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The Territoriality Principle and Protection for Famous Marks in the Americas

By L. Donald Prutzman

I. Introduction

Under the prevailing internationally recognized principle known as "territoriality," trademark rights typically exist in each country only within the borders of that country and only to the extent protected by that country's trademark law. For this reason, with some exceptions created by international agreements, such as the Community Trademark covering the entire European Union and the Andean Pact covering member Latin American nations, trademark owners must protect their marks in each country where they need protection, usually by registration there. As a general rule, a trademark that its owner ("Owner A") has protected in certain countries can be adopted, used and registered by an unrelated party ("Owner B") in a country where it has not been protected. This is true even where Owner B knows of Owner A's usage of the mark and is consciously attempting to appropriate the goodwill of Owner A's mark in a country where that mark is known to the relevant class of consumers. This situation fosters consumer confusion and possible damage to the goodwill of Owner A's trademark, and leaves Owner A unable to expand operations to a country where its trademark is known because a usurper already has the trademark there.

Because of this obvious problem with the rigorous application of the territoriality principle, the need for an exception, or countervailing principle, to territoriality, known as the "Famous Marks Doctrine," has long been recognized. In theory, the Famous Marks Doctrine affords protection to a trademark in a country where it is neither used nor registered, but where it is well known to the general public or at least the relevant class of consumers of the goods or services involved. However, the Famous Marks Doctrine is not typically part of a nation's internal trademark legislation, and a recent important appellate decision in the United States has held that it is not part of U.S. trademark law. The Famous Marks Doctrine is, however, embodied in, and applies through, international agreements.

The most important and well known such agreement is the "Paris Convention for the Protection of Industrial Property" (the "Paris Convention").¹ As discussed in more detail below, Article *6bis* of the Paris Convention affords protection under the Famous Marks Doctrine for trademarks (in the word's narrow sense of marks used for goods, as opposed to services). Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement")² expanded the reach of Article *6bis* to service marks. Most Latin

American countries, as well as the United States, are signatories to the Paris Convention and the TRIPS Agreement. However, as discussed below, a recent court decision in the United States has held that, notwithstanding the treaties, the Famous Marks Doctrine generally and Article *6bis* in particular are not part of United States trademark law.

There is, however, another international agreement among the United States and a handful of Latin American countries that embodies the Famous Marks Doctrine—the "General Inter-American Convention for Trademark and Commercial Protection of Washington, 1929" (the "Pan American Convention").³ Articles 7 and 8 of the Pan American Convention provide a very broad form of Famous Mark Protection that, as discussed in more detail below, does not even require that the mark be "famous" to be protected. The treaty requires only that the usurping user knew of the owner's use of the mark in another member country. Articles 7 and 8 of the Pan American Convention are unique, little-known provisions that have not been widely used. They are likely to assume much greater importance, at least for U.S. and Latin American trademark owners, as a result of the holding that Famous Marks protection under the Paris Convention and the TRIPS Agreement is not available in the United States.

II. Territoriality

"Territoriality"—the concept that trademark rights exist separately under each country's law—is a basic principle of U.S. trademark law⁴ as well as the trademark law of most nations. Under the territoriality principle, 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. This is true even where the user in that country is acting in arguable "bad faith" by not only using the mark but also adopting trade dress and other elements used by the foreign user in an attempt to create the impression that the user is associated with the foreign trademark owner.

Under the territoriality principle, a trademark has a separate legal existence under each country's laws, and its proper lawful function is not necessarily to specify the origin of a good or service, but rather to symbolize the domestic goodwill of the domestic trademark owner so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner, and the trademark owner may be confident that his goodwill and reputation will not be

injured through use of the mark by others in domestic commerce.⁵

There is a countervailing theory to the territoriality principle called the "universality principle." Under that theory, "if a trademark [is] lawfully affixed to merchandise in one country, the merchandise would carry that mark lawfully wherever it went and could not be deemed an infringer although transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise."⁶ The universality principle is definitely not part of United States trademark law⁷ and has not found much acceptance anywhere else in the trademark context.⁸

III. The "Famous Marks Doctrine"

As noted above, rigorous application of the territoriality principle would allow an unrelated person to adopt a trademark that is well known in countries where it is used and protected in a country where it is neither used nor protected. The "Famous Marks Doctrine" has developed to address this problem. Under the Famous Marks Doctrine, a mark may be entitled to protection in a country even if neither used nor registered there if it is well known among consumers in that country. It may not be necessary for a mark to be well known to the general public. Wide knowledge among the relevant class of consumers for the goods or services involved (known as "niche fame") may be sufficient.

As the one United States federal court ever to apply the Famous Marks Doctrine, the United States Court of Appeals for the Ninth Circuit,⁹ explained:

[T]here is a famous mark exception to the territoriality principle. While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark law is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.¹⁰

In *Grupo Gigante*, the plaintiff operated a chain of grocery stores in Mexico under the trademark "Gigante," but neither used nor protected that mark in the United States. An unrelated entity appropriated the mark for grocery stores in Los Angeles, California, an area with a significant concentration of Mexican immigrants. The Mexican trademark owner sought to stop the junior user from using the mark. The court invoked the Famous

Marks Doctrine to do so without grounding its use on any provision of United States trademark law or any international agreement to which the United States is a party.

State courts in the United States have occasionally invoked the Famous Marks Doctrine in deciding state common law unfair competition cases. The seminal case was decided in a New York state court. In *Maison Prunier v. Prunier's Rest. & Cafe*,¹¹ the owner of "Maison Prunier," a famous Paris restaurant with a branch in London, but no operations in the U.S., sued the operator of a New York restaurant that had adopted the Prunier name and a slogan used by the Paris Prunier, and was advertising itself as "The Famous French Sea Food Restaurant." The New York court granted an injunction. The court acknowledged the general rule of territoriality, but held that there was an exception for foreign marks that were well-known in the U.S. where the U.S. user was acting in bad faith by leading the public to believe that it was connected to the famous foreign mark owner. The holding was based entirely on New York common law unfair competition, and not U.S. trademark law.

The doctrine was recognized again in *Vaudable v. Montmartre, Inc.*,¹² another New York state court case. That case also involved a famous Paris restaurant, Maxim's. The court enjoined operation of a New York City restaurant called Maxim's that had also adopted the decor and other trade dress of the Paris restaurant. The court concluded that the French trademark owner had priority in the U.S. against a junior user based on (1) uninterrupted use of the mark outside the U.S., and (2) the fame of the mark among the relevant class of consumers.

The Trademark Trial and Appeal Board¹³ has also recognized the existence of the Famous Marks Doctrine in several decisions,¹⁴ but has actually applied it in only one case. In *All England Lawn Tennis Club, Ltd. v. Creative Aromatiques*,¹⁵ the Board upheld an opposition by the operators of the Wimbledon tennis facility and tournament to registration of the mark "Wimbledon" for cologne in the U.S. Even though the petitioner was not using the Wimbledon mark on any goods or services in the U.S., the Board held that it had the ability to oppose registration based on the rationale of *Vaudable* because consumers would believe that the cologne was sponsored or approved by the operators of the famous tennis tournament. However, the Board did not ground its recognition of the Famous Marks Doctrine on any provision of federal trademark law or any international agreement. It relied solely on a state law unfair competition theory.

IV. Is the Famous Marks Doctrine Part of United States Domestic Trademark Law?

As noted above, those state courts that have applied the Famous Marks Doctrine and the Trademark Trial and Appeal Board have all based their decisions on state unfair competition law, not United States trademark law.

The one federal appellate decision to apply the doctrine, *Grupo Gigante*, did not cite any provision of federal trademark law in support. Recently, the United States Court of Appeals for the Second Circuit¹⁶ held that the Famous Marks Doctrine is not, in fact, a part of federal trademark law, even though it is embodied in a treaty the U.S. signed. According to that court's decision,¹⁷ any possible application of the doctrine in the United States would only be pursuant to the unfair competition law of a particular state.

ITC involved the use of the trademark BUKHARA for Indian restaurants. The plaintiff *ITC* owned and operated well known Indian restaurants under that mark in India and elsewhere. It had formerly operated several Bukhara restaurants in the U.S., all of which had been closed, and had an existing U.S. trademark registration for BUKHARA. The defendants observed that *ITC* was no longer using the mark in the U.S. and decided to open two restaurants in New York under the mark BUKHARA GRILL. The defendants' restaurants "mimic[ked] the *ITC* Bukharas' logos, decor, staff uniforms, wood-slab menus, and red-checked customer bibs,"¹⁸ and so they were obviously trying to trade on the fame of the foreign restaurants of the same name.

The trial court had decided in favor of the defendants. On appeal, the Second Circuit first disposed of plaintiffs' claim that defendants' use of the mark infringed plaintiffs' existing U.S. registration. The court affirmed the lower court's holding that by closing its U.S. restaurants *ITC* had abandoned its U.S. mark, so that the registration was subject to cancellation and was of no assistance to the plaintiff.

The court next considered whether the Famous Marks Doctrine applied to protect the mark in the U.S., even though it was not being used there and its registration was invalid. The court evaluated three possible ways the doctrine could apply: (1) the possible application of the "Famous Marks Doctrine" as federal trademark law; (2) the possible application of Article 6bis of the Paris Convention (referred to above and discussed in detail below); and (3) the possible application of the Famous Marks Doctrine as state unfair competition law.

The Second Circuit first determined that, notwithstanding the Ninth Circuit's decision in *Grupo Gigante*, the Famous Marks Doctrine is not embodied in United States trademark law. The court declined to follow the Ninth Circuit expressly because that court did not ground its recognition of the Famous Marks Doctrine in any provision of federal law or on any treaty provision. The doctrine was recognized solely as a matter of sound policy. Although the Second Circuit recognized that "a persuasive policy argument can be advanced in support of the famous marks doctrine,"¹⁹ the court found that sound policy "is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute

[such as trademark law]."²⁰ Although decisions of the Trademark Trial and Appeal Board would ordinarily be afforded considerable weight on matters of trademark law, the court also declined to follow the T.T.A.B.'s decision in the Wimbledon case, because the Board had relied on state unfair competition law, not federal trademark law. According to the Second Circuit, if the Famous Marks Doctrine is to be adopted as part of United States trademark law, it is up to the U.S. Congress to do it.

V. Article 6bis of the Paris Convention and Article 16(2) of TRIPS

After rejecting federal trademark law as a source of the Famous Marks Doctrine, the Second Circuit in *ITC* next considered whether international treaties—Article 6bis of the Paris Convention and Article 16(2) of TRIPS—afforded the plaintiff any protection.

Article 6bis of the Paris Convention requires member states

ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Article 6bis applies, by its terms, only to "goods." However the TRIPS Agreement expanded it to apply to services as well. Article 16(2) of TRIPS states that, "Article 6bis of the Paris Convention shall apply, *mutatis mutandis*, to services."

These treaty provisions would seem to require the United States to recognize the Foreign Marks Doctrine, at least to the extent specified in Article 6bis, i.e., when "competent authority" in the U.S. considers the mark to be "well known" here, the person asserting rights is from another member country, and the mark is used for "identical or similar goods." Yet the Second Circuit held these international agreements inapplicable in *ITC*.

The court, following established precedent, held that the Paris Convention and TRIPS were not self-executing treaties, i.e., that they did not become federal law by their own force, but were only effective in the United States to the extent the U.S. Congress passed implementing

U.S. legislation incorporating their provisions. The court held that Congress had not adopted any legislation implementing Article 6bis or Article 16(2), and so ITC could not rely on these treaty provisions in arguing that the Famous Marks Doctrine should afford it protection from the defendants' usurpation of its famous trademark. The court rejected arguments by ITC that Article 6bis was, in fact, incorporated in certain provisions of § 44 of the Lanham Act (the United States' trademark law), even if not explicitly so. These arguments had the support of the leading commentator on U.S. trademark law, Professor McCarthy.²¹

The court simply disagreed that the treaty provisions were included by implication in any Lanham Act provision, noting that "[b]efore we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly."²² This holding seems to leave the United States in violation of its treaty obligations. The Second Circuit did not address that problem, but seemed essentially to take the position that, if the U.S. is not in compliance with the treaty, that is Congress's problem, not the court's.

On 26 June 2007, the plaintiffs filed a petition for certiorari asking the United States Supreme Court to review the Second Circuit's decision.²³ Grant of that petition would have given the Court an opportunity to resolve the conflict between the Second and Ninth Circuits on whether the Famous Marks Doctrine is part of federal trademark law, and also decide whether the Second Circuit correctly rejected the application of two important international treaties to which the United States is a party. However, on 1 October 2007, the Supreme Court denied the petition for certiorari and declined to review the case. Thus, at present the conflict between the circuits remains.

VI. The Famous Marks Doctrine as State Unfair Competition Law

As noted above, two quite old New York *nisi prius* decisions, *Vaudable* and *Maison Prunier*, do recognize the Famous Marks Doctrine as part of New York's common law of unfair competition. However, at the time of the ITC decision no New York appellate court had ever addressed the issue, nor did either of the two lower court decisions provide any guidance on how to measure or assess the fame of the foreign mark within New York, although they do suggest that niche fame is sufficient. In *ITC*, the plaintiffs argued that, even if the Famous Marks Doctrine was unavailable to it under federal law or treaty, it should be applied in support of their state common law unfair competition claim. The Second Circuit has declined to do so, at least yet.

It found that the two existing cases provided too little basis for it to predict whether the state's highest court, the New York Court of Appeals, would adopt the Famous

Marks Doctrine as state law and that whether or not the doctrine is part of New York common law "is plainly an important policy issue for a state that plays a pivotal role in international commerce."²⁴ Accordingly, the Second Circuit decided to certify the following two questions to the New York Court of Appeals:²⁵

1. Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country?

And, if question 1 is answered in the affirmative:

2. How famous must a foreign mark or trade dress be to permit its owner to sue for unfair competition?²⁶

The New York Court of Appeals accepted the Second Circuit's certified questions, and answered them in a decision rendered 13 December 2007. As to Question No. 1, the court said "Yes," but expressly stated that it was not recognizing any new "famous" or "well-known" marks doctrine.²⁷ It held that it was simply applying New York's well established misappropriation branch of common law unfair competition law—the "principle that one may not misappropriate the results of the skill, expenditures and labors of a competitor."²⁸ The court said that, although *Prunier* and *Vaudable* are often heralded as "perhaps the most famous examples" of the well-known marks doctrine, they do not rely on any such doctrine for their holdings. Instead, they "fit logically and squarely within our time-honored misappropriation theory, which prohibits a defendant from using a plaintiff's property right or commercial advantage—in *Prunier* and *Vaudable*, the goodwill attached to a famous name—to compete unfairly against the plaintiff in New York."²⁹

On this basis, the court held "while we answer 'Yes' to the first certified question, we are not thereby recognizing the famous or well-known marks doctrine, or any other new theory of liability under the New York law of unfair competition. Instead, we simply reaffirm that when a business, through renown in New York, possesses goodwill constituting property or a commercial advantage in this State, that goodwill is protected from misappropriation under New York unfair competition law. This is so whether the business is domestic or foreign."³⁰ The distinction between the court's holding and recognition of the well-known marks doctrine seems, at best, elusive. In holding that a trademark owner could have goodwill in New York based on foreign use of the mark, the court is recognizing an exception to the territoriality principle that is essentially the well-known marks doctrine.

As to Question No. 2, the court responded that the minimum standard for fame of the foreign mark is that "[a]t the very least, a plaintiff's mark, when used in New York, must call to mind its goodwill. Otherwise, a plaintiff's property right or commercial advantage based on

the goodwill associated with its mark is not appropriated in this state when its unregistered mark is used here. Thus, at a minimum, consumers of the good or service provided under a certain mark by a defendant in New York must primarily associate the mark with the foreign plaintiff.³¹ The court noted that whether consumers primarily make that association "is an inquiry that will, of necessity, vary with the facts of each case." Accordingly, the court declined to give an exhaustive list of factors to be analyzed, but noted that "some factors that would be relevant include evidence that the defendant intentionally associated its goods with those of the foreign plaintiff in the minds of the public, such as public statements or advertising stating or implying a connection with the foreign plaintiff; direct evidence, such as consumer surveys, indicating that consumers of defendant's goods or services believe them to be associated with the plaintiff; and evidence of actual overlap between customers of the New York defendant and the foreign plaintiff."³² Interestingly, the court did not include copying of the plaintiff's trade dress—which occurred in the *ITC* case—in its list of examples of evidence that the defendant intentionally associated its goods with those of the foreign plaintiff. One would think such copying was shown an intent to create an association.

In summarizing, the court held that, "to prevail against defendants on an unfair competition theory under New York law, ITC would have to show first, as an independent prerequisite, that defendants appropriated (i.e., deliberately copied) ITC's Bakhara mark or dress for their New York restaurants. If they successfully make this showing, defendants would then have to establish that the relevant consumer market for New York's Bukhara restaurant primarily associates the Bukhara mark or dress with those Bukhara restaurants owned and operated by ITC."³³ Putting this test into the context of the well-known marks doctrine, the court has held that "niche fame" is sufficient and knowledge among the general public is not required.

The case will now go back to the Second Circuit for further proceedings. Presumably it will be remanded to the district court to afford ITC an opportunity to prove its common law unfair competition case, the only potential ground for relief remaining.

However, New York State's recognition of an unfair competition claim for use of a foreign mark that has achieved niche fame in New York still leaves a lot to be desired as far as international trademark owners are concerned. New York, although an important commercial center, is only one of many states. The highest courts of other states could reach different decisions about the applicability of the Famous Marks Doctrine, or similar unfair competition principles, in their states when and if the issue comes before them. International trademark owners need protection that they can rely on to be uniform throughout the United States.

VII. Articles 7 and 8 of the Pan American Convention

If the *ITC* decision is correct, and neither Article 6*bis* of the Paris Convention nor Article 16(2) of TRIPS applies in the United States, then the little-known provisions of Articles 7 and 8 of the Pan American Convention will assume far greater importance for trademark owners in the United States and the Latin American countries that are parties to the treaty, namely, Peru, Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama and Paraguay. The protections of the treaty are available not only to nationals of these countries, but also to "domiciled foreigners who own a manufacturing or commercial establishment or an agricultural development in any of the contracting states."³⁴ In addition, the benefits of Article 7 are available to "[a]ny owner of a mark protected in one of the contracting states." Thus many Latin American trademark owners that are not nationals of a party to the treaty, but have protected their mark in a country that is a party, will be able to invoke the treaty provisions in another country that is a party.

Article 7 of the Pan American Convention provides:

Any owner of a mark protected in one of the contracting states in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the contracting states, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or recourse provided in the country in which such interfering mark is being used or sought, and upon proof that the person who is using such mark or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting States of the mark on which opposition is based upon goods at the same class, the opposer may claim for himself the preferential right to use such mark in the country where the opposition is made or priority to register or deposit in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.

Article 8 states:

When the owner of a mark seeks the registration or deposit of the mark in a Contracting State other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering

mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which cancellation is sought, the stipulations in Paragraph (a) and those of either Paragraph (b) or (c) below:

- (a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and
- (b) That the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration or deposit in any of the Contracting States of the mark for the specific goods to which said interfering mark is applied, prior to the adoption and use thereof or prior to the filing of the application or deposit of the mark which is sought to be cancelled; or
- (c) That the owner of the mark who seeks cancellation based on a prior right to the ownership an use of such mark, has traded or trades with or in the country in which cancellation is sought; and that goods designated by his mark have circulated and circulate in said country from a date prior to the filing of the application for registration or deposit for the mark, the cancellation of which is claimed, or prior to the adoption and use of the same.

The protections these Articles grant are, in fact, somewhat broader than, or at least different from, the Famous Marks Doctrine. The availability of protection is based not on the fame of the foreign mark, but on the usurper's knowledge of that mark. Thus, even if the foreign mark is not well known to the public, the foreign owner would be entitled to protection if the usurper knew of the mark. If, for example, Article 7 applied in the Bukhara restaurant case discussed above, the plaintiffs could have prevailed even if they were unable to show that the Bukhara mark for Indian restaurants was well known in the United States, because the defendants admittedly knew of the plaintiffs' foreign use of the mark at the time they adopted it. It is arguable that Articles 7 and 8 leave a gap in famous mark protection because, in theory, they would not apply to a famous mark that the usurper did not happen to know about before he or she adopted it. In

practice, however, any such gap is doubtful. As noted below, decisions applying these articles typically rely, at least in part, on a mark's fame within the jurisdiction as circumstantial evidence that the usurper knew of the mark's use outside the jurisdiction.

Further, Articles 7 and 8 are not vulnerable to the reasoning the Second Circuit used to preclude application of Article 6bis of the Paris Convention in the *ITC* case—that the treaty is not self-executing and Congress has never enacted implementing legislation: The U.S. Supreme Court has expressly held that the Pan American Convention is self-executing and became U.S. law upon ratification without the need for implementing legislation.³⁵

Earlier this year, in *Diaz v. Servicios de Franquicia Pardo's S.A.C.*,³⁶ the Trademark Trial and Appeal Board relied on Article 7 in holding that a Peruvian trademark that was neither used nor registered in the U.S. had priority over the same mark used for the same services by a usurper in the U.S. In *Pardo's*, a proceeding to oppose registration, the applicant had been using the mark

The image shows a handwritten logo in black ink that reads "Pardo's Chicken". The word "Pardo's" is written in a cursive, flowing script, while "Chicken" is written in a more straightforward, slightly slanted cursive. The entire logo is centered horizontally.

for eat-in and take out restaurant services in Peru and owned several Peruvian registrations for the mark. One day after the Peruvian trademark owner applied for a registration in the United States based on the Peruvian registrations and an intent to use the mark in the U.S. pursuant to § 44 of the Lanham Act, the opposer, Diaz, a Peruvian living in Miami, filed his own application for the same mark for the same restaurant services. When the Peruvian owner's application was approved and published, Diaz opposed it on the grounds that he was the senior user of the mark in the United States. Diaz's claim to be the senior user was based on his prior use of the mark in the United States, even though he had no U.S. registration. Under U.S. trademark law, rights in a trademark are acquired by use. Thus, a prior user can have priority even if he or she is not the first to apply for registration. The Peruvian owner asserted Article 7 of the Pan American Convention as an affirmative defense and moved for summary judgment (a procedure available to avoid a trial when there are no disputed issues of fact).

The Board had no difficulty granting summary judgment in favor of the Peruvian owner. It held that, to invoke Article 7 successfully, the Peruvian owner would have to show that there were no genuine factual disputes (1) that it is the owner of a PARDO'S CHICKEN mark protected in Peru; (2) that it "may have" known that Diaz was using or applying to register an interfering mark in the United States; (3) that Diaz had knowledge of the existence and continuous use in Peru of the PARDO'S CHICKEN mark in connection with services in the same

class prior to his use of the PARDO'S CHICKEN mark in the United States, and (4) that the Peruvian owner has complied with the requirements set forth in the domestic legislation in the United States and the requirements of the Pan American Convention. The evidence clearly supported all of these elements.

As to the element of Diaz's knowledge of the Peruvian mark, he attempted to argue that, although he may have known that the mark was used in Peru, he had no knowledge that it was connected in any way to the Peruvian owner and therefore the terms of Article 7 were not satisfied. The Board made short work of this nonsense, holding that he did not have to know the identity of the Peruvian owner; he only had to know that the mark was being used there by someone else. To infer Diaz's knowledge, the board relied on circumstantial evidence, including Diaz's Peruvian origin, that Diaz had lived in Peru for a period of time within twenty blocks of a PARDO'S CHICKEN restaurant, and (most obviously) that he had happened to adopt the same mark in exactly the same style of lettering as the Peruvian owner.

The T.T.A.B. had previously considered Article 8 of the Pan American Convention in *British-American Tobacco Co. v. Phillip Morris Inc.*³⁷ That case was a proceeding to cancel two U.S. registrations for the mark BELMONT for cigarettes commenced by an owner of several registrations for that mark in countries that are party to the Pan American Convention. Among other grounds, rights under Article 8 of the Convention were asserted. On a motion to dismiss the Article 8 claims, the Board determined that it had jurisdiction to consider Article 8 claims, even though the Pan American Convention is not part of the Lanham Act, the U.S. trademark law under which the Board was created. The Board also determined that Article 8 could be asserted as grounds to cancel a registration more than five years old, even though the Lanham Act expressly limits the grounds on which such a registration may be cancelled and Article 8 is not included.

Peruvian trademark authorities have also applied the Pan American convention to benefit U.S. trademark owners. In July 1999, the Peruvian Trademark Appeal Board (*Tribunal de Defensa de la Competencia y de la Propiedad Intelectual de Indecopi*) upheld an opposition based on Article 7 by the U.S. owner of the mark MORROW for certain garments against a Peruvian application for the same mark for similar goods.³⁸ In that case, the opposer's U.S. registration was issued after the Peruvian application was filed, but it was based on a first use date before the Peruvian application. The Board held that this was sufficient. The Board also based its finding that the Peruvian applicant knew of the U.S. registrant's use on circumstantial evidence that the mark was known, at least to some extent, in Peru. The evidence showed that magazines containing advertisements for the U.S. registrant's goods

had circulated in Peru. The Board held that this was sufficient to show the Peruvian applicant's knowledge, especially when coupled with the identity of the two trademarks.

In a similar situation in January 2001, the Peruvian Trademark Office (*Oficina de Signos Distintivos-OSD*) granted an opposition by the owner of U.S. registrations for the marks NET2PHONE, NET2PHONE PRO, NET2PHONE and globe design, and other similar marks for telecommunications services against a Peruvian citizen's application for the mark NET2PHONE PRO PERU for telecommunications services based on Article 7 of the Pan American Convention. All of the necessary elements for application of Article 7 were substantially indisputable except for the Peruvian applicant's knowledge of the U.S. use of the mark. Again, this was inferred from circumstantial evidence. The evidence demonstrated that the U.S. marks had been publicly displayed and exposed in Peru, primarily through the U.S. registrant's Internet website, and that the telecommunications business in Peru was concentrated and its participants highly knowledgeable about what is happening in the industry. This, together with the use of similar marks and a similar globe design, was enough to support a finding that the Peruvian applicant knew of the U.S. registrant's use of the mark.

VIII. Conclusion

The recent *ITC* case unexpectedly determined that (a) the Famous Marks Doctrine is not a part of the United States's internal trademark law, and (b) Article 6bis of the Paris Convention and Article 16(2) of TRIPS are inapplicable in the U.S. because they have not been implemented by internal legislation. These holdings, which the Supreme Court has determined not to review, considerably diminish the potential protection in the United States for marks that are known in the United States, but neither used nor registered there. This unexpected turn of events casts a spotlight on the relatively obscure, and heretofore little used Articles 7 and 8 of the Pan American Convention. It is likely that they will assume increased importance in the international protection of trademarks in the Americas for those in a position to take advantage of them, and international practitioners should become familiar with them.

Endnotes

1. 20 March 1883, as revised at Stockholm, 14 July 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.
2. 108 Stat. 4809 (1994).
3. 46 Stat. 2907.
4. See, e.g., *Buti v. Imprensa Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998); *Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990).
5. *Osawa & Co. v. B & H Photo*, 589 F. Supp. 1163, 1171-72 (S.D.N.Y. 1984).
6. *Id.* at 1171.

7. See *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923); *American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d 577, 581 (9th Cir. 2005).
8. A version of it is, however, the prevailing principle of international copyright protection. Under the primary international copyright agreements, the Berne Convention and the Universal Copyright Convention, a copyright protected in one country is, in general, also protected in all member countries.
9. The Ninth Circuit is comprised of the states of Alaska, Idaho, Montana, Oregon, Washington, California, Hawaii, Nevada and Arizona, and the territory of Guam.
10. *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).
11. 159 Misc. 551, 288 N.Y.S. 29 (Sup. Ct., N.Y. Co. 1936).
12. 20 Misc. 2d 757, 193 N.Y.S.2d 332 (Sup. Ct., N.Y. Co. 1959).
13. The Trademark Trial and Appeal Board is an administrative tribunal within the U.S. Patent and Trademark Office. Its decisions are not binding on the federal courts, but are ordinarily accorded great weight on matters of federal trademark law.
14. *Mother's Restaurants, Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046 (T.T.A.B. 1983); *First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 77 U.S.P.Q.2d 1334 (T.T.A.B. 2005), *overruled on other grounds*, 476 F.3d 867 (Fed. Cir. 2007).
15. 220 U.S.P.Q. 1069 (T.T.A.B. 1983).
16. The Second Circuit is comprised of the states of New York, Connecticut and Vermont. Under the federal judicial system in the U.S., the decisions of a federal circuit court are binding as precedent only within that circuit. However, decisions of the Second Circuit tend to be widely respected, particularly on matters of trademark and other intellectual property law. When conflicts over interpretations of federal law arise between or among circuit courts, the United States Supreme Court can resolve them and establish a uniform interpretation for the country.
17. *ITC Limited v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir.), *cert. denied*, ___ U.S. ___, 128 S. Ct. 288, 169 L. Ed. 2d 38 (2007).
18. 482 F.3d at 144.
19. 482 F.3d at 165.
20. *Id.*
21. See MCCARTHY ON TRADEMARKS § 9:4 at 29-30.
22. 482 F.3d at 164.
23. 76 U.S.L.W. 3009 (26 June 2007) (No. 06-1722).
24. 482 F.3d at 166.
25. In some, but not all, of the states, where a point of state law is uncertain, it is possible for a federal appellate court to clarify state law by asking the highest court of the state to answer stated questions. This procedure is known as "certification" of the questions. Where "certification" is not available (because state law does not allow it), a federal court must make the best prediction it can of how a state's highest court would rule.
26. 482 F.3d at 166-67.
27. *ITC Limited v. Punchgini, Inc.*, No. 165, Slip Op. (N.Y. 13 December 2007) at 1, 13-14.
28. *Id.* at 10.
29. *Id.* at 12-13.
30. *Id.* at 13-14.
31. *Id.* at 14.
32. *Id.* at 15.
33. *Id.*
34. Pan American Convention, Article 1.
35. *Bacardi Corp. of America v. Domenech*, 311 U.S. 150 (1940).
36. Opposition No. 91159871 (T.T.A.B. 16 February 2007), 2007 WL 549241.
37. 55 U.S.P.Q.2d 1585 (T.T.A.B. 2000).
38. Decision No. 912-1999/TPI-INDECOPI.

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