No. 06-1722 JUL 30 2007

IN THE

Supreme Court of the United States

ITC LIMITED,

Petitioner,

—v.—

PUNCHGINI, INC., RAJA JHANJEE, PARAGNESH DESAI, VICKY VIJ, DHANDU RAM, MAHENDRA SINGH, BACHAN RAWAT, BUKHARA GRILL II, INC.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

MICHELLE MANCINO MARSH
Counsel of Record
KENYON & KENYON LLP
One Broadway
New York, New York 10004-1007
(212) 425-7200

Counsel for Respondents

Of Counsel:

MICHAEL J. FRENO
KENYON & KENYON LLP
One Broadway
New York, New York 10004-1007
(212) 425-7200

July 30, 2007

RULE 29.6 STATEMENT

Pursuant to Supreme Court Rule 29.6, Respondent Punchgini, Inc. states that it has no parent corporation and no publicly-held company owns 10% or more of its stock.

Pursuant to Supreme Court Rule 29.6, Respondent Bukhara Grill II, Inc. states that it has no parent corporation and no publicly-held company owns 10% or more of its stock.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases: PAGE

Statutes & Legislative Materials:

PAGE

Other Authorities:

STATEMENT OF THE CASE

Bukhara is an ancient city in Uzbekistan, known for its rugs and spice trade. (*See* C.A. Appendix 719; A 744; A 800–01). ITC Limited ("ITC") is a massive, billion dollar Indian conglomerate dealing primarily in cigarettes, packaging, and hotels—including the Maurya Sheraton Hotel & Towers in New Delhi, India. (A 58). The Maurya Sheraton contains at least six restaurants, one of which is called "Bukhara." (A 144 at 121:4–9). The dĕcor of ITC's restaurant features rustic elements of the Northwest frontier region, inspired by its namesake town.

ITC opened a New York restaurant under the "Bukhara" name in 1986—and obtained a federal U.S. trademark registration for the mark "Bukhara," Reg. No. 1,461,445, (the " '445 Registration")—but the restaurant closed in 1991. (A 260 at 147:7–18). ITC also tried to license the "Bukhara" name for a restaurant in Chicago, but that restaurant also closed. (A 199 at 214:13–19, 215:13–19; A 441–442). Both the District Court (85a) and the Second Circuit Court of Appeals (26a) concluded, after an exhaustive review of the record, that ITC affirmatively abandoned its mark as a matter of law, and canceled the '445 Registration. ITC does not appeal that part of the decision.

In 1999, Punchgini, Inc. ("Punchgini") opened a restaurant in New York City under the name "Bukhara Grill." (A 611–29). Focusing on good food and personalized service (CA 1446 at 150:16–18), Bukhara Grill was a success, and in November 2001, Bukhara Grill II, Inc. (sharing some common owners as Punchgini) opened a second "Bukhara Grill" in New York City. (A 611–29).

In March 2000, ITC sent the first of several letters to Punchgini demanding that it stop using the name

"Bukhara Grill." (7a). Over the following two years, Punchgini told ITC several times that it could find no evidence of ITC's use of the mark in the United States. (7a - 8a). Each time, ITC retreated, and each time, Punchgini believed the matter to be closed. *Id.* Nonetheless, three years later, ITC sued Punchgini, Bukhara Grill II, Inc., and the individual owners, alleging trademark infringement, unfair competition and deceptive acts and practices under federal, New York state and common law. *Id.*

At the District Court, in opposition to summary judgment after full discovery, ITC raised the argument that even if it had abandoned its mark, it could maintain its complaint under the so-called "famous marks" exception. The famous marks exception to the well-founded principle of territoriality for trademarks, purports to allow a foreign entity with a famous trademark outside the United States to prevent use of a confusingly similar mark in the United States, without demonstrating any use of the mark within the United States.

In addressing ITC's argument for a famous marks exception, the District Court faced two issues: whether the doctrine was good law, and if so, what type of recognition did ITC's New Delhi restaurant need in New York to create protectable rights in the United States. (88a, 91a). The District Court gave every benefit of the doubt to ITC, assuming that U.S. federal law protected famous foreign marks—although expressing serious doubts whether it did—and assuming that ITC had to, at least, show the minimum standard for proving a trademark's distinctiveness, namely "secondary meaning" of its mark in New York. ITC failed to proffer evidence of advertising expenditures in the United States or a consumer study linking the "Bukhara" mark to its New Delhi restaurant,[1] and ITC admitted that it had not directly targeted advertising for its Indian restaurant to the United States. (92a). As Respondents argued below, while ITC insisted that its mark is known in the United States, its own expert, a New York based food critic and marketing professor at the Culinary Institute of America, had never heard of ITC's New Delhi restaurant until hired by ITC for the litigation.

Thus, the District Court held "ITC has failed even to establish a triable issue as to the existence of 'secondary meaning' in the New York market in which defendants operate" and "dismiss[ed] ITC's complaint in its entirety. . . ." (91a, 100a).

ITC appealed the District Court's decision to the Second Circuit, which affirmed the decision on all federal claims. (3a n.3). On the issue of the recognition of the federal famous marks doctrine, the Second Circuit concluded that ITC could not

> assert a successful federal claim for unfair competition because Congress has not incorporated the substantive protections of the famous marks doctrine set forth in Paris Convention Article 6*bis* and TRIPs Article 16(2) into the relevant federal law, and this court cannot recognize the doctrine simply as a matter of sound policy.

---

[1] In its Petition, ITC cites to "[i]nformal market research conducted to assess the market for prepared foods indicated that the Bukhara brand was well-known among the relevant consumer group" (Petition at 3 (citing Confidential Appendix 1189-91)). However, the so-called "informal market research" refers to the testimony of Bhavani Parameswar, a Director, Vice President, and CFO, of an ITC subsidiary who said that several people—naming four individuals—through her informal association had knowledge of the Bukhara restaurant in New Delhi. (CA 1188-89 at 34-39).

Id. at 64a - 65a. In arriving at its decision, the Second Circuit considered long-standing jurisprudence on the territoriality principle, which holds that foreign trademark use alone does not confer U.S. trademark rights. (28a - 30a). The court did not follow the Ninth Circuit's decision in *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, 391 F.3d 1088 (9th Cir. 2004), the sole federal appellate court to recognize a federal famous marks exception, stating that the court did not ground its decision in the Lanham Act, but recognized the exception as a matter of public policy. The Second Circuit observed that "any policy arguments in favor of the famous marks doctrine must be submitted to Congress for it to determine whether and under what circumstances to accord federal recognition to such an exception to the basic principle of territoriality." (50a).[2]

REASONS FOR DENYING THE PETITION

The question presented by ITC is whether the Lanham Act, our country's trademark law, codified at 15 U.S.C. §§ 1051-1141, protects marks which are famous in the United States despite having no use in the United States. The petition should be denied because an affirmative answer to this question is not case dispositive as ITC's foreign mark is not recognized in the United States.

---

[2] With respect to ITC's state law claim of unfair competition, the Second Circuit found New York law unsettled, and deferred its ruling on that claim pending the New York Court of Appeals' response to two certified questions: (a) whether the famous marks doctrine is recognized under the state's common law of unfair competition and, if so, (b) how famous a mark must be to qualify for such common law protection. The parties have not briefed the Court of Appeals on these open questions. (65a). It should be noted that the Ninth Circuit's decision in *Grupo*, the cause for ITC's claim of a direct circuit conflict, relied, in part, on the New York common law presently at issue before the New York Court of Appeals.

Furthermore, it is indisputable that the plain language of the Lanham Act makes no explicit mention of a "foreign famous marks exception" to the bedrock principle of territoriality.[3] Territoriality draws boundaries for U.S. trademark law, and it follows naturally that one cannot acquire U.S. trademark rights without use of the mark in the United States. Thus, ITC asks this Court to create *ex nihilo* a new paradigm wherein foreign trademark owners can stop domestic uses of a mark, otherwise available in the United States, based on foreign use alone. As the Second Circuit correctly held, such a drastic departure from fundamental tenets of U.S. trademark law, if adopted, should be made by Congress.

ITC further argues that this exception is mandated by international treaties. However, neither the Paris Convention (Article 6*bis*) nor the TRIPS Agreement (Article 16) require its signatories to adopt a famous foreign marks exception.[4] Moreover, neither treaty is self-executing and neither has been implemented by Congress to create this exception under U.S. law.

The Supreme Court's recognition of a foreign famous marks exception would dramatically alter the landscape of U.S. trademark law. It would, *inter alia*, (i) provide

---

3 The only mention of famous or well-known marks in the Lanham Act is in Section 43(c), codified at 15 U.S.C. § 1125(c), in connection with the protection of famous marks under dilution law which has no connection with the similarly named famous foreign marks exception. ITC has made no claim under Section 43(c).

4 Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as rev. at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (1967) ("Paris Convention"). Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 (1994) ("TRIPS Agreement"), *see also* Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994).

for preferential treatment to foreign rights owners over U.S. rights owners, who must demonstrate use of their trademarks to enforce their rights against others; (ii) create a disincentive for foreign rights owners to file trademark applications in the United States; (iii) provide no notice to U.S. businesses about foreign rights-holders; (iv) allow foreign companies to hold U.S. rights owners hostage through threats of lawsuits when the U.S. owner may not be able to obtain jurisdiction over the foreign owner without its intentional surrender to U.S. jurisdiction; and (v) as in this instance, would abrogate well-settled abandonment law, whereby if an owner abandons a mark, another is free to adopt it.

As the Second Circuit suggested, Congress is in the best position to weigh all these considerations and the competing foreign interests before introducing new law. (50a). Therefore, the Court should deny the Petition, and allow this matter to be resolved by the legislative branch.

A. ANY RULING BY THE SUPREME COURT ON THE QUESTION PRESENTED WILL NOT BE DISPOSITIVE OF THE CASE

The Court should deny the Petition because any ruling on the existence of a foreign famous marks doctrine will ultimately have no impact on the merits of this case. The District Court held that ITC had virtually no evidence of any recognition of its New Delhi restaurant in the United States, and could not even meet the most basic "secondary meaning" standard.[5] (92a, 96a). Thus, even if the Supreme Court found a famous foreign marks exception,

[5] In the event the Court grants the Petition, Respondents respectfully reserve the right to argue that the level of fame required for any departure from the "territoriality principle" must be substantially more than secondary meaning.

and even if it adopted the lowest possible standard for a foreign entity to demonstrate recognition in the United States, on the record below, ITC has failed to produce sufficient evidence to create a genuine issue of material fact requiring trial. As such, ITC's petition for review is, at most, an academic exercise which the Court should not entertain. To resolve any perceived conflict, it would be more appropriate to wait for a case where the existence of the famous marks doctrine is likely to be dispositive.

B. THE TERRITORIALITY PRINCIPLE IS WELL-SETTLED U.S. LAW

The Petition should be denied because the Second Circuit correctly held that territoriality is a time-tested principle in U.S. jurisprudence that should not be disturbed absent Congressional mandate. It is axiomatic that a trademark has a separate legal existence under each country's laws; ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country. Rather, the owner of a trademark must take the proper steps to ensure that its rights to that mark are recognized in any country in which it seeks to assert them. *Barcelona.com, Inc. v. Excelentismo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003) ("United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law.").

Under U.S. law, trademark rights are acquired by, and dependent upon, priority of use. The territoriality principle dictates that priority of rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world. *See Buti v. Impressa Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998) (noting that "Impressa's registration and use of the Fashion Café name in Italy has not, given the territorial nature of trademark rights, secured it any rights in the name under the Lanham Act"); *Empresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 286 (S.D.N.Y. 2002), *rev'd. in part*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 2887 (2006); *Kos. Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004); *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985); *Am. Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d 577, 581-82 (9th Cir. 2005); *Grupo Gigante* 391 F.3d at 1093 ("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"); *Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990).

Before the territoriality principle, U.S. trademark law recognized a so-called "universality principle," which held that certain trademark rights followed the goods on which they were attached, even across national borders. For example, if a trademark was lawfully affixed to merchandise in India and then imported into the United States, it would not infringe the rights of an exclusive owner of the mark in the United States. That principle is now extinct. *Am. Circuit Breaker*, 406 F.3d at 581 (citing *A. Bourjois & Co., Inc. v. Katzel*, 260 U.S. 689, 692 (1923)). The universality principle was supplanted by the territoriality principle, which itself has been traced to Justice Holmes' 1923 opinion in *A. Bourjois & Co. See* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 29: 1 at 29-4 (4th ed. 2002). Even though the Lanham Act does not define the territoriality principle *in haec verba*, the principle is so basic to trademark law that it is presumed in the Lanham Act. *See Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F.

Supp. 2d 324, 327 n.3 (S.D.N.Y. 2005) (quoting McCarthy § 29.2).

ITC relies on several cases in which U.S. courts allowed a domestic trademark owner to enforce rights against another, despite the fact that the two parties' uses did not overlap geographically. (Petition at 7). ITC concludes that the protection of famous foreign marks is, thus, "consistent" with the concept that U.S. marks can, in certain circumstances, acquire recognition in a geographic U.S. location without actual use in that U.S. location. (Petition at 7). However, in each case relied upon by ITC, the complainant owned U.S. trademark rights through use of its trademark in the United States. Finding that a remote owner's mark may have protection in a "greatly extended area" due to notoriety within the United States is a far cry from finding an owner's mark to have protection two oceans away. *Id.* (citing *Huber Baking Co. v. Stroehmann Bros. Co.*, 252 F.2d 945, 955 (2d Cir. 1958)). ITC's conclusion that the concepts are parallel is a very long leap.

Even when a person establishes ownership in a U.S. trademark through use, the geographic scope of the use of the mark can severely limit one's ability to enforce one's mark. *See, e.g., Brennan's, Inc. v. Brennan's Restaurant, L.L.C.*, 360 F.3d 125, 134 (2d Cir. 2004). The *Brennan's* case, relied upon by ITC, makes this point clearly. In *Brennan's* the court held that a well-known New Orleans restaurant, which had obtained a federal registration of its name, "Brennan's," could not obtain a preliminary injunction against a New York restaurant named "Terrance Brennan's Seafood & Chop House." The court held that "geographic remoteness is critical in this case," and found that due to the distance between the two restaurants, the plaintiff "face[d] a high hurdle to demonstrate that a single restaurant in New

Orleans and a single restaurant in New York City compete for the same customers." *Id.* This case demonstrates that even a registered mark conferring national rights does not always grant the owner the power to exclude others from using the mark in a distant market where the owner has no reputation.

C. THERE IS NO BASIS IN FEDERAL LAW FOR A FAMOUS FOREIGN MARKS EXCEPTION TO THE TERRITORIALITY PRINCIPLE

The plain language of the Lanham Act makes no mention of a famous foreign marks exception. However, ITC takes the position that such a doctrine should be read into the existing Lanham Act by virtue of the Paris Convention and the TRIPS Agreement. The plain language of the Paris Convention (Article 6*bis*) and TRIPS Agreement (Article 16) do not mandate that its signatories enact a famous foreign marks exception as suggested by ITC. Further, even if such a requirement existed, these treaties are not self-executing and have not been implemented by Congress through corresponding legislation.

1. The Lanham Act Does Not Explicitly Recognize A Famous Foreign Marks Exception

A cause of action for unfair competition, delineated by Section 43(a) of the Lanham Act, codified at 15 U.S.C. §1125(a), is available to anyone with protectable trademark rights in the United States, including a foreign entity with trademark rights in the United States. This "national treatment" requirement (*i.e.*, providing for the same treatment to foreign nationals as to U.S. nationals) was mandated by the Paris Convention (Article 2(1)) and the TRIPS Agreement (Article 3(1)), and was implemented by Congress through Section 44 of the Lanham Act, 15 U.S.C. § 1126. *See, e.g.*, *In re Rath*, 402 F.3d

1207, 1220 (Fed. Cir. 2005); *Int'l Café S.A.L. v. Hard Rock Cafe Int'l, Inc.*, 252 F.3d 1274, 1282 (11th Cir. 2001). But, "national treatment" does not require the U.S. to enforce rights acquired only in a foreign country against individuals in the United States.

While the Lanham Act has been revised numerous times since its enactment, it remains devoid of any provision for infringement or unfair competition of famous unused foreign marks.[6] Indeed, no federal court has ever held that *the Lanham Act expressly* protects foreign famous marks in cases where the mark is not actually used in the United States. *See, e.g.*, *Grupo Gigante*, 391 F.3d 1088 (finding an exception to the territoriality principle, but not grounding it in a specific provision of the Lanham Act).

ITC argues that pre-Lanham Act common law did not require marks be used at all in commerce in order to acquire trademark rights—being known was sufficient. (Petition at 7). ITC states:

> In essence, the common law recognized a well-known marks principle as a form of unfair competition for domestic marks; if the mark is known, use by another will cause confusion.

Id. at 8. Building from this false premise, ITC claims that the Lanham Act, enacted in 1946, is a mere codification of that federal unfair competition law, thus silently incorporating it. ITC's recitation of pre-Lanham Act common law is wrong.

---

[6] *See, e.g.*, Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (1988), Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1995), Trademark Amendment Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (1999), Trademark Dilution Revision Act of 2006, Pub. L. No. 109-213, 120 Stat. 1730 (2006).

Use of a mark in the United States is an *absolute* prerequisite to U.S. federal trademark rights. *See generally Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918). Although one may bring an action under the Lanham Act without a federal registration, one must first demonstrate use in the United States. *See, e.g., Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), *superseded by statute*, Lanham Act, 15 U.S.C. §§ 1051-1141, *as recognized in Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985); *Trade-Mark Cases*, 100 U.S. 82 (1879). Thus, a plain reading of the Lanham Act and the federal unfair competition jurisprudence that has evolved from it, provides no basis for a foreign famous marks exception to the bedrock territoriality principle.

2. International Treaties Do Not Require A Famous Foreign Marks Exception

ITC further argues in support of its Petition that Articles 6*bis* of the Paris Convention and 16(2) of the TRIPS Agreement mandate that the United States adopt a famous foreign marks exception. To the contrary, neither provides a basis for this Court to establish a famous foreign marks exception in that: (a) the plain language of Article 6*bis* does not require a member country to protect famous foreign trademarks without use in the country; (b) neither treaty is self-executing; and (c) Congress has not implemented a famous foreign marks exception in the Lanham Act.

(a) Neither the Paris Convention nor the TRIPS Agreement Requires U.S. Congress to Adopt a Famous Foreign Marks Exception

By way of background, the Paris Convention, of which the United States is a signatory, lays out minimum requirements for its members to implement through their national trademark laws.[7] *Kemart Corp. v. Printing Arts Research Labs., Inc.*, 269 F.2d 375, 389 (9th Cir. 1959) ("We can only conclude that the Paris Convention was not intended to define the substantive law in the area of 'unfair competition' of the signatory countries, but rather to set out the broad basic principles under which the laws of the said countries would operate.").

Article 6 of the Paris Convention defines basic conditions each member should adopt for the registration of trademarks, but recognizes that "[t]he conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation." Although the Paris Convention affirmatively states that members should create laws allowing entities to obtain trademark registrations, it leaves the specific conditions open for each nation to determine independently. The Paris Convention expressly acknowledges a form of the "territoriality principle," holding that each nation's laws are independent of all other member states. *Id.* at art. 6(3) ("A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin."). Under this regime, if one wishes to protect its marks in various countries, one must take the

---

[7] Since its introduction in 1883, the treaty has been revised seven times: 1900 (Brussels), 1911 (Washington, D.C), 1925 (the Hague), 1934 (London), 1958 (Lisbon), 1967 (Stockholm), and most recently, 1979.

requisite steps under each countries' national trademark laws to ensure protection.

The original Paris Convention treaty did not contain Article 6*bis*. Article 6*bis* was first introduced at The Hague in 1925, later modified by the Revision Conference in London, 1934, and again modified by the Revision Conference of Lisbon, 1958 ("Lisbon Conference"). *See* G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property as Revised at Stockholm in 1967* 89 (1968). Article 6*bis* of the Convention currently states:

> The countries of the Union undertake, 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.

Id. at art. 6*bis*(1).[8]

Although commentators, international organizations, and even some recent U.S. courts (including the Second Circuit in this case), have, of late, interpreted Article 6*bis* as containing a form of the famous foreign marks exception (31a - 33a), that interpretation is a relatively

---

[8] Article 10*bis* of the Paris Convention defines the types of acts which should be prohibited in view of trademark rights recognized under Article 6.

new one and one not born from the plain meaning of the article.

In 1958, the signatories of the Paris Convention unanimously agreed that Article 6*bis* did *not* require members to protect famous foreign marks unless the foreign mark was also used in the member state. At the Lisbon Conference, a proposal for an amendment to Article 6*bis* was considered which would have expressly required a famous foreign marks exception, but that proposal was rejected:

> The Revision Conference of Lisbon in 1958 rejected a proposal according to which use of a well-known mark in the country in which its protection is claimed would not be necessary for such protection. *This means that a member State is not obliged to protect well-known trademarks which have not been used on its territory, but it will be free to do so.* In view of the vote taken at the Lisbon Conference, the great majority of the member States will probably adopt this attitude.

Bodenhausen at 91 (emphasis added).

According to the Association Internationale pour la Protection de la Propriété Intellectuelle ("AIPPI"), a non-government organization attending the Lisbon Conference, the rejected proposal would have added the proposition that: "It is not necessary for the well-known mark to be used in the country where its protection is requested." Bureau de L'Union Internationale Pour La Protection de La Propriété Industrielle, *Actes de La Conférence Réunie A Lisbonne, Du 6 Au 31 Octobre 1958* [Acts of the Lisbonne Conference, 6-31 October 1958] 649 (1963). The Union Internationale pour La Protection de la Propiété Industrielle, which hosted the conference, explained that the decision to omit the amendment was on the grounds that a mark is not well-known if it is not used. *Id.* ("Le Bureau international justifie cette omission par le motif que la marque n'est pas notoire lorsqu'elle n'est pas utilisée.").

Although signatories of the Paris Convention *may* enact legislation for a famous marks exception, Article 6*bis* plainly does not require it.[9] As the national adoption of famous foreign marks protection is optional, under the Paris Convention or TRIPS Agreement, only a few countries have enacted national laws protecting foreign famous marks unused in their countries.[10] *See* Alexis Weissberger, *Note: Is Fame Alone Sufficient To Create Priority Rights: An International Perspective On The Viability Of The Famous/Well-Known Marks Doctrine*, 24 Cardozo Arts & Ent LJ 739, 768-76 (2006) (mentioning Brazil, China, and South Africa). It should be noted that only a minority of the Paris Convention signatories have adopted a form of the famous foreign marks doctrine. Furthermore, even among these countries, there is no uniformity to their forms of famous marks protection.

(b) Neither the Paris Convention nor the TRIPS Agreement is Self-Executing

Even assuming Article 6*bis* can be interpreted as requiring a famous foreign marks exception, the ratifi-

---

[9] Since the 1958 Lisbon modification, the Paris Convention has only been modified twice, in 1967 at the Stockholm Conference and in 1979. In neither instance was Article 6*bis* substantively modified.

[10] The TRIPS Agreement, ratified by Congress on December 8, 1994 as part of the Uruguay Round Agreements Act, simply incorporates *mutatis mutandis* Article 6*bis* of the Paris Convention—although extending the article to service marks. (116a at art. 16(2)). Therefore, unless Article 6*bis* requires a famous foreign marks exception, the TRIPS Agreement does not require a famous foreign marks exception.

cation of the Paris Convention does not turn Article 6*bis* into substantive U.S. trademark law. Courts have consistently held that the Paris Convention is not self-executing. *See, e.g., Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287, 1298-99 (3d Cir. 1979); *Int'l Café*, 252 F.3d at 1277 n.5 ("The Paris Convention is not self-executing because, on its face, the Convention provides that it will become effective only through domestic legislation."); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907-08 (9th Cir. 2002) (holding that the Paris Convention does not create a separate cause of action from those available under the Lanham Act); *see also* S. Rep. No. 79-1019 (1946), *as reprinted in* 1946 U.S.C.C.A.N. 3044, 3045 ("The provisions of the Convention of Paris are not self-executing, and legislation is therefore needed to carry into effect any provision not already in our present law."). Indeed, the Paris Convention itself states that it is not self-executing. Article 25 of the Paris Convention, entitled "Implementation of the Convention on the Domestic Level," requires that "[a]ny country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention." *Id.* at art. 25(1); *see also* art. 25(2), *Mannington Mills*, 595 F.2d at 1298-99.[11]

Similarly, the TRIPS Agreement is not self-executing. *See In re Rath*, 402 F.3d at 1210 n.2; *see also* S. Rep. No. 103-412, at 13 (1994) (accompanying the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat.

---

[11] There is no precedent for a U.S. federal court to create common law to implement the Paris Convention; only Congress can implement a treaty. *See Chan v. Korean Air Lines, Ltd.*, 490 U.S. 122, 127(1989) (quoting Justice Story: "[T]o alter, amend, or add to any treaty, by inserting any clause, whether small or great, important or trivial, would be on our part an usurpation of power, and not an exercise of judicial functions.").

4809 (1994)) (stating that TRIPS and other GATT agreements "are not self-executing and thus their legal effect in the United States is governed by implementing legislation"). While Congress has amended numerous federal statutes to implement specific provisions of the TRIPS Agreement, it has not enacted legislation aimed directly at Article 16(2).[12]

In summary, the United States' ratification of the Paris Convention and the TRIPS Agreement did not create new substantive trademark law which is separate and distinct from the Lanham Act. *Empresa Cubana*, 399 F.3d at 485; *Grupo Gigante*, 391 F.3d at 1100 (stating that Paris Convention creates no "additional substantive rights" to those provided by Lanham Act); *see also Almacenes Exito*, 381 F. Supp. 2d at 327-28; *Kemart*, 269 F.2d at 389. Thus, ITC's Petition, requesting this Court to, in essence, implement international treaties to create additional rights, should be denied.

(c) Neither Section 44(b) nor 44(h) of the Lanham Act Implement A Famous Foreign Marks Doctrine Through Article 6*bis*

ITC claims that Lanham Act Sections 44(b) and 44(h) of the Lanham Act effectively incorporate the protec-

[12] For example, Congress has enacted legislation to implement TRIPS Article 16(3), which contemplates the extension of anti-dilution protection to certain famous marks. *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1995) (codified at 15 U.S.C. § 1125(c)); *see* H. Rep. 104-374, *as reprinted in* 1995 U.S.C.C.A.N. 1029 (indicating that anti-dilution act was intended to make United States law consistent with terms of TRIPS and Paris Convention). No comparable legislation exists with respect to Article 16(2). *See also* Uruguay Round Agreements Act, Pub. L. No. 103-465 at 514, 108 Stat. at 4976) (amending 17 U.S.C. § 104A, governing copyrights in restored works, to comport with the TRIPS Agreement); *Id.* at 532, 108 Stat. at 4983 (amending 35 U.S.C. § 154, governing United States patents, to comport with the TRIPS Agreement).

tions afforded famous marks allegedly found in the Paris Convention and the TRIPS Agreement. (Petition at 15-16). But neither Sections 44(b) and 44(h) speak to ITC's version of the famous foreign marks doctrine.

Section 44(b) states:

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

15 U.S.C. § 1126(b). As noted above in Section C.1, the great weight of authority suggests that this provision simply expresses a general proposition of national treatment. *See*, *e.g.*, *In re Rath*, 402 F.3d at 1220; *Int'l Café*, 252 F.3d at 1282.[13]

[13] ITC points to the last phrase as "strongly" suggesting that Congress wanted to implement wholesale everything in the Paris Convention. However, ITC incorrectly suggests that the phrase was added alone in the 1962 amendment to Section 44(b) of the Lanham Act, which actually rewrote the entire subsection. The Senate Report on the amendment explains a single reason for the change: "Section 20 of the bill proposes to amend section 44(b) of the act by adding a reference to a country which extends reciprocal rights to nationals of the United States by law and by revising the language to a more understandable form." S. Rep. No. 87-2107, *as reprinted in* 1962 U.S.C.C.A.N. 2844, 2851 (1962). Congress' express purpose did not include granting foreign trademark owners additional substantive rights.

Section 44(h) states:

> 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, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Id. § 1126(h). ITC can not take refuge under Section 44(h), even if it were to provide the "additional relevant protection" they propose (Petition at 5), as ITC waived any claim of unfair competition under Section 44(h). The Second Circuit held that "[t]he district court did not explicitly pass on this claim in dismissing the entirety of ITC's complaint, and ITC does not press it on this appeal. Accordingly, we deem any such claim waived, . . . and we treat ITC's unfair competition claim as having been brought solely under section 43(a)." (26a n.13, citing *Burkybile v. Bd. of Educ. of Hastings-on-Hudson Union*, 411 F.3d 306, 308 n.1 (2d Cir. 2005)). In its petition, ITC does not challenge its waiver, but simply ignores it.

Apart from ITC's waiver, Section 44(h) provides no substantive rights apart from the national treatment provision set out in Section 44(b). *See Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 134 (2d Cir. 2000) (characterizing the "[r]ights under section 44(h)" as "co-extensive with treaty rights under section 44(b), including treaty rights relating to . . . the repression of unfair competition"); *see also American Auto. Ass'n v. Spiegel*, 205 F.2d 771, 774 (2d Cir. 1953) ("Since [section 44(h)] is limited to 'person[s] designated in subsection (b),' we look to that subsection to learn its scope.").

Both Sections 44(b) and 44(h) are devoid of any express or implied reference to the protection of foreign famous marks without use in the United States. Based on a novel interpretation of otherwise unambiguous provisions of the Lanham Act, ITC suggests that when the Lanham Act was enacted in 1946, it incorporated wholesale all provisions of the Paris Convention, thereby effectuating Article 6*bis*.[14]

Although the language of Sections 44(b) and (h) of the Lanham Act certainly aim to give effect to the provisions of international treaties, based on the plain meaning of Sections 44(b) and (h), there is no express incorporation by reference of all provisions of the Paris Convention or TRIPS Agreement: each member must enact its own national laws.[15] And this is not a case where the statute is ambiguous and requires judicial interpretation. *See, e.g., Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980) (unless there is alternatively expressed legislative intent or ambiguity, courts will consider the ordinary meaning of the statutory language to be a complete and final articulation of the statute).

---

[14] ITC misquotes a Senate Report in order to suggest that all "U.S. treaty obligations [are] reflected in Section 44 of the Lanham Act." (Petition at 14, citing S. Rep. No. 100-515, 5 (1988), *as reprinted in* 1988 U.S.C.C.A.N. 5577, 5581). The Report simply refers to particular "U.S. treaty obligations, reflected in Section 44 of the Lanham Act . . . ."

[15] Various courts have held that the provisions of Section 44 should be construed narrowly. *See, e.g., Int'l Café*, 252 F.3d at 1277-78; *In re Societe D'Exploitation de la Marque Le Fouquet's*, 67 U.S.P.Q.2d 1784 (T.T.A.B. 2003). Indeed, the Second Circuit has gone so far as to say that Section 44 implicitly abrogates all preexisting trademark treaty rights that it does not affirmatively incorporate. *Havana Club Holding*, 203 F.3d at 128.

ITC asks this Court to look beyond the express language of Sections 44(b) and 44(h) in the name of international trademark harmonization. The Court has previously indicated on numerous occasions that it is loath to create new legislation through the interpretation of an existing statute. *See Addison v. Holly Hill Fruits Prods. Co.*, 322 U.S. 607, 618 (1944) ("Construction . . . must avoid 'that retrospective expansion of meaning which properly deserves the stigma of judicial legislation.' To blur the distinctive functions of the legislative and judicial processes is not conducive to responsible legislation.") (quoting *A.B. Kirschbaum Co. v. Walling*, 316 U.S. 517, 522 (1942)); *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 333 (1938) (noting that judicial legislation should be condemned); *Badaracco v. Commissioner of Internal Revenue*, 464 U.S. 386 (1984) ("Courts are not authorized to rewrite a statute because they might deem its effects susceptible of improvement."). Again, ITC's Petition to invoke this Court's jurisdiction as a means of harmonizing international law is misplaced and should be denied.

D. PUBLIC POLICY CONSIDERATIONS DO NOT WARRANT GRANTING THE PETITION

While the Second Circuit held that there is no federal famous foreign marks exception, the Ninth Circuit Court of Appeals, in the *Grupo Gigante* case, held that "there is a famous mark exception to the territoriality principle" as a matter of public policy. 391 F.3d at 1094. However, and unlike ITC, the Ninth Circuit did not find that the famous foreign marks exception was supported by the Lanham Act, and the Ninth Circuit expressly held that the Paris Convention created no distinct cause of action. Instead, the Ninth Circuit, relying, in part, on decades old and unsettled New York common law, created new, substantive federal rights with far-reaching implications.[16]

Although ITC suggests that the question presented to this Court represents a wide split in the circuits, until *Grupo Gigante*, there was agreement among the circuits. In addition to the Second Circuit, the Fourth and Eleventh Circuits have restricted Section 44 of the Lanham Act to requiring national treatment only. *See Int'l Café*, 252 F.3d at 1277-78 (holding that the rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act); *Barcelona.com*, 330 F.3d at 628 ("United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law."). Even the Ninth Circuit in *Grupo Gigante* did not rely on the Lanham Act to create its exception to the territoriality principle.[17]

If the Ninth Circuit's creation of an exception to the territoriality principle was upheld by this Court, or if this Court were to find justification for a famous foreign marks exception under the Lanham Act, the landscape of

---

[16] *See Maison Prunier v. Prunier's Rest. & Cafe*, 288 N.Y.S. 529, 535-36 (N.Y. Sup. Ct. 1936) (opinion issued before the Lanham Act enactment in 1946), *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959).

[17] In *Grupo Gigante*, the Dallos—who were the first U.S. users of the mark and the declaratory-judgment plaintiff—did not challenge Grupo Gigante's assertion that the famous foreign marks doctrine was an exception to the territoriality principle under federal law. 391 F.3d at 1093-94 ("The Dallos concede that there is such an exception, but dispute what it takes for a mark to qualify for it."). Thus, the issue in that case turned on the scope and mechanics of the exception. Another distinguishing factor in the *Grupo* case in that the Mexican company, Grupo Gigante, had opened grocery stores in Los Angeles under the GIGANTE name, and thus, was using the mark in the United States when the action was filed. In that sense, Grupo Gigante and the Dullos were competitors, unlike ITC and Punchgini in the present case.

U.S. trademark law would change dramatically. U.S. courts and commentators have said as much: "[S]uch a radical change in basic federal trademark law may, in this Court's view, only be made by Congress, not the courts." *Almacenes Exito*, 381 F. Supp. 2d at 327. *See generally* Alexis Weissberger, 24 Cardozo Arts & Ent LJ 739 (2006).

The famous foreign marks exception creates a disincentive for foreign trademark holders to file U.S. trademark applications. In addition, without a U.S. registration, U.S. citizens and businesses would be without constructive notice of a foreign entity's claim to U.S. rights in a mark.

Moreover, if every foreign business potentially owns U.S. trademark rights, U.S. businesses would have to conduct unwieldy global trademark clearances before domestic use. Adding further complication, U.S. businesses would be placed in the awkward position of having to determine potential problems on a market-by-market basis. For example, a famous mark from Kazakhstan may have no recognition in Seville, Ohio and therefore no rights, but it may have rights in Washington, D.C.

Under a trademark regime whereby foreign entities own U.S. rights without use in the United States, foreign companies could hold U.S. companies hostage with threats of an infringement action. For example, a foreign entity in India with no business connections in the United States could threaten to sue a U.S. company for infringement in the United States, and the U.S. company would not be able to resolve the controversy through a declaratory judgment action because the U.S. courts would not have personal jurisdiction over the entity until it unilaterally surrendered itself to U.S. jurisdiction or sued first. As ITC's case demonstrates, a foreign corporation could indefinitely warehouse a mark, without ever intending to exploit it in the United States, and thus, could never abandon U.S. rights in its mark. Furthermore, a U.S. entity could not even rely on a court decision holding a mark abandoned in the United States by the foreign entity.

Although ITC argues that U.S. intellectual property "will be significantly undermined" unless the Court carves out an exception to the territoriality principle (Petition at 6), by providing foreign entities with rights not enjoyed by U.S. companies in those nations, the United States may stand at a disadvantage. Contrary to ITC's assertions, the United States has one of the most robust trademark regimes in the world, and many foreign companies already enjoy U.S. protection of their marks under current U.S. law.

CONCLUSION

For the reasons stated, Respondents respectfully requests that the petition for writ of certiorari be denied.

This 30th day of July, 2007.

Respectfully submitted,

MICHELLE MANCINO MARSH
Counsel of Record
KENYON & KENYON LLP
One Broadway
New York, New York 10004
(212) 425-7200

Counsel for Respondents

Of Counsel:

MICHAEL J. FRENO
KENYON & KENYON LLP
One Broadway
New York, New York 10004
(212) 425-7200