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# Protection for unregistered marks in the US



**IN SUMMARY**

– If a trademark is so famous or well-known that use of a similar mark might confuse US consumers, the owner might be able to rely on the Paris Convention

– Trademarks registered in certain Latin American countries may be protected under the Pan-American Convention, even if they do not qualify as “well-known marks”

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🌐 ***Non-US trademark owners can stop others from using or registering identical or confusingly similar trademarks in the US***

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**A**lthough the general wisdom is that a trademark owner must register or use its trademark in the US for the mark to be protected, there are actually some options that will permit non-US trademark owners to stop others from using or registering identical or confusingly similar trademarks in the US. For example, if a trademark is so famous or well-known that use of that trademark, or of a similar one, might cause confusion to consumers in the US, the trademark owner might be able to rely on the Paris Convention or, in at least one jurisdiction, federal law to stop others from using or registering an identical or confusingly similar trademark. Alternatively, trademarks that are registered in certain Latin American countries may be protected under the Pan-American Convention even if they do not qualify as “well-known marks.”

**Protection for well-known or famous marks**

Many countries protect unregistered well-known marks in accordance with their international obligations under Article 6 bis

of the Paris Convention for the Protection of Industrial Property (the “Paris Convention”). Under the Paris Convention, member states are obligated to reject or cancel the registration of, or prohibit the use of, trademarks that are confusingly similar to a well-known trademark. Although member states are obligated to enforce the rights of owners of well-known marks under the Paris Convention, there have been two appellate court decisions in the past few years in the US with markedly different interpretations of the enforceability of rights in well-known marks in the US. Depending on which court one asks, there may or may not be protection for well-known marks in the US.

**Well-known marks protected under federal law**

In 2004, in a case of first impression in the US, the Court of Appeals for the Ninth Circuit, which includes the eleven westernmost states, concluded that a Mexican trademark owner could rely on the well-known marks doctrine to stop a local



San Diego supermarket from using the GIGANTE trademark in the US Grupo Gigante SA de CV v. Dallo & Co.<sup>1</sup> The Mexican trademark owner held a Mexican registration for GIGANTE for supermarket services, and had used the GIGANTE trademark extensively on Mexican supermarkets over the course of many years. Meanwhile, Michael Dallo and his brothers opened and operated several grocery stores in San Diego, California, under the name GIGANTE MARKET. As Grupo Gigante began making plans for a northward expansion into California, the company sent a cease-and-desist letter to the Dallo brothers asking them to discontinue using the GIGANTE name. They refused. Several years later, Grupo Gigante opened several stores in the Los Angeles area, and the Dallos turned the tables by sending the supermarket chain a cease-and-desist letter. By way of response, Grupo Gigante proceeded to file suit for unfair competition and trademark dilution.<sup>2</sup>

Despite the fact that Grupo Gigante had not used its GIGANTE mark in California, or indeed anywhere in the US, until after the Dallos began operating their own GIGANTE MARKETS, the district court held that Grupo Gigante had a valid, protectable interest in the GIGANTE mark in the US due to the “famous mark”

exception to the territoriality principle. On appeal, the Ninth Circuit affirmed. While it acknowledged that the territoriality principle would normally prevent the owner of a foreign mark from challenging a US user, the Ninth Circuit found that there is an exception for well-known or famous marks. If Grupo Gigante could establish that its GIGANTE mark was famous or well-known, it could rely on that exception.

The Ninth Circuit also set forth a framework to be used to determine whether a mark is famous or well-known. For a mark to be entitled to protection because it is famous or well-known, a court should consider: (i) whether the mark has attained secondary meaning “in the [geographic] area where the foreign user wishes to assert protection” – in other words, whether the mark serves to identify the source of the goods in whatever area of the US the foreign user is trying to assert rights,<sup>3</sup> and (ii) whether the foreign user can show, by a preponderance of the evidence, that a “substantial percentage<sup>4</sup> of the relevant American market is familiar with the foreign mark.”<sup>5</sup> The “relevant American market” was defined as the area of the US in which the defendant is using its allegedly infringing mark. To determine whether consumers are familiar with the foreign mark, the court should consider whether the American consumers are likely to think they are shopping at the same business that uses the trademark in a foreign jurisdiction, as well as whether the defendant has intentionally copied the foreign mark (presumably in order to unfairly capitalise on its goodwill in the US).

Thus, under the *Grupo Gigante* decision, a non-US trademark owner might be able to enjoin a defendant from using its trademark, or even a similar trademark, in the US if the trademark is so famous and well-known that US consumers are familiar with it, and, as a result, are likely to be confused by the defendant’s trademark.

#### Well-known marks not protected under federal law

In stark contrast in 2007, the Court of Appeals for the Second Circuit, which includes New York state and several neighboring states, ruled that there is no “famous mark” exception to the territoriality principle under federal trademark law. In *ITC Ltd. v. Punchgini, Inc.*,<sup>6</sup> the Second Circuit held that a foreign trademark owner could not rely on federal law to assert rights in a trademark that is famous outside the US, but

that it might be able to use state law to enforce rights in such a trademark and to claim priority over a US user.

In *Punchgini*, the owners of a fine dining restaurant in India sued a group of restaurant entrepreneurs for using a nearly identical trade name and dress on Indian restaurants in New York City. The court held that although the policy reasons supporting an exception to the territoriality principle under these circumstances were fairly compelling, the federal trademark law simply did not incorporate an exception for famous marks. The court ruled that the Paris Convention, which the plaintiffs cited in support of their famous marks argument, was not self-executing and that it created no “substantive United States rights beyond those independently provided in the Lanham Act ...” Because the Lanham Act did not specifically implement the Paris Convention’s famous marks doctrine, the court held that there is no federal protection afforded to “famous marks” in the US.<sup>7</sup> In reaching this conclusion, the court noted that “persuasive policy arguments” could be made in favour of such famous marks protection, and invited the US Congress to address the issue.<sup>8</sup>

On the other hand, the court did leave open the possibility that state law might allow a foreign trademark owner to assert rights in a famous mark, and noted that New York state law appeared to do just that based on a misappropriation or unfair competition theory. The Second Circuit certified the state law question to the New York Court of Appeals, which held that, indeed, New York’s unfair competition law allowed a foreign mark owner to prevent a user in the US from unfairly copying its mark or trade dress—but only if the foreign owner could show that it enjoyed enough goodwill in its mark or dress in New York that consumers would “primarily associate” the mark or dress with the foreign business.<sup>9</sup> The New York Court of Appeals provided examples of three non-exhaustive factors to consider in determining whether the mark enjoyed such goodwill. First, a court should examine evidence that the US defendant had intentionally sought to associate its goods with the foreign business by using its mark. The second factor would be consumer surveys or other direct evidence showing that consumers believed the defendant’s goods to be associated with the foreign business. Finally, a court should consider any evidence of actual overlap between customers of the foreign business and customers of the US business.

New York state law notwithstanding, however, the Second Circuit's decision is quite clear that there is no exception to the territoriality principle under federal trademark law, no matter how famous the foreign mark.

**Location, location, location**

Because the Second Circuit's decision in *Punchgini* is at loggerheads with the Ninth Circuit's holding in *Grupo Gigante* regarding the protectability of trademarks that are famous or well-known outside the US, the availability of protection for such trademarks will very much depend upon where a case is filed. Unless these conflicting holdings are resolved by the United States Supreme Court, non-US trademark owners will be well advised to file such cases within the boundaries of the Ninth Circuit if the requirements of personal jurisdiction over the defendant can be met.

**Protection under the Pan-American Convention**

Even when a non-US trademark owner cannot establish that its mark is famous or well-known and entitled to protection on that basis, it may have other options. For example, the Inter-American Convention for

Trademarks and Commercial Protection (the "Pan-American Convention") provides another exception to the doctrine of territoriality of trademark rights, in the same fashion as the protection afforded to well-known marks. The Pan-American Convention may be used by any trademark owner that is a national of a contracting state,<sup>10</sup> or any domiciled foreigner who owns a manufacturing or commercial establishment or an agricultural development in any contracting state, to stop the use or registration of confusingly similar marks in the US.

Unlike under the Paris Convention, the Pan-American Convention is "self-executing" and became US law upon ratification, without special implementing legislation. Thus, it has the same force and effect as any federal statute and provides remedies that are independent of the Lanham Act.<sup>11</sup> Another distinction from the Paris Convention is that trademark owners do not need to establish that their trademarks are famous or well-known to avail themselves of the protections of the Pan-American Convention. Instead, a trademark owner seeking to assert rights under the Pan-American Convention merely

needs to establish the following: (i) it had legal protection for its trademark in a contracting state prior to the defendant's use of or application for a confusingly similar mark in the US; (ii) the defendant is using or applying to register an interfering mark in the US; (iii) the defendant knew about the existence and use of the trademark in a contracting state before it started to use or applied to register the confusingly similar mark in the US; and (iv) the defendant has filed for protection of its mark in the US Patent and Trademark Office.<sup>12</sup>

Although we have only seen a handful of cases involving the Pan-American Convention over the years, the frequency has been increasing as more and more Latin American companies are looking to expand into the US market and to protect their brands in the US. The first significant case was *British-American Tobacco Co. v. Philip Morris Inc.*,<sup>13</sup> in which a Panamanian company sought to rely on the Pan-American Convention to cancel several US registrations for BELMONT for cigarettes based upon prior registrations for BELMONT for cigarettes in Panama. The US registrant moved to dismiss the cancellation proceedings on the grounds that

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the Trademark Trial and Appeal Board (the “Board”) did not have authority to consider claims under the Pan-American Convention because it is not part of the federal Lanham Act, and the Board’s jurisdiction is limited to actions under the Lanham Act.<sup>14</sup> The Board rejected this argument and held that because it has jurisdiction to determine the registrability of trademarks, it has jurisdiction to consider claims under Article 8 of the Pan-American Convention that relate to the registrability of trademarks. The Board also rejected the US registrant’s argument that the Pan-American Convention could not be used to cancel a registration that was considered “incontestable” under the Lanham Act,<sup>15</sup> and allowed the cancellation proceedings to move forward.

Second, in *Diaz v. Servicios De Franquicia Pardo’s S.A.C.*<sup>16</sup> in 2007, the applicant in an opposition proceeding claimed as its defence that it was entitled to priority under Section 7<sup>17</sup> of the Pan-American Convention. The Board rejected numerous arguments made by the opposer, including that Section 44 of the Lanham Act, which permits non-US trademark owners to register their trademarks in the US based solely on a foreign registration, abrogated the rights created by Article 7 of the Pan-American Convention, and concluded that the Board had the authority to consider the applicant’s affirmative defense under the Pan-American Convention and to determine the registrability of the mark that was the subject of the opposition.<sup>18</sup>

Once the Board concluded it had jurisdiction over the defence, it considered whether the applicant met the requirements to claim rights under Section 7. There was no question that it owned Peruvian registrations for identical marks (PARDO’S CHICKEN) for identical restaurant services, that it had applied to register PARDO’S CHICKEN in the US for restaurant services, or that the opposer’s mark was interfering with that application. The only real issue was whether the Peruvian applicant had submitted sufficient evidence to establish that the opposer knew of the applicant’s use of the PARDO’S CHICKEN mark in Peru before it started using its mark in the US. Although the opposer’s trademark was identical to the applicant’s trademark in stylisation, and although the opposer did not deny that he had visited PARDO’S CHICKEN restaurants in Peru, the opposer contended that the applicant did not submit sufficient evidence to establish that the opposer knew that the

applicant was the owner of the Peruvian restaurants.<sup>19</sup> The Board rejected this contention, holding that the terms of the Pan-American Convention only require that the offending party had “knowledge of the continuous use and existence of the mark,” and not specific knowledge of its owner.<sup>20</sup> The Board ultimately found that the applicant met all requirements of the Pan-American Convention, and dismissed the opposition and allowed the application to mature to registration.<sup>21</sup>

In late 2008, the Board considered the Pan-American Convention again in light of an opposition filed by a Cuban company against a pending application to register CUBITA for coffee. The Cuban opposer had filed a motion for summary judgment on the ground that the applicant’s mark was interfering and the Cuban opposer had priority under Article 7 of the Pan-American Convention. The applicant responded with its own summary judgment motion, arguing that the opposer did not have standing and could not rely on the Pan-American Convention because, as a Cuban company, it could not use its trademark in the US and therefore did not have a real interest in the outcome of the proceeding. The Board rejected the applicant’s standing argument, noting that the opposer had provided a letter from the US Department of Treasury confirming that Cuban entities are permitted to file oppositions to the registration of trademarks. Accordingly, the Board found that there was no genuine issue of fact as to whether the Cuban company had a real interest in the outcome of the proceeding. After concluding that the opposer had standing, the Board considered the Cuban opposer’s motion and found that the opposer was entitled to summary judgment in its favour.<sup>22</sup>

The fact that the Pan-American Convention allows foreign trademark owners to assert rights in the US over an indefinite period, and even to seek cancellation of long-held US registrations, might cause US trademark owners to wonder whether their US rights can ever be secure if they do not conduct full trademark searches in each of the contracting parties to the Pan-American Convention prior to adopting a new trademark. Such broad searches seem unnecessary, however, because of the knowledge requirement of the Pan-American Convention. If the non-US trademark owner cannot prove that the US entity had actual



knowledge of the foreign trademark rights before it selected and began using its mark in the US, the non-US trademark owner will not be successful in opposing a US application, seeking to cancel a US registration, or seeking to stop use of a trademark in the US. Thus, so long as the US trademark owner did not select its trademark after learning that similar or identical trademarks were in use in any of the Pan-American Convention countries, searches of the trademark registries of the Pan-American Convention countries should not become routine.

On the other hand, when conducting due diligence on a US trademark portfolio, trademark searches in the Pan-American Convention countries might be prudent when trademark rights are a valuable part of the transaction. If such searches turn up identical or similar trademarks in any of the Pan-American Convention countries, further diligence would need to be done to make sure that the US trademarks were selected without any knowledge of the non-US trademarks. If that diligence reveals that there was knowledge of the non-US trademarks, it could affect the validity and valuation of the trademarks.

### No protection under the Santiago Convention

In contrast with the Pan-American Convention, the Board held in February 2009 that the rights provided to trademark owners under the 1923 Convention for the Protection of Commercial, Industrial and Agricultural Trade Marks and Commercial Names (the “Santiago Convention”) are not enforceable in the US *In Franpovi, S.A. v. Wessin*,<sup>23</sup> a company organised in the Dominican

Republic filed an opposition to an application to register POLLOS VICTORINA for fast-food restaurants based upon a prior Dominican Republic registration for the identical mark for restaurant services. The opposer claimed that it was entitled to file the opposition based upon the terms of the Santiago Convention, to which the Dominican Republic and the US are parties. While most countries that initially ratified the Santiago Convention later ratified the Pan-American Convention as well, the Dominican Republic did not, so trademark owners who have rights in the Dominican Republic cannot rely on the Pan-American Convention to protect their trademarks in the US.

The parties in *Franpovi* filed cross-motions for summary judgment on the issue of the applicability of the Santiago Convention, with the applicant arguing that it was not applicable because the opposer had not met one of the conditions for enforcing rights under the convention. Specifically, the opposer had not filed an application with one of the “Inter American Bureaus” to have its rights recognised, as required by the Santiago Convention. It had not done so for the simple reason that the “Inter American Bureaus” no longer exist; only one was ever established, in Havana, Cuba, and it ceased functioning in 1949. Although there has not been a functioning Inter American Bureau since then, the Santiago Convention has never been modified to remove the requirement to apply to one of the Inter American Bureaus to have one’s rights recognised. The Board recognised that its holding would abrogate all rights conferred by the Santiago Convention, but noted that the Inter American Bureau was intended to have an integral function under the treaty – it was to create a single registry through which nationals of each contracting party could search for and locate any marks that would be protectable under the Santiago Convention. The Board concluded that the requirement to register trademarks with a central Inter American Bureau was just as essential to preventing unfair surprises as the knowledge requirement of the Pan-American Convention.

**Conclusion**

Owners of trademarks that are not registered or used in the US do have some options that they can use when they discover that someone is infringing or registering their marks in the US, although the options can be expensive and the outcomes are not necessarily certain. The standard to establish that a trademark is

famous or well-known enough to merit protection appears to be high, and the evidence needed to meet that standard will be costly to gather. Similarly, unless a US trademark owner freely admits the he or she copied a trademark that was in use in another country, it may be difficult to satisfy the knowledge requirement of the Pan-American Convention. Thus, while non-US trademark owners do have some

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options that they can use when they uncover a problem, the best option is probably to take care to register all of their important marks in the US before those problems arise. Under Section 44 of the Lanham Act, if they have counterpart registrations in their home countries, they do not need to use the marks in the US to avail themselves of this option. 🌐

**Notes**

- 1 391 F.3d 1088 (9th Cir. 2004).
- 2 The Grupo Gigante plaintiff lost its dilution claim on summary judgment at the district court level, and did not appeal; thus, the Ninth Circuit did not address whether a trademark that is famous outside the US can be entitled to protection under the federal dilution laws.
- 3 Id. at 1098.
- 4 Although the Ninth Circuit did not define “substantial percentage,” some commentators have suggested that this must be at least half of the relevant consumers. See J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition § 29:4 (2008).

- 5 Grupo Gigante, 391 F.3d at 1098.
- 6 482 F.3d 135 (2d Cir. 2007).
- 7 The Second Circuit’s decision not to recognise a famous marks exception to the territoriality principle is consistent with other lower court decisions that predate *Punchgini*. See *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, 381 F. Supp. 2d 324, 328 (S.D.N.Y. 2005) (viewed famous marks doctrine as a “radical change” in basic trademark law and declined to follow *Grupo Gigante*); *Maruti.com v. Maruti Udyog Ltd.*, 447 F. Supp. 2d 494 (D. Md. 2006) (declined to follow *Grupo Gigante*).
- 8 ITC, 482 F.3d at 162-64.
- 9 *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852, 860 (N.Y. App. 2007).
- 10 The member countries are Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, and the U.S. Although Mexico initially signed the Pan-American Convention, it never ratified the treaty and therefore is not considered a member country, and trademark owners located in Mexico cannot take advantage of its protections.
- 11 *British-American Tobacco Co. v. Phillip Morris Inc.*, 55 U.S.P.Q.2d 1585, 1589 (T.T.A.B. 2000).
- 12 Id.; *Corporation Cimex, S.A. v. DM Enterprises & Distributors Inc.*, Opposition No. 91178943 (Nov. 17, 2008) (not precedential).
- 13 55 U.S.P.Q.2d 1585 (T.T.A.B. 2000).
- 14 Id. at 1588-89.
- 15 One of the registrations that was the subject of the cancellation proceedings had issued in 1962 and was considered “incontestable” under the Lanham Act, a status that severely limits the basis on which a cancellation claim can be brought under the Act.
- 16 83 U.S.P.Q.2d 1320 (T.T.A.B. 2007).
- 17 Article 8 of the Pan-American Convention pertains to cancellations of registered marks, while Article 7 pertains to oppositions against pending applications.
- 18 Diaz, 83 U.S.P.Q.2d at 1323-24.
- 19 Id. at 1330.
- 20 Id.
- 21 Because the opposition was based solely upon the opposer’s claimed common law rights, dismissal of the opposition resolved the issues presented to the Board. Whether the Peruvian entity will try to stop the U.S. entity from using the PARDO’S CHICKEN mark in the U.S. remains to be seen.
- 22 *Corporation Cimex, S.A.*, Opposition No. 91178943.
- 23 89 U.S.P.Q.2d 1637 (T.T.A.B. 2009).