



October 1, 2007 - The Supreme Court denied certiorari in the case of *ITC Ltd. v. Punchgini, Inc.*, letting stand a Second Circuit decision which held that fame acquired by use in another country could not be a basis for asserting trademark rights in the United States. In *ITC v. Punchgini*, 482 F.3d 135 (2nd Cir. 2007), the plaintiff owned and operated restaurants in New Delhi, Singapore, Kathmandu, and Ajman (U.A.E.) under the name BUKHARA. The plaintiff had also operated restaurants in New York City and Chicago, but closed the former in 1991 and the latter in 1997. In 1999, the defendants, who had worked at the plaintiff's restaurants in New Delhi and New York, opened a restaurant called BUKHARA GRILL in Manhattan. Litigation followed in 2003.

The plaintiff argued that even if it had abandoned its rights in the BUKHARA mark by ceasing use of the mark with no apparent plans to resume use, it was entitled to invoke the protections afforded to famous marks under Article 6bis of the Paris Convention, to which the United States is a party, to proceed under a theory of unfair competition. The Second Circuit held that trademark rights are territorial in nature, and that the Lanham Act did not permit a cause of action to be based on fame or reputation acquired outside the United States. This holding potentially conflicts with the Ninth Circuit decision in *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, 391 F.3d 1088 (9th Cir. 2004), which recognized a "famous marks" exception to the territoriality rule and held that a large Mexican grocery chain could assert trademark rights based on the reputation of its mark in the Mexican-American community in the United States.

Pattishall partner Robert W. Sacoff observed that "BUKHARA is a very interesting case in a number of ways. On a theoretical level, it reflects the growing tension between the traditional principle of trademark territoriality on one hand, and on the other, the trans-border universality of business typified by ecommerce, the Internet and other manifestations of globalization. Business is unquestionably moving in the direction of borderless universality, and the challenge to the law is whether it will adapt its traditional models accordingly, or dig in its heels and stand in the way of commerce. It was to resolve analogous tensions in the growing U.S. national economy, based on the new phenomenon of interstate commerce, that our modern Trademark Act was enacted back in 1946, with nationwide constructive notice as a major benefit of a federal trademark registration."

However, Bob continued, "it does not necessarily follow that the case should have been decided differently, or that our Trademark Act should be amended to implement Article 6bis of the Paris Convention (a non-self-executing treaty). U.S. brand owners will note that the plaintiff in BUKHARA was held to have abandoned its registered U.S. service mark under applicable provisions of the U.S. Trademark Act. Thus, a ruling that the plaintiff could nevertheless press infringement claims in the U.S. based on trademark use and reputation *outside* the U.S. would have arguably created a loophole in the U.S. abandonment rules you could drive a truck through. This would have increased the cost, difficulty and uncertainty of clearing new brands in the U.S., because now you would have to consider marks used outside the U.S. which might or might not qualify as "well-known" under the Paris Convention, even though they are not used or registered in the U.S. You would also have to consider previously registered marks whose registrations have been cancelled, notwithstanding evidence of their abandonment. Now that would be a whole new ball game for trademark clearance."