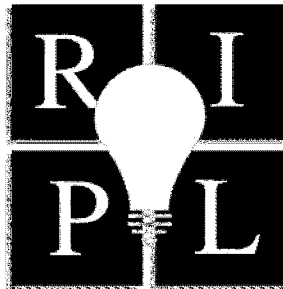


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DO AS WE SAY, NOT AS WE DO: A STUDY OF THE WELL-KNOWN MARKS
DOCTRINE IN THE UNITED STATES

ANDREW COOK

ABSTRACT

Treaties such as the Paris Convention and the TRIPS Agreement protect well-known marks around the world, but there is currently uncertainty as to whether these marks can be protected in the United States. While a signatory to those treaties, recent decisions in the Second and Ninth Circuits leave the circuits split on whether foreign well-known marks are protectable within the United States. Without a circuit harmonization, the United States remains in a hypocritical position, demanding treaty compliance from other nations while failing to meet its treaty obligations. The uncertainty is efficiently and effectively resolved with a statutory amendment to section 44 of the Lanham Act. Amending this section to explicitly provide for the protection of well-known marks brings the United States into compliance with its treaty obligations and furthers U.S. international intellectual property policy.

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DO AS WE SAY, NOT AS WE DO: A STUDY OF THE WELL-KNOWN MARKS DOCTRINE IN THE UNITED STATES

ANDREW COOK*

INTRODUCTION

Imagine that you are traveling abroad and looking for a small slice of home. You find a McDonald's restaurant and eat there. You then spend the rest of your vacation curled up in your hotel room sick from the food. Ordinarily, you would be able to contact McDonald's corporate headquarters to complain, demanding compensation. In this case, however, you discover that McDonald's has no restaurants in the country you were visiting and a local trademark pirate has taken advantage of your comfortable relationship with the McDonald's brand, ruined your vacation, and risked your health. How could this have happened?

This situation demonstrates why the importance of trademarks cannot be overstated. A trademark serves to (1) identify a good or service to assure the consumer of the quality and origin of the product and (2) protect valuable business assets.¹ Consumers are entitled to be free from deception and confusion in the marketplace.² Businesses must protect their marks or find themselves victims of trademark pirates.³

Like a normal trademark, well-known marks protect consumers and businesses. The global effect of a well-known mark, like McDonald's, carries with it an additional need for global protection. Multiple treaties, to which the United States is a signatory, exist to protect well-known marks.⁴ Unfortunately, these marks receive

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¹ 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 3:4 (4th ed. 2008) (defining trademarks as a design which reflects the origin of the good or service and distinguishes it from others), 2:19 (positing that the goodwill created by a trademark is an intangible business asset and may have an appreciable value greater than those of the business's tangible assets), 2:33 ("By insuring correct information in the marketplace, the [trademark] laws reduce losses caused by misunderstanding and deceit and thus permit consumers and merchants to maximize their own welfare confident that the information presented is truthful."); *see also* Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1094 (9th Cir. 2004) ("Trademark is, at its core, about protecting against consumer confusion and 'palming off.'").

² *Laboratorios Roldan, C. por A. v. Tex. Int'l, Inc.*, 902 F. Supp. 1555, 1571 (S.D. Fla. 1995) ("The public is entitled to be free from deception and confusion."); *see also* *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002) ("[Trademarks are] the owner's way of preventing others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner.").

³ Ann Gilson Lalonde, *Don't I Know You From Somewhere?: Protection in the United States of Foreign Trademarks That Are Well Known But Not Used There*, 98 TRADEMARK REP. 1379, 1411 (2008) (asserting that allowing pirates to take advantage of the "substantial investment" businesses make in their trademarks is an inequitable policy).

⁴ Paris Convention for the Protection of Industrial Property art. 6bis, Mar. 20, 1883, 21 U.S.T.

different levels of protection in global practice. Notably, unlike its co-signatories, the United States fails to afford protection to foreign well-known marks. If a global leader in intellectual property such as the United States does not protect foreign well-known marks, what protection can U.S. rights holders receive abroad?

The background section of this comment provides an overview of well-known marks, the relevant international treaties that regulate well-known marks, and the current status of U.S. protection of well-known marks. The analysis section compares the protections afforded to well-known marks by the United States, the European Union (“E.U.”), and China. It also analyzes the U.S. circuit split in authority over the protection afforded well-known marks. The proposal suggests that an effective resolution is to amend the Lanham Act to explicitly incorporate necessary treaty provisions. This would align U.S. law with U.S. foreign policy, thus strengthening the United States’ global position on intellectual property rights by demonstrating a renewed commitment to honoring its obligations.

I. BACKGROUND

The “well-known marks doctrine” demands that a nation protect a foreign mark if the mark is well-known and recognized in that nation, even if the rights holder does not use or register the mark in that nation.⁵ Article 6bis of the Paris Convention for the Protection of Industrial Property (“Paris Convention”) is the primary source of protection for well-known marks in signatory countries, including the United States, the E.U., and China.⁶ Unfortunately, Article 6bis does not define well-known marks⁷ nor does it provide a determinative test to assist rights holders or courts.⁸ Consequently, application of the well-known marks doctrine around the

1583, 828 U.N.T.S. 305 (*revised at* Stockholm Revision Conference July 14, 1967) [hereinafter Paris Convention] (urging member countries to refuse or cancel the registration of marks that are infringing or confusingly similar to those that are deemed well-known), *available at* http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html; Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Legal Instruments—Results of the Uruguay Round art. 16, 33 I.L.M. 1125 (1994) [hereinafter TRIPS Agreement] (prohibiting confusing imitation of marks and applying 6bis of the Paris Convention to both service marks and dissimilar goods), *available at* http://www.wipo.int/english/docs_e/legal_e/27-TRIPS.pdf; North American Free Trade Agreement art. 1708(6), U.S.–Can.–Mex., Dec. 17, 1992, 32 I.L.M. 612, 672–73 [hereinafter NAFTA] (providing that 6bis of the Paris Convention applies to service marks and by inference to trademarks), *available at* http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=78.

⁵ MCCARTHY, *supra* note 1, § 29:61 (“[The well-known marks doctrine is] a legal concept under which a trademark . . . is protected within a nation if it is *well known* in that nation even though the mark is not actually used or registered in that nation”).

⁶ Paris Convention, *supra* note 4, art. 6bis.

⁷ *Id.*; see also NUNO PIRES DE CARVALHO, THE TRIPS REGIME OF TRADEMARKS AND DESIGNS 207 (Kluwer Law Int’l 2006) (arguing the Paris Convention requires some clarification, particularly related to well-known marks).

⁸ Paris Convention, *supra* note 4, art. 6bis (providing that those determinations are left to the “competent authority” of each nation); see also MCCARTHY, *supra* note 1, § 29:62 (discussing that the Paris Convention leaves the definition of a well-known mark to local authorities); FREDERICK W. MOSTERT, FAMOUS AND WELL-KNOWN MARKS: AN INTERNATIONAL ANALYSIS 7 (Butterworths 1997) (“The Paris Convention does not, however, provide any definitions or criteria for establishing which trademarks qualify as well-known.”).

world varies.⁹ Nonetheless, the Paris Convention urges that well-known marks protection must be made available in all member countries.¹⁰

Unlike the Paris Convention, neither the Madrid Agreement Concerning the International Registration of Marks (“Madrid Agreement”) nor The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”) contain explicit well-known marks provisions.¹¹ Implied protection for well-known marks, however, can be found in Articles 4 and 4bis of the Madrid Agreement¹² and Article 4 of the Madrid Protocol.¹³ Both Madrid treaties explicitly provide that once a trademark has been registered in a member country, it is protected in all member countries as if it had been registered in each member country directly.¹⁴ The international registration replaces the national registration without prejudice to the granted rights.¹⁵ These treaties provide that priority to registered marks in one member country grants priority in all member countries, thus implicitly endorsing the well-known marks doctrine.¹⁶

The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) further endorses the well-known marks doctrine and mandates that Article 6bis of the Paris Convention applies to TRIPS Agreement signatory countries.¹⁷ Article 16 of the TRIPS Agreement grants the owner of a registered mark the exclusive right to protect that mark¹⁸ and requires that member countries adhere to Article 6bis of the Paris Convention when granting or denying trademarks.¹⁹ The TRIPS Agreement improves on the standard set out in the Paris Convention by setting two factors for identifying well-known marks.²⁰ The first

⁹ MCCARTHY, *supra* note 1, § 29:62 (“The Paris Convention leaves the definition of what is a well-known mark to the ‘competent authority’ of the nation in which protection is sought. Thus the scope of protection may vary from one country to another.”).

¹⁰ Paris Convention, *supra* note 4, art. 6bis.

¹¹ See Madrid Agreement Concerning the International Registration of Marks arts. 4, 4bis, Apr. 14, 1891, 828 U.N.T.S. 389 [hereinafter Madrid Agreement] (suggesting the right of priority established by the Agreement suggests an application of the well-known marks doctrine), *available at* http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks art. 4, *adopted* June 28, 1989, WIPO Pub. No. 204(E) [hereinafter Madrid Protocol] (providing the Protocol’s priority rights and extension of coverage also indicative of inferentially protecting well-known marks), *available at* http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo016.html.

¹² See Madrid Agreement, *supra* note 11, arts. 4, 4bis.

¹³ See Madrid Protocol, *supra* note 11, art. 4.

¹⁴ See Madrid Agreement, *supra* note 11, arts. 4, 4bis; Madrid Protocol, *supra* note 11, art. 4.

¹⁵ Madrid Agreement, *supra* note 11, art. 4bis.

¹⁶ *Id.*; Madrid Protocol, *supra* note 11, art. 4.

¹⁷ TRIPS Agreement, *supra* note 4, art. 16(3) (“Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services”); see also CARVALHO, *supra* note 7, at 141 (suggesting the TRIPS framer’s intent that Article 6bis from the Paris Convention would be complemented by the TRIPS Agreement); Laurinda Hicks & James Holbein, *Convergence of National Intellectual Property Norms in International Trading Agreements*, 12 AM. U.J. INT’L L. & POL’Y 769, 786 (1997) (commenting on the inclusion of well-known marks under article 16 the TRIPS Agreement and the further protection extended by the Agreement).

¹⁸ TRIPS Agreement, *supra* note 4, art. 16(1).

¹⁹ *Id.* at 16(2).

²⁰ *Id.* at 16(2)–(3); see also MOSTERT, *supra* note 8, at 7–8 (asserting the TRIPS Agreement provides an important element to well-known marks protection by creating a determinative test for well-known status).

factor requires signatory countries to “take account of the knowledge of the trademark in the relevant sector of the public . . .”²¹ The second factor focuses on whether “the interests of the [trademark] owner of the registered trademark are likely to be damaged . . .”²² These two factors determine if a mark qualifies as well-known.²³

An additional international treaty which calls for the protection of well-known marks is the North American Free Trade Agreement (“NAFTA”). Article 1708(6) of NAFTA provides protection for well-known marks between NAFTA signatories.²⁴ NAFTA’s standard for determining whether a mark is well-known is similar to the TRIPS Agreement standard.²⁵

A. *Well-Known Marks v. Famous Marks*

As an initial matter, one pervasive problem regarding well-known marks must be clarified. The well-known marks doctrine is not the same principle as the famous marks doctrine, derived from the Federal Trademark Dilution Act (“FTDA”).²⁶ U.S. courts occasionally confuse well-known marks with famous marks.²⁷ Famous marks appear in section 43(c) of the Lanham Act.²⁸ This confusion, mercifully, is easily clarified because the well-known marks doctrine is separate and distinct from the famous marks doctrine. A well-known mark is known in the “*relevant sector* of the public,”²⁹ a different standard than the broader “general consuming public”³⁰

²¹ TRIPS Agreement, *supra* note 4, art. 16(2) (“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[.]”).

²² *Id.* at 16(3)

Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered mark are likely to be damaged by such use.

Id.

²³ CARVALHO, *supra* note 7, at 209 (suggesting the need for a definition of well-known marks and that inadequate control over the registration of similar marks and the treatment of well-known marks as “generic” were two of the issues that needed resolution by the TRIPS Agreement).

²⁴ NAFTA, *supra* note 4, art. 1708(6).

²⁵ *Id.*; TRIPS, *supra* note 4, art. 16.

²⁶ 15 U.S.C. § 1125(c) (2006).

²⁷ ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 156 (2d Cir. 2007), *cert. denied*, 128 S. Ct. 288 (2007) (asserting article 6bis of the Paris convention refers to famous marks, when the actual provision refers to well-known marks).

²⁸ 15 U.S.C. § 1125(c)(2)(A) (defining famous marks as those “widely recognized by the general consuming public”); see also MCCARTHY, *supra* note 1, § 29:61 (asserting that the well-known marks doctrine requires the mark to be sufficiently well-known in “the relevant sector of the public in the U.S.,” contrary to the famous marks doctrine, which requires a broader spectrum of knowledge under the Federal Trademark Dilution Act).

²⁹ TRIPS Agreement, *supra* note 4, art. 16(2) (emphasis added).

³⁰ 15 U.S.C. § 1125(c)(2)(A).

standard applied to famous marks under the FTDA.³¹ Furthermore, the doctrines attack different problems. The famous marks doctrine protects against dilution and dissimilar products,³² while the well-known marks doctrine creates a constructive presence in a market based on relevant consumer knowledge.³³ Because the well-known marks doctrine is distinct from the famous marks doctrine and because this comment addresses well-known marks, the discussion of famous marks will be limited to prevent perpetuating the confusion that already appears in the case law.

B. Well-Known Marks in the United States

As a signatory to the Paris Convention,³⁴ the Madrid Union,³⁵ the TRIPS Agreement,³⁶ and NAFTA,³⁷ the United States acknowledges the well-known marks doctrine in principle. In the United States, statutory protection for trademarks is found in the Lanham Act.³⁸ While explicit statutory protections for well-known marks do not exist in the Lanham Act,³⁹ a broad reading of U.S. statutes, including the Lanham Act and the recently enacted Prioritizing Resources and Organization for Intellectual Property Act of 2007 (“PRO-IP Act”), creates the basis for protecting foreign well-known marks in the United States.⁴⁰ Because U.S. statutes must be read broadly to find protection for well-known marks and because trademarks are enforceable in any of the circuit courts, well-known mark protection varies widely.⁴¹

³¹ Compare TRIPS Agreement, *supra* note 4, art. 16(2) (defining a mark as “well-known” if it is known within the “relevant sector of the public”), with 15 U.S.C. § 1125(c)(2)(A) (defining a mark as “famous” “if it is widely recognized by the general consuming public of the United States”).

³² See MCCARTHY, *supra* note 1, § 24:67.

³³ Dan Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 720 (1998).

³⁴ See generally Paris Convention, *supra* note 4.

³⁵ World Intellectual Property Organization, *Members of the Madrid Union*, available at http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf (listing the United States as a party to the Madrid Protocol); 15 U.S.C. § 1141 (providing the Madrid Protocol has been ratified in U.S. law).

³⁶ 108 Stat. 4809.

³⁷ See generally NAFTA, *supra* note 4 (recording the United States as a member of NAFTA); see also Hicks & Holbein, *supra* note 17, at 794 (denoting member countries to NAFTA must apply the well-known marks doctrine, determining whether such recognition exists by examining the relevant section of the consumer market).

³⁸ MCCARTHY, *supra* note 1, § 2:7.

³⁹ Tashia Bunch, *Well-Known Marks: Where Do We Go From Here?* 90 J. PATENT & TRADEMARK OFF. SOC'Y 227, 229 (2008) (“There is no section of the [Lanham] Act that specifically discusses the well-known marks doctrine. However, the doctrine has been addressed many times by U.S. courts . . .”).

⁴⁰ Brief of Petitioner at 17, *ITC Ltd. v. Punchgini, Inc.*, No. 06-1722 (June 26, 2007), *cert. denied*, 128 S. Ct. 288 (2007), 2007 WL 1850383; see generally Prioritizing Resources and Organization for Intellectual Property Act of 2008 S. 3325, 154th Cong. (2008) [hereinafter PRO-IP Act] (inferring that U.S. efforts to protect intellectual property rights in the international arena would be mirrored in the United States).

⁴¹ See, e.g., Brief of Petitioner, *supra* note 40, at 16; see also MCCARTHY, *supra* note 1, § 29:4 (discussing the judicial circuit split on the well-known marks doctrine generally).

Congress understands the importance of trademarks in protecting consumers and businesses.⁴² When ratifying the aforementioned treaties which protect well-known marks, however, Congress did not enact legislation specifically recognizing well-known marks.⁴³ Congress either did not realize the statutory language was unclear or felt sections 44(b) and 44(h) of the Lanham Act were sufficiently clear to allow protection of foreign well-known marks under the relevant ratified treaties.⁴⁴ Thus, the Lanham Act as it currently exists does not provide clear direction of whether foreign well-known marks are entitled to protection in the United States.

As a result of this statutory ambiguity, there is a split of authority in the United States on the applicability of the well-known marks doctrine, which has led to inconsistent application⁴⁵ and controversy.⁴⁶ The Ninth Circuit in *Grupo Gigante S.A. de C.V. v. Dallo Company*⁴⁷ held that the well-known marks doctrine applies within the United States.⁴⁸ The *Grupo* court recognized that sections 44(b) and 44(h) of the Lanham Act grant foreign nationals of a country which is a member of a relevant treaty the ability to invoke the benefits of that treaty to protect their marks.⁴⁹ In other words, U.S.-signed treaties have effect within the United States under section 44. The United States has signed treaties that protect well-known marks including the Paris Convention and the TRIPS Agreement.⁵⁰ For that reason, among others, the *Grupo* court held that the well-known marks doctrine exists within the United States.⁵¹

⁴² See 15 U.S.C. § 1125(a)(1) (2006).

⁴³ Cf. 15 U.S.C. § 1126 (failing to provide an express section providing protection for well-known marks).

⁴⁴ See Brief of Amicus Curiae American Intellectual Property Law Association in Support of Petitioner, at 2–3, *ITC Ltd. v. Punchgini, Inc.*, 128 S. Ct. 288 (2007) (No. 06-1722), 2007 WL 2174224 [hereinafter AIPLA Brief] (arguing that when Congress enacted the Lanham Act it was doing so with the intent of meeting international obligations).

⁴⁵ MCCARTHY, *supra* note 1, § 29:4; see also *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 172 (2d Cir. 2007) (holding the well-known marks doctrine does not exist in the Second Circuit); *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004) (applying the well-known marks doctrine in the Ninth Circuit); *Aktieselskabet AF 21. Nov. 2001 v. Fame Jeans, Inc.*, 511 F. Supp. 2d 1, 12 n.5 (D.D.C. 2007) (describing the holdings from the Second and Ninth Circuits' well-known marks cases and the ensuing circuit split).

⁴⁶ *Maruti.com v. Maruti Udyog Ltd.*, 447 F. Supp. 2d 494, 500 (D. Md. 2006) (“The famous marks doctrine is a ‘controversial’ exception to the territoriality principle . . .”).

⁴⁷ 391 F.3d 1088 (9th Cir. 2004).

⁴⁸ *Grupo*, 391 F.3d at 1099–100 (ruling the well-known marks exception applies, even though the plaintiff's Paris Convention claims were dismissed as duplicative of their Lanham Act claims).

⁴⁹ 15 U.S.C. § 1126(b) (2006); see also *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907 (9th Cir. 2002) (denoting that subsection (b) of section 1126 grants protection to foreign nationals against unfair competition based on the protections set forth in international trademark treaties); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790–94 (9th Cir. 1971) (holding that the grant of protection against unfair competition is extended only to the extent necessary to give effect to the treaties); *General Motors Corp. v. Ignacio Lopez de Arriortua*, 948 F. Supp. 684, 689 (E.D. Mich. 1996) (agreeing with *Toho's* interpretation of the Lanham Act's incorporation of the Paris Convention and indicating the intent of the chapter was to provide “rights and remedies stipulated by treaties.”); *Labrotorios Roldan, C. por A. v. Tex. Int'l, Inc.*, 902 F. Supp. 1555, 1568 (S.D. Fla. 1995) (suggesting that section 44 [section 1126] of the Lanham Act provides protection for trademarks against unfair competition inside the United States to trademark owners in countries that are members of the Paris Convention).

⁵⁰ See Paris Convention, *supra* note 4; 19 U.S.C. § 3501; 32 I.L.M. 605.

⁵¹ *Grupo*, 391 F.3d at 1106.

Conversely, the Second Circuit in *ITC, Limited v. Punchgini, Incorporated*⁵² held that the well-known marks doctrine is not specifically stated in, or absorbed into, the Lanham Act and is therefore inapplicable.⁵³ The *ITC* court read the Lanham Act narrowly, stating that foreign well-known marks are not protectable without an express section of the Lanham Act incorporating treaty language or demonstrating an unambiguous Congressional intent to that effect.⁵⁴

Compounding the legislative and judicial difficulties concerning the well-known marks doctrine, U.S. foreign policy is inapposite to its domestic practice. The United States is a vocal advocate for the protection U.S. intellectual property abroad.⁵⁵ At the same time, the vague statutory language in the Lanham Act and the circuit split in authority leaves foreign well-known marks without protection in some regions of the United States.⁵⁶ Consequently, the United States is open to criticism for failing to fully meet its treaty obligations while demanding compliance by other co-signatories.⁵⁷

II. ANALYSIS

This section begins with a focused analysis of the U.S trademark system and its need to include concrete well-known marks protection. The section then progresses to a survey of well-known marks protection in the United States, the E.U., and China.

A. Why Protect Well-Known Marks?

As a signatory to several treaties that provide protection for well-known marks and a global advocate for intellectual property protection, the United States cannot remain hypocritical on its own shores while remaining hypercritical abroad. As a worldwide leader in intellectual property, the United States has historically been a strong advocate for intellectual property rights.⁵⁸ For the United States to deny protection for a foreign well-known mark—in direct contradiction to its international

⁵² 482 F.3d 135 (2d Cir. 2007).

⁵³ *Id.* at 163 (“[W]e do not ourselves discern in the plain language of sections 44(b) and (h) [of the Lanham Act] a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.”).

⁵⁴ *Id.*

⁵⁵ U.S. TRADE REPRESENTATIVE, SPECIAL 301 REPORT 2 (2008) [hereinafter SPECIAL 301 REPORT] (addressing concerns with intellectual property rights enforcement globally).

⁵⁶ *E.g.*, *ITC*, 482 F.3d at 163.

⁵⁷ *See, e.g.*, Understanding on Rules and Procedures Governing the Settlement of Disputes, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, Legal Instruments, Results of the Uruguay Round arts. 22.2, 22.3, 22.4, 33 I.L.M. 1125 (1994) [hereinafter WTO Dispute Settlement Procedures] (providing a means of redress against member countries that fail to implement and follow their TRIPS obligations).

⁵⁸ Robert Bird, *Defending Intellectual Property Rights in BRIC Economies*, 43 AM. BUS. L.J. 317, 331 (2006) (arguing “coercive action” by the United States was a key factor in Brazil, Russia, India and China’s improvement in their intellectual property laws).

treaty obligations⁵⁹—weakens its bargaining position with respect to intellectual property rights.⁶⁰

This hypocritical position, admonishing other countries to “do as we say, not as we do,” fundamentally weakens the United States’ position as a leader in intellectual property in an increasingly connected world where goods and services flow across borders.⁶¹ To interpret international legal obligations as the Second Circuit does, denying protection despite important global considerations,⁶² weakens the United States’ ability to achieve its economic foreign policy objectives.⁶³ Foreign countries and companies will be reluctant to help a nation that declines to provide the same protections it demands of others. Intellectual property rights have been, and will continue to be, an important topic in international relations;⁶⁴ closing out foreign businesses in a recalcitrant fashion is unwise.⁶⁵ While the United States remains vigilant about its own intellectual property rights abroad, another country would be within its rights file a World Trade Organization (“WTO”) complaint about the lack of appropriate protection for well-known marks in the United States under the TRIPS Agreement.⁶⁶ A WTO complaint could require the United States to compensate the complainant country and might even result in the United States’ removal from WTO agreements.⁶⁷ If the Second Circuit’s rejection of the well-known marks doctrine is adopted in other circuits, fellow WTO member countries may be inclined to file such a complaint.⁶⁸

⁵⁹ See Paris Convention, *supra* note 4, art. 6bis (providing well-known marks protection); see also TRIPS Agreement, *supra* note 4, art. 16 (requiring members to apply Article 6bis of the Paris Convention); Madrid Agreement, *supra* note 11, arts. 4, 4bis (providing international registration and priority); Madrid Protocol, *supra* note 11, art. 4 (complementing the Madrid Agreement); NAFTA, *supra* note 4, § 1708(6) (mandating signatory countries to protect well-known marks).

⁶⁰ Bunch, *supra* note 39, at 233–34 (suggesting the continuing favorable climate to U.S. intellectual property interests may wane if the United States does not comply with its treaty obligations).

⁶¹ See *ITC*, 482 F.3d at 164–65 (“[Petitioner] argues that the United States cannot expect other nations to protect famous American trademarks if United States courts decline to afford reciprocal protection to famous foreign marks.”); see also AIPLA Brief, *supra* note 44, at 10–11 (suggesting the Second Circuit decision in *ITC* puts the United States in violation of its treaty obligations).

⁶² *ITC*, 482 F.3d at 165 (“We acknowledge that a persuasive policy argument can be advanced in support of the famous marks doctrine.”); see also Frederick Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 TRADEMARK REP. 103, 138–39 (1996) (arguing that both the consumer and manufacturer are damaged by piracy of well-known marks is an important issue).

⁶³ See AIPLA Brief, *supra* note 44, at 10–11 (“[T]he United States may be subject to accusations that it is in breach of those [international treaty] obligations. Moreover, [the *ITC*] decision would undermine the efforts of the United States government in international negotiations to secure reciprocal protection for owners of well-known American marks in foreign countries.”).

⁶⁴ Mostert, *supra* note 62, at 105 (commenting that intellectual property, including well-known trademarks is a “significant factor” in international trade relations).

⁶⁵ See COUNCIL OF ECONOMIC ADVISORS, EXEC. OFFICE OF THE PRESIDENT, ECONOMIC REPORT OF THE PRESIDENT, FISCAL YEAR 2007, at 167, 175–77 (2007), available at http://www.gpoaccess.gov/eop/2007/2007_erp.pdf (reporting that engagement with the global economy and foreign direct investment is an integral part of the U.S. economy and directly contributes to its growth and success).

⁶⁶ See, e.g., WTO Dispute Settlement Procedures, *supra* note 57, arts. 22.2, 22.3, 22.4.

⁶⁷ *Id.*

⁶⁸ Cf. SPECIAL 301 REPORT, *supra* note 55, at 16–17 (reporting that the United States filed a WTO complaint against China).

The well-known marks doctrine is entirely consistent with the framework of trademark protection in the United States. The Lanham Act recognizes trademark rights on a “first to use” basis.⁶⁹ This encourages businesses to arrive in the marketplace quickly to be able to use their marks.⁷⁰ The Lanham Act is necessarily limited to application within the United States and, therefore, territorially limits registration and protection.⁷¹ The well-known marks doctrine is not an exception to this territoriality principle; it protects those foreign marks known by the “relevant sector of the public.”⁷² The older foreign well-known mark arguably already has priority if the relevant consuming public is aware of the foreign mark before a trademark pirate operates domestically.⁷³ Because a foreign well-known mark is already known within the relevant market, it has a domestic market presence regardless of domestic use.⁷⁴ The well-known marks doctrine essentially recognizes that foreign well-known marks have “constructive priority” over domestic marks.⁷⁵ This idea squares nicely within the U.S. policy of “first in the marketplace” because even if the foreign well-known mark is not used domestically, the relevant domestic consumer base is already familiar with it.

Furthermore, protecting foreign well-known marks advances the two bedrock principles of trademark law: (1) protecting consumers from “palming-off”⁷⁶ and (2) protecting businesses that invest time and money in their trademarks.⁷⁷ A hypothetical best illustrates how protecting foreign well-known marks advances these key trademark principles.

Assume a Chinese company has invested significant resources in a trademarked soy sauce, Dragon Soy Sauce. Further assume that Dragon Soy Sauce is well-known in San Francisco, California, a consumer market within the United States, despite not being sold there. If a trademark pirate began producing a soy sauce using inferior materials and bearing the Dragon Soy Sauce trademark in San Francisco,

⁶⁹ 15 U.S.C. §§ 1051(a)(3)(C), 1127 (2006) (stating that trademarks will be protected if they are used in commerce and that commerce for the sake of the Lanham Act is defined as “all commerce which may lawfully be regulated by Congress,” setting the territorial limitations of U.S. trademark law).

⁷⁰ See MCCARTHY, *supra* note 1, § 16:18 (“[P]riority and ownership of a trademark are not governed by a race to the Patent and Trademark Office, but [i]t is a race to the market place.”).

⁷¹ Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1093 (9th Cir. 2004) (holding that use of a trademark in the United States would vest trademark protections solely in the United States and conversely no use inside the United States would prevent protections inside the United States); see also MCCARTHY, *supra* note 1, § 29:2 (“Priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world. Prior use in a foreign nation does not establish priority of use in America.”).

⁷² TRIPS Agreement, *supra* note 4, art. 16(2) (establishing the minimum level of awareness that must be recognized before a mark is considered well-known).

⁷³ MCCARTHY, *supra* note 1, § 29:4 (“The famous mark rule could be viewed as not constituting an exception to the general rule at all, since it could be said that the foreign . . . business already has established priority in the United States through advertising and reputation prior to defendant’s opening.”).

⁷⁴ See *id.* (suggesting a foreign well-known mark has constructive priority in an area, even if there is no use there).

⁷⁵ See *id.*

⁷⁶ Grupo, 391 F.3d at 1094 (“Trademark is, at its core, about protecting against consumer confusion and ‘palming off.’”).

⁷⁷ AIPLA Brief, *supra* note 44, at 8 (referencing Congressional intent in enacting the Lanham Act included protecting business investments).

confused consumers could fall ill. Allowing the trademark pirate to use the Dragon Soy Sauce trademark clearly disregards the first principle above because it fails to protect U.S. consumers from the trademark pirate's palming-off. Furthermore, allowing this unscrupulous business practice impairs the authentic Chinese company's investment in its Dragon Soy Sauce trademark in two ways. First, Dragon Soy Sauce's reputation will be damaged by the confused consumers. Second, if the Chinese company begins selling the authentic Dragon Soy Sauce in the San Francisco area, it will find the trademark pirate has destroyed the good will Dragon Soy Sauce had developed and invested in. While protecting a foreign business's investment in a trademark in the United States may not seem particularly important in a solely domestic context, in an international context, it is extremely important. U.S. businesses must compete in an increasingly global marketplace and if the United States wants to protect U.S. well-known marks abroad, it must extend reciprocal protection to foreign well-known marks.

B. Second Circuit Application v. Ninth Circuit Application

The United States Court of Appeals for the Second and Ninth Circuits are currently split over whether foreign well-known marks are protectable under U.S. law.⁷⁸ In *Grupo*, the Ninth Circuit applied the well-known marks doctrine within the United States, pointing to consumer fraud, among other concerns.⁷⁹ Conversely, the Second Circuit disagreed in *ITC*, narrowly reading the language of the Lanham Act,⁸⁰ foreclosing the application of the well-known marks doctrine within the United States.⁸¹

Common arguments against reading the well-known marks doctrine into U.S. law include (1) even if section 44 of the Lanham Act incorporates international treaties into U.S. law, the protection extended is limited to the express bounds of the

⁷⁸ Compare *Grupo*, 391 F.3d 1088, with *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007).

⁷⁹ *Grupo*, 391 F.3d at 1088 (“While the territoriality principle is a long-standing and important tradition within trademark law, it cannot be absolute. [Such a rule] would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people.”); see also Bunch, *supra* note 39, at 230–31 (discussing the Ninth Circuit's application of the well-known marks doctrine in the United States, after finding the territoriality principle could be excepted when a foreign mark is famous enough inside the United States that priority cannot be denied).

⁸⁰ *ITC*, 482 F.3d at 162; see also Bunch, *supra* note 39, at 231–32 (“The Second Circuit disagreed [with the plaintiff's argument based on section 43(a)(1)(A) of the Lanham Act], noting that while Congress has amended federal statutes several times to implement provisions of the TRIPS Agreement, it has not added the portion regarding well-known marks doctrine to federal law.”); Petitioner's Reply Brief at 1, *ITC Ltd. v. Punchgini, Inc.*, 128 S. Ct. 288 (No. 06-1722) 2007 WL 2406302 (arguing the Second Circuit's “restricted” reading of section 44 of the Lanham Act was incorrect).

⁸¹ *ITC*, 482 F.3d at 163 (“[W]e do not ourselves discern in the plain language of sections 44(b) and (h) [of the Lanham Act] a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.”); but see MCCARTHY, *supra* note 1, § 29:4 (“Because the statute did not recognize the [well-known marks] rule in so many words, the [ITC] court concluded that it was not a part of U.S. federal law While the court recognized that cogent policy arguments existed”).

other provisions of the Lanham Act,⁸² (2) the Lanham Act does not expressly protect foreign well-known marks, and (3) the well settled territoriality principle precludes adoption of the well-known marks doctrine because the well-known mark doctrine is extraterritorial in nature.⁸³ Each of these arguments will be rebutted in turn.

First, section 44(b) of the Lanham Act clearly states,

Any person whose country of origin is a party to any convention or treaty relating to trademarks . . . to which the United States is also a party . . . shall be entitled to the benefits of this section . . . 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.⁸⁴

Admittedly, section 44 grants to foreign nationals “the benefits of this section.”⁸⁵ If the statute stopped there, the argument that the rights granted pursuant to an international treaty were limited to the explicit language of the Lanham Act might be persuasive. The statute does not, however, stop there. Section 44 further explicitly extends to foreign nationals rights of “any provision” of a binding treaty “in addition to” the Lanham Act rights to which the foreign national would “otherwise [be] entitled.” Thus, courts cannot look *solely* to the Lanham Act as the basis for trademark rights when binding international agreements are applicable.

Second, contrary to the *ITC* court’s reading, the plain language of section 44 of the Lanham Act does allow a foreign rights holder to protect its well-known mark in the United States under any applicable treaty to which the United States is a signatory.⁸⁶ The Second Circuit declined to follow this interpretation, even after considering its own precedent in *Empresa Cubana Del Tabaco v. Culbro Corporation*.⁸⁷ *Empresa* signaled that a foreign well-known mark *could* be protected

⁸² *ITC*, 482 F.3d at 163 (“In short, whatever protections Article 6bis [of the Paris Convention] and Article 16(2) [of the TRIPS Agreement] might contemplate for famous [well-known] marks, section 44(b) grants foreign mark holders covered by these treaties only those protections of United States law already specified in the Lanham Act.”).

⁸³ See Brief in Opposition at 10–25, *ITC, Ltd. v. Punchgini, Inc.*, No. 06-1722 (June 26, 2007), *cert. denied*, 128 S. Ct. 288 (2007), 2007 WL 2220368 (arguing the Lanham Act lacks an express provision, it has never contained an express provision providing protection to well-known marks and the well-known marks doctrine is *contra* to the principle of territoriality).

⁸⁴ 15 U.S.C. § 1126(b) (2006) (emphasis added).

⁸⁵ *Id.*

⁸⁶ 15 U.S.C. § 1126(b); see also MCCARTHY, *supra* note 1, § 29:4 (furthering the argument that sections 44(b) and (h) co-exist to animate claims to protect well-known marks under treaty provisions for foreign nationals).

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*

15 U.S.C. § 1126(b) (emphasis added).

⁸⁷ 399 F.3d 462 (2d Cir. 2005).

in the United States.⁸⁸ Notwithstanding this seemingly clear precedent, the *ITC* panel of the Second Circuit ultimately foreclosed the application of the well-known marks doctrine, concluding that neither the plain language of section 44 of the Lanham Act nor any stated Congressional intent authorized protection for foreign well-known marks.⁸⁹ The argument that the well-known marks doctrine is not incorporated into the Lanham Act⁹⁰ misreads the Act because section 44 plainly grants rights to foreigners pursuant to any treaty to which the United States is a party, whether or not the treaty provisions are explicitly amended into the Lanham Act.⁹¹ Thus, the Lanham Act does, in fact, protect foreign well-known marks. The mere fact that the Lanham Act's protection is not express does not change the fact that foreign well-known marks are protectable under the Act.

Third, the well-known marks doctrine is not contrary to the well-settled concept of territoriality in U.S. trademark law. The well-known marks doctrine does not extend protection to all foreign marks; only those that are already have a constructive presence in the marketplace by virtue of consumers' collective knowledge of the mark. The doctrine recognizes that some foreign marks are sufficiently well-known domestically to warrant protection even if there is no use by a rights holder.⁹² The well-known marks doctrine does not disrupt the territorial framework of the Lanham Act because it only protects a foreign well-known mark within a "relevant sector of the public."⁹³ The "relevant consumer market" is usually a geographical and market segment classification, *i.e.*, a territorial limitation or a categorical limitation for a particular type of good or service.⁹⁴ Even if, in the latter case, the categorical protection extends throughout the entire United States, it is still limited to the territorial borders of the United States; the foreign well-known mark would be protected just as a domestic mark, which is used throughout the country.⁹⁵

⁸⁸ *Id.* at 479–81 (holding a party may have a plausible cause of action for the protection of a well-known mark applying Article 6bis of the Paris Convention via sections 1126(b) and 1126(h) of the Lanham Act, but the party in the case was barred from bringing them under the Embargo Regulations, raising the inferential argument the well-known marks doctrine *would* apply).

⁸⁹ *ITC*, 482 F.3d at 163 (“[W]e do not ourselves discern in the plain language of the sections 44(b) and (h) [of the Lanham Act] a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.”).

⁹⁰ *Id.* at 162 (concluding Congress has not expressly incorporated the well-known marks doctrine into the Lanham Act as there was no “special legislation” by Congress to specifically enact the well-known marks provisions into U.S. law and the treaties were deemed to be non-self-executing, meaning they “do not become effective as domestic law until implementing legislation is enacted”).

⁹¹ 15 U.S.C. § 1126(b) (granting a foreign national whose home country is a party to an international agreement that United States has acceded to receives the protections from those treaties “to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law”); *see also* AIPLA Brief, *supra* note 44, at 13–14 (arguing the protection of well-known marks was “largely accomplished by the availability of protection for unregistered marks in Lanham Act Section 43(a) [15 U.S.C. § 1125(a)].”); MCCARTHY, *supra* note 1, § 29:4 (arguing the Lanham Act § 44(b) gives to persons of nations with a trademark treaty with the United States the right to invoke the Lanham Act section 44 to give effect to provisions of that treaty).

⁹² *See* MCCARTHY, *supra* note 1, § 29:61.

⁹³ TRIPS Agreement, *supra* note 4, art. 16(2).

⁹⁴ *See* MCCARTHY, *supra* note 1, § 29:4.

⁹⁵ *See* TRIPS Agreement, *supra* note 4, art. 16.

Not only are the arguments in favor of the Second Circuit's analysis unpersuasive, adopting the Ninth Circuit's approach brings the United States into compliance with its international treaty obligations.⁹⁶ Universal adoption of the Ninth Circuit's approach harmonizes U.S. trademark law with respect to the well-known marks doctrine across jurisdictions. The ubiquitous availability of protection for foreign well-known marks across the United States has the ancillary benefit of eliminating the problem of forum shopping that currently exists as a result of the split between the Second and Ninth Circuits.

C. Well-Known Mark Protection by U.S. Trading Partners

Much as the individual states serve as laboratories of democracy to test the effectiveness of various civic proposals,⁹⁷ the E.U. currently fulfills an analogous role as a laboratory of trademark law. The E.U. strongly protects foreign well-known marks. The E.U. member countries are all members to the Paris Convention,⁹⁸ Madrid Agreement,⁹⁹ Madrid Protocol,¹⁰⁰ and TRIPS Agreement.¹⁰¹ E.U. countries are also signatories to the European Communities Trademark Harmonization Directive ("Harmonization Directive") which encourages further protection of well-known marks.¹⁰² Article 4(2)(d) of the Harmonization Directive specifically protects well-known marks while referencing article 6bis of the Paris Convention.¹⁰³ Additionally, the European Community Trademark System ("ECTS") allows trademark rights holders to effectively enforce their trademark rights across the multiple countries in the E.U. economic zone.¹⁰⁴ The Harmonization Directive and the ECTS initiatives dovetail to provide comprehensive protection for well-known marks of one E.U. member country in another, thus creating a single region in the E.U. for trademark protection purposes. The European system has proven increasingly popular as evidenced by the rising number of annual registrations.¹⁰⁵

⁹⁶ Grupo Gigante S.A. De C.V. v. Dallo & Co., 391 F.3d 1088, 1099 (9th Cir. 2004).

⁹⁷ New State Ice Co. v. Liebmann, 285 U.S. 262, 386–87 (1932) (Brandeis, J., dissenting).

⁹⁸ See Paris Convention, *supra* note 4.

⁹⁹ See Madrid Agreement, *supra* note 11.

¹⁰⁰ See Madrid Protocol, *supra* note 11.

¹⁰¹ See TRIPS Agreement, *supra* note 4.

¹⁰² Council Directive 89/104/EEC, Approximating the Laws of the Member States Relating to Trade Marks, 1988 O.J. EC (L 40), art. 4(2)(d), available at <http://oami.europa.eu/en/mark/aspects/direc/direc.htm>.

¹⁰³ *Id.*

¹⁰⁴ Council Regulation 40/94, European Community Trademark, art. 8(2)(c), 1993 O.L. (L 011), available at <http://oami.europa.eu/en/mark/aspects/reg/reg4094.htm> ("[Earlier trademarks as grounds for refusal of a new mark] trade mark[s] which . . . are well-known in a Member State, in the sense in which the words 'well-known' are used in Article 6 bis of the Paris Convention."); see also Scott McKenzie, Comment, *Global Protection of Trademark Intellectual Property Rights: A Comparison of Infringement and Remedies Available in China Versus the European Union*, 34 GONZ. L. REV. 529, 541–42 (1999) (asserting the Community Trademark system improves efficiency and effectiveness in protecting a trademarks, particularly without use in a country, as long as the mark is used in one country).

¹⁰⁵ TRADE MARKS AND DESIGNS REGISTRATION OFFICE OF THE EUROPEAN UNION, OHIM ANNUAL REPORT 2008, at 4–7, available at <http://oami.europa.eu/ows/rw/news/item942.en.do>

Admittedly, the E.U.'s experiment of endorsing foreign well-known mark protection does not, without more, compel U.S. adoption of such protective measures. The fact that the E.U. system has been in place for more than fifteen years, however, does suggest that there is some wisdom to protecting foreign well-known marks. Coupled with compelling foreign policy arguments, the case for foreign well-known mark protection is plain. Even China, historically known as a safe-haven for trademark pirates, has adopted measures to protect foreign well-known marks.¹⁰⁶

China has improved its record protecting well-known marks¹⁰⁷ since its accession to the Paris Convention,¹⁰⁸ Madrid Agreement,¹⁰⁹ Madrid Protocol,¹¹⁰ and the TRIPS Agreement.¹¹¹ China's current trademark law does not significantly differ on paper from United States trademark law¹¹² with the notable exception that China has enacted a series of measures specifically aimed at protecting foreign well-known marks.¹¹³ Chinese courts are increasingly willing to enforce these measures to protect foreign well-known marks.¹¹⁴ Importantly, recent decisions for Nike¹¹⁵ and

(reporting increasing in the number of community trademark registrations and few partial or full cancellations).

¹⁰⁶ WILLIAM ALFORD, *TO STEAL A BOOK IS AN ELEGANT OFFENSE: INTELLECTUAL PROPERTY LAW IN CHINESE CIVILIZATION* 86 (Stanford Univ. Press 1995) (denoting China's ignominious title as the "single largest pirate worldwide"); *see also* ANDREW MERTHA, *THE POLITICS OF PIRACY: INTELLECTUAL PROPERTY IN MODERN CHINA* 167 (Cornell Univ. Press 2005) (discussing China's reputation as a clearinghouse for counterfeit and infringing goods with annual losses in China from such activity surpassing a billion U.S. dollars and in China there are nearly twice as many fraudulent products on the market as legitimate).

¹⁰⁷ MERTHA, *supra* note 106, at 170 (listing a primary trademark issue in China has been the enforcement of foreign marks, with the Chinese arguing that many foreign marks are not "well-known" within the Chinese population and therefore not protectable); *see also* Bird, *supra* note 58, at 340 (arguing the 1992 Memorandum of Understanding between the U.S. and China led the significant improvement in Chinese intellectual property law).

¹⁰⁸ *See* Paris Convention, *supra* note 4 (listing China's accession to the Paris Convention); *see also* MERTHA, *supra* note 1, at 42 (reporting China became a signatory to the Paris Convention in 1985).

¹⁰⁹ *See* Madrid Agreement, *supra* note 11 (listing China as a signatory).

¹¹⁰ *See* Madrid Protocol, *supra* note 11 (listing China as a signatory).

¹¹¹ *See* TRIPS Agreement, *supra* note 4 (listing China as a signatory member of the TRIPS Agreement); *see also* MERTHA, *supra* note 106, at 126–27 (suggesting the TRIPS Agreement was a useful tool for the Chinese to draft their intellectual property laws and the Chinese had demonstrated a willingness to go "beyond TRIPS").

¹¹² Ed Perlman, *The Wild Wild East: Winning Trademark Registration for U.S. Companies in China*, *INTELL. PROP. & TECH. L.J.*, Feb. 2008, at 17 (2008) (positing that Chinese and U.S. trademark laws are fundamentally similar and the Chinese have acceded to the same treaties and conventions as the United States).

¹¹³ *See* Provisions on the Determination and Protection of Well-Known Marks (issued by the State Admin. for Indus. and Commerce, Apr. 17, 2003, effective June 1, 2003), *translated by* China Trademark Office, *available at* <http://sbj.saic.gov.cn/english/show.asp?id=57&bm=flfg>; Measures for the Implementation of International Registration under Madrid Agreement (issued by the State Admin. for Indus. and Commerce, Apr. 17, 2003, effective June 1, 2003), *translated by* China Trademark Office, *available at* <http://sbj.saic.gov.cn/english/show.asp?id=63&bm=flfg>; Measures Regarding Registration and Administration of Collective Trademarks and Certification Trademarks (issued by the State Admin. for Indus. and Commerce, Apr. 17, 2003, effective June 1, 2003) (P.R.C.), *translated by* China Trademark Office, *available at* <http://sbj.saic.gov.cn/english/show.asp?id=60&bm=flfg>.

¹¹⁴ Stephanie Greene, *Protecting Well-Known Marks in China: Challenges for Foreign Mark Holders*, 45 *AM. BUS. L.J.* 371, 372 (2008) (suggesting that recent infringement victories for

Starbucks¹¹⁶ demonstrate China's commitment to the protection of American well-known marks.

The Chinese adopted the well-known marks doctrine under significant U.S. pressure that China protect U.S. businesses.¹¹⁷ The United States continues to be a vocal critic of China. In fact, the United States has gone to the extreme length of registering a WTO complaint, citing China for its nonconformity with the TRIPS Agreement¹¹⁸ and its failure to enforce intellectual property rights.¹¹⁹ The recent changes to Chinese trademark law effectively protect a U.S. well-known mark in China (at least on paper), but the reverse is still not true.

III. PROPOSAL

Protection under U.S. trademark law should not extend to *every* foreign mark; only those that are well-known in a relevant consumer market. A minor amendment to the Lanham Act providing for protection of foreign well-known marks is the optimal way to ensure nationwide enforcement of the well-known marks doctrine. A Lanham Act amendment has the additional benefit of furthering U.S. intellectual property foreign policy.

A. Minor Amendment to the Lanham Act Would Protect Well-Known Marks

A statutory amendment incorporating the well-known marks doctrine would definitively place the doctrine within the canon of U.S. trademark law. A statutory amendment is also the most efficient means of obtaining uniform protection of foreign well-known marks. The alternative would be for each regional circuit court to decide the issue and come to the same conclusion. Clearly, as evidenced by the split

American well-known marks are indicative of a more intellectual property-friendly court system and a developing respect for foreign marks in China).

¹¹⁵ *Id.* at 371; see also *Nike Wins Counterfeiting Lawsuit Against Chinese Shoemakers*, Aug. 21, 2007, <http://english.sina.com/business/1/2007/0821/122479.html> (describing the judgment as “the latest victory for foreign companies seeking protection from rampant theft of copyrights and other intellectual property in China”).

¹¹⁶ Greene, *supra* note 114, at 384–86; see also Xinhua News Agency, *Starbucks China Copycat Punished*, Jan. 5, 2007, www.china.org.cn/business/2007-01/05/content_1195163.htm (reporting the details of the judgment and infringement incident leading to Starbucks bringing suit).

¹¹⁷ Jessica Jiong Zhou, Comment, *Trademark Law & Enforcement in China: A Transnational Perspective*, 20 WIS. INT'L L.J. 415, 425 (2002) (naming the United States as an “ardent advocate” for more effective protections for intellectual property in China); see also Ruixue Ran, *Well-Known Trademark Protection in China: Before and After the TRIPS Amendments to China's Trademark Law*, 19 U.C.L.A. PAC. BASIN L.J. 231, 245 (noting that a developing country like China's intellectual property regime typically undergoes a period of intense U.S. pressure in its maturation).

¹¹⁸ SPECIAL 301 REPORT, *supra* note 55, at 16, 20–23.

¹¹⁹ SPECIAL 301 REPORT, *supra* note 55, at 20–23; see also TED FISHMAN, CHINA, INC.: HOW THE RISE OF THE NEXT SUPERPOWER CHALLENGES AMERICA AND THE WORLD 236–37 (Scribner 2005) (arguing that China's enforcement of IP laws is arbitrary and the “local governments are either directly or indirectly involved in supporting the trade in counterfeit goods”).

in authority between the Second and Ninth Circuits, this option has not worked.¹²⁰ Furthermore, even if uniform judicial recognition of the doctrine were still plausible, nationwide litigation in each of the regional circuits would consume valuable judicial resources. Such litigation would also take a great deal of time, allowing the current uncertainty to persist. A statutory amendment avoids all of these problems; it has an immediate and discernable effect.

B. Section 44 is the Appropriate Place for an Amendment

Amending section 44 of the Lanham Act would effectively protect foreign well-known marks. Some commentators have suggested a well-known marks provision would be better placed in section 43, the Federal Trademark Dilution Act (“FTDA”).¹²¹ Adding the well-known marks doctrine to section 43 would only serve to further confuse the well-known marks and the famous marks doctrines.¹²² Section 44 of the Lanham Act relates to adherence to, and incorporation of, international treaties in U.S. trademark law.¹²³ For that reason, section 44 is where a well-known marks provision should be located.¹²⁴ An explicit well-known marks provision in the Lanham Act should be placed in a section that already animates international treaties.¹²⁵ Doing so would give immediate effect to the well-known marks protection envisioned by the signatories to the relevant international treaties.

C. Proposed Statutory Amendment

Any amendment to the Lanham Act incorporating the well-known marks doctrine should be made to subsection (h) of section 44. Section 44(h) addresses the protections afforded to foreign rights holders. Section 44(b), on the other hand, identifies the parties who may invoke the protections of an international treaty or the Lanham Act. The well-known marks doctrine concerns the source of authority to protect a foreign mark; not the identity of the owner. Thus, the well-known marks doctrine is properly included in section 44(h). Section 44(h) should be amended to read as follows:

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, including protection of well-known marks under any convention or treaty to which the United States is a party and which relates to trademarks, and the remedies provided in this

¹²⁰ *Aktieselskabet AF 21. Nov. 2001 v. Fame Jeans, Inc.*, 511 F. Supp. 2d 1, 12 n.5 (D.D.C. 2007) (describing the circuit split between the Second and Ninth Circuits).

¹²¹ Gilson Lalonde, *supra* note 3, at 1423 (arguing a proposed amendment to section 43 of the Lanham Act as the best location to place the well-known marks exception into U.S. law).

¹²² *See supra* part I.A.

¹²³ *See* 15 U.S.C. § 1126 (2006).

¹²⁴ *See id.*

¹²⁵ *Id.*

chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Adding this language definitively incorporates the well-known marks doctrine into U.S. law and provides a means of redress for rights holders. First, foreign rights holders whose countries are signatories to a relevant treaty qualify under section 44(b) to invoke the protections of section 44(h). Second, the specific language of “protection of well-known marks” clearly denotes which doctrine the amended statute animates. Finally, the new language clearly signals that the Paris Convention and the TRIPS Agreement have effect within the United States. This language quiets the argument that the well-known marks doctrine has not been explicitly adopted into U.S. law.

CONCLUSION

The current status of the well-known marks doctrine is uncertain. It is important that Congress resolves this uncertainty and brings U.S. trademark law in accord with the United States’ international obligations. This places the United States in a stronger global economic position.¹²⁶ U.S. law has always recognized the trademark policy of protecting consumers and businesses,¹²⁷ and a definitive adoption of the well-known marks doctrine recommits the United States to those goals.

¹²⁶ See AIPLA Brief, *supra* note 44, at 10–11 (arguing the United States will be accused of breaching international obligations, ultimately undermining United States efforts to secure intellectual property rights for American companies abroad).

¹²⁷ See MCCARTHY, *supra* note 1, §§ 2:19, 2:33 (observing that trademarks serve as important source designators for consumers and a protectable investment for businesses and have been protected historically for that reason under U.S. law).