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## The Use Doctrine in Trademark Law: Issues from Trade and Transborder Reputation

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# THE *USE* DOCTRINE IN TRADEMARK LAW: ISSUES FROM TRADE AND TRANSBORDER REPUTATION

*Srividhya Ragavan*<sup>†</sup>

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## INTRODUCTION

“Welcome to the best restaurant in town” was the byline 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 trademark (mark) by applying for registration with the Indian Patent & Trademarks Office (IPTO) for a large array of goods, including coffee; chai (a local Indian drink made with milk and black tea); flavored bakery products; frozen products, such as ice creams and flavored 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.<sup>1</sup>

Nilgiris is a famous chain of grocery franchises that has stores in all major cities in India, as well as in other major Asian cities.<sup>2</sup> The Nilgiris trademark is distinct and enjoys great reputation within

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<sup>1</sup> This is a fictional situation outlined to help contrast the effects in both jurisdictions. But the names of the marks are famous in their respective countries of first use with spill-over reputation in other nations. Spill-over reputation results when a mark gains reputation and recognition in a territory essentially from use in another territory. Thus, for example, Apple becomes known in Timbaktu from the reputation of the mark outside Timbaktu even if Apple products are not sold within the market.

<sup>2</sup> *Store Locator*, NILGIRIS [<https://perma.cc/HD4Q-D7JN>].

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 to the owners of the Nilgiris mark. Ms. Patel, however, was familiar with the Nilgiris mark, its stores, and its popularity amongst consumers in India. Further research indicated that when Ms. Patel realized that there were no Nilgiris stores in the United States, she started a small store in her neighborhood, Grapevine, New York, to sell spices to the Indian community under the Nilgiris name. Lacking creativity, Ms. Patel adopted a font, style, and color identical to the original Nilgiris mark of India for her store. Several Indian immigrants from the Grapevine area, familiar with the original Nilgiris mark, embraced the store on the assumption that the store was either authorized by, or connected with, the Indian entity. Capitalizing on this familiarity, Ms. Patel carefully selected and packaged her wares such that they bore a close resemblance to the products sold by the Indian chain. Naturally, the store flourished. In view of her store's success, Ms. Patel successfully applied to the United States Patent & Trademark Office (USPTO) and obtained a trademark registration for Nilgiris in the United States.<sup>3</sup>

In the particular case above, the original Indian owner of the Nilgiris mark had not used the mark in the United States at the time Ms. Patel decided to capitalize on its fame. Historically, under common law, *use* was central to determining priority. That is, the extent of protection was based on the *use* of the mark in the

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<sup>3</sup> Famous marks enjoy wide recognition within a jurisdiction such that the reputation and distinctiveness of the mark to function as a source identifier are stronger when compared to a typical registered mark. See, e.g., Srividhya Ragavan, *Spill-Over Reputation: Comparative Study of India & the United States*, 14 U. PA. ASIAN L. REV. 326 (2019). Within the United States, famous marks are protected as part of the Trademark Dilution Revision Act of 2006. See Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730-32 (codified at 15 U.S.C. § 1125). Famous marks enjoy dilution protection in addition to protection against infringement within the United States. Famous marks in the United States are those that have acquired fame within the United States. Such marks are different from well-known marks, which enjoy a spill-over reputation from use in another jurisdiction. The discussion in this Article is about famous foreign marks that have acquired fame and are well-known in another country. International conventions such as the Paris Convention and the TRIPS Agreement define protection for well-known marks. Such marks enjoy transborder reputation in jurisdictions where the product or service is not marketed. See Paris Convention for the Protection of Industrial Property art. 6bis, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention]; see also 15 U.S.C. § 1125; Agreement on Trade-Related Aspects of Intellectual Property Rights art. 15, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

territory/market as a source identifier of the goods or services of a particular firm.<sup>4</sup> A trademark owner's right over a mark was based on the notion of associating the first user's investment to create the association between the goods and the *used* mark.<sup>5</sup> With the evolution of the more contemporary law and economics-based approach, legal doctrines from courts in this area of law focused on promoting economic efficiency.<sup>6</sup> Under this theory, optimal use of a mark in the market required that only one person use it as a source identifier.<sup>7</sup> Meanwhile, scholars like Professor McKenna theorize that in the trademark context, courts were not pursuing economic efficiency *per se*. Instead, courts focused on how trademarks can improve "the quality of information in the marketplace."<sup>8</sup> Soon, modern trademark law moved further and beyond from both the point of economic efficiency, as well as the quality of trademarks, to the value-add function. Basically, courts tried to fundamentally determine whether and how a trademark can add value. The role of *use* of a trademark as a mechanism to add value remains critical to lend context to the development of this area of law, especially in the United States. The use of the mark was important for the owners to prove the link between the producer and the quality of goods in the marketplace. Similarly, consumers satisfied with a product could use a manufacturer's mark to find the products in the market—thus, the value in the trademark.<sup>9</sup> Importantly, the correlation between use and value of a mark complemented the role of one with the other.

Indeed, the use theory enjoyed immediate judicial acceptance and soon became foundational in American trademark law even as the concept of use lost its central position in the rest of the world. As such, trademark use became a prerequisite to establish priority. Similarly, use became important to prove confusion. The central focus on use in American trademark law was such that the type of use dictated the type of liability.<sup>10</sup> For example, use in a non-

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<sup>4</sup> Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 759–60 (1990).

<sup>5</sup> *Id.*

<sup>6</sup> *But see* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1841–42 (2007) (“[C]ourts simply lacked the necessary sophistication to articulate the true bases of their decisions. The law and economics scholars then relied on this descriptive account to lend legitimacy to their normative conclusions; economic analysis not only explained legal doctrines, but efficiency was the right goal for the law to pursue.”).

<sup>7</sup> William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 266 (1987).

<sup>8</sup> McKenna, *supra* note 6, at 1842.

<sup>9</sup> Landes & Posner, *supra* note 7, at 270; *see also* McKenna, *supra* note 6, at 1842.

<sup>10</sup> Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1599 (2007).

trademark context can result in immunity or a defense from liability.<sup>11</sup> Professors Dinwoodie and Janis assert that the use theory became all pervasive in trademark law; indeed, they assert that use became an “all-purpose device by which to immunize a diverse set of practices from even potential liability for trademark infringement.”<sup>12</sup> Finally, Dinwoodie and Janis conclude that the use theory limits the reach of trademark law such that it has helped the creation of several defenses ultimately limiting the rights of trademark owners.<sup>13</sup> That, in turn, led courts to further construct the use doctrine to create defenses limiting the rights of the owner.<sup>14</sup>

In contrast, Stacey Dogan and Mark Lemley offer a compelling articulation of the trademark use theory, although in the limited context of use of trademarks on the internet. They find that courts have tended to dispense with the use limitation resulting in expanding the scope of the rights of the trademark owners.<sup>15</sup> The consequence of this expansion has resulted in liability to defendants who did not use the mark as a source identifier.<sup>16</sup> A classic example, also discussed by Dogan and Lemley, is the decision in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*,<sup>17</sup> which demonstrates how the use doctrine was applied to increase or broaden a trademark owner’s rights by decrying the use of a protected mark in a manner that clearly dissociated the mark from the defendant’s service.<sup>18</sup>

This contrasting view of the application of the use doctrine and its varying role in either limiting the use of trademark rights or, alternately, expanding the scope of rights, presents a policy conundrum. Courts have seemingly contributed to both these perspectives without any larger purpose.<sup>19</sup> Hence, the use theory, as applied by courts within the

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<sup>11</sup> *Id.* at 1599–1602; *see also* Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 779 (2004).

<sup>12</sup> Dinwoodie & Janis, *supra* note 10, at 1600.

<sup>13</sup> *Id.* at 1600–02.

<sup>14</sup> *Id.* at 1619.

<sup>15</sup> Dogan & Lemley, *supra* note 11, at 779.

<sup>16</sup> *Id.* at 780.

<sup>17</sup> *See* *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020 (9th Cir. 2004).

<sup>18</sup> *See also* *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467 (S.D.N.Y. 2003).

<sup>19</sup> *See* *Playboy Enters.*, 354 F.3d at 1024–34; *1-800 Contacts, Inc. v. WhenU.com Inc.*, 414 F.3d 400, 403 (2d Cir. 2005); *Interactive Prods. Corp. v. a2z Mobile Off. Sols., Inc.*, 326 F.3d 687 (6th Cir. 2003) (broadening the meaning of trademark use such that it included more parties within a larger liability zone even when these parties did not offer their own products or services under the mark). *But see* Dinwoodie & Janis, *supra* note 10, at 1600–02 (offering examples that highlight how the use doctrine has helped limit the reach of trademark law in a number of different contexts); *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005) (providing an example of where courts have focused on the question of whether a use is trademark use to not fully go into the question of confusion).

United States, varies and has not resulted in any appreciable systematic end.<sup>20</sup> Indeed, Dinwoodie and Janis independently conclude that the use theory is fundamentally flawed; as an independent tool, the use theory has demonstrably lacked the ability to either broaden or, alternately, limit the rights of the owner.<sup>21</sup>

None of the above has sufficiently prevented 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.<sup>22</sup> Professor Roberts, in a 2019 article, makes the case that "use as a mark" is important for trademark protection and advocates that the goals of trademark law will be better served by combining "use as a mark" analyses with distinctiveness assessments.<sup>23</sup> She asserts that while distinctiveness is an important aspect of trademark law, the *use as a mark* paradigm has been relegated to a secondary position resulting in the granting of protection for marks that may be distinctive but would fail the *use as a mark* test.<sup>24</sup>

The conundrum that courts have faced in the United States to delineate the role of the use doctrine is palpable, especially when faced with conflicting principles dealing with international obligations. On the one hand, courts have continuously broadened the scope of rights based on use of the trademark by tying use with consumer confusion such that any use, whether as a trademark or otherwise, that results in confusion could lead to liability.<sup>25</sup> In doing so, courts have recognized and expanded or broadened the concept of use of a mark as a brand or source identifier.<sup>26</sup> On the other hand, courts have tended to dissociate or even limit the use doctrine such that, even without any use, a trademark owner could get rights based on intent to use or, in some cases, based on recognition under the famous marks doctrine.<sup>27</sup>

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<sup>20</sup> See also *1-800 Contacts, Inc.*, 309 F. Supp. 2d at 488–90.

<sup>21</sup> Dinwoodie & Janis, *supra* note 10, at 1667.

<sup>22</sup> See Alexandra J. Roberts, *Trademark Failure to Function*, 104 IOWA L. REV. 1977, 1979–80 (2019).

<sup>23</sup> *Id.* at 1981–82.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* at 2017; see also Dinwoodie & Janis, *supra* note 10, at 1613–14; *Site Pro-1, Inc. v. Better Metal, LLC*, 506 F. Supp. 2d 123 (E.D.N.Y. 2007) (providing an example where the question was whether the defendant placed or used the plaintiff's trademark in a manner that indicated source or origin).

<sup>26</sup> See Dinwoodie & Janis, *supra* note 10, at 1613 ("But source-identification cannot occur absent use."); see also *Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (acknowledging that notwithstanding the fact that there was no source confusion, it was the use of "MovieBuff" that resulted in improper benefits).

<sup>27</sup> Dinwoodie & Janis, *supra* note 10, at 1643.

Similarly, use as a mark becomes secondary to fame in the context of famous marks being diluted.<sup>28</sup>

Conflicting policy objectives on the role of use, juxtaposed over interludes from international prescriptions, have consequently confused courts, which have struggled to succinctly determine the role of use. While the concepts of use, put forward by courts within the United States, are independently worthy of separate considerations, the issue becomes more complicated when *use* intersects with fame in the context of well-known marks. This is true of courts in the United States as well as in countries where the United States Trade Representative has managed to impose its prescriptions. Within the United States, for example, the Ninth Circuit's position in *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, regarding whether famous marks should be used territorially in order to be protected, contrasted with the Second Circuit's position in *ITC Ltd. v. Punchgini, Inc.* on the same question.<sup>29</sup>

The result was an overflow of issues attempting to delineate the limits of the role of use, including the “use as a mark” doctrine. It has increasingly shifted the focus of trademark law from being more consumer-focused into a more trade-based inquiry of how use, or sometimes even nonuse, can affect the rights of trademark owners. The conundrums and conflicts that prevail locally did not prevent the United States from exporting a perverse version of the doctrine to other countries using the trade regime. Two mechanisms have been deployed successfully to export to other countries a line of analysis that is largely in sync with industry preferences but is divorced from a well-grounded policy analysis. The first is the World Trade Organization and the second is the United States Trade Representative (USTR). Harmonization of trademark law by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of 1994 of the World Trade Organization (WTO) requires that principles of national treatment will result in the WTO members treating foreign marks just

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<sup>28</sup> See, e.g., 15 U.S.C. § 1125(c)(2)(B). Dilution by blurring occurs when the distinctiveness of a famous mark is impaired by association with another similar mark or trade name with or without a specific use component in a trademark sense. *Id.*

<sup>29</sup> While the Ninth Circuit clearly recognizes that fame may be obtained by a foreign mark outside the United States and that such fame may clearly be recognizable by consumers within the United States in a manner that accrues rights to the owner of the mark, the court, nevertheless, refuses to grant rights by deploying the use theory. On the other hand, the Second Circuit refuses to recognize, and thus, grant any rights within the United States, for fame obtained outside the United States by a foreign mark—emphasizing the use requirement within the United States. Compare *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004), with *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007), and *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1270 (2d Cir. 1974) (requiring either a registration or use of the mark in the United States to assert rights over the mark within the United States).



as well as national marks.<sup>30</sup> Second, the WTO's TRIPS Agreement has been abused by agencies such as the USPTO and USTR to unrealistically export policies. That is, the Office of the United States Trade Representative advises countries on trade issues from the specific vantage of what is good for American business in a manner that is nonchalant to local realities and completely blind to the impact on the advised country.<sup>31</sup> In turn, the policy prescriptions that are peddled by the USTR are adopted by local courts despite conflicting economic indicators or outcomes using the excuse of harmonization of that area of law.

Interestingly, judicial decisions from India, influenced by the USTR position, such as the *Milmet Oftho* or *Whirlpool* decisions,<sup>32</sup> remain seminal within India on the question of well-known marks. These decisions have firmly posited the precedency of well-known marks such that territorial use is not required for marks that carry spill-over reputation from another jurisdiction to be protected within India.<sup>33</sup> The lack of emphasis on use resulted in a harmonized trademark law in India favoring foreign "well-known" marks. The biggest beneficiary of the lack of focus of the Indian jurisprudence on use was the United States. Thus, in the context of well-known marks, several judgments from India refused to emphasize the need for local *use* of the mark to get protection.<sup>34</sup> The decisions are inapposite to the

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<sup>30</sup> TRIPS Agreement, *supra* note 3, art. 7. 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. *Id.*

<sup>31</sup> See, e.g., *The India-US Trade Policy Forum (Tpf) to Be Held in Delhi*, LEXORBIT (Nov. 14, 2014), <https://www.lexorbis.com/the-india-us-trade-policy-forum-tpf-to-be-held-in-delhi> [<https://perma.cc/WM4P-M4XA>]; Amiti Sen, "Use the WTO System Effectively," HINDU BUS. LINE (Jan. 13, 2018), <https://www.thehindubusinessline.com/opinion/use-the-wto-system-effectively/article9571512.ece> [<https://perma.cc/D8ZY-NTAM>]; 19 U.S.C. § 2242; OFF. OF U.S. TRADE REPRESENTATIVE, SPECIAL 301 REPORT 2-3 (2005) ("The United States is committed to a policy of promoting increased intellectual property protection. In this regard, we are making progress in advancing the protection of these rights through a variety of mechanisms, including through the negotiation of Free Trade Agreements (FTAs). . . . Another opportunity we are using to strengthen the protection and enforcement of intellectual property is the increasing number of Trade and Investment Framework Agreement (TIFA) negotiations with several countries in regions such as the Middle East and Asia. . . . For example, USTR examines IPR practices through the implementation of trade preference programs, such as the ongoing Generalized System of Preferences (GSP) reviews of countries, including Brazil, Kazakhstan, Lebanon, Pakistan, Russia, and Uzbekistan."). "A Special 301 investigation is similar to an investigation initiated in response to an industry Section 301 petition, in some circumstances." *Id.* at 14.

<sup>32</sup> N.R. Dongre v. Whirlpool Corp., (1996) 5 SCC 714 (India); Milmet Oftho Indus. & Ors. v. Allergan Inc., (2004) 12 SCC 624 (India).

<sup>33</sup> In both instances, the product was not well-known in India and carried its reputation from use abroad. See N.R. Dongre v. Whirlpool Corp., (1996) 5 SCC 714 (India); Milmet Oftho Indus. & Ors. v. Allergan Inc., (2004) 12 SCC 624 (India).

<sup>34</sup> See discussion *infra* Part III.

decisions from the United States courts, such as *Grupo Gigante* or *ITC v. Punchgini*, where the requirement of territorial *use* posed the biggest challenge for foreign marks that are already well-known within the United States.<sup>35</sup> Although Indian trademark law is theoretically fully harmonized with the terms of the TRIPS Agreement, the United States' emphasis on local *use* to protect well-known foreign marks disadvantages foreign marks. While it is true that the *use* doctrine is a central tenet of trademark law, the crossroads between well-known marks and the use doctrine deserve much attention within the United States to fulfill the need for extending national treatment to foreign trademarks. Meanwhile, the USTR exports a position abroad regarding protecting well-known foreign marks that dissociates use by emphasizing "global" fame.<sup>36</sup> Embracing this position largely disadvantages member states because it protects foreign marks, very often to the detriment of a local user.

Thus, the policy on use when viewed in the context of the prescriptions from harmonized trade regimes creates a set of intertwined issues that deserves more attention.<sup>37</sup> This Article will shed more light on issues relating to the use of a mark that has a transborder reputation. The distinctions presented remain unique given that the harmonized regime is limited by territorial jurisprudence of each member country. My contributions here highlight the limitations of emulating a system styled akin to the law in the United States in a situation where the use of a mark intersects with fame that transcends the use within a boundary.

This Article focuses on *use* and its interjections into the harmonized trade regime, as it relates to trademark law and correlates that with the use doctrine in the limited context of protecting a mark that carries transborder reputation into countries where the mark is not used.<sup>38</sup> Focusing on *use* per se or, alternately, completely dismissing the use criterion, can create disparate results. In the context of well-known marks that enjoy transborder reputations, the issues from either not including clear requirements or limits for the use requirement can exacerbate and skew the results creating an imbalanced regime of

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<sup>35</sup> See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004); *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007).

<sup>36</sup> See discussion *infra* Part V.

<sup>37</sup> See SRIVIDHYA RAGAVAN, PATENT AND TRADE DISPARITIES IN DEVELOPING COUNTRIES 167 (2012). Harmonization was meant to eliminate the legal differences that exist in the form of protectionist policies and was conceived to reduce the barriers to trade. *Id.*

<sup>38</sup> See Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154. The World Trade Organization, established under the Marrakesh Agreement, consists of countries that are parties to the Uruguay Round Agreements of the General Agreement on Tariffs and Trade (GATT). *Id.*

protection. While Apple as a trademark may deserve protection without use in a jurisdiction based on fame alone, the same cannot be said of a less well-known brand such as Land-O-Lakes outside of the United States. Recognizing that the role of use creates animated policy concerns, some of which may intersect with the role of fame in the context of transborder reputation, this Article will delve into how exporting the United States system, which remains unclear to begin with, to other countries has created disparate results resulting in public policy concerns. Examples of such public policy concerns include instances when a foreign mark, unused or abandoned, in a jurisdiction such as India, is protected by courts jeopardizing a good faith local user.<sup>39</sup> In India, for instance, courts have extended protection to marks based purely on fame abroad even when the foreign user never used the mark in India or, alternately, used and abandoned the mark.<sup>40</sup> The consequence has been a steady broadening of the scope of rights of foreign trademark owners, especially to the detriment of local good faith-user defendants. Thus, a seeming judicial enthusiasm to fulfill international obligations was apparent. Consequently, courts in India have tended to completely dissociate the strong foundational role of use within trademark law and refused to balance use with fame.

This Article highlights the abuse of TRIPS, as outlined by Ruth Okediji, especially when the trade regime was exported to poorer nations.<sup>41</sup> In essence, it raises public policy concerns when government officials who are either ignorant or corrupt adopt a system that is harmful to national interests in their zeal to abide by international obligations; an example of this proposition is demonstrated below in the context of the conflicts from protection of well-known marks as part of the international efforts to harmonize trademarks law and the role of the use doctrine. To do so, this Article examines protection of foreign marks in two jurisdictions, India and the United States, to identify global public policy concerns that have national implications. First, this Article debunks the myth that harmonization would result in trading partners extending reciprocal treatment.<sup>42</sup> Inapposite to the touted position, this Article uses the well-known marks example to outline disparate outcomes that ensue when focusing on *use* as a source indicator in a harmonized system. Second, in highlighting how harmonization has not resulted in uniformity or predictability

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<sup>39</sup> RAGAVAN, *supra* note 37, at 324.

<sup>40</sup> See *infra* text accompanying note 179.

<sup>41</sup> See Ruth L. Okediji, *Legal Innovation in International Intellectual Property Relations: Revisiting Twenty-One Years of the TRIPS Agreement*, 36 U. PA. J. INT'L L. 191, 194 (2014).

<sup>42</sup> See generally Francesco Parisi & Nita Ghei, *The Role of Reciprocity in International Law*, 36 CORNELL INT'L L.J. 93 (2003).

internationally, in identifying and recognizing well-known trademarks, this Article discusses how a lack of predictability under a harmonized system has raised strong public policy and economic outcomes that may be detrimental to some markets but beneficial to others.<sup>43</sup> Also, the United States and India are trading partners, which comports to an expectation that the rules of reciprocity would dictate comparable or similar rules to govern such disputes.<sup>44</sup>

Fully realizing and acknowledging the policy confusions involving the use and the well-known marks doctrine, this Article focuses on the contrasting set of issues that emerge from exporting a version of the use doctrine as a solution to conform to the harmonized prescriptions under the TRIPS Agreement. Thus, Part I of this Article begins with an outline of the envisaged role for *use* in international trade agreements for trademarks, especially focusing on the contrasting requirements involving protection of well-known trademarks. Well-known marks are those that are typically protected in one territory under national trademark laws and become well-known outside of the protected territory.<sup>45</sup> Part II sets the framework to appreciate well-known marks and the type of global protection envisaged for these marks. Part II also discusses issues within the framework of famous marks in the United States. In doing so, this Part frames 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 as an example 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. This Part traces how the United States practices the exact opposite of what it preaches to developing countries. Part V traces the abuse of TRIPS, by presenting India’s recognition for well-known marks, which has been dictated by repeated pressures from the USTR and presents the resulting public policy concerns. Until recently, arguably in an effort to conform to the 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, has rarely, if ever, extended the same treatment to

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<sup>43</sup> See discussion *infra* Part V.

<sup>44</sup> See generally Parisi & Ghei, *supra* note 42.

<sup>45</sup> See, e.g., All You Need to Know About “Well-Known Trademarks,” IP & LEGAL FILINGS (May 11, 2019), [https://www.ipandlegalfilings.com/all-you-need-to-know-about-well-known-trademarks?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=LinkedIn-integration](https://www.ipandlegalfilings.com/all-you-need-to-know-about-well-known-trademarks?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration) [https://perma.cc/9MYL-NMLQ].

famous foreign trademarks.<sup>46</sup> In conclusion, a coherent approach will have to necessarily involve some level of flexibility to determine and delineate fame of a foreign trademark in each jurisdiction within the context of the market in question.

I. COMPETING PRESCRIPTIONS ON TERRITORIAL USE AND SPILL-OVER REPUTATION

This Part outlines the competing principles from the international intellectual property regime by highlighting the traditional use doctrine and its role in the international trademark regime. The discussion begins with how nationally within the United States, the “use” doctrine tended to dominate the basic principles behind trademark 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 and Its Relationship with Territoriality*

Typically, like all intellectual property laws, trademark law remains territorial.<sup>47</sup> The territoriality principle comports with the requirement that all intellectual property rights, including trademark rights, are subject to the larger international principle that respects the sovereignty of each country. Thus, each country’s trademark law is subject to the framework designed and laid out in that country’s statute. In its territorial sense, sovereign governments extend protection to trademarks within their territorial boundaries.<sup>48</sup> The concept behind the territoriality doctrine is that each country provides rights that are effective within its respective territory.<sup>49</sup> Thus, “a trademark has a separate legal existence under each country’s laws.”<sup>50</sup>

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<sup>46</sup> See discussion *infra* Part V.

<sup>47</sup> 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. & INTELL. PROP. L. 145, 148 (2008).

<sup>48</sup> See James Faris, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law*, 59 CASE W. RESV. L. REV. 451, 457 (2009) (discussing the territorial nature of trademark law).

<sup>49</sup> J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:1 (5th ed. 2021); see also Faris, *supra* note 48, at 453 n.15.

<sup>50</sup> *Osawa & Co. v. B & H Photo*, 589 F. Supp. 1163, 1171 (S.D.N.Y. 1984).

Typically, use within a country is the basis for creating rights territorially.<sup>51</sup> Trademarks symbolize to the consumer the domestic reputation from the use of the marks.<sup>52</sup> 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.”<sup>53</sup>

In the United States, to provide protection within the country, the first to use gets the rights.<sup>54</sup> Notably, priority of use is important for trademark protection within a territory. That is, protection under common law, as well as under the Lanham Act, begins from the time of first use of the trademark.<sup>55</sup> 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 that forms the basis of the doctrine dictates that the first in time to use the trademark gets the right to use it.<sup>56</sup> Thus, the principle of first in time equals first in right.<sup>57</sup> The priority of trademark rights in any country is dependent solely upon priority of use in *that* country.

The limits of geographic use of unregistered marks were first discussed in *United Drug Co. v. Theodore Rectanus Co.*<sup>58</sup> The same trademark, Rex, was used by two different parties in different locations for over twenty-five years.<sup>59</sup> The trademark was used over different, albeit related, products: medicine to treat dyspepsia and blood purifiers.<sup>60</sup> The Supreme Court noted that the rule of priority did not help either user and, hence, focused on the good faith use in a geography to limit rights of parties.<sup>61</sup> Basically, when the same mark is used by different parties, in good faith, over goods belonging to the same class but in separate markets remote from each party’s operation, the Court felt that the question of prior appropriation is legally insignificant,

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<sup>51</sup> *Id.*

<sup>52</sup> See Faris, *supra* note 48, at 457 n.39.

<sup>53</sup> L. Donald Prutzman, *The Territoriality Principle and Protection for Famous Marks in the Americas*, 20 INT’L L. PRACTICUM 106, 106 (2007).

<sup>54</sup> Faris, *supra* note 48, at 456–57.

<sup>55</sup> William Jay Gross, *The Territorial Scope of Trademark Rights*, 44 U. MIA. L. REV. 1075, 1080–81 (1990); see also 15 U.S.C. § 1057. But see 15 U.S.C. § 1051(b). This Section allows parties with a “bona fide intention” to use a trademark to obtain a federal registration regardless of proof of actual use. *Id.*

<sup>56</sup> Geri L. Haight & Philip Catanzano, *The Effects of Global Priority of Trademark Rights*, 91 MASS. L. REV. 18, 19 (2007).

<sup>57</sup> GRAEME B. DINWOODIE & MARK D. JANIS, TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY 438–42 (5th ed. 2018).

<sup>58</sup> See generally *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

<sup>59</sup> *Id.* at 94–95.

<sup>60</sup> *Id.* at 94.

<sup>61</sup> *Id.* at 100.

unless the second party knew or ought to have known about the existence of the first party and knowingly appropriated or intended to appropriate the benefit of the reputation of his goods either for his own benefit or to the detriment of the other.<sup>62</sup> The Supreme Court established what is now called the *Tea Rose/Rectanus* doctrine under which the right to a trademark is obtained from the *use* in commerce of the mark and not by mere adoption.<sup>63</sup> Essentially, the *Tea Rose* doctrine states that the first user of a common law trademark may not oust a second but good faith user of an infringing mark from a market where the first user's products or services were not sold.<sup>64</sup> Between two unregistered users of a mark over goods in the same class, in the same market, priority of use controlled. Contemporary decisions have adopted the Supreme Court's rationale in the *Tea Rose* doctrine, which is that the owner of a common law mark may not get rights in markets "where the mark signifies not his goods but those of another."<sup>65</sup>

The *Tea Rose* doctrine emphasizes that territorial use and, importantly, prior use in third-party territories or markets is inconsequential to the determination of priority in any jurisdiction.<sup>66</sup> Thus, goodwill and domestic reputation of a mark is gained from its domestic use or presence. The territoriality and the priority doctrines, in essence, preserve the rights of the first user (or registrant) of a trademark within the territory.

Under the Lanham Act, registration of a mark provides constructive notice within the United States.<sup>67</sup> Therefore, a registered mark is protected regardless of the area of actual use of the mark.<sup>68</sup> Nevertheless, the principles of priority outlined in the *Tea Rose* doctrine continue to be applied to registered trademarks. Thus, a trademark owner's right to expand into new territories is subject to the presence of a prior (unregistered) user with sufficient goodwill in that market from a time prior to the registration. However, a prior unregistered user of a

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<sup>62</sup> See *id.* at 101 (citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916)).

<sup>63</sup> *Id.* at 98; Nashrah Ahmed, Note, *The Tea Rose-Rectanus Doctrine's Good Faith Test*, 9 AM. U. BUS. L. REV. 77, 78–79 (2020).

<sup>64</sup> See Nat'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* doctrine); *Theodore Rectanus Co.*, 248 U.S. at 100–01; *Hanover*, 240 U.S. at 415.

<sup>65</sup> See Nat'l Ass'n for Healthcare Commc'ns, Inc., 257 F.3d at 735 (citing *Hanover*, 240 U.S. at 416).

<sup>66</sup> See, e.g., *Person's Co. v. Christman*, 900 F.2d 1565, 1569–70 (Fed. Cir. 1990); *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998); *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985).

<sup>67</sup> 15 U.S.C. § 1072.

<sup>68</sup> Ragavan, *supra* note 3 at 351. "In doing so, [constructive notice] effectively eliminates good faith and lack of knowledge defenses otherwise available to a subsequent user." *Id.* at 351 n.119.

mark cannot exclude a registered owner from using the mark in a territory that would fall within the zone of the “normal expansion of business” of the registered user.<sup>69</sup>

Internationally, use is not the fulcrum to determine whether a mark is capable of being a source identifier.<sup>70</sup> 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.”<sup>71</sup> Thus, use is not a requirement to qualify as a trademark. The marks are generally required to be inherently distinctive, although, under the Article, members may choose to recognize acquired distinctiveness optionally where the mark is not inherently distinctive. Article 15(3) specifically makes use of an optional criterion to determine registrability of a mark.<sup>72</sup> A mark is protected within a territory based on either prior *use* or registration.<sup>73</sup> But, to the extent that some countries specifically focus on use, it is notable that *use* is not a standard threshold under the international trademark regime. Mandating *use* for registration can result in disparate results when it comes to the protection of well-known marks, as the following discussions demonstrate.

### B. *Well-Known Marks*

Globalization has resulted in trademarks used in one country to become well-known in places where the goods or services bearing the mark are not used or marketed.<sup>74</sup> The question is whether trademarks well-known in a jurisdiction can be protected by capitalizing on fame alone. Protection for well-known marks has posed a challenge to the traditional *use*-based notions of protection for trademarks.<sup>75</sup>

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<sup>69</sup> *Id.* at 351.

<sup>70</sup> See generally *id.* (highlighting that use is not the test to determine the validity of a trademark).

<sup>71</sup> TRIPS Agreement, *supra* note 3, at 326.

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

<sup>73</sup> Clark W. Lackert & Maren C. Perry, *Protecting Well-Known and Famous Marks: A Global Perspective*, BUILDING & ENFORCING INTELL. PROP. VALUE, 2008, at 63, [http://www.buildingipvalue.com/08\\_global/63-66kingspalding.pdf](http://www.buildingipvalue.com/08_global/63-66kingspalding.pdf) [<https://perma.cc/8LPY-HMRW>].

<sup>74</sup> *Id.*

<sup>75</sup> See generally *id.* 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(c)(2)(A) (defining what constitutes a famous mark).



The following discussion outlines the international prescriptions in treaties governing the protection of well-known marks to highlight the underlying doctrinal contradictions that govern the protection of such marks.<sup>76</sup>

At an international level, the Paris Convention and the TRIPS Agreement treaties outline the protection for well-known marks, i.e., trademarks that are famous in countries or jurisdictions outside the territory of the mark's use and registration.

### 1. Paris Convention

One of the earliest treaties to address the use of well-known marks is the Paris Convention for the Protection of Industrial Property (Paris Convention).<sup>77</sup> Article 6*bis* of the Paris Convention outlines that member countries have the right, through national legislation, to reject or cancel applications of registered marks, or to prohibit use of trademarks that are confusingly similar to a well-known mark.<sup>78</sup> The Paris Convention did not specifically define the term *well-known trademark*. However, Article 6*bis* outlines that any imitation, translation, or reproduction of a trademark that is considered "by the competent authority" to be well-known as being the mark of "a person entitled to the benefits of this Convention and used for *identical or similar goods*" is prohibited.<sup>79</sup>

Under the Paris Convention, marks in use in a first country should be well-known in a second country where registration is sought such that registration for use over *identical or similar products* in the second country would result in a strong likelihood of confusion.<sup>80</sup> But, the question of how fame of a well-known mark impacted the registration in a second country over merely related or dissimilar goods remained unaddressed. Similarly, the "identical or similar goods" doctrine served

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<sup>76</sup> See H.R. 683; 15 U.S.C. § 1125(c)(2)(A). 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, the nature and extent of use of the same or similar marks by third parties, and 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://www.shipmangoodwin.com/a/web/uqw9m47G7u2CTtsta36D19/Xbww5/trademark\\_dilution.pdf](https://www.shipmangoodwin.com/a/web/uqw9m47G7u2CTtsta36D19/Xbww5/trademark_dilution.pdf) [<https://perma.cc/P2AJ-JLG9>].

<sup>77</sup> See Paris Convention, *supra* note 3.

<sup>78</sup> *Id.* 21 U.S.T. at 1640, 828 U.N.S.T. at 325.

<sup>79</sup> *Id.* (emphasis added); see also World Intell. Prop. Org., *The Management of Internet Names and Addresses: Intellectual Property Issues* ¶ 253 (Apr. 30, 1999).

<sup>80</sup> See Paris Convention, *supra* note 3, 21 U.S.T. at 1640, 828 U.N.S.T. at 325.

to limit the scope of protection of the well-known marks under the Paris Convention.<sup>81</sup> That is, service marks were not covered under this Convention. Hence, each member country had the flexibility to define fame.

Under the Paris Convention, the extent of fame required for a mark to be considered well-known was not elaborated. Similarly, the limits, or even the criterion to determine the constituents of being well-known, were all left undefined.<sup>82</sup>

## 2. TRIPS Agreement

At the time of the establishment of the WTO in 1995, the agreement that created intellectual property harmonization, the TRIPS Agreement, under Article 2, incorporated all the substantive provisions of the Paris Convention.<sup>83</sup> Essentially, this meant that all of the provisions that extended protection for trademarks under the Paris Convention were extended to all the member countries of the WTO. Well-known trademarks were addressed under Article 16(2) of the TRIPS Agreement. Article 16 of the TRIPS Agreement mandated member states to establish statutes that protected well-known trademarks to prevent third parties from using “identical or similar” marks without authorization over “goods or services” and in a manner resulting in likelihood of confusion with a registered trademark.<sup>84</sup> Also, unlike under the Paris Convention, the TRIPS Agreement included protection for service marks.<sup>85</sup> Consequently, Article 16 of the TRIPS Agreement notes that “provisions relating to trademarks used over goods in “Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services.”<sup>86</sup>

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<sup>81</sup> *Id.* Separately, the World Intellectual Property Organization (WIPO) has been working towards establishing a treaty addressing the protection of well-known and famous trademarks. Thus, WIPO established a Standing Committee to deal with issues such as determining when a mark becomes well-known. See World Intell. Prop. Org., *Protection of Well-Known Marks*, art. 2–3 (May 14, 1998).

<sup>82</sup> 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. 45, 49 (2010).

<sup>83</sup> See TRIPS Agreement, *supra* note 3, 1869 U.N.T.S. at 301.

<sup>84</sup> See World Intell. Prop. Org., *supra* note 81, art. 2.3 (“In determining whether a trademark is *well known*, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.”).

<sup>85</sup> *Id.*; see also TRIPS Agreement, *supra* note 3, 1869 U.N.T.S. at 306.

<sup>86</sup> TRIPS Agreement, *supra* note 3, 1869 U.N.T.S. at 306.

Next, the Article outlines suggestive factors that may be used to determine whether a mark is “well-known.”<sup>87</sup> One such factor relates to whether in the relevant market, because of advertisements and promotions, a mark used in one member country becomes well-known.<sup>88</sup> Under this provision, “promotion of the trademark” within the second territory is required although the mark need not have been used in the territory.<sup>89</sup> Lastly, Article 16(3) of the TRIPS Agreement expanded the scope of protection for well-known marks to dissimilar (as opposed to identical) goods or services. Thus, (i) the goods or services to which a trademark with fame from another country is applied need not be identical or related, and (ii) use of well-known marks from other countries on dissimilar goods were prohibited *even* when there is no likelihood of confusion.<sup>90</sup> Consequently, a well-known mark from one country cannot be used by a third party in another jurisdiction if a *connection* between the two marks can be established from the promotion of the mark even if there is no confusion (the test to prove infringement).<sup>91</sup> The use of a well-known trademark on goods or services in another country where the mark is not used or registered can be a violation if: (a) such use is capable of falsely indicating a *connection* between goods or services over which the mark is used; and (b) the use can *likely* damage the interests of the owner of the registered trademark.<sup>92</sup> Thus, well-known trademarks benefitted from a wider scope of protection such that the only test was a proof of a showing of *connection with goods and services* of a well-known mark in the second jurisdiction.<sup>93</sup> Proof of connection was sufficient to prevent the use of the well-known marks.<sup>94</sup> That protection for well-known marks applied to dissimilar goods or services broadened the scope of protection from the original standard under which only use over “identical or similar” goods were prohibited.<sup>95</sup>

Further, Article 16 of the TRIPS Agreement outlines the constituents of a “well-known” mark; knowledge of the trademark “in the relevant sector of the public,” including knowledge from promotion of the trademark, was important to determine if the mark is well-

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<sup>87</sup> *Id.*

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> See also Ragavan, *supra* note 3, at 332.

<sup>92</sup> TRIPS Agreement, *supra* note 3, 1869 U.N.T.S. at 306.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

<sup>95</sup> *Id.*; see also World Intell. Prop. Org., *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*, art. 4(1)(b) (Sept. 29, 1999).

known.<sup>96</sup> The term “relevant public” is undefined, and it is left to the member countries to delineate the relevant market. Mere knowledge of the mark from promotions is sufficient to prove fame, and neither local use nor registration is required to be considered well-known.<sup>97</sup> Additionally, Article 16(2)’s listed non-exhaustive factors, being knowledge of the trademark in the relevant sector of the public and knowledge in the Member country as a result of the promotion, could be included in national legislation to better determine if a contested mark is well-known.<sup>98</sup>

In addition to the above, the World Intellectual Property Organization (WIPO) has a recommended definition of “relevant sectors of the public.” The recommendation broadly includes actual and/or potential consumers; channels of distribution; and *type* of goods and/or services to be taken into consideration.<sup>99</sup> If the mark is considered well-known in any one relevant sector of the public, WIPO recommends that the member state consider the mark to be well-known.<sup>100</sup> That is, a member state may deem a mark as a well-known mark, even if it is not otherwise generally and largely so considered. The WIPO recommendations are a part of the non-binding Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks to assist member countries in establishing factors to protect well-known marks.<sup>101</sup>

Importantly, the international regime underscores the need for national laws to protect well-known marks based on “acquired fame,” which naturally minimizes the role of *use* within the jurisdiction to qualify for protection. The inbuilt flexibilities under TRIPS allow each country to determine whether a mark protected in one jurisdiction can qualify for protection in a second jurisdiction purely based on reputation or fame dissociated with use. Unlike the modern trademark law of the United States outlined by McKenna, globally, the value-add

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<sup>96</sup> TRIPS Agreement, *supra* note 3, 1869 U.N.T.S. at 306.

<sup>97</sup> *Id.*

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

<sup>99</sup> World Intell. Prop. Org., *supra* note 95, art. 2(2)(a).

<sup>100</sup> *Id.* art. 2(2)(c).

<sup>101</sup> *Id.* art. 2(2)(d). Under the WIPO Guidelines, a mark may be considered to be well-known or 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; and (g) the extent to which competent authorities recognize the mark and the value associated with the mark. *Id.* art. 2.2–2.10.

over trademarks was not based on use per se, but also on fame with or without use.<sup>102</sup>

## II. GLOBALIZATION AND DOCTRINAL TENSIONS

The discussion above establishes that well-known marks are those that embody a reputation or fame that transcends jurisdictions. Considering that the fame of the mark has preceded actual use, countries prefer to extend protection in recognition of the fame. Cross-border recognition for famous marks can also create reciprocity, which is an important international law concept to encourage countries to reciprocate privileges between member states. The following discussion examines whether globalization has eliminated or exacerbated the doctrinal conflicts associated with the protection of well-known foreign trademarks.

### A. *Fame's Intersections with Territoriality and Priority Doctrines*

The prescriptions of the international trade agreements and the recommendations to extend recognition for a mark famous in one jurisdiction to a second jurisdiction form an exception to the territoriality principle, which is grounded on the use doctrine. Protection for a mark based purely on its spill-over reputation from another jurisdiction in which the mark is protected forms an exception to the territoriality principle. In essence, recognition of a well-known trademark results in national protection for property whose use and benefits have essentially been outside of the country. The protection of famous marks is not based on domestic use but on the reputational value of a trademark outside of a territory. It breaks away from and expands the traditional notion of trademark use as symbolizing quality and preserving market integrity.<sup>103</sup> It largely separates the notion of use from reputation and recognition.<sup>104</sup>

One of the earliest examples of the tension between the operation of the territorial use requirement and well-known marks is outlined in the 1959 New York trial court decision *Vaudable v. Montmartre, Inc.*<sup>105</sup>

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<sup>102</sup> Andrew Cook, *Do As We Say, Not As We Do: A Study of the Well-Known Marks Doctrine in the United States*, 8 J. MARSHALL REV. INTELL. PROP. L. 412, 413 (2009).

<sup>103</sup> See generally ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* (6th ed. 2012).

<sup>104</sup> See DAVID HAIGH, *BRAND VALUATION: UNDERSTANDING, EXPLOITING AND COMMUNICATING BRAND VALUES* 9 (1998).

<sup>105</sup> *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (Sup. Ct. 1959).

It involved 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.<sup>106</sup> The trial court found that Maxim's of New York used similar fonts and signage in a manner distinctly evoking Maxim's of Paris, including 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.<sup>107</sup> The trial court carved an important exception to the principle of territoriality in recognizing the French Maxim's mark as a famous mark.<sup>108</sup> In enjoining the New York use, *Vaudable* enunciated that use of a mark in one country (or territory) can result in gaining exclusive rights in another country provided the mark has become famous in a second jurisdiction.<sup>109</sup> That is, the first to use within the territory (territorial user) gets rights over the mark within the territory *except* where the first territorial 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"). Thus, the court differentiated between first territorial user versus prior user of the mark. If the mark becomes famous within the territory, but, nevertheless, the mark is a *well-known* mark because of use by a prior user, the latter gets the exclusive rights over the first territorial user of the mark. Accordingly, a prior user's mark, which is termed a well-known mark, enjoys a reputation in (foreign) markets even before the prior user enters the market, owing its fame to use in a different territory.

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."<sup>110</sup> But, if an innocent national user is confronted with a foreign famous trademark that 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.<sup>111</sup> The question with foreign marks is whether the priority of use in a third territory will count towards local priority. That is, A uses the mark first

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<sup>106</sup> *Id.* at 334. "Plaintiffs have 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.*

<sup>107</sup> *Id.*

<sup>108</sup> Faris, *supra* note 48, at 462.

<sup>109</sup> *Vaudable*, 193 N.Y.S.2d at 335.

<sup>110</sup> Faris, *supra* note 48, at 454.

<sup>111</sup> See *Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990).

internationally, except in Utopia, such that the mark becomes well-known worldwide and acquires 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. However, the doctrine of a well-known foreign mark can raise other questions. For example, assume McDonald's is not registered in Utopia but remains well-known globally. Now, allowing a third party to register the mark in Utopia based merely on priority of use within Utopia may be unfair to McDonald's, which may already enjoy a strong brand reputation internationally. In the same vein, if McDonald's cared about the Utopian market, it arguably should have registered there more quickly. If B had registered the mark in Utopia before McDonald's became famous, it would be unfair to B to let McDonald's use its fame outside of Utopia, some of which may have been acquired after B started using the name in Utopia to capture the Utopian market, to push B, a legitimate first territorial user, out.

The above example illustrates the spaghetti bowl of issues presented in every country to define "fame" and its limitations when confronted with a local user.

### B. *Reciprocity and Universality Principles*

Notwithstanding the above, protection for well-known foreign marks conforms with and may be fully justified based on the international law principles of reciprocity.<sup>112</sup> Typically, in international law and in international relations, the principle of reciprocity is universally accepted as a basic foundational principle.<sup>113</sup> Under this, a state adopts a behavior symmetrical with, and in response to, that adopted by another state.<sup>114</sup> International customary law recognizes the principle of reciprocity wherein trading parties will extend treatment such as favors, penalties, or benefits toward each other.<sup>115</sup> Thus, a member recognizing a famous trademark of another member would expect that the same treatment be meted to its famous trademarks by the latter member.

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<sup>112</sup> See generally Odeen Ishmael, 41. *Reciprocity in International Relations*, ODEEN ISHMAEL DIPL. (Aug. 19, 2013), <https://odeenishmaeldiplomacy.wordpress.com/2013/08/19/41-reciprocity-in-international-relations> [<https://perma.cc/4X3W-6ZF9>].

<sup>113</sup> See *id.*

<sup>114</sup> *Id.*

<sup>115</sup> Parisi & Ghei, *supra* note 42, at 94.

Another important international law principle is termed the “universality” doctrine, which provides that a mark indicates the same source irrespective of the jurisdiction of the mark’s use.<sup>116</sup> When 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 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.”<sup>117</sup>

Generally, for the envisaged protection for famous marks to operate reciprocally, countries should focus on fame rather than on local use of the mark. Thus, exceptions for famous marks will be created to the principle of territoriality, and by extension, to 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 established fame from the use of a prior user in a foreign territory.<sup>118</sup> For instance, marks with a global reputation, such as Microsoft, McDonald’s, or Apple, are examples of well-known marks. The reputation or 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, innocently. For example, two different parties may innocently use “Home Store” for stores that sell home products, one in Oklahoma, United States, and one in Manchester, United Kingdom. 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 respective owners within their respective geography or territory of use. Thus, each trademark user/owner can peacefully use the name within their respective territory of use, subject to conditions and applicable statutory requirements.

The factum of globalization and the resulting ability to know of trademarks from one jurisdiction in another even if they are not in use has raised a fresh gamut of issues in this area. The lack of guidelines to reasonably quantify the required fame to overcome a local user for protection has exacerbated these issues. For example, the extent of the

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<sup>116</sup> MCCARTHY, *supra* note 49, at § 29.1.

<sup>117</sup> Faris, *supra* note 48, at 456.

<sup>118</sup> See Nat’l Ass’n for Healthcare Commc’ns, Inc., v. Cent. Ark. Area Agency on Aging, Inc., 257 F.3d 732, 735 (8th Cir. 2001) (defining the *Tea Rose* doctrine).



reputation of marks in another jurisdiction where they do not have presence, such as Reliance, Macy's, Nordstrom, or Cognizant Technologies, is not as clear as that of Microsoft or Google. Under these circumstances, each member country has struggled with creating the well-known marks exception to the territoriality/priority question. That is, while use dictated priority within a territory, the value-add of the well-known mark exceptions from fame alone without use is unclear. The discussions on India and the United States outlined in Parts III and IV below serve as great examples to demonstrate the above proposition.

### III. INDIA'S HANDLING OF TRANSBORDER REPUTATION

This Part outlines how India has protected well-known foreign trademarks. India undertook the exercise of amending its trademark statute<sup>119</sup> after attaining WTO membership with a view to become TRIPS compliant.<sup>120</sup> In 1999, India first amended its trademark statute to harmonize its trademark regime with the TRIPS Agreement. The amended statute finally came into force in 2003.<sup>121</sup>

#### A. *India's "Use" Doctrine and Broad Transborder Reputation*

Historically, under the British trademark system, which was a forerunner for the Indian Trade & Merchandise Marks Act of 1958, use and registration within India was central to protecting trademarks. The Indian trademark statute did not specifically address protection for marks that enjoyed reputation within India on account of use outside of India. Thus, trademark protection based on use or registration within India was in line with the territoriality doctrine.<sup>122</sup> Issues relating to transborder reputation were dealt with under Section 27(2) of the Trade Marks Act, 1958, which focused on territorial use to protect common law rights over unregistered marks, such that an owner had a passing-off cause of action.<sup>123</sup> Goodwill and local reputation of the mark were

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<sup>119</sup> The Trade and Merchandise Marks Act, 1958 (Oct. 17, 1958) (India).

<sup>120</sup> See TRIPS Agreement, *supra* note 3; see also *India and the WTO*, WORLD TRADE ORG., [http://www.wto.org/english/thewto\\_e/countries\\_e/india\\_e.htm](http://www.wto.org/english/thewto_e/countries_e/india_e.htm) [<https://perma.cc/5T9L-R5VY>]; Ragavan, *supra* note 3, at 334.

<sup>121</sup> See The Trade Marks Act, 1999, § 1 (India).

<sup>122</sup> See The Trade and Merchandise Marks Act, 1958, §§ 2-3.

<sup>123</sup> *Id.* § 27(2). "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." *Id.*

the main tests or prerequisites to a successful passing-off action.<sup>124</sup> These same tests were extended to marks with spill-over reputation from use abroad.

One of the earliest instances was in 1986 when Gillette U.K. Limited alleged infringement of its “7 O’CLOCK” trademark used on safety razor blades.<sup>125</sup> Notably, Gillette did not sell these blades within India post-1958, when government regulations prohibited the import of these razors, until 1982 when it re-entered the market.<sup>126</sup> In 1985, Gillette became aware of the defendant’s products and filed a lawsuit in 1986 to enjoin the defendant’s use of “7-Up” on safety razors.<sup>127</sup> In response, the defendants asserted that Gillette’s nonuse of the mark from 1958 until 1982 resulted in a loss of reputation and goodwill of the Gillette mark over the associated goods. Moreover, at the time 7-Up razors entered the market, the defendants argued that Gillette’s rights were deemed abandoned from nonuse.<sup>128</sup> Thus, the defendants raised the abandonment defense (loss of rights on account of nonrenewal of trademark)<sup>129</sup> to assert that Gillette either had no goodwill because of nonuse starting in 1958, or, that plaintiff’s goodwill had been lost from the date of nonuse.<sup>130</sup> The Division Bench of the Bombay High Court issued an injunction against the defendants on the grounds that the mark retained its distinctiveness within India and refused to accept the abandonment defense. The court refused the loss of distinctiveness argument on the grounds that the lack of commercial use was caused by intervening restrictive government policies.<sup>131</sup> Instead, the court focused on advertisements in media that enjoyed a high level of circulation within India.<sup>132</sup> Interestingly, in refusing the defendant’s requests, the court also focused on knowledge of the mark among Indians who travel abroad.<sup>133</sup>

That this decision did not focus on *use* was exceptional. That it did not address whether several years of nonuse amounted to abandonment

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<sup>124</sup> *Id.* §§ 47(1), 106.

<sup>125</sup> *Centron Indus. All. Ltd. v. Gillette U.K. Ltd.*, 1986 SCC Online BOM 350, ¶¶ 1, 2.

<sup>126</sup> *Id.* ¶ 2.

<sup>127</sup> *Id.* ¶¶ 4–7.

<sup>128</sup> *Id.* ¶ 7.

<sup>129</sup> *Id.* ¶¶ 7, 12, 13; *see, e.g.*, The Trade Marks Act, 1999, §§ 25(3), 25(4), 26, 46 (India) (dealing with nonuse of the trademark).

<sup>130</sup> *Centron Indus. All. Ltd.*, 1986 SCC Online BOM 350, ¶ 7. The plaintiffs had no goodwill in the mark “7 O’CLOCK” because the goods manufactured by the plaintiffs had not been available in India since 1958, and the goodwill, if any, stood extinguished. However, the defendants acquired goodwill in respect to the mark “7 O’CLOCK” from 1982. *Id.* ¶¶ 4, 7.

<sup>131</sup> *Id.* ¶¶ 13, 17.

<sup>132</sup> *Id.* ¶ 7.

<sup>133</sup> *Id.*

makes the opinion deficient. Loss of rights from nonuse, termed as abandonment, forms an important part of trademark jurisprudence.<sup>134</sup> The case did not discuss the correlation between nonuse in a market and consequential loss of rights both generally as well as in relation to this dispute.

Interestingly, the 7 O'CLOCK mark was later adopted over dissimilar goods: toothbrushes. In 1987, the Bombay High Court in a Division Bench decision involving the Kamal Trading Company considered the adoption of the 7 O'CLOCK mark over dissimilar goods, namely, toothbrushes.<sup>135</sup> Along the lines of the previous decision, this bench too refused to conclude that the goodwill or the reputation was lost because of nonuse of the mark from 1958 to 1982.<sup>136</sup> When presented with abandonment decisions from England, the court seemed blind to the legal question, choosing instead to merely distinguish based on the facts.<sup>137</sup> The court considered a court of appeals decision from England, which viewed the plaintiffs' sale of about 5,000,000 cases of Budweiser beer to military and diplomatic establishments as "sporadic and occasional sales" not amounting to carrying on a business in England, to refuse an injunction against the defendants' use of the mark.<sup>138</sup> The court refused to acknowledge that Gillette suspending business activities in India amounted to abandonment or was reputation-destroying.<sup>139</sup> These decisions broadened the concept of goodwill for well-known marks to exclude use of the mark over dissimilar goods but did so without creating a proper legal basis and by measuring goodwill based on knowledge through advertisements.<sup>140</sup>

Overall, the *Gillette* decisions may be correct in asserting that "goodwill" extends beyond the jurisdiction of a particular country,<sup>141</sup> although the refusal to consider the implications of nonuse and abandonment of the mark left a huge lacuna. Both *Gillette* decisions were deficient in not defining: a) the constituents of fame; b) when fame from one jurisdiction translates into goodwill in a second jurisdiction; and c) what aspects of fame—advertisements, general public awareness of the mark, or knowledge in "the relevant market"—translates into

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<sup>134</sup> See 15 U.S.C. § 1127. 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." *Id.*

<sup>135</sup> *Kamal Trading Co. v. Gillette U.K. Ltd.*, (1988) 8 PTC 1, ¶ 1 (India).

<sup>136</sup> *Id.* ¶¶ 1, 11.

<sup>137</sup> *Id.* ¶¶ 10–11.

<sup>138</sup> *Id.* ¶ 10; *Anheuser-Busch Inc. v. Budejovicky Budvar N.P.*, [1984] F.S.R. 413 (Eng.).

<sup>139</sup> *Kamal Trading Co.*, 8 PTC 1, ¶ 11.

<sup>140</sup> *Id.*; *Centron Indus. All. Ltd. v. Gillette U.K. Ltd.*, 1986 SCC Online BOM 350, ¶ 7 (India).

<sup>141</sup> *Kamal Trading Co.*, 8 PTC 1, ¶ 11.

goodwill in a legal sense in the second jurisdiction. Thus, the decisions did not draw boundaries to establish the threshold of goodwill especially when the mark has either not been used in the jurisdiction, or when the mark has not been renewed and, thus, abandoned. These broad deficient decisions became the precedents that set poor standards in India.

Not surprisingly, the New Delhi High Court in 1991 followed these decisions on a passing-off claim involving Apple Computers.<sup>142</sup> Apple Computers Inc. (Apple USA), which exported its products to India since 1977, sued an Indian entity—Apple Computer Education—for using a similar logo.<sup>143</sup> While Apple USA had a favorable case based on the strength of its mark, its sales in India, goodwill from the mark, and bad faith use by defendant, the New Delhi High Court applied the broadened standard from the *Gillette* decisions to dismiss use as a prerequisite on the grounds that plaintiffs need not carry on business in a jurisdiction before improper use of its name or mark can be restrained by the court.<sup>144</sup>

Soon, the Indian Supreme Court followed the arguably myopic line of thinking in 1996 involving the trademark of the Whirlpool Corporation.<sup>145</sup> The Whirlpool trademark was registered in India, on February 22, 1956, in classes 7, 9, and 11 for use over several goods including washing machines.<sup>146</sup> The registrations lapsed on account of nonrenewal in 1977.<sup>147</sup> The defendant, meanwhile, registered the “Whirlpool” mark for the same class of goods in 1986.<sup>148</sup> Whirlpool USA advertised its products in publications having circulation in India. Notably, goods bearing the Whirlpool mark were only sold to United States Embassy and the United States Agency for International Development (USAID) offices and were thus subjected to limited use within India.<sup>149</sup>

The Indian Supreme Court held that the *use* requirement was satisfied from advertisements of the goods bearing the trademark even if the goods were not sold in the market. The court dismissed the need for the general public to know the association of the goods with the

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<sup>142</sup> Apple Comput. Inc. v. Apple Leasing & Indus., (1991) I.A. 7678 (India).

<sup>143</sup> *Id.* ¶¶ 8, 17.

<sup>144</sup> *Id.* ¶ 161.

<sup>145</sup> N.R. Dongre v. Whirlpool Corp., (1996) 5 SCC 714 (India).

<sup>146</sup> N.R. Dongre v. Whirlpool Corp., AIR 1995 Del 300, 302–04 (India).

<sup>147</sup> *Id.* ¶ 3.

<sup>148</sup> *Whirlpool*, 5 SCC 714. Whirlpool Corporation’s opposition was ultimately rejected, and the trademark was registered in the defendants’ name. *Id.* When the appeal came before the Supreme Court, Whirlpool Corporation’s petition to expunge the registration granted to the defendant was still pending before the Trade Marks Office. *Id.*

<sup>149</sup> *Id.*

plaintiff.<sup>150</sup> Arguably, without fully considering the successful intervening registration of the mark by the local defendant, the court held that, prima facie, the plaintiff was the prior user of the Whirlpool trademark because the plaintiff used the mark globally since 1941.<sup>151</sup> Basically, the court bought nonuse of the mark as an affirmative argument favoring the plaintiff in adding that the nonuse allowed the defendants to claim the mark from 1986 within India.<sup>152</sup> In deciding that Whirlpool trademark sustained its reputation and goodwill despite nonuse and nonrenewal of the mark, the decision dissociates the use requirement from considerations of spill-over reputation.<sup>153</sup>

The decision lacked a basis for protecting ownership rights when the owner did not care to protect it within the country/territory.<sup>154</sup> Similarly, the Indian Supreme Court did not define the relevant market nor did the court venture into the question of establishing the threshold or criterion to determine the constituents of fame or the associations between the trademark use versus that of a well-known trademark to distinguish famous marks from those that were not. Overall, the judgments resulted in diluting the value of trademark registration, use, and its associations with the territorial doctrine. India's jurisprudence seemed to favor the Dinwoodie and Janis position that the use theory is essentially flawed.<sup>155</sup>

### B. Use Dissociations Favoring Foreign Marks

The *Whirlpool* decision, discussed above, became an important precedent to dilute the doctrine of use; instead, it broadened protection for marks with transborder reputation.<sup>156</sup> The Indian Supreme Court's opinion in the *Whirlpool* decision set a new trend that largely favored owners of well-known marks in India. Thus, subsequent cases followed the holding of the *Whirlpool* decision which, in turn, firmly established

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<sup>150</sup> *Id.* (citing *Faulder & Co. v. O. & G. Rushton, Ltd.*, (1903) 20 RPC 477 (India)).

<sup>151</sup> *Id.*

<sup>152</sup> *Id.*

<sup>153</sup> *See id.*; *see also* N.R. Dongre v. Whirlpool Corp., AIR 1995 Del 300, 302-04 (India).

<sup>154</sup> *See* The Trade Marks Act, 1999, §§ 25-26 (India).

<sup>155</sup> *See, e.g.*, Dinwoodie & Janis, *supra* note 10, at 1644 ("Courts have discounted the apparent certainty of strict actual use in order to give effect to other values."). "Pressures to adjust notions of use to reflect the exigencies of particular historical moments are unlikely to subside." *Id.* at 1644 n.203. In the cases discussed, India has seemingly ignored bright-line rules to find use in extraordinary circumstances.

<sup>156</sup> Nicky Jatana, Case Note, *Did Whirlpool Make Its Mark in India?*: N.R. Dongre v. Whirlpool Corp., 10 TRANSNAT'L L. 331, 350 (1997).

judicial recognition of transborder reputation dismissing the role of use for trademarks.<sup>157</sup>

By 1997, another Division Bench of the Bombay High Court recognized transborder reputation of the Volvo mark by dismissing the need for actual sale within India.<sup>158</sup> The plaintiff, a well-known Swedish multinational automobile company, which at that time had not established their business in India, prevailed over a defendant, a local Indian company, which had used the mark on their goods—mild steel ingots.<sup>159</sup>

These judgments were great for foreign trademark owners. Alfred Dunhill, for example, managed to secure rights over a trademark after a local user used it for eleven years within India.<sup>160</sup> Similarly, Rainforest Cafe Inc., a restaurant chain from the United States, with no presence or use or business or promotion in India, secured an injunction in its favor in 2001 on the grounds that it would suffer irreparable harm to its reputation.<sup>161</sup> Similarly, in 2002, Jolene, the American cosmetic company, which had no business activity in India at that time, prevailed against a local defendant when a single judge of the Delhi High Court, citing the *Whirlpool* decision, decided in favor of Jolene by issuing an injunction against a local defendant who adopted an identical mark on identical goods.<sup>162</sup>

The cost of courts refraining from the larger legal and economic analysis to fully delineate the limitations of spilled-over reputation was high for India and local defendants. The decisions arguably eroded the need for foreign companies to prioritize the Indian market and register their trademarks or market their products in India quickly. While foreign investors paid more attention to markets that required use by launching the products quickly, they could ignore the Indian market given its enthusiasm to embrace foreign marks.

Courts in India simply failed to address the conflict and required balance between the use doctrine, how use is critical for establishing

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<sup>157</sup> See *Aktiebolaget Volvo of Swed. v. Volvo Steels Ltd. of Gujarat*, (1998) 18 PTC 47 (India); *Rainforest Cafe Inc. v. Rainforest Cafe*, (2001) 91 DLT 508 (India).

<sup>158</sup> *Aktiebolaget*, 18 PTC 47, ¶ 61.

<sup>159</sup> *Id.* ¶ 16.

<sup>160</sup> *Alfred Dunhill Ltd. v. Kartar Singh Makkar*, (1999) 19 PTC 294 (India). Other cases where the same issues have been dealt with include: *Mars Inc. v. A.K. Gera*, (2001) 94 DLT 906 (claimant's "MILKY WAY" mark for confectionary products protected); *Caterpillar Inc. v. Mehtab Ahmed*, (2002) 99 DLT 678 (claimant's "CATERPILLAR" mark for footwear protected); *Pizza Hut Int'l LLC v. Pizza Hut India Pvt. Ltd.*, (2003) 26 PTC 208 (claimant's "PIZZA HUT" mark for restaurants protected); *V & S Vin Spirit AB v. Kullu Valley Min. Water Co.*, (2005) 30 PTC 47 (claimant's "ABSOLUT" mark for alcoholic and soft drinks protected).

<sup>161</sup> *Rainforest Cafe Inc.*, 91 DLT 508, ¶ 10.

<sup>162</sup> *Jolen Inc. v. Dr. & Co.*, (2002) 98 DLT 76 (India).

priority, and the intersections and limitations of fame. Surprisingly, courts also did not delve into the “fame” requirement exhaustively. For instance, it is unclear if there is a difference between the reputation and goodwill associated with say, the Apple mark, and the likes of Rainforest Cafe and Jolene. Even if Jolene and Rainforest Cafe are famous and fulfill the statutory requirement of fame within the United States, should the fame requirement be different in a country like India where these products are generally known to a much smaller segment of the population? Did Indian courts not have an obligation to consider how a “market” should be defined to determine the constituents of fame and goodwill from a local or territorial perspective? The lack of reasoned decisions and the implications therefrom are further outlined in the next Section where courts consider trademarks of cough syrups and CD titles as having benefitted from transborder reputation. Clearly, these judgments from the Indian courts do not reflect economic efficiency per se, along the lines of what Posner advocates and McKenna criticizes.<sup>163</sup> Instead, the judgments seem to focus on “improving” “the quality of information in the marketplace,” arguably, although protection for foreign marks that are not widely known cannot per se contribute to the quality of information in the market.<sup>164</sup> In all, the *Whirlpool* decision is widely regarded as an attempt to appease the United States, an issue further discussed as part of trademark’s intersections with the trade regime in Part V.

### C. *Well-Known Trademarks in Post-TRIPS Era*

The enactment of the Trade Marks Act (TMA) in 1999 marked a new era because it highlighted that statutory protection for a well-known mark is not conditioned on use or registration in India.<sup>165</sup> The provisions of the TMA dissociated the use requirement for protecting

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<sup>163</sup> See Landes & Posner, *supra* note 7, at 265–66 (“Our overall conclusion is that trademark law . . . can best be explained on the hypothesis that the law is trying to promote economic efficiency.”).

<sup>164</sup> McKenna asserts that one of the traditional core principles of trademark law is to protect “the quality of information in the marketplace,” which is also absent in these decisions. McKenna, *supra* note 6, at 1840.

<sup>165</sup> Compare The Trade Marks Act, 1999 (India), with 15 U.S.C. § 1125(c)(2)(A)(iv) (“In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including . . . [w]hether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.”).

well-known marks based on local recognition.<sup>166</sup> Section 11(9) of the statute proscribed that the Registrar shall not deny protection for a well-known mark on the grounds that the trademark has not been used, registered, or that the trademark is not well-known to the public at large in India.<sup>167</sup> Not considering priority of local use to protect a well-known foreign mark was seemingly in line with the WIPO joint recommendations.<sup>168</sup> The question of whether a prior foreign user of a well-known trademark be given priority against a first local user of the mark remained outstanding in India.

The non-exhaustive criteria for determining a well-known mark under Section 11(6)<sup>169</sup> 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.<sup>170</sup> 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.<sup>171</sup> Thus, because the public at large need not know of a well-known mark, it is left to the judiciary to define what constitutes “well-known” and “the relevant public” to determine the extent of local fame over the mark.

Under the amended Trademark Rules of 2017, parties may request the Registrar to determine a trademark as well-known by filing a relevant form.<sup>172</sup> Parties should include evidence in support of their claim<sup>173</sup> although the Registrar can request additional documents<sup>174</sup> and invite oppositions, objections, or both from the general public.<sup>175</sup> The

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<sup>166</sup> Compare The Trade Marks Act, 1999, § 11(8), with 15 U.S.C. § 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. 15 U.S.C. § 1125(c)(2)(A).

<sup>167</sup> The Trade Marks Act, 1999, § 11(9).

<sup>168</sup> See World Intell. Prop. Org., *supra* note 79, ¶ 260.

<sup>169</sup> The Trade Marks Act, 1999, § 11(6).

<sup>170</sup> *Id.*

<sup>171</sup> *Id.* § 11(7)(iii).

<sup>172</sup> See Ministry of Commerce & Industry, G.S.R. 199(E) (Mar. 6, 2017) ¶ 124 (India).

<sup>173</sup> *Id.* ¶ 124(1). Once the documents are filed, the Registrar will make a determination, based on such documents and § 11(6)–(9) of the TMA, to determine whether the mark is well-known. *Id.* ¶ 124(2).

<sup>174</sup> *Id.* ¶ 124(3) (“For the purpose of determination, the Registrar may call such documents as he thinks fit.”).

<sup>175</sup> *Id.* ¶ 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.”).



Registrar also has the power to change that status, subject to due hearing, if circumstances change.<sup>176</sup> 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.<sup>177</sup> This is comparable to the Japanese practice of publishing well-known trademarks.<sup>178</sup> The extraordinary powers that trademark Registrars wield with reference to either graduating or demoting a trademark as being well-known provides a huge scope for foreign influence over trademark registrars.<sup>179</sup>

The amendments laid the foundation for the judiciary to underscore the doctrinal tension between territoriality and fame. But the changes were neither immediate nor apparent. In 2004, in the famous case of *Milmet Oftho Industries & Ors. v. Allergan Inc.*, the Indian Supreme Court dealt with an appeal from a local defendant over the Ocuflux mark.<sup>180</sup> The foreign plaintiff never used the mark in India.<sup>181</sup> Despite that, the court held that use in India was irrelevant if the plaintiff was the first in the world market.<sup>182</sup> The Indian Supreme Court added that medical practitioners regularly travel abroad and because Ocuflux is widely advertised, it likely acquired a worldwide

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<sup>176</sup> *Id.* § 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.”).

<sup>177</sup> *Id.* § 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.”). On March 6, 2017, the Trademark Rules, 2017, were put into effect. *Id.* § 1. 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 OFF. OF CONTROLLER GEN. OF PATS., DESIGNS & TRADEMARKS, *List of Well-Known Trademarks* (India), <https://ipindia.gov.in/writeraddata/Portal/Images/pdf/well-known-trademaks-updated-newone.pdf> [<https://perma.cc/K2YX-G9AB>]. 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. The Trade Marks Act, 1999, § 11(6)(v).

<sup>178</sup> Brian J. Winterfeldt & Laura S. Emmett, *Protecting Famous Marks*, INT’L TRADEMARK ASS’N BULL., Oct. 1, 2001, at 2, <https://www.inta.org/wp-content/uploads/member-only/about/inta-news/inta-bulletin/INTABulletinVol56no18.pdf> [<https://perma.cc/3ERD-RXNE>].

<sup>179</sup> That said, the Registrar is required to take into consideration Sections 11(6) to 11(9) of the Trade Marks Act, discussed above. The Trade Marks Act § 11(6)–(9). It is also arguable that the right of third parties to object and the right to appeal 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 have either not made it to the well-known marks list because adequate documentation was not presented, or because the Registrar did not think that they would qualify despite the documentation. The status of these marks may have to be judicially determined.

<sup>180</sup> *Milmet Oftho Indus. & Ors. v. Allergan Inc.*, (2004) 12 SCC 624 (India).

<sup>181</sup> *Id.*

<sup>182</sup> *Id.*

reputation sufficient to trump over a local prior user.<sup>183</sup> It would have been nice to see the court delve into the question of whether the “relevant market” was the general public, the patients/consumers, the doctors, 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 Indian Supreme Court failed to capture.

The Supreme Court of India indicated that multinational corporations, which 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, according to the court, should be who is first in the market.<sup>184</sup>

For the first time, the court indicated that priority of innocent use within India should perhaps supersede transborder reputation. The court also outlined that otherwise, it unfairly subjects local users to foreign corporations and their brand investments.<sup>185</sup> The *Ocuflox* decision was important to raise the issue of a prior good faith user within India versus a prior foreign user of a famous mark. Yet, courts continued to favor global fame. In 2006, a single judge of the Delhi High Court considered whether the mark “Blenders Pride,” used on whisky manufactured by the plaintiff, enjoyed a transborder reputation.<sup>186</sup> Adopted in 1973, the foreign plaintiff had been selling the said whisky in over fifty countries worldwide.<sup>187</sup> The plaintiff asserted that “Blenders Pride” had a transborder reputation in India by showing that, between 1980 and 1990, over one million people had traveled to India and would have been exposed to the whisky.<sup>188</sup> The plaintiff’s business was first set up in India in 1993. Ironically, however, in 2003, the respective marks of the plaintiff and the defendant, namely, “Blenders Pride,” were advertised in the same Trademark Journal, and both parties filed oppositions against each other’s application.<sup>189</sup> The defendants claimed

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<sup>183</sup> *Id.*

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

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

<sup>186</sup> *Austin Nichols & Co. v. Arvind Behl*, (2006) 32 PTC 133, ¶ 2 (India).

<sup>187</sup> *Id.* ¶ 24.

<sup>188</sup> *Id.*

<sup>189</sup> *Id.* ¶ 29. The Indian Trade Marks Office granted registration to the defendants in 2004. *Id.* In 2005, the plaintiffs learned that the defendants had introduced their whisky to the Indian market, and a suit was filed. *Id.* The defendants asserted that they were the prior users of the “Blenders Pride” mark in India, thus bringing into question prior users within the jurisdiction versus reputation outside the territory. *Id.* ¶ 30.

that they were the prior users within India and, hence, introduced the question of the primacy between a well-known foreign mark and the territoriality principle.<sup>190</sup>

This was perhaps the first decision, although the court does not mention it, where the issue of prior users within the jurisdiction versus reputation outside the territory became significant.<sup>191</sup> The court focused on the plaintiff's global reputation since 1973 but refused to consider the plaintiff's disinterest in the market until 1995.<sup>192</sup> Unfortunately, the courts have placed much emphasis on advertisements and refused to consider the intersections of a good faith prior territorial user over transborder reputation.

For example, in 2008, in *Kiran Jogani & Anr. v. George V. Records, SARL*, the Delhi High Court dealt with the rights over the name "BUDDHA-BAR."<sup>193</sup> The defendant first used it in India in 2002. But the plaintiff asserted that he used the mark as part of a music album, and he was the first to use the name in 1996 for a restaurant in Paris.<sup>194</sup> The proof of use of the name for a restaurant was not overwhelming. The court was enamored that the plaintiff had registered the mark in the European community, the United States, Canada, Japan, New Zealand, France, and Hong Kong, but the court never questioned the lapse in seeking timely registration in India. The court relied solely on the "coverage given to the restaurant and the music in *international* press and the magazines including transmission of programs through television channels" as establishing transborder reputation.<sup>195</sup> Based on this, the court upheld transborder reputation in the mark "BUDDHA-BAR."<sup>196</sup>

Similarly, in 2013, a case relating to the rights over the trademark "MUCOSOLVAN" for use on cough syrup was heard before a single

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<sup>190</sup> *Id.* ¶ 38.

<sup>191</sup> *Id.* ¶ 38.

<sup>192</sup> *Id.* ¶¶ 41, 44, 47.

<sup>193</sup> *Kiran Jogani & Anr. v. George V. Records, SARL*, (2008) 155 DLT 739 (India).

<sup>194</sup> *Id.* at 741. Further, the plaintiff asserted that the music albums played at 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. *Id.* The plaintiff also claimed extensive worldwide registrations for said mark in Classes Nine and Forty-One and argued that its reputation had spread across the world and spilled over into India well prior to the adoption of the offending mark by the appellants-defendants in 2002 in regard to musical records. *Id.* The defendants argued that the plaintiff had failed to establish user rights in India and that the first invoice on record was dated February 21, 2002, which was after the release of the 'defendants' album in January 2002. *Id.* at 742. In doing so, this court considered, "what would be the best material which the respondent-plaintiff could have produced to establish its trans-border reputation?" *Id.* at 745.

<sup>195</sup> *Id.* at 745 (emphasis added).

<sup>196</sup> *Id.* at 748.

judge of the Delhi High Court.<sup>197</sup> A German company established in 1885 asserted transborder reputation over the mark “MUCOSOLVAN,” which it claimed to have adopted in 1975 and used continuously—outside of India—since 1979.<sup>198</sup> The plaintiff’s assertions were based on being the first to adopt and use the mark on cough syrup globally.<sup>199</sup> At the time of the suit, the plaintiff had registered the trademark in ninety-three countries, the trademark was present in the market in over fifty-six countries, and “MUCOSOLVAN” products had documented sales of over six billion Euros. And yet, the company applied for a registration in India *only* after the defendant started using it.<sup>200</sup> Even then, the pending trademark application was on a “proposed to be used basis.”<sup>201</sup> Further, the plaintiff had not used its trademark “MUCOSOLVAN” in India until the date of the suit.

The court merely considered the plaintiff’s global sales and seemed awed by the plaintiff’s registration over the mark “MUCOSOLVAN” in ninety-three countries but ignored the fact that the plaintiff did not care for the Indian market to use or register the mark.<sup>202</sup>

Other cases include a 2016 Division Bench decision of the Delhi High Court, which decided the issue of the transborder reputation of the mark “LAVERA.”<sup>203</sup> The term Lavera is a Latin word meaning “the truth.”<sup>204</sup> The plaintiff, a German company, had adopted the mark “LAVERA” in 1980 for cosmetic products and marketed these products since 1982.<sup>205</sup> The plaintiff held registrations extensively around Europe but had a pending registration in India at the time of filing the suit.<sup>206</sup> But the plaintiff had never used the mark in India. Defendants used the mark in India from 2005 and applied for registration in India.<sup>207</sup> The defendants claimed that they adopted the identical mark “LAVERA” from the aloe vera plant used in beauty treatments.<sup>208</sup> The single judge

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<sup>197</sup> Boehringer Ingelheim Pharma GMBH & Co. KG v. Premchand Godha & Anr., AIR 2014 Del 916 (India).

<sup>198</sup> *Id.* ¶¶ 2–3.

<sup>199</sup> *Id.* ¶ 4.

<sup>200</sup> *Id.* ¶¶ 3–5, 15.

<sup>201</sup> *Id.* ¶ 15.

<sup>202</sup> *Id.* ¶¶ 4, 15.

<sup>203</sup> MAC Personal Care Pvt. Ltd. & Anr. v. Laverana GMBH & Co. KG & Anr., (2016) 65 PTC 357 (India).

<sup>204</sup> *Id.* ¶ 2.

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

<sup>206</sup> *Id.* It was the respondent’s claim that, due to such extensive worldwide use, its products sold under the same mark have earned goodwill and reputation, its products are freely available on eBay and online stores, and it has domain name registrations in various countries. *Id.*

<sup>207</sup> *Id.* ¶ 3.

<sup>208</sup> *Id.*

held in favor of the plaintiff by noting that the existence of a website originating abroad was sufficient to show the transborder reputation, even if it had no activity in India at the relevant time.<sup>209</sup>

In the *Lavera* decision, the court focused on the growth of Internet and modern means of communication and how it made it easier to establish international reputation and its spill-over effects.<sup>210</sup> Given that digital divide is a pervasive issue in India that leaves a large section of the population with no or limited access to digital technology, the focus on a website seems a little misplaced. In all, the “OCUFLUX” decision and the cases that followed blindly allowed foreign marks to be registered without establishing a proper basis for defining fame, use, and abandonment, which precipitated a huge change in India.<sup>211</sup> This is discussed in the following portions of this Article.

While the OCUFLUX decision was arguably deficient for not delving into the legal question more fully, it successfully presented the conflict between the spill-over reputation of well-known marks and their territoriality underpinnings.<sup>212</sup> In 2010, the Delhi High Court addressed the legal question presented in the OCUFLUX decision in a case involving Century 21, a real estate company from the United States.<sup>213</sup> The defendant, an Indian company, used the same name as part of its corporate name and was in the real estate brokerage services business. Century 21 from the United States presented evidence to prove its worldwide reputation from advertisements and awards in several countries but was unable to prove interest or presence in India.<sup>214</sup> For the first time, Justice Dhingra focused on the plaintiff's efforts, or the lack thereof, during the time it established worldwide reputation.<sup>215</sup> The court noted that the plaintiff's webpage did not list India as a country where its services are available.<sup>216</sup> Most importantly, the court held that mere registration cannot amount to *use* of the mark in India and that local use is required to prove transborder reputation.<sup>217</sup> Perhaps the United States' judicial decisions discussed below had an influence in precipitating a change balancing the use and territoriality factors with the fame factor.

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<sup>209</sup> *Id.* ¶ 7.

<sup>210</sup> *Id.* ¶ 16.

<sup>211</sup> Mukul Baveja, *India: Trans-Border Reputation: Protection of Foreign Trade Marks in India*, MONDAQ (Nov. 26, 2018), <https://bit.ly/3bbe0ky> [<https://perma.cc/9MUG-NM5C>].

<sup>212</sup> *Milmet Oftho Indus. & Ors. v. Allergan Inc.*, (2004) 12 SCC 624 (India).

<sup>213</sup> *Century 21 Real Estate LLC v. Century 21 Main Realty Pvt. Ltd.*, (2010) I.A. 10426/2007 (India).

<sup>214</sup> *Id.* ¶ 5.

<sup>215</sup> *Id.* ¶¶ 3–5.

<sup>216</sup> *Id.* ¶ 3.

<sup>217</sup> *Id.* ¶ 5.

## IV. UNITED STATES AND WELL-KNOWN TRADEMARKS

The following Part outlines how the United States treats well-known marks by emphasizing use. The discussion compares American judgments with those from India to analyze the rights of a well-known mark registered in the United States by a local user who thereby becomes a prior-registered-user within the United States. This Part also examines whether fame of the mark abroad is an exception to use and territoriality in the United States.

A. *Fame Intersects with Priority and Territoriality*

At the outset, it is important to lay out the dichotomy that exists in the United States between well-known marks and famous marks. Within the United States, the Federal Trademarks Dilution Act defines and provides a set of criteria to determine the fame of a mark within a territory.<sup>218</sup> The objective is to ensure that when a mark attains the distinction of being famous the mark is not used on products that impair the distinctiveness, even if it is not a competing, identical, or related good. Thus, unlike infringement, which prevents consumer confusion due to third-party use of a mark, dilution prevents impairment of the distinctiveness of a famous mark.<sup>219</sup> Dilution does not deal with well-known marks from abroad. Instead, it 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, to conform to international trade agreements, well-known marks from abroad should

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<sup>218</sup> See 15 U.S.C. § 1125(c)(2)(A)(i)–(iv). Under Section 43(c) of the Lanham Act, also known as the Trademark Dilution Revision Act (TDRA):

[A] mark is *famous* if it is widely recognized by the general consuming public of the United States 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.

*Id.* (emphasis added).

<sup>219</sup> *Id.* § 1125(c)(2)(B).

form an exception to the territoriality doctrine. This exception is typically termed as the famous marks doctrine.<sup>220</sup> Under the famous marks doctrine, the question is whether a second user adopted the mark in good faith in a different territory.

The famous marks doctrine was first recognized in the United States in *Maison Prunier v. Prunier's Restaurant & Cafe*.<sup>221</sup> The name "Prunier" was used for restaurants in Paris and London.<sup>222</sup> When a third party opened a new restaurant in New York City with a similar name, the owner sought to enjoin the defendant's use of the name even though they did not have operations in New York.<sup>223</sup> The appeals court, which sustained the ruling of the trial court, highlighted the general rule of territoriality.<sup>224</sup> Between two users of the same mark, the first territorial user has priority over the mark. However, if bad faith use of a famous name by a second user is proven, it is an exception to the territoriality rule.<sup>225</sup> Fame of the foreign mark within the United States territory as opposed to worldwide fame, which is the standard used in India, is a relevant factor in deciding whether the second user adopted the mark in good faith.<sup>226</sup> Additionally, using unfair competition principles, a foreign mark may be entitled to protection in the United States 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.<sup>227</sup> This rule is similar to what India seems to have adopted. While some of these decisions were based on state common law rather than the Lanham Act, many of the underlying principles remain applicable.<sup>228</sup>

B. *Local Use and Fame Abroad—Traveling Americans Need Not Know of All Marks Abroad*

The following discussion compares how courts in the United States have dealt with cases in situations where a mark: a) is well-known in a foreign country; and b) has been subject to prior registration by a third

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<sup>220</sup> See also MCCARTHY, *supra* note 49, at § 29:4 (asserting that the famous marks doctrine is incorporated into United States domestic law through Lanham Act Sections 43(a), 44(b), and 44(h)).

<sup>221</sup> See *Maison Prunier v. Prunier's Rest. & Cafe*, 288 N.Y.S. 529, 536–38 (Sup. Ct. 1936).

<sup>222</sup> *Id.* at 530–31.

<sup>223</sup> *Id.* at 531.

<sup>224</sup> *Id.* at 535–36.

<sup>225</sup> *Id.*

<sup>226</sup> *Id.* at 537.

<sup>227</sup> Zobel, *supra* note 47, at 148–49.

<sup>228</sup> *Id.* at 149 (discussing cases establishing trademark law).

party within the United States. Importantly, these cases highlight the role of priority of use and how that helps to secure trademark rights within the United States purely based on first territorial use of the mark.

In 1981, Larry Christman, a United States citizen, visited a Person's Corporation retail store in Japan.<sup>229</sup> The Person's name was adopted in 1977 by Takaya Iwasaki to market and distribute clothing items in retail stores located in Japan.<sup>230</sup> Upon 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.<sup>231</sup> By April 1983, Christman not only supplied clothes bearing the Person's logo in the United States, but he also registered the name for use on wearing apparel.<sup>232</sup> Meanwhile, Person's became a well-known and highly respected brand in the Japanese fashion industry. Soon the Japanese company vied to enter the United States market and wanted to open its stores in the United States. When they initiated an action to cancel Christman's registration, a suit followed.<sup>233</sup> 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. Arguably, there was sufficient evidence on record indicating that the defendant misappropriated a mark which was being used in a foreign country.<sup>234</sup> The Federal Circuit adopted the view that copying a mark in use in a foreign country is not per se 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.<sup>235</sup> The Federal Circuit noted that "Christman's conduct in appropriating and using appellant's mark in a market where he believed the Japanese manufacturer did not compete can hardly be considered unscrupulous commercial conduct."<sup>236</sup>

Thus, the jurisprudence in the United States is that territorial *use* is the critical component to establish priority over a mark. Even if the mark is otherwise famous abroad, territorial use within the country is more important to establish priority. Thus, the territoriality doctrine, especially the way it is defined and applied in the United States, does not deter third parties from adopting, using, and protecting, within the

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<sup>229</sup> Person's Co. v. Christman, 900 F.2d 1565, 1567 (Fed. Cir. 1990).

<sup>230</sup> *Id.* at 1566–67.

<sup>231</sup> *Id.* at 1567.

<sup>232</sup> *Id.*

<sup>233</sup> *Id.*

<sup>234</sup> *Id.* at 1570.

<sup>235</sup> *Id.* at 1568–70.

<sup>236</sup> *Id.* at 1570.



United States, trademarks that may be known and protected in another country. It also protects Americans who in good faith may be unknowingly using a mark that is similar to or the same as a foreign mark.

Unlike the Indian courts, which attribute traveling Indians with exceptional awareness of obscure foreign trademarks and punish them even if they are first users of the mark within the territory, the United States seems to tend towards the belief that traveling Americans need not know of marks in several countries. Hence, from a national perspective, the United States' perspective seems like a fair determination—although it does amount to condoning the stealing of 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 the reputation of the foreign mark or on the use of the mark to determine priority.

The Ninth Circuit's decision involving a well-known Mexican grocery chain—Grupo Gigante—dealt with this question. The Mexican chain has been operational in Mexico since 1962 but did not have a presence in the United States.<sup>237</sup> In 1996, Michael Dallo appropriated the name to open an American chain of grocery stores in a locality where shoppers were familiar with the Mexican mark.<sup>238</sup> Importantly, the mark was not federally registered by either party.<sup>239</sup> The Mexican mark was well-known in the United States and, hence, it raised the question of whether the Mexican owner should be entitled to priority within the United States based on the fame the mark acquired from its use in Mexico.

Grupo Gigante, the plaintiff, asserted that the fame of its mark in Mexico and the knowledge of its mark among Mexican consumers in the California market should result in priority in the United States.<sup>240</sup> The defendants argued that the territoriality principle required that the mark be used within the United States. Thus, Dallo, as the prior United States user, was entitled to protection, even though he had essentially

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<sup>237</sup> Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1091 (9th Cir. 2004).

<sup>238</sup> *Id.*

<sup>239</sup> *Id.* at 1092.

<sup>240</sup> *Id.*

adopted the mark in the United States with full knowledge of its fame in Mexico.<sup>241</sup>

The Ninth Circuit recognized that the famous marks doctrine existed and went on to determine how it juxtaposed the territoriality doctrine.<sup>242</sup> That is, Section 44 of the Lanham Act implements Article 10*bis* of the Paris Convention,<sup>243</sup> which requires member countries “to assure to nationals of [other member] countries effective protection against unfair competition.”<sup>244</sup> Further, Section 44 of the Lanham Act extended protections to foreign nationals, although only “to the extent necessary to satisfy the United States’ treaty obligations.”<sup>245</sup>

The district court agreed that Grupo established that its mark and its store were known (secondary reputation) to residents of the San Diego area.<sup>246</sup> Yet, the court held that the presence of secondary meaning alone was insufficient to establish fame of the foreign mark such that it can overcome the need for territorial 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.”<sup>247</sup> The court defined the term “relevant American market” as the geographic area “where the defendant uses the alleged infringing mark.”<sup>248</sup>

Basically, not just the Mexican immigrants but all Americans in the area would be aware of the mark. This definition is slightly skewed because the store specifically targeted Mexican immigrants as its customers. To determine the relevant American market, the court stated that factors such as whether the defendant had intentionally copied the mark and “whether customers of the American firm [were] likely to think they [had] patronize[ed]” the foreign trademark owner, should be considered.<sup>249</sup> The court held that these factors may not necessarily be determinative, although they are relevant to show consumer confusion or fraud, “which are the reasons for having a famous-mark exception.”<sup>250</sup> Despite the fame of the Grupo Gigante

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<sup>241</sup> *See id.*

<sup>242</sup> *Id.* 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 47, at 146 (discussing the circuit confusion on this area of law).

<sup>243</sup> *Grupo Gigante*, 391 F.3d at 1099; *see also* Paris Convention, *supra* note 3, art. 10*bis*.

<sup>244</sup> Paris Convention, *supra* note 3, art. 10*bis*.

<sup>245</sup> *Grupo Gigante*, 391 F.3d at 1099.

<sup>246</sup> *Id.* at 1096.

<sup>247</sup> *Id.* at 1098.

<sup>248</sup> *Id.*

<sup>249</sup> *Id.*

<sup>250</sup> *Id.*

mark in Mexico, it could not use its reputation and fame to get protection in the United States because the mark was not used or registered in the United States.

Thus, a mark famous in a foreign country cannot use its reputation and fame to get protection in the United States if the mark is not used or registered in the United States. This is especially difficult for marks that may be well-known within large pockets of different immigrant communities but not generally well-known. The decision directs foreign mark owners interested in the United States market to carry the burden of registering the mark in the United States. This decision is generally unfriendly to marks famous in one jurisdiction and thus, enjoys a reputation and identity in another foreign country.

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. Thus, a case with a similar fact pattern in India would have considered the number of Americans travelling to Mexico and awarded the case to the first global (Mexican) as opposed to the local user.

Although the Ninth Circuit agreed that well-known foreign marks can gain exclusive rights even in territories where they are not in use, it struggled with defining how much fame or how well-known the foreign mark must be in the United States to get protection.<sup>251</sup> The famous marks doctrine has always had a tumultuous recognition in the United States. The discussion in the initial part of this Article of the 1959 decision in *Vaudable* from the state court of New York is a case to this point.<sup>252</sup>

As a rule, the United States has struggled to dissociate *use* as a prerequisite to grant priority to well-known marks with fame if they are *not used* in the country. In *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, the court held that the “United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law.”<sup>253</sup> Similarly, in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, the court noted that it was up to Congress to prescribe the bases for federal trademark claims for well-known marks and barring that, the famous marks doctrine had no place in the United States federal law/Lanham Act for well-known marks.<sup>254</sup> In *Empresa Cubana Del Tabaco v. Culbro Corp.*, the court opined that federal

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<sup>251</sup> *Id.*

<sup>252</sup> See generally *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (Sup. Ct. 1959).

<sup>253</sup> *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003).

<sup>254</sup> *Almacenes Exito S.A. v. El Gallo Meat Mkt.*, 381 F. Supp. 2d 324, 327–28 (S.D.N.Y. 2005).

trademark law embodies principles of famous marks doctrine under Section 43(a).<sup>255</sup> Nevertheless, *use* remained fundamental to the federal Lanham Act. This court also noted that recognition of the famous foreign marks exception without use would be justified only after adequate congressional action in light of an embargo that prevailed then.<sup>256</sup> In gist, the tendency by the United States courts is to provide rights to the local user who uses the mark first within the United States—this is even more so if the United States user has managed to register the foreign mark first in the United States.

D. *Foreigners & Protection for Well-Known Marks Used in United States*

Part III demonstrated the significant recognition India has awarded foreign trademarks, of which United States 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 in several cases awarding rights to foreign trademark owners who had abandoned or not used the mark appropriately. The following discusses how the United States treats a trademark that is used in the United States and is well-known both in India and worldwide. The case in question, *ITC Ltd. v. Punchgini*,<sup>257</sup> related to the acquisition of the name Bukhara—that was internationally used, known, and voted one of the world’s fifty best restaurants by a London-based restaurant magazine.<sup>258</sup> The plaintiff, ITC Limited (ITC), an Indian corporation, operated the world-famous Bukhara restaurant since 1977 in different parts of the world.<sup>259</sup> In 1987, ITC obtained a federal United States 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.<sup>260</sup> In 1999, the defendants, who had worked in one of the Bukhara restaurants, opened a restaurant in New York called the

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<sup>255</sup> See *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 464 (2d Cir. 2005); 15 U.S.C. § 1125.

<sup>256</sup> *Empresa Cubana Del Tabaco*, 399 F.3d at 472 (“Embargo Regulations bar Cubatabaco’s acquisition of the U.S. COHIBA mark through the famous marks doctrine.”); see also *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007) (“[W]e conclude that Congress has not yet incorporated that doctrine into federal trademark law.”).

<sup>257</sup> *ITC Ltd.*, 482 F.3d 135.

<sup>258</sup> *Id.* at 143 n.4.

<sup>259</sup> *Id.* at 143.

<sup>260</sup> *Id.*

Bukhara Grill.<sup>261</sup> The defendants' restaurant mimicked the logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs of the plaintiff's restaurants.<sup>262</sup> 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.<sup>263</sup>

In 2007, the Second Circuit affirmed the grant of the defendant's motion for summary judgment on the grounds that ITC depended on the "famous marks" doctrine.<sup>264</sup> The court found that this doctrine was not recognized under the current federal trademark law.<sup>265</sup> In determining whether unfair competition principles apply, the court held that ITC "confront[ed] 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."<sup>266</sup> 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.*"<sup>267</sup> Thus, because ITC had ceased using the mark within the United States, the court considered the mark abandoned (nonuse) within the United States.<sup>268</sup> Abandonment was cited against ITC's ability to establish priority.<sup>269</sup> 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).<sup>270</sup> In refusing to recognize the famous marks doctrine, the court held: "[A]bsent 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."<sup>271</sup>

In all, the court opined that foreign trademark holders must have registered the mark and used it within the United States to be entitled

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<sup>261</sup> *Id.* at 144.

<sup>262</sup> *Id.*

<sup>263</sup> *Id.* at 145.

<sup>264</sup> *Id.* at 142 ("[W]e affirm the award of summary judgment on ITC's infringement claim . . . and federal unfair competition claim.").

<sup>265</sup> *Id.* at 153, 164.

<sup>266</sup> *Id.* at 154.

<sup>267</sup> *Id.* at 156 (emphasis added).

<sup>268</sup> *Id.* at 172; *see also* 15 U.S.C. § 1127; *Silverman v. CBS, Inc.*, 870 F.2d 40, 45 (2d Cir. 1989); *MCCARTHY*, *supra* note 49, at § 17:1 (defining "abandonment").

<sup>269</sup> *ITC Ltd.*, 482 F.3d at 146-47.

<sup>270</sup> *See id.* at 155-56. *See generally* 15 U.S.C. § 1126.

<sup>271</sup> *ITC Ltd.*, 482 F.3d at 156 (emphasis added).

to similar protections.<sup>272</sup> Basically, the court outlined that although 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.”<sup>273</sup> These are protections that were based on prior use or registration of the mark within the United States. The court specifically held that the Lanham Act’s unfair competition protections are cabined by the long-established principle of use or territoriality.<sup>274</sup>

In effect, just like in the *Christman* decision and the *Grupo Gigante* decision, the Second Circuit too allowed a defendant to knowingly misappropriate 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.<sup>275</sup>

Perhaps, had the circuit courts considered doctrines such as reciprocity, or even the “universality principle,” they would not have struggled with the need to quantify fame.<sup>276</sup> Under the principle of reciprocity, other countries will provide the same treatment that the United States provides to foreigners in this country.<sup>277</sup> For example, a mark that is famous in the United States, such as Victoria’s 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 United States wants a foreign country to recognize the fame of a United States mark, American courts must extend the same courtesy to foreign marks. Similarly, under the 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 the 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 judgment is that if it was translated in the context of other jurisdictions, this ruling would imply that even if Starbucks or McDonald’s is knowingly appropriated for the first time, in say, Timbuktu, if it were not used or registered there, these

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<sup>272</sup> *Id.* at 164.

<sup>273</sup> *Id.* at 163.

<sup>274</sup> *Id.* at 164.

<sup>275</sup> *Id.* at 172.

<sup>276</sup> See Prutzman, *supra* note 53, at 107; see also Faris, *supra* note 48, at 456; Am. Cir. Breaker Corp. v. Or. Breakers Inc., 406 F.3d 577, 581 (9th Cir. 2005).

<sup>277</sup> See Parisi & Ghei, *supra* note 42, at 94.

companies cannot expect to have their trademark recognized as long as Timbuktu established high standards of territoriality.<sup>278</sup>

Also, the decision from the United States does not logically sit well within the framework of the functions of the USTR,<sup>279</sup> which as part of its charge to develop and coordinate U.S. international trade, compiles the Special 301 Report<sup>280</sup> against *perceived* unfair trade practices perpetrated by foreign countries. Considering the role of the USTR, the next Part examines why the United States, of all countries, needs to recognize famous trademarks to avoid looking hypocritical.<sup>281</sup>

#### V. SHOULD THE UNITED STATES PRACTICE WHAT IT ADVOCATES?

The narrative above 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 United States has a focus on use to gain priority within 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 United States posture is inapposite to the role and function of the Office of the USTR,<sup>282</sup> which as part of its charge to develop and coordinate United States international trade, compiles the Special 301 Report against *perceived* unfair trade practices perpetrated by foreign countries.<sup>283</sup>

##### 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

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<sup>278</sup> See *Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 381 (4th Cir. 2003). But there have been other cases in the United States concluding that U.S. trademark rights can be acquired *merely through advertising* in the United States combined with rendering of services abroad to American customers.

<sup>279</sup> See *Mission of the USTR*, OFF. OF THE U.S. TRADE REPRESENTATIVE, <https://ustr.gov/about-us/about-ustr> [<https://perma.cc/G7VQ-VR9Z>].

<sup>280</sup> See 19 U.S.C. § 2411(a)(2) (granting the authority to unilaterally exert subtle trade pressures).

<sup>281</sup> See Cook, *supra* note 102, at 418 ("Consequently, the United States is open to criticism for failing to fully meet its treaty obligations while demanding compliance by other cosignatories.").

<sup>282</sup> See *Mission of the USTR*, *supra* note 279.

<sup>283</sup> See 19 U.S.C. § 2411(a)(2).

trade obligations under the Paris Convention and the TRIPS Agreement.<sup>284</sup> 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.<sup>285</sup>

Operationally, the United States 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 each other's nationals effective protection against unfair competition.<sup>286</sup> The courts in the United States have essentially read the requirement of national treatment as merely requiring equal treatment of foreign and domestic parties *only* in trademark disputes.<sup>287</sup> National treatment has more breadth than simply providing "equal treatment in a trademark dispute."<sup>288</sup> 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.<sup>289</sup> Thus, the

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<sup>284</sup> *Mattel, Inc. v. MCA Recs., 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 47, at 165, 171 (asserting that the state of the famous marks doctrine within federal trademark law is currently unsettled).

<sup>285</sup> 15 U.S.C. § 1126(b).

<sup>286</sup> Paris Convention, *supra* note 3, art. 10*bis*.

<sup>287</sup> *Mattel, Inc. v. MCA Recs.*, 296 F.3d 894, 908 (9th Cir. 2002).

<sup>288</sup> *Int'l Cafe v. Hard Rock Cafe Int'l*, 252 F.3d 1274, 1278 (11th Cir. 2001) (holding that the Paris Convention "only requires 'national treatment'").

<sup>289</sup> *Id.*; *see also* *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1100 (9th Cir. 2004) ("[A party] has no claim to a nonexistent federal cause of action for unfair competition. . . . [T]he Paris Convention provides for national treatment, and does not define the substantive law of unfair competition. . . . Because the Paris Convention creates neither a federal cause of action nor additional substantive rights, the district court properly dismissed Gigante's Paris Convention



trademark protection extended to foreigners derogates from the national treatment requirement, which necessitates that foreigners get the exact same treatment as nationals.

Interestingly, in *Emmpresa Cubana Del Tabaco v. Culbro Corp.*,<sup>290</sup> the district court concluded that the rights identified in Article 6bis of the Paris Convention could be pursued under Section 44(b) and 44(h) of the Lanham Act, outlined above. Article 6bis outlines basic protections for well-known trademarks.<sup>291</sup> 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” 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.<sup>292</sup>

This subsection 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 or famous American trademarks. That is, the international obligation of the United States outlined in Lanham Act Section 44(b) and Section 44(h) can be read as requiring the United States to reciprocally recognize famous foreign trademarks of other countries by making appropriate exceptions to the territoriality doctrine. Thus, use within the United States should not be a precondition to recognize foreign trademarks that are well-known and have acquired sufficient fame within the United States. There is little support to read the Lanham Act’s protections as being limited to only unfair competition or that they do not extend to creating an exception to the principle of territoriality.<sup>293</sup> This position finds support from other leading academics, such as McCarthy who has concluded that “both the TRIP[S] 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.<sup>294</sup>

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claims.” (citations omitted)); *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, 440 F. Supp. 2d 249, 269 (S.D.N.Y. 2006) (supporting well-known mark claim under Section 43(a)).

<sup>290</sup> *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 283–84 (S.D.N.Y. 2002); see also *DINWOODIE & JANIS*, *supra* note 57, at 440.

<sup>291</sup> Paris Convention, *supra* note 3, art. 6bis.

<sup>292</sup> 15 U.S.C. § 1126(h).

<sup>293</sup> See *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, 485 (2005).

<sup>294</sup> *MCCARTHY*, *supra* note 49, at § 29:62; see also *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 163 (2d Cir. 2007).

B. *United States Treats Emphasis on the Use Doctrine by Trade Partners as “Trade Derogation”*

The United States’ line of thinking 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 USTR, which oversees whether other countries are abiding by their trade obligations, expects other nations to protect well-known American trademarks in foreign countries even if the famous mark is not used in that country.<sup>295</sup>

As part of its role as the dispenser of trade policy expertise on trade-related intellectual property protection issues, typically in an unsolicited and unilateral manner, the USTR relies on inputs from private industries.<sup>296</sup> 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. This is true not just in trademarks but also in other areas of intellectual property rights.<sup>297</sup>

The following table outlines, from the year 2000 until 2018, citations in the Special 301 Report of the United States Trade Representative on the basis of lack of recognition of famous American marks by other trading partners.<sup>298</sup> These reports, issued on a yearly basis, call out countries that the United States unilaterally terms as violators of international intellectual obligations. The table below captures the countries the USTR condemns as inadequately protecting well-known American trademarks.

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<sup>295</sup> See *Interagency Center on Trade Implementation, Monitoring, and Enforcement (ICTIME)*, OFF. OF THE U.S. TRADE REPRESENTATIVE, <https://ustr.gov/issue-areas/enforcement/itec> [https://perma.cc/2FVE-H459].

<sup>296</sup> See *Mission of the USTR*, *supra* note 279.

<sup>297</sup> See generally Letter from Srividhya Ragavan, Brook Baker & Sean Flynn, to U.S. Int’l Trade Comm’n (Feb. 7, 2014), <http://infojustice.org/wp-content/uploads/2014/02/ragavan-baker-flynn02072014.pdf> [https://perma.cc/G7GX-HLQZ].

<sup>298</sup> See, e.g., OFF. OF THE U.S. TRADE REPRESENTATIVE, 2018 SPECIAL 301 REPORT 5 (2018).

S. No	Year of Special 301 Report	Countries Cited	Notes
1.	2000 <sup>299</sup>	Russia, Dominican Republic, and Spain	With reference to Spain, the report states “recent court decisions have called into question the adequacy of protection for well-known trademarks.” <sup>300</sup>
2.	2001 <sup>301</sup>	Russia and Jamaica	Russia, Lithuania, and Hong Kong complied with the international requirement for recognizing well-known marks, although it is unclear whether any of these countries retained the use requirement. <sup>302</sup>
3.	2002 <sup>303</sup>	China, Russia, and Jamaica <sup>304</sup>	Vietnam received an honorable mention because it extended “indefinite protection to well-known or famous marks.” <sup>305</sup>
4.	2003 <sup>306</sup>	China and Mexico	China was cited because “we are concerned that 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.” <sup>307</sup>

<sup>299</sup> See Press Release, Off. of the U.S. Trade Representative, USTR Releases Super 301, Special 301 And Title VII Reports (May 1, 2000), <https://ustr.gov/sites/default/files/2000%20Special%20301%20Report.pdf> [https://perma.cc/73VZ-7LUG].

<sup>300</sup> *Id.* at 28.

<sup>301</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2001 SPECIAL 301 REPORT 1 (2001).

<sup>302</sup> *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.” *Id.* at 33. “On June 16, Hong Kong published proposed amendments to its Trademarks Ordinance.” *Id.* “Lithuania’s new Law on Trade and Service Marks took effect on January 1 . . . .” *Id.* at 36.

<sup>303</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2002 SPECIAL 301 REPORT 1 (2002).

<sup>304</sup> *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.”).

<sup>305</sup> *Id.* at 35.

<sup>306</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2003 SPECIAL 301 REPORT 1 (2003).

<sup>307</sup> *Id.* at 11.

5.	2004 <sup>308</sup>	China, Paraguay, Brazil, Egypt, and India	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,” <sup>309</sup> and ii) in 2004, China recognized United States companies’ well-known trademarks. <sup>310</sup>
6.	2005 <sup>311</sup>	China	China was cited for inadequately implementing protection for well-known trademarks. <sup>312</sup>
7.	2006 <sup>313</sup>	Brazil and Russia (and some of this was for counterfeit products)	
8.	2010 <sup>314</sup>	China, Chile, India, and Venezuela	Belarus received an honorable mention because “[p]ositive steps in 2009 included Belarus’ adoption of amendments to its trademark law, including amendments to provide greater protection for well-known trademarks.” <sup>315</sup>
9.	2015 <sup>316</sup>	The USTR lamented that “in a number of countries, governments often do not provide the full range of internationally-	

<sup>308</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2004 SPECIAL 301 REPORT 1 (2004).

<sup>309</sup> *Id.* at 35.

<sup>310</sup> The Provisions on the Determination and Protection of Well-known Marks (PDPWM) were announced by the State Administration for Industry and Commerce in 2003 and mentioned in the Special 301 Report of 2004. See *About Us*, TRADEMARK OFF. OF THE STATE ADMIN. FOR INDUS. & COM. OF CHINA, <http://sbj.cnipa.gov.cn/sbjEnglish> [<https://perma.cc/5R6U-47LD>]; Xia Yu, *China and Well-Known Trademark Protection*, HG.ORG, <https://www.hg.org/legal-articles/china-and-well-known-trademark-protection-24264> (last visited Nov. 21, 2021); OFF. OF THE U.S. TRADE REPRESENTATIVE, 2004 SPECIAL 301 REPORT 1 (2004).

<sup>311</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2005 SPECIAL 301 REPORT 1 (2005).

<sup>312</sup> See *id.* China was a subject of out-of-cycle review this year. *Id.*

<sup>313</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2006 SPECIAL 301 REPORT 1 (2006).

<sup>314</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2010 SPECIAL 301 REPORT 1 (2010).

<sup>315</sup> *Id.* at 28.

<sup>316</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2015 SPECIAL 301 REPORT 1 (2015).

		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.” <sup>317</sup>	
10.	2016 <sup>318</sup>	Report laments “unreasonably high standards for establishing ‘well-known’ mark status” in China. <sup>319</sup>	
11.	2017 <sup>320</sup>	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.” <sup>321</sup>	

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 to other countries. The United States’ position does not comport to the WIPO Joint Recommendation in Article 2(3)(i), which specifically prohibits member States from embracing the *use* requirement to deny protection for a well-known foreign mark.<sup>322</sup> Moreover, bilateral agreements of the United States with other nations have included compliance with recognition of well-known marks and WIPO Recommendations.<sup>323</sup>

<sup>317</sup> *Id.* at 16.

<sup>318</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2016 SPECIAL 301 REPORT 1 (2016).

<sup>319</sup> *Id.* at 18.

<sup>320</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, 2017 SPECIAL 301 REPORT 1 (2017).

<sup>321</sup> *Id.* at 31.

<sup>322</sup> World Intell. Prop. Org., *supra* note 95, art. 2(3)(i).

<sup>323</sup> Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1098 (9th Cir. 2004).

Importantly, by not recognizing well-known marks, American courts condone actions of Americans that they would condemn if perpetrated by foreigners or other countries as “unfair trade practice.” In essence, the effect of the decisions to not recognize well-known foreign trademarks, while insisting other countries do so, leads to one undesirable conclusion. It condones behavior of Americans who misappropriate and use famous foreign marks, provided they register the marks within the United States and use them. 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 the United States uses to tout trademark law as a means to preserve market integrity.<sup>324</sup>

### C. *Reciprocity and United States Trademark Holders*

Most importantly, United States trademark owners will suffer when other countries take note of the United States’ 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 *ITC* depended on the “famous marks” doctrine, which the court found was not fully recognized under current federal trademark law.<sup>325</sup> This decision was widely circulated in India.<sup>326</sup> Perhaps this decision was an influencer, perhaps not. Either way, the Indian Supreme Court, when it had the first chance, focused on use to challenge the long-established precedent of recognizing a well-known trademark.

In 2017, the Supreme Court of India considered a trademark passing-off action initiated by Toyota Jidosha Kabushiki Kaisha (Toyota) for the Prius mark, which it has been using extensively for its first commercial hybrid car.<sup>327</sup> The court held that Toyota had not established goodwill or reputation for its mark in India as of 2001, when the defendant first started locally using the mark.<sup>328</sup> Although from 1997 Toyota had launched the Prius in different global markets, the car was

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<sup>324</sup> See MERGES, MENELL & LEMLEY, *supra* note 103, at 21.

<sup>325</sup> *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 159 (2d Cir. 2007).

<sup>326</sup> See, e.g., Dhananjay Mahapatra, *ITC Loses Bhukara Copyright Case in US*, TIMES OF INDIA (Aug. 3, 2007), <https://timesofindia.indiatimes.com/business/india-business/ITC-loses-Bukhara-copyright-case-in-US/articleshow/2251999.cms> [<https://perma.cc/L6W3-8NW2>].

<sup>327</sup> *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto Indus. Ltd.*, (2018) 2 SCC 1, ¶ 2 (India).

<sup>328</sup> *Id.* ¶ 14.

first launched in India only in 2010.<sup>329</sup> Until 2009, Toyota had not filed for registration of the “PRIUS” mark in India.<sup>330</sup> 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.<sup>331</sup> The defendant registered the mark in 2002 and used it continuously since the year 2001.<sup>332</sup>

The Indian Supreme Court relied on the United Kingdom Supreme Court’s decision in *Starbucks v. British Sky Broadcasting*, 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.”<sup>333</sup> 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.<sup>334</sup>

India continues to undergo changes after the Prius decision, which is a landmark 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 Louboutin, recognizing the well-known mark status of the Louboutin mark.<sup>335</sup> In this case, the mark was registered in India.<sup>336</sup> Interestingly, this order is in diametric opposition to the one taken by another judge of the same court, Justice Valmiki Mehta, in May of 2018.<sup>337</sup> Justice Mehta held that Christian Louboutin’s “Red Sole” trademark was not eligible for trademark protection (Louboutin-2), although the denial focused on the question of

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<sup>329</sup> *Id.* ¶¶ 3, 19.

<sup>330</sup> *Id.* ¶ 19.

<sup>331</sup> Katherine Lyon Dayton, *India: Supreme Court Applies Territoriality Principle and Eviscerates Toyota’s Prius Victory*, MONDAQ (Apr. 13, 2018), <https://www.mondaq.com/india/trademark/691640/supreme-court-applies-territoriality-principle-and-eviscerates-toyota39s-prius-victory> [<https://perma.cc/87N8-NMRB>].

<sup>332</sup> *Toyota Jidosha Kabushiki Kaisha*, 2 SCC 1, at ¶ 5.

<sup>333</sup> *Id.* ¶ 25 (quoting *Starbucks (HK) Ltd. v. British Sky Broad. Grp. PLC & Ors.*, [2015] UKSC 31).

<sup>334</sup> *Id.* ¶¶ 27–28.

<sup>335</sup> *Christian Louboutin SAS v. Ashish Bansal & Anr.*, (2018) CS (COMM) 503/2016, ¶ 9 (India). See generally Manu Sebastian, *Delhi HC Grants Rs.20 Lakhs to Christian Louboutin for Trademark Infringement of “Red Sole”* [Read Judgment], LIVE L. (July 31, 2018, 11:42 PM), <https://www.livelaw.in/delhi-hc-grants-rs-20-lakhs-to-christian-louboutin-for-trademark-infringement-of-red-sole-read-judgment> [<https://perma.cc/Z832-HDCU>].

<sup>336</sup> *Christian Louboutin SAS*, CS (COMM) 503/2016, ¶ 2.

<sup>337</sup> *Christian Louboutin SAS v. Abubaker & Ors.*, (2018) CS (COMM) 890/2018, ¶ 22 (India).

registration of a color mark rather than the question of territoriality or that of well-known marks.<sup>338</sup>

#### D. 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 used in the name of globalization, development, or market integrity by organized forces from the developed world to influence judicial and social-political processes in a manner that spews outcomes that are contrary to the spirit of the agreement. Ruth Okediji asserts:

[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.<sup>339</sup>

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 and 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 or incompetent politicians, lawyers, legislators, regulators, and bureaucrats to propound and establish theories that are inherently disconnected with local realities.

As Ruth Okediji rightly notes, "In developing countries, the rise of a veritable cottage industry of TRIPS professionals endeavoring 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 expanding those that did."<sup>340</sup>

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<sup>338</sup> See Balu Nair, *Delhi HC Awards Punitive Damages for Infringement of Christian Louboutin's Red Sole Trademark*, SPICYIP (Aug. 8, 2018), <https://spicyip.com/2018/08/delhi-hc-awards-punitive-damages-for-infringement-of-christian-louboutins-red-sole-trademark.html>. [<https://perma.cc/HJQ6-D2HS>].

<sup>339</sup> Okediji, *supra* note 41, at 194.

<sup>340</sup> *Id.* at 198.



Further, Professor Okediji notes:

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.<sup>341</sup>

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.<sup>342</sup> 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 in a highly expansive manner with disregard of local impact and realities and with a singular purpose of promoting private business interests in the name of the TRIPS agreement and international obligations.

Ruth Okediji highlights:

[T]here 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.<sup>343</sup>

The interesting aspect of this is that, even taking the narrow issue of well-known marks, “plenty of marks that are in use within the United States that 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.<sup>344</sup> Although, 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

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<sup>341</sup> *Id.*

<sup>342</sup> The distortion is most apparent in the case of issues relating to pharmaceuticals. But, the USTR Special 301 Reports increase the pressure to conform. *See generally id.* *See also* RAGAVAN, *supra* note 37.

<sup>343</sup> Okediji, *supra* note 41, at 199.

<sup>344</sup> Ragavan, *supra* note 3, at 362.

one billion Indian market to determine if a foreign mark is well-known nationally.<sup>345</sup>

Neither the United States nor its courts, regulatory agencies, or administrative agencies engage in in-depth soul-searching to accommodate international obligations while interpreting domestic statutes.<sup>346</sup> Thus, naturally, it would be wise for developing countries to follow the United States 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.”<sup>347</sup> 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.<sup>348</sup>

#### CONCLUSION

Going back to the scenario in the Introduction, after analyzing the Indian and American trademark posture on well-known marks, chances of success for Ms. Patel, who appropriated the Nilgiris mark, are high, especially in the light of the *ITC v. Punchgini* decision.<sup>349</sup> Additionally, chances of Starbucks in India shutting down are high, even if the original Starbucks was not present in India and did not use advertisements or register the mark in India.<sup>350</sup>

It would be desirable for the United States to either take a clear legislative stand or resolve the currently prevailing circuit conflict, should the opportunity present itself. 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 United States 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 famous American trademarks. Further, the

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<sup>345</sup> See, e.g., *Centron Indus. All. Ltd. v. Gillette U.K. Ltd.*, (1986) SCC Online BOM 350, ¶ 7 (India) (highlighting an instance where the court took “judicial notice” of the “large number of Indians” who traveled abroad).

<sup>346</sup> Okediji, *supra* note 41, at 201 (commenting that United States courts or agencies rarely engage in meaningful analyses of international obligations in interpreting domestic IP doctrines).

<sup>347</sup> *Id.*

<sup>348</sup> Ragavan, *supra* note 3, at 361.

<sup>349</sup> See generally *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007).

<sup>350</sup> See *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto Indus. Ltd.*, (2018) 2 SCC 1, ¶ 10 (India). That may change quickly in light of the *Toyota Prius* decision. *Id.*

decision of *ITC v. Punchgini*<sup>351</sup> shows that overreliance on use-based territoriality rule, without a well-known marks exception, would promote consumer confusion and fraud.<sup>352</sup>

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. 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 be good for India to ensure that the member country extends the same level of reciprocity for Indian well-known marks in their jurisdiction. Although India may be well within its 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.

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<sup>351</sup> *ITC Ltd.*, 482 F.3d at 159–60.

<sup>352</sup> See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).