

# ITC Ltd. v. Punchgini, Inc.

482 F.3d 135 (2d Cir. 2007)

RAGGI, Circuit Judge.

This case requires us to decide, among other things, the applicability of the “famous marks” doctrine to a claim for unfair competition under federal and state law. Plaintiffs ITC Limited and ITC Hotels Limited (collectively “ITC”) held a registered United States trademark for restaurant services: “Bukhara.” They sued defendants, Punchgini, Inc., Bukhara Grill II, Inc., and certain named individuals associated with these businesses, in the United States District Court for the Southern District of New York (Gerard E. Lynch, *Judge*) claiming that defendants’ use of a similar mark and related trade dress constituted trademark infringement, unfair competition, and false advertising in violation of federal and state law. ITC now appeals from the district court’s award of summary judgment in favor of defendants on all claims. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d 275 (S.D.N.Y. 2005).

Having reviewed the record *de novo*, we affirm the award of summary judgment on ITC’s infringement claim, concluding, as did the district court, that ITC abandoned its Bukhara mark for restaurant services in the United States. To the extent ITC insists that the “famous marks” doctrine nevertheless permits it to sue defendants for unfair competition because its continued international use of the mark led to a federally protected right, we conclude that Congress has not yet incorporated that doctrine into federal trademark law.<sup>2</sup> Therefore, we affirm the award of summary judgment on ITC’s federal unfair competition claim. Whether the famous marks doctrine applies to a New York common law claim for unfair competition and, if so, how famous a mark must be to trigger that application, are issues not easily resolved by reference to existing state law. Accordingly, we certify questions relating to these issues to the New York Court of Appeals, reserving our decision on this part of ITC’s appeal pending the state court’s response.

## *I. Factual Background*

### *A. The Bukhara Restaurant in New Delhi*

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<sup>2</sup> Although the term “famous marks” is often used to describe marks that qualify for protection under the federal anti-dilution statute, *see* 15 U.S.C. § 1125(c), the “famous marks” doctrine is, in fact, a different and distinct “legal concept under which a trademark or service mark 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,” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29.2, at 29–164 (4th ed. 2002). Thus, the famous marks doctrine might more aptly be described as the famous foreign marks doctrine. It is in this latter sense that we reference the famous marks doctrine on this appeal.

ITC Limited is a corporation organized under the laws of India. Through its subsidiary, ITC Hotels Limited, it owns and operates the Maurya Sheraton & Towers, a five-star hotel in New Delhi, India. One of the restaurants in the Maurya Sheraton complex is “Bukhara.” Named after a city in Uzbekistan on the legendary Silk Road between China and the West, Bukhara offers a cuisine and decor inspired by the northwest frontier region of India. Since its opening in 1977, the New Delhi Bukhara has remained in continuous operation, acquiring a measure of international renown.<sup>4</sup>

Over the past three decades, ITC has sought to extend the international reach of the Bukhara brand. At various times, it has opened or, through franchise agreements, authorized Bukhara restaurants in Hong Kong, Bangkok, Bahrain, Montreal, Bangladesh, Singapore, Kathmandu, Ajman, New York, and Chicago. As of May 2004, however, ITC-owned or -authorized Bukhara restaurants were in operation only in New Delhi, Singapore, Kathmandu, and Ajman.

#### *B. ITC's Use of the Bukhara Mark in the United States*

##### *1. ITC's Use and Registration of the Mark for Restaurants*

In 1986, an ITC-owned and -operated Bukhara restaurant opened in Manhattan. In 1987, ITC entered into a franchise agreement for a Bukhara restaurant in Chicago. Shortly after opening its New York restaurant, ITC sought to register the Bukhara mark with the United States Patent and Trademark Office (“Patent and Trademark Office”). On October 13, 1987, ITC obtained United States trademark registration for the Bukhara mark in connection with “restaurant services.” See United States Trademark Registration No. 1,461,445 (Oct. 13, 1987). The Manhattan restaurant remained in operation for only five years, closing on December 17, 1991. On August 28, 1997, after a decade in business, ITC cancelled its Chicago franchise. Notwithstanding its registration, ITC concedes that it has not owned, operated, or licensed any restaurant in the United States using the Bukhara mark since terminating the Chicago restaurant franchise.

##### *2. Use of the Mark for Packaged Foods*

Over three years later, in 2001, ITC commissioned a marketing study to determine the viability of selling packaged food products in the United States under the Bukhara label, including “Dal Bukhara.”<sup>5</sup> In that same year, ITC filed an application with the Patent and Trademark Office to register a “Dal Bukhara” mark in connection with packaged, ready-to-serve foods. In May 2003, ITC sold packaged Dal Bukhara food products to two distributors, one in California and the

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<sup>4</sup> The record indicates that in 2002 and 2003, the New Delhi Bukhara was named one of the world's fifty best restaurants by London-based “Restaurant” magazine.

<sup>5</sup> This product takes its name from a lentil dish served at the New Delhi Bukhara restaurant.

other in New Jersey. One month later, in June 2003, ITC exhibited Dal Bukhara products at the International Fancy Foods Show in New York City.

*C. The Opening of “Bukhara Grill”*

Meanwhile, in 1999, named defendants Raja Jhanjee, Vicky Vij, Dhandu Ram, and Paragnesh Desai, together with Vijay Roa, incorporated “Punchgini, Inc.” for the purpose of opening an Indian restaurant in New York City. Jhanjee, Vij, and Ram had all previously worked at the New Delhi Bukhara, and Vij had also previously worked at ITC’s New York Bukhara. In selecting a name for their restaurant, the Punchgini shareholders purportedly considered “Far Pavilions” and “Passage to India” before settling on “Bukhara Grill.” As Vij candidly acknowledged at his deposition, there was then “no restaurant Bukhara in New York, and we just thought we will take the name.” Vij Dep. 25:7–11, May 5, 2004. After some initial success with “Bukhara Grill,” several Punchgini shareholders, with the support of two additional partners, defendants Mahendra Singh and Bachan Rawat, organized a second corporation, “Bukhara Grill II, Inc.,” in order to open a second New York restaurant, “Bukhara Grill II.”

When the record is viewed in the light most favorable to ITC, numerous similarities suggestive of deliberate copying can readily be identified between the defendants’ Bukhara Grill restaurants and the Bukhara restaurants owned or licensed by ITC. Quite apart from the obvious similarity in name, defendants’ restaurants mimic the ITC Bukharas’ logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs. Indeed, the similarities were sufficiently obvious to be noted in a press report, wherein defendant Jhanjee is quoted acknowledging that the New York Bukhara Grill restaurant “is quite like Delhi’s Bukhara.”

*D. Plaintiffs’ Cease and Desist Letter*

By letter dated March 22, 2000, ITC, through counsel, demanded that defendants refrain from further use of the Bukhara mark. The letter accused defendants of unlawfully appropriating the reputation and goodwill of ITC’s Bukhara restaurants in India and the United States by adopting a virtually identical name for their New York Bukhara Grill restaurants. It further demanded, under threat of legal action, that defendants acknowledge ITC’s exclusive rights to the Bukhara mark, disclose the period for which defendants had used the mark, and remit to ITC any profits derived therefrom.

In a response dated March 30, 2000, defendants’ counsel expressed an interest in avoiding litigation. Nevertheless, counsel observed that ITC appeared to have abandoned the Bukhara mark by not using it in the United States for several years. Receiving no reply, defendants’ counsel sent a second letter to ITC dated June 22, 2000, stating that, if no response was forthcoming “by June 28, 2000, we will assume that ITC Limited has abandoned rights it may have had in

the alleged mark and any alleged claim against our client.” Marsh Letter to Horwitz, June 22, 2000. The record indicates no timely reply.

Instead, almost two years later, on April 15, 2002, ITC’s counsel wrote to defendants reiterating the demands made in March 2000 and complaining of defendants’ failure formally to respond to that initial letter. Defendants’ counsel promptly challenged the latter assertion; faulted ITC for failing to reply to his March 22, 2000 letter; and reasserted his abandonment contention, a position that he claimed was now bolstered by the passage of additional time. There was apparently no further communication among the parties until this lawsuit.

#### *E. The Instant Lawsuit*

On February 26, 2003, ITC filed the instant lawsuit. In the amended complaint that is the controlling pleading for purposes of our review, ITC charged defendants with trademark infringement under section 32(1)(a) of the Lanham Act, *see* 15 U.S.C. § 1114(1)(a), as well as unfair competition and false advertising under sections 43(a) and 44(h) of the Lanham Act, *see* 15 U.S.C. §§ 1125(a), 1126(h). ITC also pursued parallel actions under New York common law.<sup>6</sup> As an affirmative defense, defendants charged ITC with abandonment of its United States rights to the Bukhara mark and, on that ground, they filed a counterclaim seeking cancellation of the ITC registration.

Following discovery, defendants successfully moved for summary judgment. In a detailed published decision, the district court ruled that ITC could not pursue an infringement claim because the record conclusively demonstrated its abandonment of the Bukhara mark as applied to restaurants in the United States. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d at 285. To the extent ITC asserted that its continued operation of Bukhara restaurants outside the United States allowed it to sue defendants for unfair competition under the famous marks doctrine, the district court was not convinced. It observed that, even if it were to assume the applicability of the famous marks doctrine, ITC had failed to adduce sufficient evidence to permit a reasonable jury to conclude that the name or trade dress of its foreign restaurants had attained the requisite level of United States recognition to trigger the doctrine. *See id.* at 291. Finally, the district court found that ITC lacked standing to pursue its false advertising claim. *See id.* at 291–92. This appeal followed.

Before this court, ITC advances essentially three arguments. It submits that (1) the record does not conclusively establish its abandonment of United States

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<sup>6</sup> ITC’s amended complaint also charged defendants with false designation of origin in violation of the Lanham Act, 15 U.S.C. § 1125(a), and deceptive acts and practices in violation of New York General Business Law § 349, but it appears to have abandoned those claims in otherwise opposing defendants’ motion for summary judgment. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d at 278.

rights in the Bukhara mark, (2) the district court misapplied applicable federal and state law regarding the famous marks doctrine, and (3) it has standing to sue defendants for false advertising.

## *II. Discussion*

### **B. Trademark Infringement**

... Even if a plaintiff makes the showing {of infringement} required by federal and state [trademark] law, however, the alleged infringer may nevertheless prevail if it can establish the owner's prior abandonment of the mark. *See* 15 U.S.C. § 1115(b)(2); *Nercessian v. Homasian Carpet Enter., Inc.*, 60 N.Y.2d 875, 877, 470 N.Y.S.2d 363, 364, 458 N.E.2d 822 (1983) (holding that "rights in a trade name may be lost by abandonment"). Indeed, abandonment is not only an affirmative defense to an infringement action; it is a ground for cancelling a federally registered mark. *See* 15 U.S.C. § 1064(3).

Relying on this principle, defendants submit that ITC's infringement claim is necessarily defeated as a matter of law by proof that, by the time they opened their Bukhara Grill restaurants in New York, ITC had effectively abandoned the Bukhara mark in the United States. Like the district court, we conclude that defendants successfully established abandonment as a matter of law, warranting both summary judgment in their favor and cancellation of ITC's registered mark.

#### **1. The Doctrine of Abandonment**

The abandonment doctrine derives from the well-established principle that trademark rights are acquired and maintained through use of a particular mark. *See Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990) ("There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed." (quoting *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918))). This is true even of marks that have been registered with the Patent and Trademark Office. *See Basile, S.p.A. v. Basile*, 899 F.2d 35, 37 n. 1 (D.C. Cir. 1990) ("Although [a mark's] registration is a predicate to its protection under [section 32(1)(a) of] the Lanham Act, the underlying right depends not on registration but rather on use."). Indeed, one of the fundamental premises underlying the registration provisions in the Lanham Act is that trademark rights flow from priority and that priority is acquired through use. *See, e.g.*, 15 U.S.C. § 1057(c) (stating that registration of mark "shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect . . . against any other person except for a person whose mark has not been abandoned and who, prior to such filing[,] . . . has used the mark"). Thus, so long as a person is the first to use a particular mark to identify his goods or services in a given market, and so long as that owner continues to make use of the mark, he is "entitled to prevent others from using the mark to describe their own goods" in that market. *Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d

1053, 1059 (2d Cir. 1985); *see also Sengoku Works v. RMC Int'l*, 96 F.3d 1217, 1219 (9th Cir. 1996) (“It is axiomatic in trademark law that the standard test of ownership is priority of use.”).

If, however, an owner ceases to use a mark without an intent to resume use in the reasonably foreseeable future, the mark is said to have been “abandoned.” *See Silverman v. CBS, Inc.*, 870 F.2d 40, 45 (2d Cir. 1989); 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 17:5, at 17–8 (4th ed. 2002) (observing that “abandonment” refers to situations involving the “non-use of a mark, coupled with an express or implied intention to abandon or not to resume use”). Once abandoned, a mark returns to the public domain and may, in principle, be appropriated for use by other actors in the marketplace, *see Indianapolis Colts, Inc. v. Metro. Baltimore Football Club Ltd. P’ship*, 34 F.3d 410, 412 (7th Cir. 1994), in accordance with the basic rules of trademark priority, *see Manhattan Indus., Inc. v. Sweater Bee by Banff, Ltd.*, 627 F.2d 628, 630 (2d Cir. 1980).

## **2. Demonstrating Abandonment**

The party asserting abandonment bears the burden of persuasion with respect to two facts: (1) non-use of the mark by the legal owner, and (2) lack of intent by that owner to resume use of the mark in the reasonably foreseeable future. *See* 15 U.S.C. § 1127; *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 850 (2d Cir. 1992); *Silverman v. CBS, Inc.*, 870 F.2d at 45; *see also On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 1087 (Fed. Cir. 2000) (placing burden of persuasion on party seeking cancellation on ground of abandonment); *Warner Bros. Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 334 (2d Cir. 1983) (placing burden of persuasion on party asserting abandonment as defense).

ITC concedes that defendants satisfied the first element through proof that ITC has not used the Bukhara mark for restaurant services in the United States since August 28, 1997. Nevertheless, ITC insists that a triable issue of fact exists with respect to its intent to resume use of the service mark in the United States. To the extent the district court concluded otherwise, ITC submits the court applied an incorrect legal standard. To explain why we are not persuaded by this argument, we begin by discussing the particular legal significance of non-use of a registered mark for a period of at least three years.

## **3. Prima Facie Evidence of Abandonment**

The Lanham Act expressly states that “[n]onuse” of a mark “for 3 consecutive years shall be prima facie evidence of abandonment.” 15 U.S.C. § 1127. This court has explained that the term “prima facie evidence” in this context means “a rebuttable presumption of abandonment.” *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *accord Silverman v. CBS, Inc.*, 870 F.2d at 45.

The role played by such a presumption is best understood by reference to Rule 301 of the Federal Rules of Evidence:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or to meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of non-persuasion, which remains throughout the trial upon the party on whom it was originally cast.

Fed.R.Evid. 301. Although the term “presumption” is not specifically defined in the Rules of Evidence, it is generally understood to mean “an assumption of fact resulting from a rule of law which requires such fact to be assumed from another fact or group of facts found or otherwise established in the action.” 21B Charles Alan Wright & Kenneth W. Graham, Jr., *Federal Practice and Procedure* § 5124 (2d ed. 2005); *see also Texas Dep’t of Cmty. Affairs v. Burdine*, 450 U.S. 248, 256 n. 10 (1981) (describing presumption as “legally mandatory inference”). The assumption ceases to operate, however, upon the proffer of contrary evidence. *See generally A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1037 (Fed. Cir. 1992) (observing that under Rule 301, a “presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact”); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d at 1043 (suggesting that presumption of abandonment “disappears when rebutted by contrary evidence”).

Thus, in this case, the statutory presumption of abandonment requires that one fact, i.e., abandonment, be inferred from another fact, i.e., non-use of the mark for three years or more. The significance of a presumption of abandonment is to shift the burden of production to the mark owner to come forward with evidence indicating that, despite three years of non-use, it intended to resume use of the mark within a reasonably foreseeable time. *See Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990) (noting that triggering of presumption “eliminates the challenger’s burden to establish the [lack of] intent [to resume use] element of abandonment as an initial part of its case”); *see also Cumulus Media, Inc. v. Clear Channel Commc’ns*, 304 F.3d 1167, 1176–77 (11th Cir. 2002); *On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d at 1087. The ultimate burden of persuasion on the issue of abandonment, however, remains at all times with the alleged infringer. *See Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d 531, 536 (4th Cir. 2000).

#### **4. The Evidence Necessary to Defeat a Presumption of Abandonment**

This court has observed that “to overcome a presumption of abandonment after a sufficiently long period of non-use, a defendant need show only an intention to resume use ‘within the reasonably foreseeable future.’” *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 468 n. 2 (2d Cir. 2005) (quoting *Silverman v. CBS, Inc.*, 870 F.2d at 45). ITC submits that the district court erred in imposing

a stricter standard, specifically requiring ITC to adduce “objective, hard evidence of actual concrete plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate” to defeat defendants’ summary judgment motion. *ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d at 280 (quoting *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 213 F.Supp.2d 247, 268–69 (S.D.N.Y. 2002)).

This court has, in fact, criticized the particular language quoted by the district court, observing that such a “heavy burden” is not required by our precedent. *See Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 467 n. 2. Courts and commentators are in general agreement that proffered evidence is “sufficient” to rebut a presumption as long as the evidence could support a reasonable jury finding of “the nonexistence of the presumed fact.” *Wanlass v. Fedders Corp.*, 145 F.3d 1461, 1464 (Fed. Cir. 1998) . . . . In short, upon defendants’ presentation of evidence establishing a *prima facie* case of abandonment under the Lanham Act, ITC was required to come forward only with such contrary evidence as, when viewed in the light most favorable to ITC, would permit a reasonable jury to infer that it had not abandoned the mark. Specifically, it needed to adduce sufficient evidence to permit a reasonable jury to conclude that, in the three-year period of non-use—from August 28, 1997, when ITC terminated the Chicago Bukhara franchise, to August 28, 2000—ITC nevertheless maintained an intent to resume use of its registered mark in the reasonably foreseeable future.<sup>9</sup> *See Silverman v. CBS, Inc.*, 870 F.2d at 47; *accord Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 467 n. 2. Hard evidence of concrete plans to resume use of the mark would certainly carry this burden. But we do not foreclose the possibility that other circumstances, viewed in the light most favorable to the non-movant, might also support the necessary jury inference of intent. *See, e.g., Geneva Pharms. Tech. Corp. v. Barr Labs., Inc.*, 386 F.3d 485, 506 (2d Cir. 2004) (looking to totality of circumstances to infer intent).

## **5. Defendants’ Entitlement to Summary Judgment**

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<sup>9</sup> Although we have not previously stated specifically that a mark holder’s intent to resume use of the mark must be formulated during the three-year period of non-use, we do so now, noting that two other circuit courts have also reached this conclusion. *See, e.g., Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1580–81 [Fed. Cir.] (expressly recognizing that intent must be formulated during non-use period); *Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d at 537 [4th Cir.] (same). Indeed, we think this conclusion follows naturally from the fact that an abandoned mark may be appropriated for use by other actors in the marketplace. An intent to resume use of the mark formulated after more than three years of non-use cannot be invoked to dislodge the rights of another party who has commenced use of a mark—thereby acquiring priority rights in that mark—after three years of non-use. We do not, however, foreclose the use of evidence arising after the relevant three-year period to demonstrate an intent *within* that period to resume use.



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**b. ITC's Failure to Adduce Evidence from Which a Reasonable Jury Could Infer Intent to Resume Use**

As this court has recognized, “intent is always a subjective matter of inference and thus rarely amenable to summary judgment.” *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d at 1044. At the same time, however, “[t]he summary judgment rule would be rendered sterile . . . if the mere incantation of intent or state of mind would operate as a talisman to defeat an otherwise valid motion.” *Distasio v. Perkin Elmer Corp.*, 157 F.3d 55, 61–62 (2d Cir. 1998) (quoting *Meiri v. Dacon*, 759 F.2d 989, 997 (2d Cir. 1985)). The latter point is particularly relevant in the context of an abandonment dispute, because “[i]n every contested abandonment case, the respondent denies an intention to abandon its mark; otherwise there would be no contest.” *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1581. Thus, courts have generally held that a trademark owner cannot rebut a presumption of abandonment merely by asserting a subjective intent to resume use of the mark at some later date. . . . *Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d at 537 (“[T]he owner of a trademark cannot defeat an abandonment claim . . . by simply asserting a vague, subjective intent to resume use of a mark at some unspecified future date.”) . . . ; *see also Silverman v. CBS, Inc.*, 870 F.2d at 47 (“A bare assertion of possible future use is not enough.”). Rather, to rebut a presumption of abandonment on a motion for summary judgment, the mark owner must come forward with evidence “with respect to . . . what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred.” *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1581; *accord Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d at 537–38; *see also Silverman v. CBS, Inc.*, 870 F.2d at 47 (noting that presumption of abandonment can be rebutted “by showing reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate”<sup>10</sup>).

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<sup>10</sup> The two factors identified in *Silverman* are not distinct but intertwined. A mark owner’s reason for suspending use of a mark is relevant to abandonment analysis only as circumstantial evidence shedding possible light on his intent to resume future use within a reasonable period of time. In short, not every “reasonable suspension” will necessarily rebut a presumption of abandonment. *See Silverman v. CBS, Inc.*, 870 F.2d at 47 (observing that “however laudable one might think CBS’s motives to be, such motives cannot overcome the undisputed fact that CBS has not used its mark for more than 20 years and that, even now, it has no plans to resume [its] use in the reasonably foreseeable future,” and further noting that “we see nothing in the statute that makes the consequence of an intent not to resume use turn on the worthiness of the motive for holding such intent”).

ITC argues that four facts would allow a reasonable factfinder to infer its intent to resume use of the Bukhara mark for restaurants in the United States: (1) the reasonable grounds for its suspension of use of the mark, (2) its efforts to develop and market a Dal Bukhara line of packaged food, (3) its attempts to identify potential United States restaurant franchisees, and (4) its continued use of the Bukhara mark for restaurants outside the United States. We are not persuaded.

### **(1) Grounds for Suspending Use**

ITC advances two reasons for suspending use of the Bukhara mark in the United States from 1997 to 2000: (a) Indian regulations requiring it to return profits earned abroad severely hindered its ability to open and operate profitable Bukhara restaurants in the United States, and (b) depressed market conditions in the hospitality industry from 1988 to 2003 inhibited its development of franchise partnerships in the United States. Because these reasons are unsupported by record evidence, they plainly cannot demonstrate the requisite intent.<sup>11</sup>

As to the first point, the record indicates that many of the Indian regulations cited by ITC had been in effect since 1973. Clearly, these regulations did not prevent ITC from opening its Bukhara restaurant in New York in 1986 or from licensing a Bukhara restaurant in Chicago in 1987. Although ITC submits that the regulations were a significant factor in the failure of these two restaurants, no evidence was adduced to support this conclusory assertion. *See generally Bridgeway Corp. v. Citibank*, 201 F.3d 134, 142 (2d Cir. 2000) (holding that conclusory statements, conjecture, and inadmissible evidence are insufficient to defeat summary judgment). Indeed, the record is to the contrary. When, at deposition, an ITC corporate representative was asked why the New York Bukhara closed, he replied simply that the restaurant was highly leveraged and unable to meet its debt obligations. He made no mention of any Indian regulations. Similarly, the letter by which ITC terminated its Chicago license agreement referenced only the franchisee's failure to pay fees owed to ITC, making no mention of Indian regulations.

Further, ITC fails to explain how Indian regulations, which ITC claims applied to any business operated outside India, hindered its use of the Bukhara mark for restaurants in the United States between 1997 and 2000 but permitted it to open a Bukhara restaurant in the United Arab Emirates in 1998. To the extent ITC argues that the regulations limited its options by effectively requiring it to partner exclusively with well-established hotels, it offers no evidence that hotels in the United States were unreceptive to such a partnership arrangement.

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<sup>11</sup> We do not decide whether such allegations, if supported by evidence, would permit any inference of ITC's intent to resume use of the Bukhara mark for restaurants in the foreseeable future. We note only that the conclusion is by no means obvious.

With respect to ITC's argument that a market decline in the hospitality industry between 1988 and 2003 explains its non-use of the mark, the record indicates only a decline in India and the overseas market. ITC proffered no evidence demonstrating a decline in the United States hospitality market during the relevant 1997–2000 period of non-use.<sup>12</sup>

### **(2) Marketing Dal Bukhara Food Products**

ITC points to only one piece of evidence during the relevant 1997–2000 period indicating its intent to use the name Bukhara in connection with packaged foods: the minutes from a July 27, 2000 corporate management committee meeting in India, which approved an initiative to market food products under the name “Bukhara Dal.” Significantly, the minutes nowhere indicate ITC's intent to market this product in the United States, much less ITC's intent to resume use of the Bukhara mark for restaurants in this country. Accordingly, we conclude that the minutes, by themselves, are insufficient to create a genuine issue of material fact as to ITC's intent to resume use of its registered service mark in the United States.

The remaining evidence adduced by ITC all post-dates the relevant 1997–2000 period of non-use. Specifically, in 2001, ITC commissioned a study regarding the marketing of packaged food bearing the Bukhara mark in the United States. That same year, ITC filed trademark applications for several marks containing the word “Bukhara” in relation to packaged food products. Not until 2003 did ITC actually showcase its packaged food line at a New York trade show or sell these products to two United States distributors. These acts, all occurring well after 2000 and suggesting future use of the Bukhara mark for a product other than restaurants, are insufficient to support the necessary inference that, *in the non-use period*, ITC maintained an intent to resume use of the mark for restaurants in the United States in the reasonably foreseeable future.

### **(3) Identifying Bukhara Franchisees**

ITC argues that evidence of its discussions with various persons about expanding the Bukhara restaurant franchise to New York, California, and Texas creates a jury issue as to its intent to resume use of its registered mark within a reasonably foreseeable time. In fact, the only evidence of these so-called “discussions” is a few facsimiles, e-mails, and letters sent to ITC over a five-year period from 1998 to 2002. There is no evidence that ITC initiated any of these

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<sup>12</sup> Indeed, there is no reason to think plaintiffs could make such a showing with respect to the New York hospitality market, which experienced considerable growth during the period 1997–2000. See John Holusha, “Commercial Property; An Up Cycle Just Keeps Rolling,” *The New York Times* 11:1 (Sept. 24, 2000) (noting historically high occupancy rates in city hotels with 13% growth in first half of year); cf. Marian Burros, “Waiter, Hold the Foie Gras: Slump Hits New York Dining,” *The New York Times* A:1 (Sept. 4, 2001) (noting, in 2001, first signs of decline in city's 10–year restaurant boom).

contacts. More to the point, no evidence indicates that ITC responded to or seriously considered these unsolicited proposals in a manner that would permit a reasonable jury to infer its intent to resume use of its Bukhara mark for restaurants. As such, these communications, even when viewed in the light most favorable to ITC, do not give rise to a material question of fact on the issue of ITC's intent to resume use of its registered mark.

ITC submits that record evidence also reveals its negotiations to expand the Bukhara restaurant brand into Starwood hotels. The proffered evidence consists of (1) a 2002 letter from Starwood's Asia-Pacific headquarters indicating a general interest in operating Bukhara restaurants in some of its hotels outside India, and (2) a 2004 story from an Indian newspaper about ITC's intent to open Bukhara restaurants in London and Tokyo. Neither document references the possible opening of a Bukhara restaurant in the United States. Moreover, both the letter and the news story post-date the 1997–2000 period of non-use that gives rise to the presumption of abandonment, and they make no mention of any intent to resume use arising during this critical time frame. Accordingly, this evidence is insufficient to raise a material issue of fact.

#### **(4) Bukhara Restaurants Outside the United States**

Finally, ITC cites *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.* to support its argument that the continued operation of its Bukhara restaurants outside the United States demonstrates “an ongoing program to exploit the mark commercially,” giving rise to an inference of an intent to resume the mark's use in this country, 495 F.2d 1265, 1272 (2d Cir. 1974). In fact, ITC's reliance on *Societe Anonyme* is misplaced. In that case, this court ruled that a “meager trickle” of perfume sales within the United States—89 bottles sold over a period of 20 years—was insufficient to establish trademark rights in the United States. *Id.* Nothing in that case suggests that ongoing foreign use of a mark, by itself, supports an inference that the owner intends to re-employ a presumptively abandoned mark in the United States. Cf. *id.* at 1271 n. 4 (noting “well-settled” view “that foreign use is ineffectual to create trademark rights in the United States”). Indeed, we identify no authority supporting that conclusion.

Accordingly, like the district court, we conclude that ITC's continued foreign use of the Bukhara mark for restaurants does not raise a material issue of fact regarding its intent to resume similar use of the mark in the United States. Because ITC plainly abandoned its right to the Bukhara mark for restaurant services in the United States, we affirm the award of summary judgment in favor of defendants on ITC's federal and state infringement claims.

### **C. Unfair Competition**

#### **1. Federal Claim Under Section 43(a)(1)(A) of the Lanham Act**

ITC claims that defendants violated section 43(a)(1)(A) of the Lanham Act by engaging in unfair competition in the use of its Bukhara mark and its related trade dress. Section 43(a)(1)(A) allows the producer of a product or service to initiate a cause of action against a person who uses “any word, term name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of [the producer’s] . . . services.” 15 U.S.C. § 1125(a)(1)(A). This protection is broader than that afforded by section 32(1)(a), which prohibits only infringement of marks actually registered with the Patent and Trademark Office. *See Two Pesos v. Taco Cabana*, 505 U.S. 763, 768 (1992) (“Section 43(a) prohibits a broader range of practices than does § 32, which applies to registered marks, but it is common ground that § 43(a) protects qualifying unregistered trademarks” (internal citations and quotation marks omitted)); *accord Chambers v. Time Warner, Inc.*, 282 F.3d 147, 155 (2d Cir. 2002).

To succeed on a section 43(a)(1)(A) claim, a plaintiff must prove (1) that the mark or dress is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff’s good or service and that of the defendant. *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 115 (2d Cir. 2001) (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210 (2000)); *see also Two Pesos v. Taco Cabana*, 505 U.S. at 768; *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006). Preliminary to making this showing, however, a plaintiff must demonstrate its own right to use the mark or dress in question. . . .

In light of our conclusion that, as a matter of law, ITC abandoned its registered Bukhara mark as of August 28, 2000, ITC confronts a high hurdle in demonstrating that, at the time of defendants’ challenged actions, it possessed a priority right to the use of the Bukhara mark and related trade dress for restaurants in the United States. *See Vais Arms, Inc. v. Vais*, 383 F.3d at 292 n. 8 (noting that “abandonment results in a break in the chain of priority”) (quoting 2 McCarthy, *supra*, § 17:4); *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 268 (4th Cir. 2003) (“The priority to use a mark . . . can be lost through abandonment.”). To clear this hurdle, ITC invokes the famous marks doctrine. It submits that, because (1) since 1977, it has continuously used its Bukhara mark and trade dress outside the United States; and (2) that mark was renowned in the United States before defendants opened their first Bukhara Grill restaurant in New York in 1999, it has a priority right to the mark sufficient to claim section 43(a)(1)(A) protection in this country.

To explain why we disagree, we begin by discussing the principle of trademark territoriality. We then discuss the famous marks exception to this principle and the international treaties, implementing legislation, and policy concerns relied on by ITC in urging the application of this exception to this case.

#### **a. The Territoriality Principle**

The principle of territoriality is basic to American trademark law. *See American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d 577, 581 (9th Cir. 2005); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004); *Buti v. Impresa 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). As our colleague, Judge Leval, has explained, this principle recognizes that

a trademark has a separate legal existence under each country's laws, and that its proper lawful function is not necessarily to specify the origin or manufacture of a good (although it may incidentally do that), but rather to symbolize the domestic goodwill of the domestic markholder 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 owner of the mark may be confident that his goodwill and reputation (the value of the mark) will not be injured through use of the mark by others in domestic commerce.

*Osawa & Co. v. B & H Photo*, 589 F.Supp. 1163, 1171–72 (S.D.N.Y. 1984).<sup>14</sup>

Precisely because 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, a mark owner 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. *Cf. Barcelona.com, Inc. v. Excelentísimo 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.”); *E. Remy Martin & Co., S.A. v. Shaw–Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir. 1985) (“Our concern must be the business and goodwill attached to United States trademarks, not French trademark rights under French law.” (internal quotation marks omitted)).

As we have already noted, United States trademark rights are acquired by, and dependent upon, priority of use. *See supra* at 146–47. The territoriality principle requires the use to be in the United States for the owner to assert priority rights to the mark under the Lanham Act. *See Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 103 (noting that “Impresa’s registration and use of the Fashion Café name in Italy

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<sup>14</sup> The “territoriality principle” stands in contrast to the so-called “universality principle,” which posits that “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.” *Osawa & Co. v. B & H Photo*, 589 F.Supp. at 1171. The universality principle has been rejected in American trademark law. *See American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d at 581 (citing *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923)).

has not, given the territorial nature of trademark rights, secured it any rights in the name under the Lanham Act”); *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d at 1271 n. 4 (“It is well-settled that foreign use is ineffectual to create trademark rights in the United States.”); . . . cf. *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (stating general proposition that “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,” although recognizing famous marks doctrine as an exception to territoriality principle (quoting 4 McCarthy, *supra*, § 29:2, at 29–6)). *But see International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 381 (4th Cir. 2003) (concluding that United States trademark rights can be acquired merely through advertising in the United States combined with rendering of services abroad to American customers). Thus, absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use. *See Person’s Co. v. Christman*, 900 F.2d at 1569–70 (holding that foreign use is not sufficient to establish priority rights even over a United States competitor who took mark in bad faith).

## **b. The Famous Marks Doctrine as an Exception to the Territoriality Principle**

ITC urges us to recognize an exception to the territoriality principle for those foreign marks that, even if not used in the United States by their owners, have achieved a certain measure of fame within this country.

### **(1) Origin of the Famous Marks Doctrine**

The famous marks doctrine is no new concept. It originated in the 1925 addition of Article 6bis to the 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 (“Paris Convention”). Article 6bis, which by its terms applies only to trademarks, 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.

Paris Convention, art. 6bis.<sup>15</sup> One commentator has observed that the “purpose” of Article 6bis “is to avoid the registration and use of a trademark, liable to create confusion with another mark already well known in the country of such registration or use, although the latter well-known mark is not, or not yet, protected in that country by a registration which would normally prevent the registration or use of the conflicting mark.” G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* 90 (1968).

## **(2) The Famous Marks Doctrine in the United States**

### **(a) State Common Law**

The famous marks doctrine appears first to have been recognized in the United States by a New York trial court in a common law action for unfair competition in the use of a trademark. See *Maison Prunier v. Prunier’s Rest. & Café*, 159 Misc. 551, 557–58, 288 N.Y.S. 529, 535–36 (N.Y.Sup.Ct. 1936). The owner of “Maison Prunier,” a Paris restaurant with a branch in London, sought to enjoin defendants’ operation of a New York City restaurant named “Prunier’s Restaurant and Café.” The New York restaurant had apparently adopted both the Paris restaurant’s name and slogan (“*Tout ce qui vient de la mer*”<sup>16</sup>) and boldly advertised itself as “The Famous French Sea Food Restaurant.” While the French plaintiff conceded that it had never operated a restaurant in the United States, it nevertheless sought relief for the unauthorized use of its name and mark under the common law of unfair competition.

In ruling in favor of the plaintiff, the trial court first observed that “the right of a French corporation to sue here for protection against unfair competition was expressly granted in [Article 10bis of] the [Paris] convention between the United States and various other powers for the protection of industrial property.” *Id.* at 554, 288 N.Y.S. at 532.<sup>17</sup> It then ruled that “actual competition in a product is not essential to relief under the doctrine of unfair competition.” *Id.* at 555, 288 N.Y.S. at 533. The plaintiff was entitled to protection from “any injury which might result to it from the deception of the public through the unauthorized use of its trade name, or a trade name which would lead the public to believe that it was in some

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<sup>15</sup> The reach of Article 6bis was extended to service marks by Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”), see generally Uruguay Round Agreements Act, Pub.L. No. 103–465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of the United States Code), which states that “Article 6bis of the Paris Convention shall apply, *mutatis mutandis*, to services.”

<sup>16</sup> “Everything that comes from the sea.”

<sup>17</sup> Article 10bis of the Paris Convention requires member states to “assure to nationals [of other member states] effective protection against unfair competition.” Paris Convention, art. 10bis.



way connected with the plaintiff.” *Id.* at 556, 288 N.Y.S. at 534 (quoting *Long’s Hat Stores Corp. v. Long’s Clothes, Inc.*, 224 A.D. 497, 498, 231 N.Y.S. 107, 107 (1st Dep’t 1928)). Although the court acknowledged the general rule of territoriality, *see id.* at 557, 288 N.Y.S. 529, 288 N.Y.S. at 535 (noting no “right to protection against the use of a trade-mark or trade name beyond the territory in which it operates”), it recognized an exception to the rule where the second user was guilty of bad faith, *see id.* at 557–58, 288 N.Y.S. at 536–37. The court identified the fame of the mark as a factor relevant to deciding whether the second user had, in good faith, made use of a mark without knowing of its prior use by another party. *See id.* at 559, 288 N.Y.S. at 537. The *Prunier* court concluded that the French plaintiff was entitled to protection against unfair competition because its trademark enjoyed “wide repute” and the facts of the case indicated a total lack of good faith on the part of the defendants. *Id.* at 559, 288 N.Y.S. at 537. The basis of this holding, it should be noted, was not Article 6bis of the Paris Convention. Instead, the holding was based entirely on New York common law principles of unfair competition.

More than twenty years later, in *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332 (N.Y.Sup.Ct. 1959), another New York trial court granted a different Paris restaurant, “Maxim’s,” injunctive relief against a New York City restaurant that had appropriated its name, decor, and distinctive script style, all without permission. The court concluded that the lack of direct competition between the two restaurants was “immaterial” to a common law claim for unfair competition. *Id.* at 759, 193 N.Y.S.2d at 335. The only relevant question was whether “there had been a misappropriation, for the advantage of one person, of a property right belonging to another.” *Id.* at 759, 193 N.Y.S.2d at 335. Noting that the Paris Maxim’s had been in continuous operation since 1946, when it reopened after World War II, the court concluded that its owners had priority rights as against the junior American user by virtue of (1) their uninterrupted use of the mark abroad, and (2) the fame of the “Maxim’s” mark among “the class of people residing in the cosmopolitan city of New York who dine out.” *Id.* at 758, 193 N.Y.S.2d at 334.

## **(b) Federal Actions**

### **(i) Trademark Board Rulings**

A quarter century later, the federal Trademark Trial and Appeal Board (“Trademark Board”) invoked *Vaudable’s* recognition of the famous marks doctrine in several *inter partes* proceedings.<sup>18</sup> In *Mother’s Rests., Inc. v. Mother’s Other Kitchen, Inc.*, the Trademark Board stated in *dictum* that:

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<sup>18</sup> The Trademark Board’s primary function is to determine whether trademarks are registerable and to conduct opposition and cancellation proceedings by which interested

[I]t is our view that prior use and advertising of a mark in connection with goods or services marketed in a foreign country (whether said advertising occurs inside or outside the United States) creates no priority rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to the foreigner's first use of the mark on goods or services sold and/or offered in the United States at least unless it can be shown that the foreign party's mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a "famous" mark within the meaning of *Vaudable v. Montmartre, Inc.*

218 U.S.P.Q. 1046, at \*8 (TTAB 1983) (concluding that customers would be likely to confuse the "Mother's Pizza Parlour" trademark with the "Mother's Other Kitchen" trademark) (internal citation omitted).

That same year, the Trademark Board applied the same reasoning in *All England Lawn Tennis Club, Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. 1069 (1983), granting plaintiff's request to block registration of a trademark for "Wimbledon Cologne" even though plaintiff was not itself using the Wimbledon mark on any product sold in the United States. The Trademark Board observed that the Wimbledon mark had "acquired fame and notoriety as used in association with the annual championships within the meaning of *Vaudable*" and that "purchasers of applicant's cologne would incorrectly believe that said product was approved by or otherwise associated with the Wimbledon tennis championships and that allowance of the application would damage opposer's rights to the mark." *Id.* at \*10.

Recently, the Trademark Board has reiterated in dicta that owners of well known foreign marks need not use those marks in the United States to challenge the registration of marks likely to promote confusion on the part of consumers. *See, e.g., First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 77 U.S.P.Q.2d 1334, \*30–31 (2005), overruled on other grounds by *First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 476 F.3d 867 (Fed. Cir. Jan. 9, 2007), 2007 U.S.App. LEXIS 367.

As this court has frequently observed, Trademark Board decisions, "while not binding on courts within this Circuit, are nevertheless 'to be accorded great weight'" under general principles of administrative law requiring deference to an agency's interpretation of the statutes it is charged with administering. *Buti v. Impresa Perosa S.R.L.*, 139 F.3d at 105 (quoting *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989)); *see also In re Dr Pepper Co.*, 836

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parties can dispute the claims of applicants and registrants. *See* 15 U.S.C. §§ 1051, 1063–64.

F.2d 508, 510 (Fed. Cir. 1987). In applying this principle to this case, however, we identify a significant concern: nowhere in the three cited rulings does the Trademark Board state that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law. Indeed, the federal basis for the Trademark Board's recognition of the famous marks doctrine is never expressly stated. Its reliance on *Vaudable* suggests that recognition derives from state common law. At least one Trademark Board member, however, has questioned whether state common law can support recognition of the famous marks doctrine as a matter of federal law:

[I]t seems to me that the *Vaudable* decision according protection to the famous Maxim's restaurant in the United States . . . is inapplicable in this case since that decision was based on a theory of unfair competition, namely misappropriation, under the law of the State of New York. Under Federal law, it seems to me that application of the well-known marks doctrine depends on whether the applicable text of the Paris Convention . . . and, in particular, Article 6bis of that Convention, is self-executing [so as to become part of federal law].

*Mother's Rests., Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q 1046, at \*21 (Allen, concurring in part, dissenting in part) (internal citations omitted). Because we conclude that the Trademark Board's reliance on state law to recognize the famous marks doctrine falls outside the sphere to which we owe deference, we consider *de novo* the question of that doctrine's existence within federal trademark law.

## **(ii) Federal Case Law**

To date, the Ninth Circuit Court of Appeals is the only federal appeals court to have recognized the famous marks doctrine as a matter of federal law. *See Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1088; cf. *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d at 389 n. 9 (Motz, J., dissenting) (noting that the famous marks doctrine has been applied so infrequently that its viability is uncertain). In *Grupo Gigante*, 391 F.3d at 1088, the Ninth Circuit considered whether the "Gigante" mark—registered and used by a large chain of grocery stores in Mexico since 1963—was sufficiently well known among Mexican-Americans in Southern California to afford it priority over a competing "Gigante" mark used by a separate chain of Los Angeles grocery stores. In resolving this question, the court ruled:

[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 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.

*Id.* at 1094 (footnotes omitted).

In *Grupo Gigante*, the Ninth Circuit did not reference either the language of the Lanham Act nor Article 6bis of the Paris Convention to support recognition of the famous marks doctrine. Indeed, elsewhere in its opinion, the court specifically stated that the Paris Convention creates no “additional substantive rights” to those provided by the Lanham Act. *Id.* at 1100. The court also acknowledged that the famous marks doctrine is not recognized by California state law. *See id.* at 1101 (observing that cases cited by plaintiff “provide no support for the conclusion that use anywhere in the world suffices to establish priority in California”). Thus, it appears that the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy: “An absolute territoriality rule without a famous marks exception would promote customer confusion and fraud.” *Id.* at 1094.

This court has twice referenced the famous marks doctrine, but on neither occasion were we required to decide whether it does, in fact, provide a legal basis for acquiring priority rights in the United States for a foreign mark not used in this country. *See Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 104 n. 2 (referencing Mother’s Restaurant and Vaudable but, in the end, concluding that famous marks doctrine “has no application here given that Impresa has made no claim under that doctrine”); *see also Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 481 (declining to decide whether famous marks doctrine should be recognized because “even assuming that the famous marks doctrine is otherwise viable and applicable, the [Cuban] embargo bars [plaintiff] from acquiring property rights in the . . . mark through the doctrine”).<sup>19</sup>

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### **(c) Treaties Protecting Famous Marks and United States Implementing Legislation**

ITC insists that Article 6bis of the Paris Convention, together with Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”), *see* Uruguay Round Agreements Act, Pub.L. No. 103-465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of United States Code),

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<sup>19</sup> In *Empresa Cubana*, however, we did observe, in *dictum*, that “[t]o the extent that a foreign entity attempts to utilize the famous marks doctrine as [a] basis for its right to a U.S. trademark and seeks to prevent another entity from using the mark in the United States, the claim should be brought under Section 43(a).” *Id.* at 480 n. 10.

provides legal support for its claim to famous marks protection. . . . Further, TRIPs Article 16(2) extends Article 6bis to service marks, *see supra* at 156 n. 15.

At the outset, we observe that ITC does not specifically contend that these two treaty articles are self-executing. While *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956), might support such an argument with respect to Article 6bis protection of trademarks, *see id.* at 640 (observing in *dictum* that, upon ratification by Congress, the Paris Convention required “no special legislation in the United States . . . to make [it] effective here”), no similar conclusion can extend to Article 16(2) protection of service marks because TRIPs is plainly not a self-executing treaty. *See In re Rath*, 402 F.3d 1207, 1209 n. 2 (Fed. Cir. 2005); *see also* S.Rep. No. 103–412, at 13 (1994) (accompanying the Uruguay Round Agreements Act, Pub.L. No. 103–465, 108 Stat. 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 appears to have enacted no legislation aimed directly at Article 16(2).<sup>23</sup>

ITC nevertheless submits that Lanham Act sections 44(b) and (h) effectively incorporate the protections afforded famous marks by the Paris Convention and TRIPs.

{In a lengthy analysis, the court concluded that §§ 44(b) & (h) do not provide a basis for famous marks protection.}

#### **(d) Policy Rationales Cannot, by Themselves, Support Judicial Recognition of the Famous Marks Doctrine Under Federal Law**

Even if the Lanham Act does not specifically incorporate Article 6bis and Article 16(2) protections for famous foreign marks, ITC urges this court to follow the Ninth Circuit’s lead and to recognize the famous marks doctrine as a matter of sound policy. *See Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1094 (recognizing famous marks doctrine because “[t]here can be no justification for using trademark law to fool immigrants into thinking that they are buying from

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<sup>23</sup> *See, e.g.*, Pub.L. No. 103–465, 514, 108 Stat. 4809, 4976 (amending 17 U.S.C. § 104A, governing copyrights in restored works, to comport with TRIPs); Pub.L. No. 103–465, 532, 108 Stat. 4809, 4983 (amending 35 U.S.C. § 154, governing United States patents, to comport with TRIPs). Significantly, 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, reprinted in 1995 U.S.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).

the store they liked back home”). ITC 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.

We acknowledge that a persuasive policy argument can be advanced in support of the famous marks doctrine. *See, e.g., De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307, at \*25 (noting that “[r]ecognition of the famous marks doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders”) . . . . The fact that a doctrine may promote sound policy, however, is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute. *See, e.g., Badaracco v. Comm’r*, 464 U.S. 386, 398 (1984) (“The relevant question not whether, as an abstract matter, the rule advocated by petitioners accords with good policy. The question we must consider is whether the policy petitioners favor is that which Congress effectuated by its enactment of [the statute].”). In light of the comprehensive and frequently modified federal statutory scheme for trademark protection set forth in the Lanham Act, we conclude 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. *See Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F.Supp.2d at 326–28. Absent such Congressional recognition, we must decline ITC’s invitation to grant judicial recognition to the famous marks doctrine simply as a matter of sound policy.

For all these reasons, we affirm the district court’s award of summary judgment in favor of defendants on ITC’s federal unfair competition claim.

## **2. State Common Law Claim for Unfair Competition**

### ***a. ITC’s Reliance on the Famous Marks Doctrine to Sue for Unfair Competition Under New York Law***

[1] ITC submits that, even if we affirm the district court’s dismissal of its federal unfair competition claim, we must reverse the dismissal of its parallel state law claim. As it correctly observes, New York common law allows a plaintiff to sue for unfair competition where a “property right or a commercial advantage” has been “misappropriated.” *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 781–82 (2d Cir. 1964). Nevertheless, in light of ITC’s abandonment of the Bukhara mark and dress for restaurants in the United States, its common law assertion of a “property right or a commercial advantage” in these designations based on their foreign use depends on whether New York recognizes the famous marks doctrine in the circumstances here at issue.

[2] As we have already noted, at least two New York cases indicate such recognition as a general matter: *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757,

193 N.Y.S.2d 332, and *Maison Prunier v. Prunier's Rest. & Café*, 159 Misc. 551, 288 N.Y.S. 529. Neither the New York Court of Appeals nor any intermediate New York appellate court, however, has ever specifically adopted the views expressed in *Prunier* and *Vaudable* to accord common law protection to the owners of famous marks. Moreover, no New York court has clearly delineated a standard for determining when a mark becomes sufficiently famous to warrant protection. “In the absence of authoritative law from the state’s highest court, we must either (1) predict how the New York Court of Appeals would resolve the state law question, or, if state law is so uncertain that we can make no reasonable prediction, (2) certify the question to the New York Court of Appeals for a definitive resolution.” *DiBella v. Hopkins*, 403 F.3d 102, 111 (2d Cir. 2005). In this case, we opt for certification.

**b. Certifying the Question of New York’s Common Law Recognition of the Famous Marks Doctrine**

**(1) Standard for Certification**

New York law and Second Circuit Local Rule § 0.27 permit us to certify to the New York Court of Appeals “determinative questions of New York law [that] are involved in a case pending before [us] for which no controlling precedent of the Court of Appeals exists.” N.Y. Comp.Codes R. & Regs. tit. 22, § 500.27(a). In deciding whether to certify a question, we consider, *inter alia*, “(1) the absence of authoritative state court interpretations of the [law in question]; (2) the importance of the issue to the state, and whether the question implicates issues of state public policy; and (3) the capacity of certification to resolve the litigation.” *Morris v. Schroder Capital Mgmt. Int’l*, 445 F.3d 525, 531 (2d Cir. 2006) (internal quotation marks omitted).

**(2) Certified Question 1: Does New York Recognize the Famous Marks Doctrine?**

In this case, we conclude that these factors weigh in favor of certifying the question of New York’s recognition of the famous marks doctrine. First, the only New York cases to address the question of whether state common law recognizes the famous marks doctrine, *Vaudable* and *Prunier*, are decades-old trial court decisions. While these decisions are routinely cited by non-New York courts as accurate statements of the state’s common law of unfair competition,<sup>28</sup> and while commentators routinely identify the cases as foundational in the development of

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<sup>28</sup> See, e.g., *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1095; *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 104; *Person’s Co. v. Christman*, 900 F.2d at 1570; *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F.Supp.2d at 328; *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 at \*21–22.

the famous marks doctrine,<sup>29</sup> the lack of authoritative adoption of the famous marks doctrine by New York's highest court weighs in favor of certification. Second, recognition of the famous marks doctrine as part of New York common law is plainly an important policy issue for a state that plays a pivotal role in international commerce. This factor strongly counsels in favor of our soliciting the views of the New York Court of Appeals. *See generally Board of Regents v. Roth*, 408 U.S. 564, 577, 92 S.Ct. 2701, 33 L.Ed.2d 548 (1972) (observing that property interests "are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law"). Finally, certification will conclusively resolve the question of whether ITC's state unfair competition claim was, in fact, properly dismissed.

Accordingly, we certify the following question to the New York Court of Appeals: "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?"

**(3) Certified Question 2: How Famous Must a Mark Be to Come Within the Famous Marks Doctrine?**

If the New York Court of Appeals were to answer the first certified question in the affirmative, we ask it to consider a second query: "How famous must a foreign mark or trade dress be to permit its owner to sue for unfair competition?"<sup>30</sup> Although we have had no prior occasion to address this question, we note the availability of a number of possible standards.

**(a) Secondary Meaning**

If New York were inclined to recognize a broad famous marks doctrine, the Court of Appeals might conclude that a foreign mark's acquisition of "secondary meaning" in the state was sufficient to accord it common law protection. "Secondary meaning" is a term of art referencing a trademark's ability to "identify the source of the product rather than the product itself." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. at 766 n. 4 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11 (1982)); *see Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 42 N.Y.2d 538, 545 (1977) (explicating "secondary meaning" under New York law); *see also Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n. 4 (2d Cir. 1997) (identifying factors relevant to determining secondary meaning).

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<sup>29</sup> *See, e.g.*, 4 McCarthy, *supra*, § 29:4, at 29–12; Graeme B. Dinwoodie et al., *International Intellectual Property Law and Policy* 108 (2001).

<sup>30</sup> In formulating both certified questions, we do not intend to limit the Court of Appeals' analysis or its response. That court may expand or modify the certified questions as it deems appropriate to indicate whether state common law recognizes the famous marks doctrine and the scope of that recognition.



Under this standard, a court deciding whether to accord famous marks protection would consider only whether the source of the foreign mark is well known in New York. *See generally Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1097.

The Court of Appeals might note, however, that in *Grupo Gigante* the Ninth Circuit specifically rejected “secondary meaning” as the appropriate standard for application of the famous marks doctrine. That federal court explained that such an interpretation of the famous marks doctrine went “too far” because it effectively eliminated the territoriality principle that itself “has a long history in the common law.” *Id.* at 1097–98.

### **(b) Secondary Meaning Plus**

Instead, the Court of Appeals might consider the Ninth Circuit’s compromise standard, which can be described as “secondary meaning plus.” *See id.* at 1098 (holding that “secondary meaning is not enough”). Under this test, “where the mark has not before been used in the American market,<sup>31</sup> the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark.” *Id.* (emphasis added); *see also* 4 McCarthy, *supra*, § 29:4, at 29–17 (suggesting that a “substantial” percentage of consumers in the relevant American market would be at least 50%).

Judge Graber, concurring in *Grupo Gigante*, emphasized the intermediate character of this standard:

I agree that a foreign owner of a supposedly famous or well-known foreign trademark must show a higher level of “fame” or recognition than that required to establish secondary meaning. Ultimately, the standard for famous or well-known marks is an intermediate one. To enjoy extraterritorial trademark protection, the owner of a foreign trademark need not show the level of recognition necessary to receive nation-wide protection against trademark dilution. On the other hand, the foreign trademark owner who does not use a mark in the United States must show more than the level of recognition that is necessary in a domestic trademark infringement case.

391 F.3d at 1106 (Graber, J., concurring).

### **(c) The Anti–Dilution Statute Standard**

Precisely because “secondary meaning plus” is an intermediate standard, the Court of Appeals might also consider the high standard of recognition established by section 43(c) of the Lanham Act, the federal anti-dilution statute. *See* 15 U.S.C.

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<sup>31</sup> New York could, of course, conclude that a “secondary meaning plus” standard also applied to a foreign mark or dress that had previously been used in the United States where, as in this case, such domestic use had been abandoned.

§ 1125(c). Under that federal law, four non-exclusive factors are relevant when determining whether a mark is sufficiently famous for anti-dilution protection:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) The extent of actual recognition of the mark;
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

*Id.* § 1125(c)(2).

Under the federal anti-dilution statute, the holder of a mark deemed famous under this test may seek an injunction against another person who, “at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” *Id.* § 1125(c)(1). ITC does not sue for dilution in this case. Nevertheless, the Court of Appeals might consider whether the factors set out in the statute provide a useful guide for defining famous marks generally.

#### **(d) Recommendation of the World Intellectual Property Organization**

Finally, should the Court of Appeals decide to articulate an entirely new and different standard of recognition for the application of the famous marks doctrine, among the factors it might consider are those identified as relevant in the non-binding “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks,” adopted by the World Intellectual Property Organization in 1999:

- (1) the degree of knowledge or recognition of the mark in the relevant sector of the public;
- (2) the duration, extent and geographical area of any use of the mark;
- (3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, or the goods and/or services to which the mark applies;
- (4) the duration and geographical area of any registrations, and/or any application for registration, of the mark, to the extent that they reflect use or recognition of the mark;

(5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities; [and]

(6) the value associated with the mark.

World Intellectual Property Organization, Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (Sept. 1999), *available at* [http://www.wipo.int/about-ip/en/development\\_iplaw/pub\\_833.htm](http://www.wipo.int/about-ip/en/development_iplaw/pub_833.htm).

We express no view as to how New York should define its state common law. We simply reserve decision on ITC's challenge to the district court's dismissal of its state common law claim for unfair competition pending the New York Court of Appeals response to our certified questions.