.* at 225 . >> This was blank, I assumed it would be the Ruth paper, but I cannot find this in it

interpreting domestic statutes.[231] Thus, naturally, it would be wise for developing countries to follow the U.S. approach in such areas where the tendency is to focus on the domestic rather than the global impact of obligations. As Okediji says, the "U.S. policy in these areas is far less maximalist than what some least-developed countries have been led to implement as TRIPS-compliant legislation."[232] If India chooses to emulate the United States, it does not have to recognize every foreign mark as famous just because it is "foreign." Perhaps, the Prius decision was the first step towards such a sane approach.[233]

Conclusion

Going back to the scenario in the introduction, after analyzing the Indian, American trademark posture on well-known marks, chances of success for Ms. Patel who appropriated the Nilgiris mark circuit is very high, especially in the light of the *ITC v. Punchgini* decision.[234] And, chances of Indian StarBucks being shut down is high in India even if the original Starbucks was not present in India and did not use advertise or register the mark in India.[235]

It will be desirable for the United States to take a clear stand either legislatively, or, resolve the currently prevailing circuit conflict should the opportunity present. To the extent that the United States prioritizes use-based territoriality doctrines, perhaps the USTR should recalibrate its stance accordingly. In any case, in a globalized world, where the US has a belligerent posture in trade as it does currently, it may not be long before other countries learn to extend the exact same treatment to American famous trademarks. Further, the *ITC v. Punchgini*[236] decision shows that over reliance on use-based territoriality rule without well-known marks exception would promote consumer confusion and fraud.[237]

As a general rule, when developing countries make jurisprudential exceptions to recognize well-known marks that have long courted markets other than their own, it sets a bad precedent for the business world. In essence, it erodes the incentive for brand owners to mark their presence in that country at the earliest opportunity.

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[231] *Id.* at 199 ([stating/commenting that]unlike U.S. courts or agencies that rarely engage in meaningful analyses of international obligations in interpreting domestic IP doctrines).
[232] *See supra*, note 41 at Art. 16(3).
[233] Not sure what I'm supposed to be citing here exactly
[234] ITC, Ltd. v. Punchgini, Inc., 482 F.3d 135 (2d Cir. 2007).
[235] *See Toyota*, *supra* note 216. But, that may change quickly in light of the Toyota Prius decision depending.
[236] *See supra*, note 233 at 159-60.
[237] *See Grupo Gigante S.A. De C.V*v. Dallo & Co., 391 F.3d 1088, 1094 (9th Cir. 2004).

After all, if a company can acquire private property rights without investing, using, advertising or being economically engaged in a market, where is the incentive to invest in that market at the earliest opportunity. Hence, it would be wise for developing countries such as India to ensure that there is full reciprocity from the other members of the WTO before they make exceptions for the private property owners of other countries. That is, when a famous mark of a member is recognized in India, it would good for India to ensure that the member country extends the same level of reciprocity for Indian well-known marks in their jurisdiction. While India may be well within in rights to go beyond TRIPS and recognize famous foreign marks without seeking use or promotion of the mark locally, it may have to carefully weigh the different legal doctrines that govern this area and determine what would be beneficial to the country.

End