WHAT MUST A FOREIGN SERVICE MARK HOLDER DO TO CREATE AND MAINTAIN TRADEMARK RIGHTS IN THE UNITED STATES?

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I. INTRODUCTION

In a typical trademark dispute involving U.S. entities, the party alleging infringement or dilution of its mark must have actually used its mark in commerce.[1] For a U.S. manufacturer of goods, proving such qualifying use of the mark rests on the straightforward determination of whether the mark had been affixed to the goods or its packaging. Service marks present more of a challenge because a mark holder cannot "affix" the mark to a service. U.S. service providers typically are required to show only that they have advertised the service using the mark. In the vast majority of cases, the nationality of the mark's owner is not in issue; the focus is on use in the United States.

In the case of foreign service providers, however, "use" of the mark "in commerce" so as to maintain rights in the United States is a critical issue, particularly the extent to which "mere advertising" in the United States suffices to bestow U.S. enforceability. Surprisingly, there is little U.S. case law on this issue, and much of what does exist seems at best unclear or confusing, and at worst, simply wrong.

This article will examine the Lanham Act's provisions and relevant case law to determine the circumstances under which foreign service providers can assert and maintain service mark rights in the United States. First, the article will discuss general principles governing the issue of "use in commerce" as they relate to questions of registration and enforcement of foreign marks. Next, the article will analyze the manner in which courts and the

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1. It is elemental that trademark rights flow from use. See, e.g., Allard Enters., Inc. v. Advanced Programming Resources, Inc., 249 F.3d 564, 572 (6th Cir. 2001); Hydro-Dynamics, Inc. v. George Putnam & Co., 811 F.2d 1470, 1473 (Fed. Cir. 1987); AmBrit, Inc. v. Kraft, Inc., 805 F.2d 974, 994 (11th Cir. 1986).

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Trademark Trial and Appeal Board (TTAB) of the United States Patent and Trademark Office have dealt with the assertion of enforceable U.S. trademark rights by foreign sellers of goods and services. As will be seen in the analysis that follows, most decisions on the subject contain imprecise analysis and language, tending to exacerbate an already difficult issue. The article will then make several practical suggestions designed to avoid perpetuation of analytical errors that would flow from these troublesome precedents and to facilitate enforcement of service marks in the United States by foreign nationals to the full extent permitted by the Lanham Act. Finally, the article will assess the viability of the "famous" or "well-known" mark doctrine to provide an alternative basis for foreign service providers to assert U.S. rights.[2]

II. THE "USE IN COMMERCE" REQUIREMENT

A. Foreign Service Mark Owner Need Not Satisfy the "Use In Commerce" Requirement to Obtain a Registration.

One of the few clear principles that apply to foreign mark holders is that the Lanham Act[3] does not require a foreign service mark owner to prove that it has "used" its mark in the United States before qualifying to register the mark. All a foreign service mark owner need prove is that it (1) owns a valid foreign registration for the mark and (2) intends to use the mark "in commerce." Specifically, "[a] mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible. . . . The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration."[4] Interestingly, the Lanham Act thus treats foreign applicants a bit better than it treats U.S. applicants, since under sections 1(b) & (d) of the Lanham Act,[5] a U.S. applicant who has not yet used its mark can obtain only a determination of "allowance"—not an actual issued registration—until it provides the USPTO with proof

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2. The article's discussion of the "famous" or "well-known" mark doctrine, see infra notes 120-137 and accompanying text, is not to be confused with the issue of famousness as a statutory prerequisite for protection under the Federal Trademark Dilution Act, which specifies certain factors relevant to the issue of fame or distinctiveness under the Dilution Act at 15 U.S.C. § 1125(c)(1).

3. 15 U.S.C. § 1126(e).

4. Id.; see also Imperial Tobacco Ltd. v. Philip Morris, Inc., 899 F.2d 1575, 1578 (Fed. Cir. 1990).

5. 15 U.S.C. § 1051(b) & (d).

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of use.[6] Upon receipt of acceptable specimens, a sworn statement of use, and a specification of the date of first use, the USPTO will issue the registration to the U.S. applicant.[7]

B. To Maintain a Registration or Assert Common Law Rights, a Foreign Service Mark Owner Must Satisfy the "Use In Commerce" Requirement

While section 44(e) of the Lanham Act does not require that a foreign service mark owner have used its mark "in commerce" to obtain a U.S. registration, it says nothing about what happens after registration. However, the very next subsection provides guidance: section 44(f) states that a registration obtained under section 44(e) "shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act."[8] The Federal Circuit has noted that "a section 44(e) registrant is entitled only to the same national treatment as any other registrant."[9] Thus, after registration, the general provisions of the Lanham Act govern enforceability. For example, the concept of "abandonment"—the opposite side of the "use" coin—has been applied to foreign mark holders and U.S. mark holders alike,[10] and, in fact, the Lanham Act defines "abandonment" with explicit reference to "use": "A mark shall be deemed 'abandoned' . . . [w]hen its use has been discontinued with intent not to resume such use. . . . Nonuse for 3 consecutive years shall be prima facie evidence of abandonment."[11]

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6. Imperial Tobacco, 899 F.2d at 1578.

7. 15 U.S.C. § 1051(d)(1). Pursuant to the provisions of section 1(d), once an "intent to use" application has been "allowed," the mark owner may have up to 36 months to supply proof of use to the USPTO. See 15 U.S.C. § 1051(d)(2).

8. 15 U.S.C. § 1126(f).

9. Imperial Tobacco, 899 F.2d at 1579; see also Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 908 (9th Cir. 2002) (noting that section 44 implements, among other treaties, the Paris Convention for the Protection of Industrial Property, March 20, 1883, and the Paris Convention requires only that "foreign nationals . . . be given the same treatment in each of the member countries as that country makes available to its own citizens") (citation omitted), cert. denied, 123 S. Ct. 993 (2003).

10. See, e.g., Imperial Tobacco, 899 F.2d at 1579 ("Thus, a section 44(e) registration, like any other registration may be cancelled on the ground of abandonment of the mark at any time.")

11. Id. Many of the decisions that address the rights of foreign mark owners arise in the context of an argument by the mark owner's adversary that the foreign mark owner, by not having performed any services or sold any goods under the mark in the U.S., has thereby "abandoned" the mark within the meaning of the Lanham Act's definition of abandonment. See, e.g., Imperial Tobacco, 899 F.2d at 1579; Centroamericana S.A. v. Cerveceria India, Inc., 892 F.2d 1021 (Fed. Cir. 1989); Linville v. Rivard, 26 U.S.P.Q.2d 1508 (T.T.A.B. 1993), vacated, 11 F.3d 1074, 31 U.S.P.Q.2d 1218, 1230 (Fed. Cir. 1993)

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I next turn to a consideration of the meaning of "use in commerce" under the Lanham Act.

C. The Lanham Act's Definition of "Use in Commerce"

The Lanham Act expressly defines the phrase "use in commerce" differently for goods and services. Under section 45:

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark. *For purposes of this Act, a mark shall be deemed to be in used in commerce—*
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> (1) on goods when—
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> (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on the documents associated with the goods or their sale, and
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> (B) the goods are sold or transported in commerce, and
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> (2) *on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce,* or the services are rendered in more than one state or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.[12]

Thus, this provision makes clear that a service mark is used in commerce when two conditions are satisfied: (1) the mark is used or displayed in the advertising or sale of services; *and* (2) the services "are rendered in commerce."

(nonprecedential decision), on remand, 41 U.S.P.Q.2d 1731 (T.T.A.B. 1996), aff'd, 133 F.3d 1446 (Fed. Cir. 1998). In determining whether a mark has been "abandoned," and is therefore unenforceable, under the Lanham Act, the initial burden, as set forth explicitly in the statute, is on the party asserting abandonment to show that the putative mark owner has not used the mark in the United States for three consecutive years. If the party asserting abandonment satisfies this burden, the burden then shifts to the mark owner to demonstrate either that he has, in fact, used the mark during the three year period, see, e.g., Centroamericana S.A., 892 F.2d at 1026, or that the circumstances do not justify an inference that the mark owner does not intend to resume use of the mark (or, perhaps, begin use of a mark registered but alleged never to have been used). See, e.g., Exxon Corp. v. Humble Exploration Co., 695 F.2d 96, 99 (5th Cir. 1983). Once the burden shifts to the putative mark owner, it is insufficient to overcome the presumption of abandonment to show, for example, the following: limited sales where the mark is used but does not serve as a true source identifier, see id. at 100-01; or incidental sales of other goods or services under the mark, even if part of an alleged marketing strategy preliminary to introducing the good or service at issue, see Imperial Tobacco, 899 F.2d at 1582.

12. 15 U.S.C. § 1127 (emphasis added).

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1. The First Inquiry: Has the Foreign Service Provider "Used" the Mark as Contemplated by the Lanham Act?

The first part of the statutory definition—whether the foreign service mark owner has made a qualifying "use" of the mark—is usually the easier requirement to satisfy. The statute is clear that advertising is the key issue in determining whether a service mark has been "used," as one might expect, given the intangible nature of services. The Federal Circuit has noted, in a case involving an Alabama restaurant:

> A service mark is different from a mark for goods, especially in the manner it is used in commerce. The legally significant use giving rise to rights in a mark for goods is derived from the placing of the mark in some manner on the goods either directly or on their containers or packaging. A service mark, on the other hand, entails use in conjunction with the offering and providing of a service. This makes all the more important the use of the mark in *"sales" or "advertising" materials of different descriptions.*[13]

Consistent with the statute and this observation, the Federal Circuit has twice noted that "[a]dvertisements can clearly supply proof of use of a service mark."[14] Accordingly, as to this first inquiry, it is clear that advertising can constitute the required statutory "use" in certain circumstances.

Moreover, there does not seem to be any statutory requirement that the advertising be done in the United States, so long as it is performed, as explained in the following section, in connection with qualifying commerce (the second part of the "use in commerce" requirement).[15]

2. The Second Inquiry: What Is "in Commerce" Under the Lanham Act?

Assuming that a foreign service mark provider can show a "use" of the mark, the next inquiry under the definition of "use in commerce" in section 45 of the Lanham Act is whether that use was rendered "in commerce." This second part of the "use in commerce" test is the most troublesome for courts and litigants.

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13. Lloyd's Food Prods., Inc. v. Eli's, Inc., 987 F.2d 766, 768 (Fed. Cir. 1993) (citation omitted; emphasis added).

14. Stock Pot Restaurant, Inc. v. Stockpot, Inc., 737 F.2d 1576, 1579 n.2 (Fed. Cir. 1984); accord West Florida Seafood, Inc. v. Jet Restaurants, Inc., 31 F.3d 1122, 1126 n.6 (Fed. Cir. 1994).

15. See 15 U.S.C. § 1127.

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The Lanham Act's definitional section provides explicit guidance as to the types of commerce that qualify under the Act. The second definitional paragraph of Section 45 of the Lanham Act provides that: "[t]he word 'commerce' means all commerce which may lawfully be regulated by Congress."[16] At the end of the definitional section, the Act re-emphasizes that "[t]he intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce."[17] This language has led courts uniformly to conclude that the Lanham Act's reach is co-extensive with the limits of the Commerce Clause of the Constitution.[18]

The Commerce Clause sets forth the parameters of the control that Congress may lawfully exert over commerce. It provides: "The Congress shall have Power . . . To regulate Commerce [1] with foreign Nations, and [2] among the several States, and [3] with the Indian Tribes."[19] Thus, the Lanham Act reaches not only interstate commerce, but also commerce "with foreign Nations."[20]

D. How Can Foreign Service Providers Demonstrate That Their Uses Were in Connection With Services Rendered "in Commerce"?

The results of the reported decisions seem to indicate that foreign mark owners have had a difficult time convincing the courts and the TTAB that they have indeed engaged in qualifying commerce. Ironically, as will be shown below, most of the problems encountered by foreign mark owners have arisen in cases where (1) the mark owners have tried to prove qualifying use in *interstate* commerce, as opposed to qualifying use in *foreign* commerce,[21] and (2) as a result, the courts did not focus on whether the mark owner had, in fact, used the mark in qualifying foreign commerce. Although it is not impossible for foreign service mark owners to

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16. 15 U.S.C. § 1127.

17. Id.

18. See, e.g., Steele v. Bulova Watch Co., 344 U.S. 280, 286, 73 S. Ct. 252, 254 (1952); International Bancorp, LLC v. Société des Bains de Mer et du Cercle des Étrangers à Monaco, 329 F.3d 359, 363-64 (4th Cir. 2003); United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc., 128 F.3d 86, 92-93 (2d Cir.1997); Ocean Garden, Inc. v. Marktrade Co., 953 F.2d 500, 503 (9th Cir. 1991); Shatel Corp. v. Mao Ta Lumber & Yacht Corp., 697 F.2d 1352, 1356 (11th Cir. 1983); Purolator, Inc. v. EFRA Distributors, Inc., 687 F.2d 554, 558 (1st Cir. 1982).

19. U.S. Const. art I, § 8, cl. 2 (bracketed material added).

20. See, e.g., International Bancorp, 329 F.3d at 364; Person's Co. v. Christman, 900 F.2d 1565, 1568 (Fed. Cir. 1990); Shatel Corp., 697 F.2d at 1356; In re Silenius Wines, Inc., 557 F.2d 806, 809 (C.C.P.A. 1977).

21. See infra nn.22-58 and accompanying text; see also infra nn.74-94 and accompanying text.

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prove use in interstate commerce, it is frequently—as common sense would suggest—more difficult for them than proving use in qualifying foreign commerce.

1. Proving Interstate Commerce.

As one would expect, foreign mark owners generally have encountered difficulty trying to convince tribunals that their foreign activities took place in interstate commerce. It is not impossible, however, to do so.

(a) Case Law Where the Foreign Mark Owner Failed to Prove Sufficient Interstate Commerce

In several cases, the Federal Circuit[22] and the TTAB have considered whether a foreign mark owner had enforceable rights under the Lanham Act—mostly in the context of allegations that the foreign mark owner had "abandoned" its right to continued registration. As will be seen below, by explicitly focusing on the question of what goods or services were actually purchased or provided "in the United States," these decisions have concerned whether the foreign mark holder had demonstrated qualifying *interstate* commerce. In addition, these decisions are less than a model of legal clarity. It is difficult to discern, however, whether the lack of clarity results from the failure of the foreign mark owner to raise the issue properly. Nevertheless, these decisions show the kinds of factual and legal arguments that have failed to preserve registration status for foreign mark owners.

The Federal Circuit's three main foreign owner/abandonment decisions are Cerveceria Centroamericana S.A. v. Cerveceria India, Inc.,[23] Imperial Tobacco Ltd. v. Philip Morris, Inc.,[24] and Rivard v. Linville.[25] As will be shown below, none of these cases either raises or addresses the issue of the existence of a qualifying "foreign commerce" use.

In Cerveceria Centroamericana S.A, a cancellation proceeding, the registrant was accused of abandoning its registered mark for beer.[26] The petitioner had offered proof that the beer at issue had not been imported into the United States for several years.[27] In

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22. The United States Court of Appeals for the Federal Circuit shares judicial review responsibilities concerning trademark registration decisions of the USPTO with the United States District Courts. See 15 U.S.C. § 1071(a) (permitting appeal to the Federal Circuit); 15 U.S.C. § 1071(b) (permitting dissatisfied parties to file a "civil action").

23. 892 F.2d 1021 (Fed. Cir. 1989).

24. 899 F.2d 1575 (Fed. Cir. 1990).

25. 133 F.3d 1446 (Fed. Cir. 1998).

26. Cerveceria Centroamericana, 892 F.2d at 1022.

27. Id.

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deciding whether the registrant had rebutted this prima facie showing of abandonment, the court noted twice, without citation, that there was no evidence of use "within the United States."[28] Having failed to make such a showing, the registrant was held to have abandoned its mark.[29] Significantly, there was no mention in the decision whether the mark owner had argued use of the mark during the relevant period in qualifying "commerce with Foreign nations."[30] Thus, this case appears to have dealt exclusively with the issue of whether the registrant had demonstrated the quantum of *interstate* commerce needed to sustain the registration, without regard to foreign commerce.[31]

The Federal Circuit in Imperial Tobacco Ltd. v. Philip Morris, Inc.[32] reinforced the same proposition. Imperial Tobacco involved cigarettes, and the registrant, an English company, had not sold any of its product in the United States from the time it obtained its registration until the time the petition for cancellation began.[33] Citing Cerveceria Centroamericana, the court stated that the terms "use" and "nonuse," in the abandonment context,[34] "mean use and nonuse in the United States."[35] As in Cerveceria Centroamericana, the registrant in Imperial Tobacco apparently made no argument that it had used the mark in qualifying foreign commerce. [36] Instead, it tried to demonstrate qualifying use in

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28. Id. at 1024.

29. Id. at 1027-28.

30. U.S. Const. art I, § 8, cl. 2.

31. Since the mark owner apparently did not argue that it had used the mark in regulable foreign commerce in response to the claim of abandonment in the case, this decision should not be construed as requiring sales occurring within the United States in order to support a registration. See, e.g., Tompkins v. United States, 946 F.2d 817, 820 (11th Cir. 1991) ("a case is not binding precedent for any proposition that was not then before the court"); see also Korwek v. Hunt, 827 F.2d 874, 877 (2d Cir.1987) ("The issue never was briefed, argued, or decided. Instead, it was assumed sub silentio. . . . Such a sub silentio holding is not binding precedent. . . .") (citations omitted).

As will become apparent later in this article, the principle of sub silentio holdings is particularly relevant in analyzing the effect of several other relatively opaque decisions concerning the rights of foreign mark owners.

32. 899 F.2d 1575 (Fed. Cir. 1990).

33. Id. at 1577.

34. See supra n.11 and accompanying text.

35. Id. (citing Cerveceria Centroamericana, 892 F.2d at 1024-25). The Federal Circuit also held that, although the Lanham Act defines abandonment in terms of an intent "not to resume" use, in the case of a foreign registrant under section 44(e), the proper question is whether the registrant had an "intent to begin use" during the period of nonuse in the United States. 899 F.2d at 1582.

36. Given that the foreign commerce issue was not before the court, this case should not be viewed as rejecting, sub silentio, the principle that qualifying foreign commerce is sufficient to maintain a registration. See, e.g., Tompkins, 946 F.2d at 820; Korwek, 827 F.2d at 877.

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interstate commerce by arguing that its mark was known by reputation in the United States.[37]

Eight years later, the Federal Circuit again faced this issue, but, this time, in the context of a foreign service provider. In Rivard v. Linville,[38] a Canadian individual registered the mark ULTRACUTS for hair dressing and beauty salon services based on a Canadian registration of the mark.[39] Five years later, Linville petitioned to cancel the mark based on abandonment.[40] In the meantime, the registrant had not provided any services under the mark in any U.S. location, but only in Canadian salons.[41] The Federal Circuit held that this factual showing established a prima facie case of abandonment.[42] This shifted the burden of proof to the registrant to show, in the Federal Circuit's words, and citing Imperial Tobacco, that "under the particular circumstances, his activities [were] those that a reasonable businessman, who had a bona fide intent to use the mark *in United States commerce*, would have undertaken."[43]

To try to meet its burden to show use "in United States commerce," the registrant testified that he had made several trips to various U.S. cities over the five-year period to scout out potential locations for an ULTRACUTS salon, had discussions with property managers and franchise consultants, and conducted investigations of salons already established in those areas.[44] The Federal Circuit, however, without mentioning that the registrant

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37. Id. at 1580. This argument appears to represent the registrant's attempt to maintain its registration under the famous or well-known mark doctrine, which is discussed infra, at notes 120-137 and accompanying text. The Federal Circuit, while conceding that the doctrine may, in its view, have validity in cases of unfair competition, found no applicability in cases concerning maintenance of a federal registration. See id.

38. 133 F.3d 1446 (Fed. Cir. 1998) (hereinafter referred to as Rivard IV. The case resulted in two decisions of the Trademark Trial and Appeal Board, both of which were appealed to the United States Court of Appeals for the Federal Circuit. The full history of the case is: Linville v. Rivard, 26 U.S.P.Q.2d 1508 (T.T.A.B. 1993) [Rivard I], vacated, 11 F.3d 1074, 31 U.S.P.Q.2d 1218, 1230 (Fed. Cir. 1993) (nonprecedential decision) [Rivard II], on remand to T.T.A.B., 41 U.S.P.Q.2d 1731 (T.T.A.B. 1996) [Rivard III], aff'd, 133 F.3d 1446 (Fed. Cir. 1998) [Rivard IV].

39. Id. at 1447.

40. Id. at 1447-48.

41. Id. at 1448.

42. Id. at 1449.

43. Id. (emphasis added) (citing Imperial Tobacco, 899 F.2d at 1575). Compare the court's phrase "bona fide intent to use the mark in United States commerce" with the language in section 44(e) of the Lanham Act, "bona fide intent to use the mark in commerce." The court's insertion of the term "United States" to modify the statute's use of "commerce" was apparently gratuitous, and the case cannot validly stand for the proposition that the only way a foreign registrant can avoid a finding of abandonment is to use the mark in interstate (i.e., United States) commerce.

44. Rivard IV, 133 F.3d at 1448.

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serviced American customers in its Canadian locations,[45] held that the TTAB's conclusion of abandonment was not clearly erroneous.[46] In affirming the Board's decision, the Federal Circuit repeatedly emphasized the lack of any evidence from which the TTAB could have reasonably inferred that the registrant had the required intent to commence use *in the United States*.[47]

The Second Circuit also rejected a foreign service mark owner's claim of U.S. rights in Buti v. Impressa Perosa, S.R.L.[48] In Buti, the foreign mark owner, Impressa Perosa, operated a "bar with a cafeteria" in Milan, Italy.[49] The owner of Impressa had personally distributed t-shirts, keychains, promotional coupons and other items at fashion shows in the United States, but had never operated a restaurant under the mark in the United States or engaged in any formal advertising or public relations in the United States.[50] The Second Circuit held that Impressa had no right to register its mark (and no common law rights) because these promotional activities did not rise to the level of a "use in commerce."[51] The court reasoned that "mere advertising or promotion of a mark in the United States is insufficient to constitute 'use' of the mark 'in commerce. . . .'"[52]

The TTAB has also dealt with the assertion of rights by foreign service providers. In Mother's Restaurants Inc. v. Mother's Other Kitchen, Inc.,[53] the issue concerned primarily whether a

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45. While the registrant had proffered evidence to the TTAB in Rivard I and Rivard III that its Canadian salons had serviced some American customers, the Federal Circuit in neither Rivard II nor Rivard IV made any mention of this fact. In both Rivard II and Rivard IV, however, the Federal Circuit quoted Imperial Tobacco, 899 F.2d at 1575, for the same proposition that only "use and nonuse in the United States" are relevant. Thus, the Federal Circuit's failure to mention this evidence (i.e., its sub silentio ruling on this point) cannot be taken to restrict foreign registrants to proof of interstate commerce to the exclusion of foreign commerce in an action challenging the registration of the foreign mark. See, e.g. Tompkins, 946 F.2d at 820; Korwek 827 F.2d at 877.

46. Id. at 1449.

47. See, e.g., id. at 1449 (using the qualifying phrase "in the United States" or "in United States commerce" no fewer than six times).

48. 139 F.3d 98 (2d Cir. 1998).

49. See id. at 100.

50. See id.

51. Although the court used the broader phrase "use in commerce," it appears that the court was not considering the issue of qualifying foreign commerce because earlier in its opinion the court had noted Impressa's concession that "the food and drink services of [its bar/cafeteria] form no part of the trade between Italy and the United States." Id. at 103; see also International Bancorp, LLC v. Société des Bains de Mer et du Cercle des Étrangers à Monaco, 329 F.3d 359, 369 (4th Cir. 2003) (noting that Buti did not concern qualifying foreign commerce).

52. Buti, 139 F.3d at 105.

53. 218 U.S.P.Q. 1046 (T.T.A.B. 1983).

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Canadian restaurant had established rights in the United States.[54] The Canadian restaurant introduced evidence that it had transmitted radio advertisements that reached U.S. listeners and that Americans had dined in the Canadian restaurants and mailed written comments and business inquiries about franchise opportunities to the restaurants.[55] The Board, however, held that "prior use and advertising of a mark in connection with goods and 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...."[56] Curiously, the Board made no mention of the evidence that Americans had both dined at the Canadian restaurants and made inquiries about franchise opportunities to the mark owner in its resolution of the legal issue, referring only to "prior use and advertising . . . in a foreign country."[57] Nor did the Board indicate that the Canadian restaurant had argued that it had engaged in qualifying foreign commerce.

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Three conclusions can be discerned from these cases:

- These cases do not concern assertions of qualifying "foreign commerce," but only whether qualifying use in interstate commerce was established;[58]
- Mere advertising that reaches Americans is not enough to demonstrate that the mark is being used in qualifying *interstate commerce*; and
- That Americans purchase goods or services under the mark abroad does not, by itself, demonstrate *interstate* commerce.

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54. See id. at 1047.

55. Id. at 1047-48. However, the Board suggested there might be an exception in the case of "famous" marks owned by a foreign national.

56. Id. (citing Vaudable v. Monmartre, Inc., 20 Misc. 2d 757, 193 N.Y. Supp. 2d 332, 123 U.S.P.Q. 357 (Supr. Ct. 1959)). In so holding, the Board noted that a possible exception would apply to "famous" marks. The infrequently-invoked "famous mark" doctrine, which is discussed in more detail infra at nn.120-137 and accompanying text, holds that common law marks that, while not technically "used" in the United States, are nevertheless well-known or famous within a particular market in the United States, may be protectable under state common law and the Lanham Act's unfair competition provisions.

57. See id. There are several other TTAB decisions that use similar language, but, as pointed out by the court in the recent decision in International Bancorp, LLC v. Société des Bains de Mere et du Cercle des Étrangers à Monaco, 329 F.3d 359, 378 n.11 (4th Cir. 2003), these decisions concerned either "use" on foreign soil directed only at foreigners, not at Americans, or no "use" at all.

58. The issue of qualifying "foreign commerce"—as opposed to interstate commerce—will be discussed infra, at nn.70-83 and accompanying text.

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(b) Penta Hotels: A Case Where the Foreign Service Mark Owner Proved Sufficient Interstate Commerce

In one district court decision involving hotel services, the court held that the foreign service mark owner presented facts[59] sufficient to persuade the court that it had engaged in *interstate* commerce, despite the fact that its hotels were located abroad.

In Penta Hotels Ltd. v. Penta Tours Reisen GmbH,[60] the plaintiff owned and operated a number of European hotels under the PENTA mark.[61] Although the hotels themselves were located in Europe, the mark owner established sales offices at various times in New York and two other U.S. cities to work with travel agents, tour operators, corporations, airlines and tourist boards.[62] The sales offices would advertise and promote the hotels in the United States, as well as take, make, and confirm reservations at the hotels.[63] Payment for the reservations, however, was made directly to the individual European hotels.[64] The U.S. sales offices also contracted with various entities for tours, conferences, banquets, and similar gatherings to take place at the hotels.[65]

The mark holder had also entered into a contractual relationship with a New York-based hotel, the Barbizon.[66] Through this relationship, the Barbizon and the mark holder's European hotels promoted each other's hotel services, and as part of that effort, the Barbizon made use of the mark holder's PENTA mark in promotional items in its New York hotel.[67] While the Barbizon did not hold itself out as one of the hotels in the mark holder's group, the mark holder promoted the Barbizon as a member of its group.[68] In addition, although the business agreement between the mark holder and the Barbizon did not provide for the mark holder to exert any quality control over the Barbizon, there was some

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59. The question of what "use" is adequate to give rise to enforceable trademark rights is uniquely an issue of fact. See, e.g., Lucent Information Mgmt., Inc. v. Lucent Tech., Inc., 186 F.3d 311, 315 (3d Cir. 1999); New West Corp. v. NYM Co. of Cal., Inc., 599 F.2d 1194, 1200 (9th Cir. 1979).

60. 9 U.S.P.Q.2d 1081 (D. Conn. 1988).

61. Id. at 1083.

62. Id. at 1085.

63. Id. at 1085-86.

64. Id. at 1085. The court did not say whether the payment was made while the guest was at the hotels or whether any guests sent such payment from the United States to the European hotels by mail or other means.

65. Id.

66. Id. at 1086.

67. Id.

68. Id.

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evidence that the mark holder's management occasionally inspected rooms in the Barbizon.[69]

On these facts, the district court held that the mark holder had "used" the PENTA mark "in commerce" and, as a result, had established trademark rights in the United States.[70] Specifically, as to "use," the mark owner persuaded the court that it had used the PENTA mark in advertising and promotion.[71] As to the second aspect of the criteria under Section 45 of the Lanham Act, the Court found that the mark holder's services were rendered in interstate commerce even though the mark holder's hotels were all located outside the United States. The critical finding, in the court's view, was that the mark holder's U.S. sales office had taken and confirmed reservations for the mark holder's non-U.S. hotels.[72]

In summary, one way to show that services performed abroad are nevertheless rendered in U.S. (interstate) commerce is to proffer proof that reservations for those services were taken and confirmed in the United States.[73]

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69. Id. at 1087.

70. The Penta court held that the foreign mark owner had "rendered services 'in commerce' 'in more than one state' and 'in commerce in the United States and a foreign country' through the taking and confirming of hotel reservations" by their sales offices in the United States. See id. at 1094. Despite using the phrase "and in the United States and a foreign country," the court's analysis focused exclusively on what activities the mark owner had engaged in in the United States. See, e.g., id. at 1093 ("As a threshold matter, the court must consider the use of the service mark Penta *in the United States* to determine whether such use by the plaintiff was sufficient to support its trademark registration for hotel, restaurant and bar services. . . .") (emphasis added); id. at 1095 ("One must actually use the claimed mark *in the United States* in connection with services provided in order to register U.S. ownership rights in such mark.") (emphasis added). From these and other statements, it is clear that the court focused its analysis on commerce in the United States (i.e., interstate commerce) rather than qualifying foreign commerce.

71. Id. at 1093-94.

72. Id. at 1094. The court explained that the TTAB had previously held that taking and confirming hotel reservations, by itself, constitutes services rendered in commerce. Id. (citing In re G.J. Sherrard Co., 150 U.S.P.Q. 311 (T.T.A.B. 1966)).

73. The TTAB, in Rivard I, 26 U.S.P.Q.2d 1508, 1512 (T.T.A.B. Mar. 3, 1993), vacated on other grounds, 11 F.3d 1074, 31 U.S.P.Q.2d 1218, 1230 (Fed. Cir. 1993) (nonprecedential decision), distinguished Penta Hotels on the ground that the services in Penta were rendered in part in a hotel located in New York, The Barbizon Plaza. This would appear to be an inaccurate characterization of the facts in Penta, however, for the Penta court made clear that the services that the mark holder advertised in the United States were not provided in the Barbizon, but in the PENTA hotels in Europe. See Penta, 9 U.S.P.Q.2d at 1086. Given that the mark holder's PENTA hotels were actually situated abroad, Rivard I cannot properly be understood to construe the services at issue in Penta—taking and confirming reservations in the United States—as "use in commerce" for U.S. hotels but not foreign hotels. The "use in commerce" requirement cannot be more stringent for a foreign hotel than it is for a domestic hotel. The Paris Convention for the Protection of Industrial Property of March 20, 1883, 21 U.S.T. 1583, as amended on September 28, 1979 ("Paris Convention"), (enacted through 15 U.S.C. § 1126))—which Rivard I does not mention—is specifically intended to put foreign mark holders and U.S. mark holders on equal footing. See, e.g., Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 907-08 (9th Cir. 2002), cert.

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2. Proving Qualifying *Foreign* Commerce

It is curious that there appears to be only one decision that clearly and explicitly focuses on the issue of whether a foreign service mark owner proved use of its mark in qualifying foreign commerce, as opposed to interstate commerce. Perhaps this is because, as explained above, most of the published decisions concerning whether foreign mark holders used their marks in qualifying commerce state the "requirement" that the mark be "used in the United States" without making clear that these decisions were focused on interstate, rather than foreign, commerce. Now, however, the Fourth Circuit has explicitly ruled that "foreign commerce" is properly within the scope of qualifying use under the Lanham Act. That court's recent decision in International Bancorp, LLC v. Société des Bains de Mer et du Cercle des Étrangers à Monaco[74] may well have important implications for foreign mark owners seeking to assert trademark rights in the United States, particularly if its holding is adopted by other circuits or upheld by the Supreme Court.

International Bancorp concerned a dispute about who could use the mark CASINO DE MONTE CARLO for gambling services. The defendant (the mark owner) operated a casino and resort facility in Monaco under the mark, and the plaintiff used the same mark for Internet gambling.[75] The Monaco mark owner advertised and promoted the mark worldwide, including spending $1 million annually in the United States, and even operated a New York office for its U.S. advertising and promotion.[76] The New York office also booked reservations for the mark owner's resorts (but not for its casino).[77] Finally, there was evidence that United States citizens went to the mark owner's casino and gambled.[78]

The parties apparently did not disagree that the mark owner had "used" the mark.[79] Instead, their main disagreement was whether the "use" took place in connection with services rendered in regulable commerce.[80]

The court held that the mark owner's services were rendered in regulable foreign commerce. The court reasoned: (1) "'commerce'

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denied, 123 S. Ct. 993 (2003); International Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc., 252 F.3d 1274, 1278 (11th Cir. 2001).

74. 329 F.3d 359 (4th Cir. 2003), cert. filed Oct. 21, 2003 (No. 03-612).

75. Id. at 360.

76. Id.

77. Id. at 365.

78. See id. ("the plaintiff companies conceded that the record contained evidence that United States citizens went to and gambled at the casino").

79. Id. at 363.

80. See id.

under the Lanham Act is coterminous with that commerce that Congress may regulate under the Commerce Clause of the United States Constitution";[81] (2) "commerce" therefore includes "all the explicit variants of interstate commerce, foreign trade, and Indian commerce";[82] (3) the Supreme Court has defined foreign trade as "trade between subjects of the United States and subjects of a foreign nation,"[83] regardless of where that trade occurs;[84] and (4) the mark owner used the mark CASINO DE MONTE CARLO "in commerce" "because United States citizens purchase casino services sold by a foreign nation, which purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause."[85] The Fourth Circuit thus became the first U.S. federal court to base a finding of trademark rights explicitly on "foreign commerce."

The International Bancorp decision was not unanimous. The dissenting judge rejected the majority's holding that the Lanham Act encompasses commerce transacted abroad between U.S. citizens and subjects of foreign countries.[86] Perhaps the most unusual aspect of the disagreement between the majority and the dissent is that it was not over statutory construction or the scope of the Constitution's commerce clause, as the dissenting judge did not disagree with (or even address) *any* of the steps in the majority's statutory construction or its analysis of the scope of the Constitution's Commerce Clause.[87] Instead, the dissent focused exclusively upon the prior decisions of the various courts and the TTAB that appeared to require that the service itself be rendered in the United States.[88]

The author agrees with the statutory and constitutional analysis set forth in the majority opinion in International Bancorp. In the author's view, if the dissent did not disagree with any aspect

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81. Id.

82. Id. at 364.

83. Id. at 365.

84. Id. at 366.

85. Id. Interestingly, the court did not find it significant that the mark owner had set up U.S. sales offices that booked reservations for the mark owner's resorts because the mark in issue was a mark for casino services. See id. at 365. If the case had concerned resort services, under the rationale of the district court decision in Penta Hotels Ltd. v. Penta Tours, 9 U.S.P.Q.2d 1081 (D. Conn. 1988); see supra at nn.59-73 and accompanying text, the court might have found that the mark had been used in interstate commerce as well.

86. International Bancorp, 329 F.3d at 383-94 (Motz, J., dissenting).

87. Id. at 372-73.

88. Id. at 385-94 (Motz, J., dissenting). The majority in International Bancorp also discussed, and meticulously analyzed, and, in many instances, distinguished each of the cases the dissenting judge relied upon. See International Bancorp, 329 F.3d at 374-81. I discuss many of the cases relied upon by the dissenting judge in International Bancorp in a later section of this article. See infra nn.106-116 and accompanying text.

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of the majority's statutory and constitutional analysis, which held that the Lanham Act's statutory text did not require that the service be rendered in the United Sates, then it should be irrelevant that previous decisions appeared nevertheless to impose this additional requirement. While it is certainly good policy for courts to be chary of issuing rulings that contradict previous rulings of other courts, it is ultimately the primary job of each court to construe the law. If a court believes that its legal analysis, though different from that of other courts, is correct, it is better to rule in accordance with that analysis than to perpetuate an error.[89] This is particularly true in view of the Supreme Court's certiorari jurisdiction, one of whose primary targets is to finally resolve questions on which the lower courts have disagreed.[90] The International Bancorp majority's decision that the law required it to analyze this issue in a way different from that of other courts thus serves the important goal of bringing a conflict on an important issue of federal law to the attention of the Supreme Court. In turn, if Congress later disagrees with either the Supreme Court's statutory construction or the policy implications of its ruling, it can change the law.

As mentioned, this appears to be the first published decision holding that a foreign mark owner may satisfy the Lanham Act's "in commerce" requirement by proving that United States citizens purchased the mark owner's services abroad[91] (assuming that a qualifying "use" occurred).[92] Assuming it is not overturned by the Supreme Court, it may open up a previously overlooked avenue for

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89. It is noteworthy, however, that the International Bancorp majority believed that several of the previous decisions relied upon by the dissent either were factually distinguishable or did not squarely address the issue of whether qualifying commerce had occurred. See International Bancorp, 329 F.3d at 374-81 (discussing the cases relied upon by the dissent).

90. See S. Ct. Rule 10(a) (explicitly listing a "conflict" between federal courts of appeals "on the same important matter" as one of the guides the Supreme Court uses in choosing which petitions for certiorari to grant).

91. See also the Eleventh Circuit's statement in Shatel Corp. v. Mao Ta Lumber and Yacht Corp., 697 F.2d 1352, 1356 (11th Cir. 1983), that "solicitation or sales . . . between citizens of the United States and citizens and subjects of a foreign nation is . . . commerce within the meaning of the Lanham Act." (footnote omitted). While Shatel nominally presented a different issue—whether the accused infringer had used the allegedly infringing mark in commerce, see id.—the issue implicated the same Lanham Act definitional provision: "use in commerce."

92. The International Bancorp majority did not explicitly address the issue of whether the "use" (i.e., the advertising) of the hotel service was required to have taken place on U.S. soil, apparently because that issue was not contested. See International Bancorp, 329 F.3d at 363 (stating that both parties agreed that the "critical question" was whether the services provided by the mark owner were "rendered in commerce.") It would appear, however, based on a reading of the plain language of the relevant statutory text, that the Lanham Act imposes no such requirement. It requires only use or display "in the sale or advertising of services." It does not impose a territorial requirement on that phrase. See 15 U.S.C. § 1127.

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foreign mark owners to preserve and assert U.S. rights.[93] However, trademark owners should be careful not to place blind reliance on International Bancorp in federal district courts outside of Maryland, Virginia, West Virginia, North Carolina, and South Carolina, the states in which federal district courts are bound by Fourth Circuit law.[94]

3. The Effect of the Internet on a Foreign Mark Owner's Ability to Prove That Its Services Were Rendered "in Commerce"

The Internet has greatly expanded and facilitated the transaction of commerce worldwide. As a result, courts have begun to take into account the effect of Internet commerce in determining whether a litigant has satisfied the "use in commerce" requirement. Indeed, the USPTO now appears to have acknowledged that "[o]ffering services via the Internet" satisfies the commerce requirement.[95] Although, to date, the only reported court decisions have involved U.S. companies, courts have consistently held that maintenance of an Internet website to offer

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93. The author has heard many trademark practitioners echo the concern voiced by the dissenting judge in International Bancorp that the holding of that decision, if adopted by the Supreme Court or other circuit courts, may have far-reaching implications in other areas of trademark practice, such as trademark clearance. See International Bancorp, 329 F.3d at 388 (Motz, J., dissenting). Specifically, the concern is that the scope of trademark clearance searches and analyses would be greatly expanded if the person interested in clearing and adopting a given mark had to look at global, not just U.S., uses. Given the parameters used by commonly-used, reputable trademark search firms, however, the author believes that such concerns may be overstated. Typically, comprehensive searches, such as those traditionally obtained in U.S. clearance searches, encompass a wide variety of databases and publications, including the Internet, scanning for references to marks within the search criteria. Given the global nature of many trade and business publications, as well as the geographically unbounded nature of the Internet, it would seem unlikely that a foreign service mark, used in advertising to sell services either in the United States or abroad, would escape notice of such a search. Moreover, given the responsiveness of the free market, it seems likely as well that search firms would be able to quickly take steps to add additional databases, if necessary, to accommodate any need to expand the breadth of their searches, either as an optional upgraded search, or as standard practice.

94. See 28 U.S.C. § 41.

95. See Trademark Manual of Examining Procedure § 901.03 (2002) (TMEP) ("Offering services via the Internet has been held to constitute use in commerce, since the services are available to a national and international audience who must use interstate telephone lines to access a website.") (citation omitted). While this statement seems to indicate that the USPTO acknowledges that services offered via the Internet can satisfy the commerce requirement, in the same section the USPTO appears to take an overly narrow view of the requirement by stating: "Use of a mark in a foreign country does not give rise to rights in the United States if the goods or services are not sold or rendered in the United States." (citing Buti v. Impressa Perosa S.R.L., 139 F.3d 98 (2d Cir. 1998); Mother's Restaurants Inc. v. Mother's Bakery, Inc., 498 F. Supp. 847 (W.D.N.Y. 1980); Linville v. Rivard, 41 U.S.P.Q.2d 1731 (T.T.A.B. 1996), aff'd, 133 F.3d 1446 (Fed. Cir. 1998)).

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services—because it provides a means to communicate a message to a worldwide audience instantaneously—satisfies the "use in commerce" requirement of the Lanham Act.[96] Although there have been no reported decisions concerning whether Internet activities of a *foreign* service provider constitute regulable commerce, there would appear to be no reason why a foreign service provider should be treated differently than a U.S. service provider if both offer their services over the Internet that are directed, at least in part, to U.S. customers.[97]

An assessment of whether the Internet activities of a foreign service provider constitute regulable commerce should begin with the nature and quantum of the Internet activities, taking a cue from those reported decisions that have analyzed the Internet's impact on personal jurisdiction issues. Personal jurisdiction is determined by the defendant's relationship with, among other things, the particular forum where the case is pending, especially focusing on whether, in light of that relationship, it is reasonable for a court in that forum to exercise its judicial power over the defendant.[98]

In general, Internet personal jurisdiction cases have assessed the "nature and quantity of commercial activity that an entity conducts over the Internet."[99] This type of analysis appears appropriate, as there are a wide variety of ways that businesses use the Internet to advance their commercial aims. Using a "sliding scale,"[100] courts have noted that there are three basic categories of cases. At one end of the spectrum, there are circumstances where a defendant clearly and actively transacts business over the Internet by, for example, entering into contracts with residents of other jurisdictions that require the "knowing and repeated transmission of computer files over the Internet." In these cases, personal jurisdiction usually exists. [101]

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96. See, e.g., Mirage Resorts, Inc. v. Stirpe, 152 F. Supp. 2d 1208, 1217 (D. Nev. 2000); Planned Parenthood Fed'n of Am., Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y. 1997); Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1239-40 (N.D. Ill. 1996).

97. Indeed, as noted earlier, the Paris Convention is specifically intended to put foreign mark holders and U.S. mark holders on equal footing. See, e.g., Mattel, Inc., 296 F.3d at 907-08; International Café, 252 F.3d at 1278.

98. See, e.g., Shaffer v. Heitner, 433 U.S. 186, 204 (1977).

99. Mink v. AAAA Dev. LLC, 190 F.3d 333, 336 (5th Cir. 1999) (quoting Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 (W.D. Pa. 1997); see generally Trademark Law & the Internet, 219-44 (Lisa E. Cristal and Neal S. Greenfield eds.) (INTA 1999).

100. See, e.g., Soma Med. Int'l v. Standard Chartered Bank, 196 F.3d 1292, 1296 (10th Cir. 1999); Euromarket Designs, Inc. v. Crate & Barrel Ltd., 96 F. Supp. 2d 824, 837 (N.D. Ill. 2000); Roche v. Worldwide Media, Inc., 90 F. Supp. 2d 714, 718 (E.D. Va. 2000).

101. See, e.g., Soma Med., 196 F.3d at 1296; Mink, 190 F.3d at 336; Citigroup, 97 F. Supp. 2d at 565; Sports Auth. Mich., Inc. v. Justballs, Inc., 97 F. Supp. 2d 806, 813 (E.D. Mich. 2000); Zippo Mfg., 952 F. Supp. at 1124.

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At the other end of the spectrum are those cases involving defendants who operate purely passive websites that do little more than make information available to those who wish to view it. In these cases, courts have refused to exercise personal jurisdiction over the defendant.[102] Occupying the vast middle ground are situations in which the defendant's website permits various levels of interaction with potential customers. In these cases, the courts have focused on "the level of interactivity and commercial nature of the exchange of information that occurs on the website."[103]

It is reasonable to use this personal jurisdictional analysis to determine whether Internet usage of a service mark qualifies as a use "in commerce."[104] A foreign service provider's mere advertising of his service mark on the Internet—i.e., a purely passive, informational website—would be insufficient, by itself, to prove that the mark holder's services were rendered in regulable commerce under the Lanham Act. On the other end of the spectrum are foreign service providers who maintain an interactive website on the Internet that, like Amazon.com,[105] for example, allows users to look at items the owner sells, place orders over the Internet, and exchange payment via credit cards or electronic debiting of U.S. bank accounts. The foreign service provider would need to show that it provides services to U.S. subjects and that some part of those services—for example, the taking of reservations or the receipt of payment—took place over the Internet. As to interstate commerce, the foreign service provider may be able to prove that its U.S. customers or clients have chosen the foreign service provider's goods or services over those of, presumably, an American company's, and the U.S. dollars its customers spend is money that is unavailable to U.S. companies. Such Internet activities would appear to have a direct and substantial effect on interstate commerce.

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102. See, e.g., Soma Med., 196 F.3d at 1296; Mink, 190 F.3d at 336; Citigroup, 97 F. Supp. 2d at 565; Sports Auth. Mich., 97 F. Supp. 2d at 813; Zippo Mfg., 952 F. Supp. at 1124.

103. See, e.g., Soma Med., 196 F.3d at 1296; Mink, 190 F.3d at 336; Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 419 (9th Cir. 1997); Citigroup, 97 F. Supp. 2d at 565; Sports Auth. Mich., 97 F. Supp. 2d at 813; Zippo Mfg., 952 F. Supp. at 1124.

104. The author has previously suggested similar use of an assessment of the breadth and extent of Internet usage by a business in determining whether there is an actual controversy between a senior user and an allegedly infringing junior user. See Thomas L. Casagrande, The "Dawn Donut Rule": Still Standing (Article III, That Is) Even With the Rise of the Internet, 90 TMR 723, 742-45 (2000).

105. Amazon.com, of course, is a U.S.-based service provider. Its first issued U.S. registration, No. 2,078,496, was in International Class 42 (services), and the services described are "computerized on line ordering service featuring the wholesale and retail distribution of books."

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4. Key Analytical Points: Keeping the "Use" and "In Commerce" Requirements Separate; and Knowing Whether the Issue Is Qualifying Interstate or Foreign Commerce

To prove "use in commerce," as well as to be able to distinguish any of the cases examined earlier that have ruled against foreign service mark owners, such owners should: (1) keep the issue of "use" separate from the issue of whether the service has been rendered in regulable commerce; and (2) when trying to convince a court that the service was rendered in commerce, treat foreign commerce separately from interstate commerce.

If a foreign service provider does not carefully tailor its argument to keep these issues separate, there is loose language in several prior decisions that could be fatal. The three cases previously discussed are illustrative.

In Buti v. Impressa Perosa, S.R.L,[106] for example, the Second Circuit held that a Milan restaurant had no right to register the mark FASHION CAFÉ (and had no common law rights) because it had never used the mark in the United States, on the ground that "mere advertising or promotion of a mark in the United States is insufficient to constitute 'use' of the mark 'in commerce. . . .'"[107] But it is important to point out that the Buti court found it critical that the mark owner had expressly conceded that his food and drink services—which he provided in Milan, Italy—"form[ed] no part of the trade between Italy and the United States."[108] In other words, he (perhaps unnecessarily) conceded he had not offered his restaurant services in regulable foreign or interstate commerce with the result that the court simply did not address the question whether U.S. advertising of a foreign service is a use "in commerce."[109]

Mother's Restaurants, Inc. v. Mother's Other Kitchen, Inc.[110] is another decision that can be easily misinterpreted as holding that

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106. 139 F.3d 98 (2d Cir. 1998). The facts of the Buti case and the two immediately following cases are discussed in more detail supra at nn. 38-57 and accompanying text.

107. Id. at 105.

108. See Buti, 139 F.3d at 103; see also International Bancorp, 329 F.3d at 369-70 (finding Buti "not persuasive" on this basis).

109. See International Bancorp, 329 F.3d at 369 (discussing this concession in Buti). Conversely, but equally dispositive as in Buti, the mark owner in the Federal Circuit's decision in Person's Co. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990), although he offered evidence that of a single sale of a clothing item to a U.S. citizen abroad (arguably satisfying the foreign commerce requirement), offered no evidence that he had used or displayed the mark at issue to help sell to U.S. customers. Together, Buti and Person's thus starkly illustrate the difference between the two requirements, "use" and "in commerce," in the context of a foreign mark owner.

110. 218 U.S.P.Q. 1046 (T.T.A.B. 1983).

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a foreign service provider—even where it advertises in the United States—cannot obtain U.S. trademark rights without actually setting up shop in the United States. In Mother's Restaurants, the issue was whether a Canadian restaurant had established enforceable rights in the United States. The Canadian restaurant introduced evidence that it had transmitted radio advertisements that reached U.S. listeners and that Americans had dined in the Canadian restaurants and mailed written comments and business inquiries about franchise opportunities to the restaurants,[111] but apparently failed to point out that such actions implicated foreign commerce. The Board, for its part, failed to mention whether it was assessing if the mark owner had proven interstate commerce or foreign commerce,[112] possibly because the Canadian mark owner neglected to make foreign commerce an issue. In addition, the Board in Mother's Restaurants uncritically and confusingly mixed together the "use" requirement with the regulable commerce requirement.[113]

Similar observations could be made about a third decision, Rivard I,[114] where the Board first seemed to indicate—incorrectly and in dictum—that only interstate commerce could satisfy the "use in commerce" requirement, stating that "[t]he terms 'use' and 'nonuse' in the statute mean use and nonuse in the United States."[115] Yet a closer analysis of the TTAB's decision indicate

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111. Mother's Restaurants, Inc., 218 U.S.P.Q. at 1047-48.

112. See International Bancorp, 329 F.3d at 380 ("the Board never addressed the question of whether commerce that Congress could regulate was at issue"; "the Board seems . . . to conflate the 'commerce' element of the 'use in commerce' requirement with the 'use or display of the mark' element of that same requirement"); cf. Tompkins v. United States, 946 F.2d 817, 820 (11th Cir. 1991); Korwek v. Hunt, 827 F.2d 874, 877 (2d Cir.1987) (both cautioning that decisions cannot be read as precedent as to issues not explicitly decided).

113. See International Bancorp, 329 F.3d at 380 ("the Board seems . . . to conflate the 'commerce' element of the 'use in commerce' requirement with the 'use or display of the mark' element of that same requirement").

114. 26 U.S.P.Q.2d 1508 (T.T.A.B.), vacated on other grounds, 11 F.3d 1074 (Fed. Cir. 1993) (nonprecedential decision) (text available in WESTLAW and at 31 U.S.P.Q.2d 1218).

115. 26 U.S.P.Q.2d at 1512 (citing Imperial Tobacco Ltd. v. Philip Morris Inc., 899 F.2d 1575, 1579 (Fed. Cir. 1990). It is clear that the Board's statement that the terms "use" and "nonuse" mean use and nonuse in the United States is open to serious dispute. Section 45 of the Lanham Act makes clear that "commerce" means all commerce that can be regulated by Congress, and that is undoubtedly broader than just commerce that takes place within the territorial confines of the United States. See supra, note 19 and accompanying text (citing U.S. Const. Art. I § 8, cl. 2, which provides, in pertinent part, that "Congress shall have the Power . . . [t]o regulate Commerce with foreign Nations. . . .") In the author's opinion, therefore, this statement of the law is, at best, inapplicable to a case involving services; at worst, erroneous.

There is yet another reason to question the Rivard I decision's precedential significance: it was vacated by the Federal Circuit on appeal. Although the Federal Circuit repeated the Board's language that the terms "use" and "nonuse" mean use and nonuse in the United States, the registrant had apparently conceded on appeal that he hadn't used the

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that the Board never actually addressed the issue of whether qualifying commerce was present, because it held that there was no "use" of the mark.[116]

Whether they are wrong or not, there is no doubt that these decisions—especially the Board's decisions in Mother's Restaurants and Rivard—are confusing and subject to misapplication, constituting potential impediments that could unnecessarily exclude protection for certain foreign mark owners who are entitled to it.

To avoid perpetuation of the troubling lack of clarity in these decisions, foreign mark owners must be rigorous in keeping the two requirements of section 1127—"use" and "in commerce"—separate and to keep the often difficult proof of interstate commerce separate from the less difficult proof of foreign commerce. In addition, it would appear important to provide proof of all the commercial interactions involved in the mark owner's advertising, sales, and provision of the service to U.S. subjects. Such facts may include, for example: evidence that U.S customers, while in the United States, make and confirm reservations or arrangements to obtain the services in the United States; evidence that the service provider has made contractual arrangements with U.S. companies to help make and confirm reservations or otherwise directly arrange for the services to be provided to U.S. customers;[117] evidence that U.S. customers purchase the services with funds from U.S.-based sources, such as payment with their U.S. credit cards or with funds obtained directly from U.S. financial institutions;[118] or evidence that the service provider permits Internet users to make or confirm reservations or other arrangements, or pay for, services, over the Internet. All of these activities clearly have a direct effect on U.S. commerce. Quite

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mark in the United States. See 31 U.S.P.Q.2d at 1219. In addition, the Federal Circuit designated its decision nonprecedential.

116. Rivard I, 26 U.S.P.Q.2d at 1512 ("The mere fact that residents of the United States have availed themselves of respondent's services while in Canada does not constitute technical trademark use of respondent's service mark. . . ."). This statement also reflects that the Board confused the "commerce" requirement with the "use" requirement, holding that the fact that U.S. subjects availed themselves of the mark owner's services (the "foreign commerce") cannot satisfy the "use" requirement. See International Bancorp, 329 F.3d at 379-80.

117. Under Rivard I, however, it would appear that contracts to have related *goods* made in the United States—even if they are re-sold and shipped to U.S. customers—would not support registration of a *service* mark in the U.S. See 26 U.S.P.Q.2d at 1512-13.

118. Concerning the issue of interstate commerce, the distinction between the situation involving a foreign service mark provider who solicits and accepts payment from U.S. customers while they are in the United States and one who simply accepts payment from U.S. customers while they are traveling abroad is supported by the different outcomes in Penta Hotels Ltd. v. Penta Tours, 9 U.S.P.Q.2d 1081 (D. Conn. 1988), and Rivard I, respectively.

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simply, when a U.S. customer, while in the United States, spends, or commits to spend, a dollar abroad on a foreign service, that dollar will not be spent in the United States. In addition, there does not appear to have been a TTAB or federal court decision concerning the situation where a *substantial* percentage of the foreign service provider's revenues are derived from U.S. citizens, even in the absence of the other factors listed above. Such a situation would appear to support an inference that regulable interstate commerce has occurred, whether on the basis of the effect this spending has on U.S. commerce, or possibly even on the basis that this indicates that the service mark is well-known (or perhaps even famous) as an indicator of source to a substantial number of U.S. customers.[119]

III. A POSSIBLE ALTERNATE WAY TO PROVE ENFORCEABLE RIGHTS IN THE UNITED STATES— THE "FAMOUS" OR "WELL-KNOWN" MARK DOCTRINE

There is possibly yet another way for a foreign service mark holder to demonstrate rights sufficient to maintain a registration or to demonstrate priority: the "famous" or "well-known" mark doctrine. As noted earlier,[120] the TTAB, in the Mother's Restaurants decision, stated that advertising activities that take place in foreign countries cannot create trademark rights in the United States. The TTAB went on to qualify that statement by suggesting in dictum that the precept may not apply if "it can be shown that the foreign party's mark was, at the time [at issue], a 'famous' mark within the meaning of Vaudable v. Monmartre, Inc."[121] Vaudable, which involved the service mark MAXIM'S, used

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119. See the immediately following section for a discussion about the possibility of using "famous mark doctrine" as an alternative basis to assert U.S. rights.

120. See supra text accompanying n.56.

121. Mother's Restaurants, 218 U.S.P.Q. at 1047-48 (citing Vaudable v. Monmartre, Inc., 20 Misc. 2d 757, 193 N.Y. Supp. 2d 332, 123 U.S.P.Q. 357 (N.Y. Sup. Ct. 1959)). It is important to be aware that the difference between trademarks and service marks may dictate different results in application of the famous/well-known mark doctrine. While the TTAB suggested in Mother's Restaurants that the famous/well-known mark doctrine may support the registration of a foreign service mark that is famous in the United States, the Federal Circuit, in a subsequent decision involving a trademark for goods sold abroad, seemed to indicate that famous/well-known mark doctrine did not apply. With no mention of Vaudable, Mother's Restaurants, or any authority for the famous/well-known mark doctrine, the court said:

> Imperial argues that because its mark was alleged to be known here, it could not at the same time be abandoned. While superficially appealing, the argument is without merit. The question here is a right to registration. A foreign trademark may be known by reputation in this country and may even be protectable under concepts of unfair

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by a Parisian restaurant, is considered the seminal case for the "famous mark doctrine."[122] The plaintiff in Vaudable was a Parisian restaurant that enjoyed a "unique and eminent position as a restaurant of international fame and prestige" and was "well-known in this country, particularly to the class of people residing in the cosmopolitan city of New York who dine out."[123] Based on this and other findings, the New York court entered an injunction, under the common law, against the use of the MAXIM'S mark by a New York restaurant.[124]

The "famous mark doctrine" that has emerged from this decision has been restated by one trademark scholar as follows: "[I]f a mark used on products or services sold abroad is so famous that its reputation is known in the United States, then that mark should be legally recognized."[125] More importantly, two of perhaps the most influential trademark commentators agree that "famous mark doctrine" is not so much a sui generis rule as it is an international application of the traditional concept that priority of rights may be established through advertising and reputation.[126] That underlying concept has its genesis in the Supreme Court's

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> competition, but such mark is not entitled to either initial or continued registration where the statutory requirements for registration cannot be met.

Imperial Tobacco Ltd. v. Philip Morris, Inc., 899 F.2d 1575, 1580 (Fed. Cir. 1990) (footnote omitted). There was no mention in the case that the registrant had argued that its mark was famous, only "known by reputation in this country." See id. The lack of explicit mention of the famous/well-known mark doctrine, coupled with the lack of citation to any legal authority for the doctrine, would seem to indicate that the issue of the viability of the famous/well-known mark doctrine was not, in fact, before the court. If not, then the decision seems ill-suited to serve as authority for the argument that the Federal Circuit rejected "famous/well-known mark doctrine." See, e.g., Tompkins v. United States, 946 F.2d 817, 820 (11th Cir. 1991) ("a case is not binding precedent for any proposition that was not then before the court"); see also Korwek v. Hunt, 827 F.2d 874, 877 (2d Cir.1987) ("The issue never was briefed, argued, or decided. Instead, it was assumed sub silentio. . . . Such a sub silentio holding is not binding precedent. . . .") (citations omitted). Moreover, the Lanham Act itself defines "use" differently for goods and services. See supra n.12 and accompanying text. Together, these legal and factual circumstances suggest that the Imperial Tobacco decision did not foreclose application of the famous/well-known mark doctrine to the enforceability of, and perhaps even to the maintenance of a registration for, service marks.

122. See 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 29.4 (4th ed.) (West 2002).

123. Vaudable, 20 Misc. 2d at 758, 193 N.Y. Supp. 2d at 334, 123 U.S.P.Q. at 358.

124. Id. at 759-60, 193 N.Y. Supp. 2d at 335-36, 123 U.S.P.Q. at 358. In an earlier case, a different New York court had suggested that another Parisian restaurant, PRUNIER, that was well-known in the United States, was similarly entitled to assert trademark rights against a New York restaurant of the same name. See Maison Prunier v. Prunier's Restaurant & Café, Inc., 159 Misc. 551, 288 N.Y. Supp. 529 (N.Y. Sup. Ct. 1936).

125. 4 McCarthy, supra n.113, § 29.4.

126. See id.; 3 Rudolf Callman, The Law of Unfair Competition, Trademarks and Monopolies, § 19.24 (Supp.) (4th ed.) (West 1998); see also Grupo Gigante S.A. De C.V. v. Dallo & Co., 119 F. Supp. 2d 1083, 1089-90 (C.D. Cal. 2000).

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oft-cited decision in Hanover Star Milling Co v. Metcalf.[127] In Hanover Star Milling, the Supreme Court, among other things, held that a trademark "acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by the use of his mark."[128]

Applying the Hanover Star Milling decision to a dispute involving a foreign fur company whose trademark was being used by a Dallas fur seller, the Fifth Circuit in Buckspan v. Hudson's Bay Co.[129] protected the foreign plaintiff's mark from infringement despite noting that the plaintiff Hudson Bay Company had no place of business in the United States, sold its raw furs only at auction in London, England, had no customers in Dallas, did not advertise its auction sales in Dallas, and that there were no importers of raw furs in Dallas at the time.[130] The Fifth Circuit noted, however, that because the Canadian company was generally known for its furs throughout the United States (and some of its furs eventually made their way to Dallas), its mark could be protected there.[131] Summarizing the effect of Hanover Star Milling and Buckspan, the Second Circuit later stated that, regardless of where the mark holder is physically located, "[t]he place of the reputation is the protected territory. . . ."[132]

Since deciding the Mother's Restaurant case, the TTAB has not had another opportunity to address whether it will still adhere to the rule that a mark not "used" in the United States may nevertheless have enforceable common law rights (or possibly even maintain a registration) if it is famous or well-known within the meaning of the Vaudable decision.[133] However, it is clear that the

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127. 240 U.S. 403, 36 S. Ct. 357 (1916).

128. Id. at 415-16, 36 S. Ct. at 361 (citation omitted).

129. 22 F.2d 721 (5th Cir. 1927).

130. Id. at 721-22. The court did note that the plaintiff did sell other goods in Dallas, however, although the court's decision did not appear to turn in any way on this fact. See id. at 722.

131. See id. at 722-23.

132. Hiram Walker & Sons, Inc. v. Penn-Maryland Corp., 79 F.2d 836 (2d Cir. 1935).

133. The Federal Circuit's predecessor court, the United States Court of Customs and Patent Appeals, relied on both the international renown of the British mark SHEFFIELD for tableware and cutlery, as well as on the provisions of the Paris Convention that provide for the rights of residents of foreign signatories to the Convention, in holding that a British company had a sufficient protectable interest in the mark in the United States to permit the mark holder to maintain opposition proceedings. See Masters, Wardens, Searchers Assistants and Commonality of Co. of Cutlers in Hallamshire, York County v. Cribben & Sexton Co., 202 F.2d 779, 781-84 (C.C.P.A. 1953). The TTAB has also similarly relied on the famous or well-known mark doctrine in several cases to provide the basis to maintain an opposition or cancellation proceeding in the U.S. Patent and Trademark Office. See, e.g., All England Lawn Tennis Club (Wimbledon) Ltd. v. Creations Aromatiques, Inc., 220 U.S.P.Q. 1069, 1072 (T.T.A.B. 1983) (opposer, the owner of the WIMBLEDON mark for tennis

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doctrine of well-known or famous marks continues to be accepted by the courts, which have held that the doctrine provides foreign owners of marks that are famous or well-known in the relevant market in the United States with enforceable U.S. trademark rights.[134]

Moreover, the Paris Convention for the Protection of Industrial Property of March 20, 1883 (the "Paris Convention")[135] provides further support for the assertion of trademark rights of foreign nationals of signatory countries whose marks are "well-known" in the United States. In particular, Articles 6bis & 10bis of the Paris Convention have been held to permit foreign markholders whose marks are well-known in the relevant U.S. market to sue for unfair competition under state and federal law and to oppose and cancel federal trademark registrations.[136]

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tournament services, had "acquired fame and notoriety . . . within the meaning of Vaudable" to have "acquired rights in the term 'WIMBLEDON' in the United States," and therefore was permitted to oppose U.S. registration of a similar mark); Techex, Ltd. v. Dvorkovitz, 220 U.S.P.Q. 81, 83 (T.T.A.B. 1983) (foreign markholder entitled to assert priority right, for purposes of opposing or canceling a registration, if its mark was "famous" within the meaning of Vaudable); Stein v. Drost, 189 U.S.P.Q. 547, 548-49 (T.T.A.B. 1975) (Canadian beauty contest promoter may assert priority and oppose an application based solely on her advertising in the United States and Canada of the Canadian-based contest and her company's loose association with other beauty contests, operating under different names, in the United States).

Such cases, however, are properly understood to concern standing to oppose a registration, a concept that is based on a different statutory definition than "use in commerce." Accordingly, these decisions are not directly relevant to the issue of the circumstances under which a foreign service provider can maintain a U.S. registration. Compare 15 U.S.C. § 1063 (opposition may be maintained by "[a]ny person who believes he would be damaged by the registration of the mark") with 15 U.S.C. § 1127 (a mark shall be deemed to be in used in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one state or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services").

134. See, e.g., Emmpresa Cubana del Tabaco v. Culbro Corp., 213 F. Supp. 2d 247 (S.D.N.Y. 2002) ("As discussed above, under the 'well-known marks' doctrine, a party with a well-known mark at the time another party starts to use the mark has priority over the party using the mark."); Grupo Gigante S.A. De C.V. v. Dallo & Co., 119 F. Supp. 2d 1083 (C.D. Cal. 2000) ("The Court finds that, in order to establish that a foreign mark is sufficiently famous to qualify for protection in the United States, the foreign user need only show that the mark is sufficiently known to potential customers in the area of the United States in which it seeks protection."); Blumenfeld Dev. Corp. v. Carnival Cruise Lines, Inc., 669 F. Supp. 1297, 1321 (E.D. Pa. 1987) ("Where a mark is known in the United States, or where it is advertised in the United States and the acts of an American trademark infringer constitute[] unfair competition against the foreign trademark owner, American courts will grant protection.")

135. 21 U.S.T. 1583, as amended on September 28, 1979.

136. See, e.g., Phillips v. Governor & Co. of Adventurers of England Trading Into Hudson Bay, 79 F.2d 971, 972 (9th Cir. 1935); Masters, Wardens, Searchers, Assistants and Commonality of Co. of Cutlers in Hallamshire, York County v. Cribben & Sexton Co., 202 F.2d 779, 782-83 (C.C.P.A. 1953); Emmpresa Cubana del Tabaco v. Culbro Corp., 213 F. Supp. 2d 247, 283-84 & n.57 (S.D.N.Y. 2002); General Motors Corp. v. Ignacio Lopez de

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The practical import of this doctrine, however, is another question. If the Fourth Circuit's holding in International Bancorp were to be adopted by other circuits or the Supreme Court, it would be difficult to envision how this "well-known/famous mark doctrine" adds anything of value to a foreign service mark owner. Whether the foreign service mark owner tries to prove that it has engaged in regulable "foreign commerce" as sanctioned by the Fourth Circuit in International Bancorp or whether it tries to prove its foreign mark is well known or famous in the United States, it will do so by showing that it markets and sells its services to Americans. It may even be *more* difficult to prove that a mark qualifies for protection under the "famous/well-known mark doctrine" than that qualifying use in foreign commerce has occurred.[137] Theoretically, however, the doctrine does still look to be viable as a means of providing a foreign service mark an alternate basis to assert or maintain U.S. rights.

IV. CONCLUSION

It is particularly important for foreign service mark holders seeking to assert rights under the Lanham Act to help the tribunal assessing their claims to understand the governing concepts in their full and accurate context. Beyond taking care in dealing with the confusing case law precedents in this area, there are several analytical constructs that the service mark owner can use to maximize the tribunal's understanding of the governing principles:

- Analyze and prove qualifying "use" separate from qualifying "commerce." Many of the cases where foreign mark owners fared badly were cases in which the tribunal conflated these two elements.
- Advertising—both traditional and Internet—is a qualifying "use" under the Lanham Act.

Arriotua, 948 F. Supp. 684, 689 (E.D. Mich. 1996); Laboratorios Roldan C. por A. v. Tex Int'l, Inc., 902 F. Supp. 1555, 1568 (S.D. Fla. 1995); cf. Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 907-08 (9th Cir. 2002), cert. denied, 123 S. Ct. 993 (2003) (holding that the Paris Convention creates no substantive rights per se, but only mandates equal treatment for foreign and U.S. companies).

137. Recent court decisions concerning famous/well-known mark doctrine have been less clear about how the owner of a foreign mark alleged to be famous or well-known in this country should go about proving the required level of renown. One court has suggested that a recognition survey, performed in the relevant geographic market area, may be the most persuasive type of evidence on this point. See Grupo Giagante S.A. De C.V. Dallo & Co., 119 F. Supp. 2d 1083, 1091 (C.D. Cal. 2000) (survey evidence most persuasive). As with proof of regulable foreign commerce, foreign mark owners seeking to establish the renown of their marks would also do well to demonstrate numerically any sales and marketing figures that could bear on the subject of how well Americans are familiar with their marks.

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- Keep any argument of qualifying "interstate" commerce separate and distinct from qualifying "foreign" commerce.
- To prove interstate commerce, the taking and confirming of reservations in the United States (whether through a physical sales office or via U.S. computer users accessing an interactive Internet website) for the service, wherever it is provided, should be considered sufficient.
- Follow the money. Analyze and prove how and why U.S. customers decide to purchase foreign services and how they arrange to pay for and obtain the services. Many different aspects of these actions involve choices about how to spend U.S. dollars that otherwise would be available for use in other forms of interstate commerce. These dollars may also flow from and through U.S. financial institutions and credit providers. These and other facts may help demonstrate a substantial effect on interstate commerce.
- To establish qualifying "foreign" commerce, document the business the foreign national receives from U.S. customers at the foreign location.
- If a foreign service mark is well-known in the U.S., that fact should be proved. Gather press clippings and other publicity in the U.S., show how much the foreign owner has spent on advertising and promotion in the U.S., how far-reaching and frequent it has been, and how long it has been done. Maybe even consider a survey.

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