The WIPO Joint Recommendation Protecting Well-Known Marks and the Forgotten Goodwill

Maxim Grinberg
THE WIPO JOINT RECOMMENDATION PROTECTING WELL-KNOWN MARKS AND THE FORGOTTEN GOODWILL

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“The pirate flies the flag of the one he would loot. The free and honorable non-pirate flies the colors of his own distinctive ensign.”¹

Introduction

In many countries, trademark registration is the only mechanism to obtain enforceable trademark rights.² As a prerequisite to registration, some countries require a trademark owner to use or demonstrate its intent to use the trademark within their borders.³ Often, due to business reasons, embargoes, or other economic and political restrictions, trademark owners cannot sell their products in foreign markets, and consequently, cannot use or demonstrate a bona fide intent to use their trademarks therein.⁴

The inability to obtain registration exposes businesses that seek global protection of their trademarks to a number of potential harms.⁵ Local producers (inadvertently) or trademark pirates (intentionally) are not deterred from using, registering and profiting from unregistered trademarks of foreign businesses.⁶ In addition to hurting a legitimate trademark owner’s reputation and goodwill, such unauthorized use allows local trademark pirates to acquire superior rights in a trademark, preventing a legitimate owner from ever selling products bearing its brand name in that country.⁷

Consumers are also adversely affected when they rely on a trademark to identify and purchase a legitimate owner’s product, but mistakenly purchase products from an infringing local producer instead.⁸ Such confusion undermines consumer expectation in the quality of the

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¹ Quaker Oats Corp. v. General Mills, Inc., 134 F.2d 429, 432 (7th Cir. 1943).
⁷ See Mostert, supra note 6, at 104-05.
⁸ See 1 McCarthy, supra note 2, at § 2:33.
brand, increases consumer costs in researching the brand, and even exposes consumers to potential physical harms.9

A number of international treaties require a Member State10 to protect trademarks not used or registered therein, if such trademarks have achieved a certain level of recognition among its consumers.11 A Member State is required to apply its domestic laws to determine whether a claimant’s mark is well-known in its territory, and if it is, whether it has been infringed.12

A recent recommendation (“Joint Recommendation”),13 from the World Intellectual Property Organization (“WIPO”),14 significantly departs from these treaties and U.S. case law because it provides that if a trademark is well-known among relevant consumers in a Member State, it automatically achieves a well-known status in the Member State’s entire territory.15

Automatic protection of a trademark in an entire country without prior determination of the scope of its goodwill is overbroad and inconsistent with policies of U.S. trademark law.16 A Member State should not be required to protect a foreign trademark in its entire territory simply because it is well-known among relevant consumers in its limited, and possibly remote, geographical area.17 This Article argues that the owner of a trademark should not be able to claim rights in any area of a foreign territory where no reputation of such trademark exists.

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10 Country that is a signatory to a treaty.
11 See 4 McCarthy, supra note 2, at § 29:62.
12 See id.
15 Joint Recommendation, supra note 13, at Arts. 2(2)(a)(i), 2(2)(b); Mostert, supra note 6, at 121 (suggesting that a high degree of trademark recognition in any one location within a particular country is sufficient for the protection of the trademark in the entire country).
16 See Hanover Star Milling v. Metcalf, 240 U.S. 403, 416 (1916); E & J Gallo Winery v. Andres Winex, [1974] 14 C.P.R. (2d) 204, 213 (trademark cannot be well-known in entire Canada when its reputation is restricted to a local area in Canada).
17 See supra note 16; Compare Protection of Well-Known Marks, World Intellectual Property Organization [WIPO], at 8-9, Doc. SCT/1/3/ (May 14, 1998), available at http://www.wipo.int/documents/en/document/sct/pdf/sct1 3.pdf [hereinafter Joint Recommendation Draft I] (requiring a Member State to protect a trademark in the territory where the trademark is well-known, leaving it to the discretion of the Member State whether to protect such trademark anywhere else), with Joint Recommendation, supra note 13, at art. 2(2)(b) (requiring a Member State to protect a trademark in its entire territory if it is well-known among relevant consumers in some part of the Member State), and Draft Provisions on the Protection of Well-Known Marks, at 8, WIPO Doc. SCT/2/3/Prov. (Nov. 27, 1998), available at http://www.wipo.int/sct/en/documents/session_2/pdf/sct2 3p.pdf [hereinafter Joint Recommendation Draft II] (showing how the limited scope of protection in the Joint Recommendation Draft I was broadened for the final revision of the Joint Recommendation).
In Part I, this Article briefly explains the evolution of U.S. trademark law from protecting trademarks only within the territory of their use to within the territory of their goodwill regardless of use. In Part II, this Article analyzes the protection of well-known marks in the United States and how the Joint Recommendation expands the territorial scope of protection of well-known marks beyond their goodwill. Finally, in Part III, this Article advocates the position of the U.S. well-known mark doctrine and concludes that a well-known mark should be protected where it has established its reputation independent of national and political boundaries.

I. Background

A. U.S. Trademark Law Policies and Objectives

The underlying policy of trademark law is to protect consumers from confusion as to the source of the products they buy.\textsuperscript{18} A trademark identifies a product’s source and allows consumers to associate the product’s quality with its producer.\textsuperscript{19} If two producers use similar trademarks for similar products in the same territory, it is likely that consumers will not be able to associate products with their rightful producer.\textsuperscript{20}

Another underlying motive of trademark law is to protect the owner’s investment in the quality of goods represented by the trademark.\textsuperscript{21} This policy is undermined if a trademark pirate is allowed to reproduce the trademark of a legitimate owner and subsequently profit on its goodwill:\textsuperscript{22} “Few harms are more corrosive in the marketplace than the inability of a trademark holder to control the quality of bogus articles thought to have (erroneously) to derive from it.”\textsuperscript{23}

Generally, protection is limited to preclude producers from attaining rights in the trademark without establishing goodwill among consumers.\textsuperscript{24} This guiding principle helps to keep trademarks that are descriptive of products or services available for new entrepreneurs, facilitating their entry into new markets at lower costs.\textsuperscript{25}

B. Overview of U.S. Trademark Law

To accomplish the aforementioned policies, trademark law allows a senior trademark owner to enjoin the junior owner from using the contested trademark in a territory where the former can show (i) superior rights over the latter and (ii) a likelihood of consumer confusion as

\textsuperscript{18} See 1 McCarthy, supra note 6, at § 2:33.
\textsuperscript{19} Id. at §§ 3:1, 3:10.
\textsuperscript{21} 1 McCarthy, supra note 2, at § 2:4.
\textsuperscript{22} See id.
\textsuperscript{23} Hypertherm, Inc. v. Precision Prod., Inc., 832 F.2d 697, 700 (1st Cir. 1987).
\textsuperscript{24} See 2 McCarthy, supra note 2, at § 16:1.
\textsuperscript{25} See, e.g., Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 793 (1983) (stating that the trademark FISH-FRI was useful term for identifying goods and that merchants other than the trademark holder could find the trademark useful in marketing products for frying fish).
to the source of the product in question. This section explains what elements are necessary to show trademark infringement.

1. Priority

Priority is a term of art that identifies superior rights of one trademark owner over another with respect to the contested trademark.

Priority can be established by federal trademark registration, by being the first to use the trademark in commerce, or through the well-known mark doctrine.

2. Likelihood of Confusion

Likelihood of consumer confusion exists where trademarks from different producers are similar enough to confuse consumers as to the origin of a product. Consumer confusion can be established by surveys showing that a sufficient number of consumers mistakenly associate a legitimate owner’s trademark with an infringing producer, or by clear inference that the two trademarks are substantially similar or identical.

3. Geographical Limitations of Protection

Generally, a senior user can enjoin a junior user from using a contested mark in a geographical area where the senior user has established priority by use, or through federal registration, and has proven a likelihood of consumer confusion. This subsection explains why U.S. trademark law protects trademarks only in geographical regions where they have established goodwill among consumers.

a. The Tea Rose Doctrine Protects Trademarks Where They are Used

The origin of the Tea Rose doctrine stems from the decision in Hanover Star Milling where two producers used the same trademark – Tea Rose – in different states without each other’s knowledge. Justice Pitney reasoned for the majority that trademark law protects the trade and not the mark, and that the mark is protected only where the trader’s goods have become known and identified by that trader’s use of the mark.

The Court rejected Justice Holmes’s argument that if the mark is protected in one part of the state, it should be automatically protected in the entire state. Because the plaintiff did not

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27 Id.; See Empresa Cubana del Tabaco, 2004 U.S. Dist. LEXIS 4935 at *89.
28 See 1 McCarthy supra note 2, at 2:33.
29 Id. See Grupo Gigante, 119 F. Supp. 2d at 1088-89.
30 See 1 McCarthy supra note 2, at § 23:2.1.
31 See Grupo Gigante, 119 F. Supp. 2d at 1088-89.
32 240 U.S. at 410; 4 McCarthy, supra note 2, at § 26:2.
33 Hanover Star Milling, 240 U.S. at 416.
34 See id. (rejecting the notion that a trademark’s goodwill is limited by “territorial boundaries of municipalities or states or nations”).
use the trademark in the defendant’s territory, the court dismissed the case and essentially allowed the two trademarks to co-exist in two distinct geographical regions. Because the parties’ respective territories of use were far apart, the Court did not consider the argument that the plaintiff’s goodwill could exist in the defendant’s territory without prior use.

b. Dawn Donuts Rule

The landmark case defining the scope of territorial protection of federally registered trademarks is *Dawn Donuts, Co. v. Hart’s Food Stores.* The court held that even though federal registration gave the plaintiff priority in the entire United States, the plaintiff could not show likelihood of confusion unless he could show a likelihood of entry into the junior user’s territory. Although this holding relaxed the requirement of use to a likelihood of entry, it did not expressly recognize that consumer confusion could exist even without the likelihood of entry.

c. Abandonment of Dawn Donuts Rule

Recently, some courts have decided not to follow the *Dawn Donut* rule. They reasoned that a trademark’s reputation could spread effectively even without use of the trademark due to advances in modern technologies such as television, satellite communication and the Internet. In essence, these courts have recognized that a trademark should be protected where it has established goodwill among consumers, not within artificially created boundaries.

II. Discussion

A. The Joint Recommendation

The pertinent part of the Joint Recommendation providing that “[w]here a mark is determined to be well-known mark in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark,” substantially deviates from the protection of well-known trademarks under U.S. law and international treaties. According to this provision, once a trademark’s goodwill exists among relevant

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35 See id. at 408, 424 (affirming the reversal of a district court’s injunction that restricted the defendant from using the trademark TEA-ROSE in the entire United States).
36 See *Hanover Star Milling*, 220 U.S. at 416.
37 267 F.2d 358 (2d Cir. 1959); 4 McCarthy, *supra* note 2, at § 26:33.
39 Id.
40 See, e.g., *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999); *Members First Fed. Credit Union v. Members 1st Fed. Credit Union*, 54 F. Supp. 2d 393, 402 (M.D. Pa. 1999) (arguing that distance between senior and junior users is merely one of the factors in determination of likelihood of confusion).
41 See *Circuit City Stores*, 165 F.3d at 1057.
42 See id. (establishing priority and likelihood of confusion based on trademark’s reputation and not the distance between senior and junior users).
43 *Joint Recommendation, supra* note 13, at Art. 2(2)(b); *see discussion supra* Part I.B.3, *infra* II.C.1, II.C.2, II.D.
consumers in some part of a Member State, however remote, the State must protect the trademark in its entire territory including the areas where goodwill has not been established.44

B. The Well-Known Mark Doctrine

The well-known mark doctrine is an exception to the rule that priority in a certain geographical area can only be established by use of the mark therein.45 Under the well-known mark doctrine, a senior user has priority over the junior user if the senior user’s mark is well-known at the time the junior user starts to use the mark.46

C. Development of the Well-Known Mark Doctrine through International Treaties

1. Paris Convention

The term “well-known mark” first appeared in the 1883 Paris Convention for the Protection of the Industrial Property.47 In essence, the Paris Convention provides that a Member State should equally protect claimants and its citizens under its domestic trademark laws.48 A mark must be well-known in the country where the protection is sought; whether the mark is well-known anywhere else is irrelevant.49 The Paris Convention, however, does not provide any test to determine whether a mark is well-known.50 In practice, foreign claimants suing for trademark infringement in the United States would rely on U.S. trademark law and would receive the same protection as if they were citizens of the United States.51

2. TRIPS Agreement

The Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement"), sets guideposts to clarify what constitutes a well-known mark: “[i]n determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public, including knowledge in that Member [State] obtained as a result of the promotion of the trademark.”52 Unlike the Paris Convention, the TRIPS Agreement

44 See Mostert, supra note 6, at 121 (advocating for protection of a well-known trademark in the entire State when it is substantially known in any one location); but see Joint Recommendation Draft I, supra note 13.
46 Id. at *89.
48 See 4 McCarthy, supra note 2, at § 29:4.
49 Mostert, supra note 6, at 118.
50 Id. at 107.
51 See 4 McCarthy, supra note 2, at § 29:4.
provides that determination of a mark’s goodwill must be made among relevant consumers in the marketplace, not the general public.\textsuperscript{53}

\textbf{D. Development of the Well-Known Mark Doctrine in the United States}

The well-known mark doctrine has developed in U.S. common law as an exception to the establishment of priority by use.\textsuperscript{54} In the 1936 decision \textit{Maison Prunier v. Prunier’s Restaurant & Café}, the Supreme Court held that protection of the senior user’s mark could be expanded to the territory where it has become well-known regardless of use.\textsuperscript{55} In \textit{Prunier’s Restaurant}, the French plaintiff claimed that his restaurant, founded in 1872, developed international fame extending to consumers in New York City and in other parts of the world for the quality of his sea products before the defendant started to use the same trademark in 1935 for his new restaurant in New York City.\textsuperscript{56} The plaintiff showed evidence that the defendant intentionally selected the contested trademark PRUNIER due to its reputation and the goodwill it had established over decades.\textsuperscript{57} The defendant advertised himself as “The Famous French Sea-food Restaurant”.\textsuperscript{58}

In enjoining the defendant from using the mark, the court distinguished the case from \textit{Hanover Star Milling} on two grounds: unlike the junior user in \textit{Hanover Star Milling}, the defendant in \textit{Maison Prunier} selected the contested trademark intentionally and in bad faith; further, unlike the plaintiff’s trademark in \textit{Hanover Star Milling}, the meaning of the plaintiff’s trademark in \textit{Maison Prunier} had become known in the junior user’s territory before the junior’s first use of the same trademark.\textsuperscript{59}

In two recent decisions, the courts enjoined junior users of well-known trademarks, even where junior users did not use the contested trademarks in bad faith.\textsuperscript{60} In \textit{Grupo Gigante}, the plaintiffs had operated the grocery store chain GIGANTE in Tijuana since 1962.\textsuperscript{61} In 1999, the plaintiff opened his first GIGANTE store near San Diego, California, less than twenty miles north of Tijuana.\textsuperscript{62} By 2000, the plaintiffs had expanded its operations to over two hundred stores in Mexico.\textsuperscript{63} The U.S. defendant claimed that he had priority over the plaintiff because he had started to use the mark GIGANTE around San Diego, California, in 1991, before the plaintiff’s first use in 1999.\textsuperscript{64}

\textsuperscript{53} Mostert, \textit{supra} note 6, at 108.
\textsuperscript{54} \textit{Supra} 4 McCarthy note 2, at § 29:4.
\textsuperscript{55} See 288 N.Y.S. 529, 535-36 (1936).
\textsuperscript{56} \textit{Id.} at 552-53.
\textsuperscript{57} \textit{Id.}
\textsuperscript{58} \textit{Id.} at 553-54.
\textsuperscript{59} See \textit{id.} at 557-59.
\textsuperscript{60} See \textit{Grupo Gigante}, 119 F. Supp. 2d at 1097 (enjoining the use of the trademark GIGANTE despite finding no evidence of bad faith); Empresa Cubana del Tabaco, 2004 U.S. Dist. LEXIS 4935 at *137 (enjoining the use of the trademark COHIBA despite finding specifically that the junior user had not acted in bad faith).
\textsuperscript{61} \textit{Grupo Gigante}, 119 F. Supp. 2d at 1085.
\textsuperscript{62} \textit{Id.} at 1085, 1092.
\textsuperscript{63} \textit{Id.} at 1087.
\textsuperscript{64} See \textit{id.} at 1086-88.
 Rejecting the requirement of use, the court relied on the development of the well-known mark doctrine, wherein priority could be established by reputation. The court recognized the realities of modern society by acknowledging that a trademark’s goodwill could be carried to areas far from the actual point of sale through advertising and the ambulatory nature of consumers. The court narrowed the issue to whether the GIGANTE name was sufficiently well-known among relevant class of consumers – Mexican Americans in San Diego.

After determining that the plaintiff’s trademark GIGANTE was well-known around San Diego in 1991, the court did not find any rational reason not to enjoin the defendant. It reasoned that its analysis should not change merely because the plaintiff operated his grocery store twenty miles south, instead of twenty miles north, of the U.S.-Mexican border at the time of the defendant’s first use of the trademark.

A case that perhaps best demonstrates the triumph of the well-known mark doctrine over the establishment of priority through use is Empresa Cubana Del Tabaco. The Cuban cigar company, Cubatabaco, sued the U.S. cigar company, General Cigar, for trademark infringement of the trademark COHIBA, registered in the United States by General Cigar. Cubatabaco claimed that in 1992 – when General Cigar resumed the use of the trademark COHIBA – its trademark COHIBA was well-known among cigar smokers in the United States through media and U.S. tourists who visited Cuba and purchased COHIBA cigars. General Cigar claimed that Cubatabaco did not have priority because it could show neither use nor likelihood of use of the mark COHIBA in the United States due to the embargo.

The court held that the likelihood of entry of Cubatabaco in the United States was irrelevant. Under the well-known mark doctrine, consumer belief that the senior owner sponsored or otherwise approved junior owner’s use of senior owner’s trademark satisfies the confusion requirement. Because surveys showed that sufficient number of U.S. cigar smokers knew of the Cuban COHIBA, it was likely that they would make a purchase based on the mistaken association with the Cuban COHIBA mark and not on the goodwill of General Cigar.

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65 See id. at 1089-90.  
66 Grupo Gigante, 119 F. Supp. 2d at 1090.  
67 Id. at 1092.  
68 Id. at 1092-93 (“20-22% of Mexican Americans in the San Diego area were aware of the Gigante mark.”)  
69 Id.  
70 2004 U.S. Dist. LEXIS 4935.  
71 Id. at **4-5.  
72 See id. at *91, **105-16.  
73 Id. at **87-88.  
74 See id. at 126 (stating that the real question was not when the embargo would end, but whether Cubatabaco would enter the U.S. market once the embargo was lifted); but see Havana Club Holdings v. Gallo, 203 F.3d 116 (2d Cir. 2000) (dismissing the false advertising claim because the embargo made it unlikely that the Cuban plaintiff would enter the U.S.).  
76 Id. at **105-116, 120, 130.  

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E. Scope of Territorial Protection of Well-Known Marks under U.S. law

The U.S. well-known mark doctrine has altered Justice Pitney’s holding in Hanover Star Milling – that a trademark is protected only where a trader’s goods have become known and identified by *use* of the mark – in one significant way: a trademark owner is not required to establish priority by *use.* Just as significantly, neither U.S. courts nor Congress adopted the concurring opinion of Justice Holmes that if a trademark is protected within one part of a state, it should be protected in the entire state: a well-known mark is not given priority in the entire United States merely because it is well-known among consumers in some part of the country.

III. Analysis

A. The Joint Recommendation Undermines Important Policies of Trademark Law

The overbroad territorial protection proposed by the Joint Recommendation undermines important policies of U.S. trademark law. The Joint Recommendation allows the attainment of enforceable trademark rights without investment in a trademark’s goodwill and diminishes the quantity of available trademarks that local entrepreneurs could adapt to lower their costs of entry into the market. Further, because under the Joint Recommendation a Member State could declare the trademark to be well-known among consumers who have not even heard of its owner, a likelihood of consumer confusion might be found where none exists.

1. Overbroad Territorial Trademark Protection Unduly Prevents Local Entrepreneurs From Using Valuable Trademarks

According to the Joint Recommendation, the holder of the well-known mark can enjoin any user of a similar trademark in any part of the Member State without establishing goodwill therein.

Following the fact pattern as in Grupo Gigante, suppose that an entrepreneur in Florida without prior knowledge of the plaintiff’s trademark started to use the name GIGANTE for his new chain of grocery stores that carried a wide variety of products. After all, the trademark GIGANTE, which means giant in Spanish and is similar to its English translation GIANT, suggests to the consumer that the grocery store is very big or that it carries a wide variety of products. As such, the trademark describes the store to consumers, and lowers the marketing cost of entry into the market for the producer. According to the Joint Recommendation, however, our local Floridian entrepreneur would be precluded from naming his new store

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77 See infra Part II.D.
78 See id.; 4 McCarthy, supra note 2, at § 26:28.
79 See Joint Recommendation Draft II, supra note 17 (showing how the limited scope of protection in Joint Recommendation Draft I was broadened in the final revision of the Joint Recommendation); supra Part I.A.
80 See Joint Recommendation Draft II, supra note 17; infra Part III.A.1.
81 Id.
82 See Mostert, supra note 6 and accompanying text.
84 Id. at 1096.
85 See id.; supra note 25.
GIGANTE even if the plaintiff’s goodwill is limited to Mexico and San Diego, California.86 Furthermore, a Mexican trademark owner who has not established a reputation in Florida would get priority of the mark in the entire United States.87 This result allows the Mexican trademark owner to reap where he has not yet sown, and prevents a local bona fide entrepreneur from using a trademark that would have eased his entry into the market.88

The U.S. well-known mark doctrine strikes a balance between the rights of the trademark owner who has established goodwill of the trademark by use or other means, and the ability of entrepreneurs to choose marks that would lessen their costs of entry into a new market.89

The defendants in Grupo Gigante and Empresa Cubana del Tabaco were enjoined from using the trademarks only in the territories where the plaintiffs had demonstrated their goodwill through surveys taken at the time the defendants started to use the infringing trademark.90 New entrants into the market outside of the plaintiffs’ goodwill territories, on the other hand, would have been able to use the plaintiffs’ trademarks.91

2. Lack of Consumer Confusion Requirement Hurts Consumers and Local Entrepreneurs

According to the Joint Recommendation, a senior owner of a well-known trademark gets priority over a junior user even if consumers in the junior user’s area are not aware of the senior owner’s trademark.92 Subsequently, the owner of a well-known mark can enjoin a junior user when conflicting trademarks are sufficiently similar, without establishing a likelihood of consumer confusion.93

If consumers are not aware of the senior user’s trademark, however, it is unlikely that they are harmed by the junior’s use of the same trademark.94 Because consumers are not confused as to the source of the junior’s product, their expectation in the quality of the brand is not undermined and their costs in researching the brand are not wasted.95

On the other hand, the Joint Recommendation hurts the consumers and local entrepreneurs: the enjoined junior user would have to invest in the creation of another

86 See generally infra Part II.A (discussing differences between U.S. trademark law and the Joint Recommendation).
87 See id.
88 See 1 McCarthy supra note 2, at § 2:4; supra note 25.
89 See supra Part II.D; see supra note 25.
90 See supra Part II.D; because the plaintiff in Empresa Cubana del Tabaco, 2004 U.S. Dist. LEXIS 4935, demonstrated its goodwill among cigar smokers in the entire United States, its trademark acquired priority in the United States.
91 See Joint Recommendation Draft I, supra note 17; See cf supra Part II.D.
92 See infra Part II.A; Compare Joint Recommendation, supra note 13, at Art. 2(2)(b), with Joint Recommendation Draft I, supra note 17, at Art. 2(2).
93 See Joint Recommendation, supra note 13, at Art. 2(2)(b), 4(1)(a); infra Part II.B. (discussing elements necessary for one trademark owner to enjoin another).
94 See 4 McCarthy, supra note 2, at § 29:4; 1 id. at § 2:33.
95 See 1 McCarthy, supra note 2, at § 2:5.
trademark’s goodwill, and consumers would have to learn to associate the new trademark with the junior user.96

B. Suggested Changes to the Joint Recommendation

The Joint Recommendation should be amended to protect well-known marks in territories of their goodwill, and not within Member States’ national boundaries:97 “A Member State has the discretion not to declare a senior’s mark well-known in a junior user’s territory, if it is not well-known among relevant consumers therein.” This provision would solve the following weaknesses of the Joint Recommendation: finding of consumer confusion with respect to sources of which consumers are not aware; granting superior rights to the owner of a trademark who has not invested in its goodwill; and needlessly depleting valuable trademarks from local entrepreneurs.98

This solution is compatible with U.S. trademark law policies and protects foreigners whose trademarks have achieved a high level of recognition in a Member State.99 Trademark owners would have priority in the region of a Member State where a trademark is well-known among the relevant public,100 and priority in the entire Member State, if the trademark’s goodwill extends to the entire Member State as well.101

Conclusion

The recent recommendation concerning protection of well-known marks from the World Intellectual Property Organization undermines the following two U.S. trademark policies: protection of consumers from confusion as to the source of products they buy and protection of the trademark owner’s investment in the trademark’s goodwill.

Under U.S. law, these policies are accomplished by giving superior rights to the trademark owner in the territory of the trademark’s goodwill. The proposed recommendation, however, may grant protection to trademarks where no goodwill exists.

The recommendation should be amended to protect owners of trademarks that have achieved a high level of recognition world-wide, but should confine protection only to the territory of the trademark’s goodwill.

96 See generally supra notes 18-20, 25 (collectively noting that trademarks allow and encourage consumers to identify a products and its quality with one producer; such reputation requires an initial capital investment by the producer).
97 See supra note 16; Joint Recommendation Draft I, supra note 17, at Art. 2(2).
98 See supra Part III.A.
99 Id.
100 See Grupo Gigante, 119 F. Supp. 2d 1083 (enjoining the junior user from using the mark GIGANTE in San Diego, California).
101 See Empresa Cubana del Tabaco, 2004 U.S. Dist. LEXIS 4935 (enjoining the junior user from using the mark COHIBA in the entire United States).