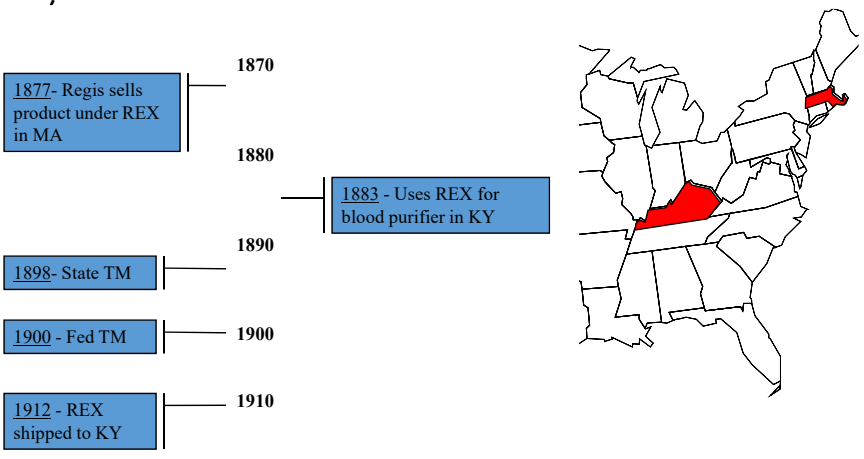
## Geographic Scope

- Two c/l users of the same TM
- c/l rule – only protected where products sold or advertised
- Exceptions:
  - Where reputation established
  - Normal expansion of business
  - Anywhere someone intentionally trades on the TM owner's goodwill
- Earlier user has superior rights in area of overlap


- User One
- User Two



# Common Law Priority:
# United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918)



## Common Law Priority:
## United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918)

- "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. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business."



## Priority: Section 7(c), Section 22, and Section 33(b)(5)

- Section 7(c): as of date of application, "constructive use of the mark, conferring a right of priority, nationwide in effect"
  - Effective Nov. 16, 1989
- Section 22: as of date of registration, "Registration of mark on the principal register provided by this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof."
- Section 33(b)(5): intermediate junior user defense

## Senior uses and registers, then Junior uses

- Facts:
  - Senior uses and then applies for and receives registration
  - Junior uses
  - Senior files suit against Junior
- What result? Senior has nationwide priority under Section 7(c) as of the date of application and can enjoin Junior from using anywhere.
- What if Senior uses, applies for registration, and then Junior uses (and then Senior receives registration)?
  - No difference. Senior still has priority under 7(c).



## Senior uses, Junior uses, then Senior registers

- Facts:
  - Senior uses
  - Junior uses
  - Senior applies for and receives registration
- Senior sues Junior and vice-versa. What result?
  - Under 33(b)(5), Junior is frozen to its area of use as of the date of application.

# Senior uses, Junior uses, then Junior registers

- Facts:
  - Senior uses
  - Junior uses and then applies for and receives registration
  - Junior files suit against Senior, Senior counterclaims against Junior
- What result?
  - Junior has nationwide priority except in Senior's zone of use as of the date of application or registration (unclear which).



# Concurrent Use

Int. Cl.: 42

Prior U.S. Cl.: 101

**United States Patent and Trademark Office** Reg. No. 1,926,806 Registered Oct. 17, 1995

SERVICE MARK
PRINCIPAL REGISTER
CONCURRENT USE


TPI OF ILLINOIS, INC. (ILLINOIS CORPORATION)
4611 WEST 136TH STREET
CRESTWOOD, IL 60445 , BY MERGER WITH TERRIFIC PROMOTIONS, INC. (MARYLAND CORPORATION) ALEXANDRIA, VA 22312

FOR: DISCOUNT VARIETY GOODS STORE SERVICES, IN CLASS 42 (U.S. CL. 101).
FIRST USE 11-15-1986; IN COMMERCE 11-15-1986.
REGISTRATION LIMITED TO THE AREA COMPRISING THE ENTIRE UNITED STATES EXCEPT FOR THE COUNTIES OF ESSEX, BERGEN, HUDSON, UNION AND MIDDLESEX IN NEW JERSEY, THE FIVE BOROUGHS OF NEW YORK CITY AND THE COUNTIES OF SUFFOLK, NASSAU, WESTCHESTER, ROCKLAND AND PUTNAM IN NEW YORK, THE COUNTY OF FAIRFIELD IN CONNECTICUT AND THE COUNTY OF ALLEGHENY IN PENNSYLVANIA, CONCURRENT USE PROCEEDING NO. 853 WITH SERIAL NO. 73/725611.

SER. NO. 73-725,611, FILED 5-2-1988.

WAI BUI ZEE, EXAMINING ATTORNEY

# Concurrent Use

Int. Cl.: 42

Prior U.S. Cl.: 100

**United States Patent and Trademark Office** Reg. No. 1,376,369 Registered Dec. 17, 1985

SERVICE MARK
PRINCIPAL REGISTER

Ole' Tacos

OLE' TACO INC. (MICHIGAN CORPORATION)
2417 EASTERN AVE. SE.
GRAND RAPIDS, MI 49507

FOR: RESTAURANT SERVICES, IN CLASS 42 (U.S. CL. 100).
FIRST USE 9-0-1969; IN COMMERCE 9-0-1969.
SUBJECT TO CONCURRENT USE PROCEEDING WITH SERIAL NO. 89,563. APPLICANT CLAIMS THE AREA COMPRISING THE STATE OF MICHIGAN, AND SUCH PORTIONS OF INDIANA, ILLINOIS, AND OHIO AS DO NOT EXTEND BEYOND A 180-MILE RADIUS WHOSE CENTRAL POINT IS GRAND RAPIDS, MICHIGAN.
NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "TACOS", APART FROM THE MARK AS SHOWN.
THE TERM "OLE'" AS USED IN THE MARK IS A SPANISH EXPRESSION MEANING "BRAVO!".

SER. NO. 93,243, FILED 7-12-1976.

MARC BERGSMAN, EXAMINING ATTORNEY

Int. Cl.: 42

Prior U.S. Cl.: 100

**United States Patent and Trademark Office** Reg. No. 1,135,911 Registered May 20, 1980 OG Date Aug. 18, 1987

Restricted

SERVICE MARK
PRINCIPAL REGISTER

TACOS OLE'

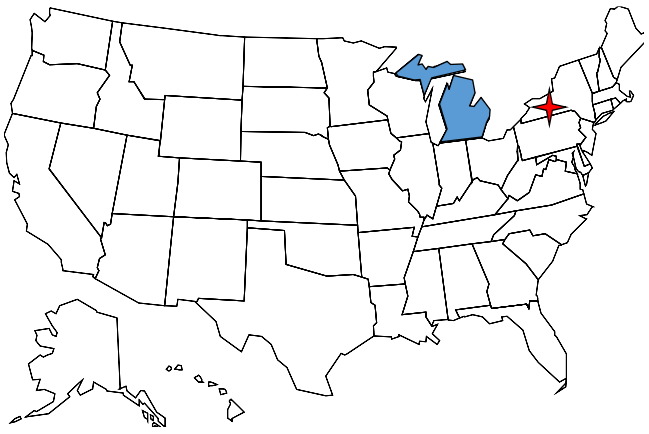
TACOS OLE, INC. (FLORIDA CORPORATION)
4142 SW. 70TH CT.
MIAMI, FL 33155

REGISTRATION LIMITED TO THE AREA COMPRISING THE ENTIRE UNITED STATES EXCEPT THE STATE OF MICHIGAN AND SUCH PORTIONS OF ILLINOIS, INDIANA AND OHIO AS DO NOT EXTEND A 180-MILE RADIUS WHOSE CENTRAL POINT IS GRAND RAPIDS, MICHIGAN. CONCURRENT USE PROCEEDING NO. 498 WITH, OLE' TACO INC.
WITHOUT DISCLAIMING ANY COMMON LAW RIGHTS OR RIGHTS IN THE MARK AS A WHOLE, THE WORD "TACOS" IS DISCLAIMED APART FROM THE MARK AS SHOWN.
FOR: RESTAURANT AND CATERING SERVICES, IN CLASS 42 (U.S. CL. 100).
FIRST USE 1-20-1969; IN COMMERCE 1-20-1969.

SER. NO. 89,563, FILED 6-7-1976.



# Dawn Donut Co., Inc. v. Hart's Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959)



# *Dawn Donut* applied

- Snelling & Snelling, Inc. v. Snelling & Snelling, Inc., 331 F. Supp. 750 (D.P.R. 1970) (federal registrant has not entered the Puerto Rico market; complaint dismissed)
- Pizzeria Uno Corp. v. Temple, 747 F.2d 1522 (4th Cir. 1984) (court denied present injunction against user in "remote" territory without prejudice to registrant's right to renew claim when it enters the territory)
- Comidas Exquisitos, Inc. v. O'Malley & McGee's, Inc., 775 F.2d 260 (8th Cir. 1985) (Atlanta restaurant could not obtain present injunction against use in Iowa because of lack of reputation in Iowa and no present plans to expand there)
- Minnesota Pet Breeders v. Schell & Kampeter, 41 F.3d 1242 (8th Cir. 1994) (if trademark owner is not entitled to an injunction in defendant's trade area because, under the Dawn Donut rule, plaintiff has not shown a likelihood of confusion there, then no profits should be awarded as to that area)
- Lone Star Steakhouse & Saloon v. Alpha of Virginia, 43 F.3d 922 (4th Cir. 1995) (registrant had already expanded into junior user's Washington, D.C. trade area and was thus entitled to an injunction)

- *But see* Circuit City Stores, Inc. v. CarMax, Inc., 165 F.3d 1047 (6th Cir. 1999)



What-a-Burger, VA v. Whataburger, Corp. Chris., Tx, 357 F.3d 441 (4th Cir. 2004)


# Person's Co., Ltd. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990)

- Territorial nature of trademark protection
- Section 44 registration
- Two grounds for finding of bad faith with respect to registration of a foreign mark



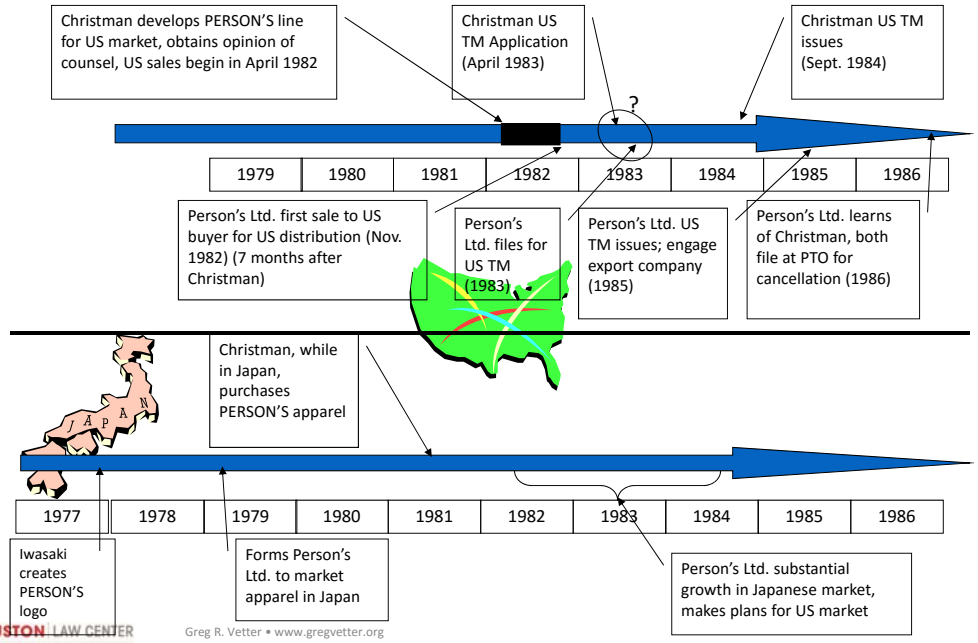

# Person's Co., Ltd. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990)

TARR Status | ASSIGN Status | TDR Status | TTAB Status *( Use the "Back" button of the Internet Browser to return to TESS)*

**Typed Drawing**

| | |
|---|---|
| **Word Mark** | PERSON'S |
| **Goods and Services** | (CANCELLED) IC 025. US 039. G & S: Wearing Apparel-Namely, Jackets, Tops, Shorts, Sweatpants, Sweaters and Sweatshirts. FIRST USE: 19820301. FIRST USE IN COMMERCE: 19820508 |
| **Mark Drawing Code** | (1) TYPED DRAWING |
| **Serial Number** | 73421293 |
| **Filing Date** | April 12, 1983 |
| **Current Filing Basis** | 1A |
| **Original Filing Basis** | 1A |
| **Published for Opposition** | July 17, 1984 |
| **Registration Number** | 1297698 |
| **Registration Date** | September 25, 1984 |
| **Owner** | (REGISTRANT) Christman; Larry INDIVIDUAL UNITED STATES Suite 4155 2601 Elliott St. Seattle WASHINGTON 98121 |
| **Assignment Recorded** | ASSIGNMENT RECORDED |
| **Attorney of Record** | GAIL N. SWENSON |
| **Type of Mark** | TRADEMARK |
| **Register** | PRINCIPAL |
| **Live/Dead Indicator** | DEAD |
| **Cancellation Date** | May 2, 1991 |

Person's Co., Ltd. V. Christman (Fed. Cir. 1990)






# Person's Co., Ltd. V. Christman (Fed. Cir. 1990)

- In cancellation proceeding, TTAB held for Christman
  - Person's Ltd. use of the mark in Japan could not be used to establish priority against a "good faith" senior user in US commerce
  - Mark was not famous or known in US when adopted by Christman
    - so no US goodwill or reputation upon which Christman could have intended to trade, rendering the unfair competition provisions of the Paris Convention inapplicable.

# Person's Co., Ltd. V. Christman (Fed. Cir. 1990)

- Federal Circuit
  - Priority
    - Person's Ltd. use in Japan has no effect on US commerce
      - Territoriality principle
  - Bad Faith
    - Christman's knowledge of Person's Ltd. use in Japan does not preclude his use and adoption in the US
      - No use of the mark on the goods in the US to put Christman or others on notice that a third party has priority
    - He did not know of Person's Ltd. plans to expand into the US market
    - He got opinion of counsel
    - Inference of bad faith requires more than mere knowledge of prior use of a similar mark in a foreign country
    - TM law does not impact all aspects of business morality
  - Unfair competition provisions of the Paris Convention
    - Not applicable, the TTAB does not adjudicate unfair competition claims



# Person's Co., Ltd. V. Christman (Fed. Cir. 1990)


# A minor circuit split

- Buti v. Perosa, S.R.L., 139 F.3d 98 (2d Cir. 1998)
  - Impressa opened FASHION CAFE in Italy in 1987 and promoted the restaurant in the U.S. With t-shirts, cards, and key chains. Impressa did not, however, open a restaurant in the U.S.
  - But opened FASHION CAFE in Miami in 1993.
  - Result: Impressa had no rights in U.S. It made no difference whether Buti in 1993 knew or did not know of Impressa's prior use in Italy.
  - Matt Haig, Brand Failures: The Truth about the 100 Biggest Branding Mistakes of All Times (2011) ("The connection between models and food was not an obvious one, and 'fashion' was not a theme that made people feel hungry.")
- *But see* International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco, 329 F.3d 359 (4th Cir. 2003)
  - Operators of online gambling websites sought declaration that their use of defendant's trademark "Casino de Monte Carlo" was noninfringing
  - Result: Sale of services abroad to U.S. citizens by a foreign trademark owner, combined with advertising in the U.S., meets the "use in commerce" requirement. The foreign trademark owner can assert a Lanham Act § 43(a) claim in a U.S. court.



# Review/Preview

- *Tea Rose-Rectanus* common law priority
  1. The territorial scope of an unregistered mark is limited to the territory in which the mark is known and recognized by relevant customers.
  2. The national senior user of an unregistered mark cannot stop the use of a territorially "remote" good faith national junior user who was first to use the mark in the remote territory.
- Federal registration priority
  - Section 7(c): as of date of application, "constructive use of the mark, conferring a right of priority, nationwide in effect"
    - Effective Nov. 16, 1989
  - Section 22: as of date of registration, "Registration of mark on the principal register provided by this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof."
  - Section 33(b)(5): intermediate junior user defense
  - *Dawn Donut*
- *Person's*: Trademark rights are national-territorial in nature. Foreign uses do not establish priority in the U.S.
  - Exception: Well-known marks doctrine

# Paris Convention for the Protection of Industrial Property (1883), Article 6bis

Article 6bis

Marks: Well-Known Marks

(1) 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.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.



# McDonald's Corporation v. Joburgers Drive-Inn Restaurant (PTY), Case No. 547/95 (Supreme Court of South Africa 1996)

- McDonald's had many registrations in SA, but "[w]hen the present proceedings commenced, McDonald's had not traded in South Africa nor, we may assume for present purposes, had it used any of its trade marks here."
- Finding MCDONALD'S to be well-known for restaurant services under Section 35 of 1995 Trade Marks Act

additional material above and beyond casebook

McDonalds v. JoBurgers (Appellate Division South Africa 1997)

- McDonalds SouthAfrica TM registrations under the Old Act
- Joburgers application to expunge the McDonalds marks and register some of the same
- 9/28/93 court order – prevent Joburgers from going forward pending suit
- What about MacDonalds?
- 5/1/1995 – New Act with Well Known Marks protection
  - Segment?
  - Degree of awareness? (substantial number of persons)

additional material above and beyond casebook



Grupo Gigante v. Dallo & Co., Inc., 391 F.3d 1088 (9th Cir. 2004)

- Is there a statutory basis for the court's finding of famous marks protection?
- What level of well-knownness is required?

## Int'l Protection of TM under Paris

- Paris Convention
  - National Treatment
    - A member state may not subject foreigners benefiting from the Paris Convention to higher industrial property protection standards than those applicable to its own citizens
    - Without National Treatment, a member country can subject a state's nationals to stricter conditions, refuse to protect rights, require reciprocity, residence, fees, or other items
  - Independence of Rights
    - Takes national treatment principle to an extreme
    - TM ownership is governed exclusively by the national law of each country.
    - Exceptions to independence are
      - (i) priority right and
      - (ii) protection of the TM "as such" - when the mark would not meet the prerequisites for protection in the target country, register it "as it is"
        - For example, some countries allow registration of numbers or letters
  - Paris Union

additional material above and beyond casebook



## Int'l Protection of TM under Paris

- Paris Convention – Acquisition of Rights
  - Prohibited Signs
    - No TM on emblems of states, signs of control and guaranty, and emblems of int'l intergovernmental organizations [Art. 6*ter.*]
  - Well Known Marks
    - Even if not registered, have extended protection based on notoriety in country where protection is sought
  - Service Marks
    - Obligation to protect, but no obligation to provide registration, may be protected under unfair competition [Art. 6*sexies.*]
  - Collective Marks
    - Obligation to protect marks of associations, so long as its existence is not contrary to the law of the country of origin
    - Association does not need to be established in country of protection. [Art. 7*bis.*]
  - Nature of goods to which the Mark is applied
    - Prohibition on impeding registration based on the nature of the goods (even if marketing of such goods are prohibited) [Art. 7.]
  - Specific Mention
    - Member states cannot require as a condition of protection that the product bear a specific mention of a TM registration [Art. 5D.]

additional material above and beyond casebook

## Int'l Protection of TM under Paris

- Paris Convention – Content of Rights
  - Use
    - States may require that a rightsholder effectively uses the mark, and if the owner does not use it within a reasonable period of time, w/out valid reason for disuse, the owner can be deprived of the mark. [Art. 5C(1).]
  - Co-Owners
    - Simultaneous use by co-owners shall not limit protection.
  - Grace Periods
    - Must allow 6 months for payment of maintenance/renewal fees due.
- Conventions based on Paris
  - Madrid Agreement; Madrid Protocol
- Paris Convention Contribution to TM law
  - national treatment
  - minimal procedural mechanisms
    - to facilitate the acquisition of TM rights on multinational basis
    - required "as is" acceptance of rights in a country
  - substantive minima in TM and unfair competition law

additional material above and beyond casebook



## Substantive Minima – Well Known Marks

- 6*bis*(1)
  - 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.
- To some extent, a derogation of principle of territoriality

## Well-Known Marks

- Under Art. 6bis(1):
  - a well-known mark can be characterized as a mark which is ***known to a substantial segment of the relevant public*** in the sense of being associated with the particular goods or services
- Famous marks versus "well-known" marks
  - Is there a difference?
  - Some contend that famous marks have a higher degree of reputation
  - Famous marks violate the "principle of speciality"
    - They have a broader scope of use against unauthorized use on non-competing goods or services
  - Not possible to distinguish between famous/well-known except as to the degree of recognition required

additional material above and beyond casebook



## TRIPS, Art. 16

1. The owner of a ***registered*** trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a ***likelihood of confusion***. In case of the use of an ***identical sign for identical goods or services***, a likelihood of confusion shall be ***presumed***. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.
2. Article 6*bis* of the Paris Convention (1967) ***shall apply***, *mutatis mutandis**, ***to services***. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the ***relevant sector of the public***, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.
3. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis**, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would ***indicate a connection*** between those goods or services and the owner of the registered trademark and provided that the ***interests of the owner of the registered trademark are likely to be damaged by such use***.

*** *mutatis mutandis***: (in comparing cases) making the necessary alterations

TRIPS, Art. 16

- Prevent confusing uses of an identical or similar mark on identical or similar goods
  - A presumption of confusion arises when identical marks are used on identical goods
- Unlike under the Paris Convention, however, TRIPS service marks receive protection equal to that of marks affixed to goods or trade names
- Owners of well-known marks obtain additional protection on dissimilar goods
  - Well-known is not defined in TRIPS or Paris
- Application to unregistered marks?
  - Not required textually by Art. 16, but it is a minimum standard, so members can go further

additional material above and beyond casebook