IS FAME ALL THERE IS?

BEATING GLOBAL MONOPOLISTS
AT THEIR OWN MARKETING GAME

Doris Estelle Long

Abstract

In the global economy of the twenty-first century, “coca-cola-ization” has become a painful economic reality for developing nations. With new branding strategies and a legal protection regime that favors the famous marks of global monopolists, local businesses are not only losing market share, they are also losing their ability to compete in a new environment where leveraged marks often have little relevance to the actual value of the products or services for local consumers. To counter these trends, and add rationality to the global trademark regime, developing countries must develop new strategies and a conscious policy that not only values local identities, but actually helps create them. These new policies require a re-imagination of the purposes behind trademark law, including the use of trademarks in connection with the maintenance and commercialization of traditional values, and a re-connection between enforcement and local market necessities. Without a carefully calibrated policy designed to enhance the competitive abilities of local identities, coca-cola-ization will continue to erect barriers to competition that cannot be overcome, even using the latest tools of the global electronic marketplace.

* Professor of Law and Chair, Intellectual Property, Information Technology and Privacy Group, The John Marshall Law School, Chicago, Illinois. I would like to thank The John Marshall Law School for the grant that enabled me to conduct the scholarship in support of this Article; Claire Covington for her excellent research assistance; and Charles Ten Brink, Barbara Bean, Jane Edwards, and the rest of the research department at the Law Library at the Michigan State University College of Law, without whose help critical pieces of this Article would have remained unexamined. I would also like to thank the organizers and participants of the IP3: Intellectual Property, Innovation Policies and International Perspectives Conference in Hong Kong in 2005 and the Faculty Works in Progress Workshop at The John Marshall Law School in 2006, where I presented earlier versions of this Article. Finally, I would like to thank Earl Kintner and Mark Fleischaker for their early guidance on the intersections between trademarks and monopoly practices and theories. As always, any errors in the Article belong solely to me.
I. INTRODUCTION

The “coca-colanization”\(^1\) of non-Western, non-capitalist societies has come to represent one of the new economic models of the global digital economy. In this new era of technologically supported global trade, trademarks\(^2\) are not merely information signi-

---

1. The term “coca-colanization” appears in Ulf Hannerz, CULTURAL COMPLEXITY: STUDIES IN THE SOCIAL ORGANIZATION OF MEANING 217 (1992). It is generally used to refer to the global homogenization arising from the replacement of local products with mass produced trademarked goods which usually originate from the West. David Howes, INTRODUCTION: Commodities and Cultural Borders, in CROSS-CULTURAL CONSUMPTION: GLOBAL MARKETS/LOCAL REALITIES 1, 3 (David Howes ed., 1996). Other terms used to refer to this twentieth century phenomenon include “Neo-Fordist,” LAWRENCE GROSSBERG, WE GOTTA GET OUT OF THIS PLACE: POPULAR CONSERVATISM AND POST MODERN CULTURE 339-40 (1992); “cultural imperialism,” JOHN TOMLINSON, CULTURAL IMPERIALISM 2-8 (1991); and “McWorld.” BENJAMIN R. BARBER, JIHAD VS. McWORLD: TERRORISM’S CHALLENGE TO DEMOCRACY PASSIM (1995). I do not mean to suggest that coca-colanization is the only economic model to have emerged from the globalized economy developed during the latter days of the twentieth century or that “globalized” marks necessarily result in a monolithic “global” product with no local differentiation. To the contrary, one of the emerging features of what Thomas Friedman has popularly referred to as “Globalization 2.0” is the recognition that one size does not necessarily fit all market needs. See THOMAS L. FRIEDMAN, THE WORLD IS FLAT: A BRIEF HISTORY OF THE TWENTY-FIRST CENTURY 9-10 (2005). While the iconic marks of coca-colanization may represent a global commercial culture, the goods and sources they represent frequently vary to reflect local tastes. Compare www.amazon.com with amazon.de (the website for amazon.com in Germany) and joyo.com (the website for Amazon.com in China, where the differences go beyond language and include different services and the emphasis on different goods and services). Hard goods present similar differentiations. Thus, for example, based on the author’s personal experiences, McDonald’s in Austria offer local beers while those in Hong Kong offer special sauces designed to appeal to local tastes. These variations, however, do not change the basic nature of the consumer good or reduce the power of the globalized mark to exert market control in foreign lands.

2. While technically the term “trademark” refers solely to marks used in connection with goods and the term “service mark” technically refers to marks used in connection with services, for the sake of convenience, this Article will use the term “trademark” or “mark” to refer to both categories of marks. This usage is in keeping with growing international practice in the area. See, e.g., Agreement on Trade-Related Aspects of Intellectual Property Rights art. 15, Apr. 15, 1994, 33 I.L.M. 89 (1994) [hereinafter “TRIPS”] (using the term “trademark” as the categorical term for the definition of a protectable intellectual property right for distinctive signs used to distinguish the “goods or services”) (emphasis added). Moreover many of the same requirements for protection—such as distinctiveness and continued use or registration—apply to both types of marks. See, e.g., Paris Convention for the Protection of Industrial Property art. 6quinques, Mar. 20, 1883, 21 U.S.T. 1583 [hereinafter “Paris Convention”] (as last revised on July 14, 1967) (stating only distinctive marks must be protected); TRIPS, supra, art. 15 (stating only distinctive marks are protectable and that continued registration may be required to maintain protection in a particular country); TRIPS, supra, art. 16(2) (stating article 6bis of the Paris Convention regarding the protection of well-known marks applies to service marks mutatis mutandis).

I do not mean to suggest that differences may not exist in the technical legal protection of marks on goods and marks on services. See, e.g., 15 U.S.C. § 1127 (2006) (constructing terms “trademarks” and “service marks” in Trademarks chapter of Commerce and Trade Title of the United States Code). For purposes of examining the competitive impact of
fiers. They are the iconized bulwarks of a new consumer culture, imposing barriers to entry that may have little relevance to the actual value of the products or services for the local consumer. Specialized protection for “famous marks” and other quality designators reinforces the monopolistic tendencies of these commercial signs. Without a carefully calibrated policy designed to enhance the competitive capabilities of local brands, and a re-imagination of the role of trademarks to fulfill their original source-designating role in the marketplace, coca-colonization may continue virtually unabated, erecting barriers to competition that cannot be overcome, even using the latest tools of the global electronic marketplace.

According to Chuck Brymer, a noted brand marketing author, there are five qualities of a great “brand”:1 (1) “a compelling idea;” (2) “a resolute core purpose and supporting values;” (3) “a central organizational principle;” (4) an American origin; and (5) use on commodities.2 Simon Anholt warns that in addition to carrying the such identifiers on local markets for goods and services, however, these differences are irrelevant.

3. Among the information that may be contained within the meaning of a trademark is not merely the potential source of its affiliated goods or services but also its qualities or characteristics, as well as other emotional information including snob appeal and lifestyle representations. See Mark Lemley, The Modern Lanham Act and the Death of Common Sense, 108 YALE L.J. 1687, 1706 (1999); Barton Beebe, The Semiotic Analysis of Trademark Law, 51 UCLA L. REV. 621, 642-44 (2004), and infra note 20.

4. I use the term “brand” advisedly. While the traditional legal term for a commercial symbol that serves both a source designating and a consumer information role is “trademark” (or its close relatives “service marks,” “certification marks,” and “collective marks”), the term “brand” as developed more fully in this Article has developed a much broader meaning, at least in the arena outside the scope of traditional legal discourse. The legal definition of a “trademark” is a “brand” in that it labels (or brands) the source of a good or service. American Marketing Association, Dictionary of Marketing Terms, http://www.marketingpower.com/mg-dictionary.php (last visited Mar. 21, 2008) (search “brand”). The traditional definition of a “brand” is also “a name, term, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers.” Id.; see also Jean-Noel Kapferer, The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term 238-39 (2005) (“[T]he classical conception of branding rests on the following equation: (1 brand = 1 product = 1 promise).”). As Douglas Atkin recognizes, however: “Today a brand legitimizes the consumer . . . . [Brands] have become so important as cultural representations that people even brand them on their own body much as our predecessors tattooed symbols of social spiritual status." Douglas Atkin, The Culting of Brands: When Customers Become True Believers 115 (2004). For purposes of this Article, I will generally use the term “trademark” to refer to traditional source signifiers and “brands” when I am referring to these new “trademark plus” signifiers.

weight of meaning companies ascribe to them, brands carry the reputation of their perceived country of origin. It does not matter if Coca-Cola is produced locally. It has the “prestige” of bearing the “USA brand,” which Anholt contends makes it arguably a more powerful marketing tool.6 Brands have been associated with the economic advances of the West dating from the Industrial Revolution.7 “Without brands, producers of consumer goods would have been limited to selling their products to a small pool of local customers. Through their newly created brands, pioneers . . . were able to expand their operations from the local to the national and


7. Trademarks, or at least source identifiers, date from at least the international trading days of Mesopotamia. David Held et al., Global Transformations: Politics, Economics and Culture 152 (1999); see also William Henry Browne, A Treatise on the Law of Trade-marks 1 (2d ed. 1885); Frank Schecter, The Historical Foundations of the Law Relating to Trade-marks 20 (1925). Their role as potential competitive levers, however, skyrocketed in the days of the Industrial Revolution when, for the first time in industrial history, advances in technology resulted in increased consumer income that triggered a demand for consumer goods that has yet to diminish. See, e.g., Paul Kennedy, The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000 146 (1987); David S. Landes, The Unbound Prometheus: Technological Changes and Industrial Development in Western Europe from 1750 to the Present 41 (2d ed. 2003).
then the global.”® Brands have not only been given credit for wealth creation, they have been accorded the social value of supporting product innovation.® For example, Unilever created a new detergent to meet the needs of low income customers in Brazil who needed an affordable laundry detergent for clothes often washed in river water.

By contrast, legal scholars have generally assigned other (or at least somewhat different) values to marks, including those of source designators, manifestations of goodwill, cultural icons, consumer information signalers, semiotic signifiers, and competitive regulators. With so much weight to carry around, it is little wonder that trademarks remain hotly-contested areas of

---

9. *Id.* at 48.
10. *Id.* at 50.
11. See, e.g., Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 830-31 (1927); Jerome Gilson & Anne Gilson LaLonde, *Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks*, 95 TRADEMARK REP. 773, 774 (2005) (in a discussion regarding the ability to extend trademark protection to non-traditional designators they recognize: "Most trademarks are readily perceived as source identifiers . . . ."); 1-1 JEROME GILSON, GILSON ON TRADemarks §103[1][a][1] (2008) ("A trademark functions and is accorded legal protection because it: (a) designates the source or origin of a particular product or service, even though the source is to the consumer anonymous . . . ."); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007) (noting that the “traditional requirement that, in order to infringe, the defendant use a term as a source designator”); see also *Sunrise Jewelry Mfg. Corp v. Fred S.A.*, 175 F.3d 1322, 1327 (Fed. Cir. 1999) (failure of proof of source designating function would make mark unprotectable generic; “On remand, the TTAB should determine if Fred’s mark is incapable of source designation; if so, it is generic and Fred’s registration may be cancelled, despite its incontestable status.”). Of course, the nature of this source designating function, including what it actually designates, is the subject of continuing scholarly debate.
potential “property” as commerce moves onto the internet.\textsuperscript{17} Because trademarks are the one form of traditional intellectual property whose existence is tied exclusively to commerce,\textsuperscript{18} the scope of protection afforded a mark has a direct impact on the marketplace. At their heart, trademarks, or the scope of protection afforded trademarks, inevitably regulate commercial conduct and shapes the flow of capital and economic power. In today’s global environment, the protection of marks and brands also has a direct impact on the ability of developing nations to compete for a larger share of the wealth available through the ownership of strong global brands.\textsuperscript{19}

While the ability of any company to create a brand that earns sufficient consumer loyalty to become popular (and ultimately “famous”) depends on a variety of factors unrelated to the current

\textsuperscript{17} Although common usage dictates the usage of initial capitals to describe “the Internet,” such usage no longer seems appropriate given the internet’s widespread and long-standing use. Just as “the Telephone” has become “the telephone,” it is time to recognize that “the Internet” has become an accepted communication media that no longer needs to be treated with the exclamatory reverence of initial capital letters. Such special treatment has been used in part to relieve international law of its responsibility to resolve the legal issues surrounding intellectual property on the internet. Capital letters subconsciously tell us all that the “Internet” is something new, so new that we cannot yet be expected to deal with the problems it poses. The time for such complacency, along with the initial capital letters, is long past.

\textsuperscript{18} I do not mean to suggest that copyrighted works and patented innovations play no role in commerce. But while exploitation of such works and innovations has been a goal of traditional protection, other goals, including their public dissemination to “promote the progress of science” and learning, are equally important. See U.S. Const. art. I, § 8, cl. 8 (granting Congress the power to enact federal copyright and patent laws to “promote the Progress of Science and useful Arts”); Liman Ray Patterson, Copyright in Historical Perspective 182 (1968) (discussing the perceived role of copyright as a tool for encouraging learning); see also Harry Ransom, The First Copyright Statute 109 (1936) (reprinting the Statute of Anne, the 1710 British law on which original U.S. copyright protection was modeled, which provided that protection was being granted to certain works “for the Encouragement of Learning”); 35 U.S.C. § 122(b) (2006) (generally requiring publication of claimed patented inventions as the tradeoff for the grant of patent protection). By contrast, trademarks remain exclusively within the realm of commerce. See, e.g., The Trademark Cases, 100 U.S. 82, 94 (1879) (rejecting claims that federal trademark law could be premised on the Copyright and Patents Clause of the Constitution, art. I, § 8, cl. 8, because “[t]he ordinary trade-mark has no necessary relations to inventions or discovery”).

international legal structure, the monopolistic power afforded certain “well-known” marks poses a serious threat to the ability of developing countries to compete successfully for a larger share of the global marketplace. Yet global fame may be combated by successful policies that support the creation of viable local brands and values. Moreover, “fame” in the form of a brand for a nation as a whole, such as “Brand USA,” may help create a global reputation for a country that ultimately enhances its local branding efforts. Ultimately, in order to strengthen local identities and values to the level where they can be leveraged effectively against global brands, trademark values must be re-imagined.

Part II of this Article examines the role of trademarks in today’s global marketplace, including their increasing “propertization” as a valuable business asset and tool for leveraging market share. Part III analyzes the market impact of trademarks, including their increasing ability to serve as potent weapons of monopolization. Part IV examines the role that strong protection for local culture industries, including for works of traditional knowledge, plays in countering the high barriers to entry posed by current global brands. Part V proposes a rational method of protection for cultural-authentication marks that should help developing countries craft strong local identities that they could use to combat the monopolistic tendencies of global brands. This Article concludes by examining the relationship between the strengthening of local brand identities and the re-imagining of intellectual property enforcement as a method for supporting locally-branded goods and services. Unless developing countries take conscious steps to develop policies and programs to enhance the rights of local brand owners, the competitive barriers posed by globally famous marks

---

20. Among the factors which may impact the popularity of a particular brand are the perceived desirability of the product or service connected to the mark, including its characteristics, perceived image, and the emotional connection between the mark and the general public. See Anholt, supra note 6, at 13; Leslie de Chernatony & Malcolm McDonald, Creating Powerful Brands 125-29 (3d ed. 2003); David A. Aaker, Building Strong Brands 10-24 (1996); David F. D’Alessandro, Brand Warfare: 10 Rules for Building the Killer Brand 14, 16 (2001).

21. The term “well-known” appears in Article 6bis of the Paris Convention, but lacks a precise definition. See supra note 2. In the United States, the term “well-known” is roughly equivalent to “famous” and is most directly protected under the Federal Trademark Dilution Act, 15 U.S.C. § 1125. As discussed more completely below, the specialized protection afforded to “well-known” marks under domestic and international legal regimes is part of the challenge facing developing countries who are attempting to combat the global power of famous mark monopolists.

22. See, e.g., Anholt, supra note 6; Anholt & Hildreth, supra note 6 at 17.
will continue to rise, harming both rational consumer choice and sustainable development.

II. THE ROLE OF TRADEMARKS IN THE GLOBAL MARKETPLACE: NOT YOUR PARENTS’ OLD INFORMATION SIGNIFIERS

“Globalization” remains a powerful catch phrase of the first decade of the twenty-first century. As I have previously recognized, whether praised as the basis for future economic growth, or condemned as the reason for lower environmental protection standards internationally, globalization has become almost an unchallengeable mantra, an inexorable force whose operational imperatives must be acceded to if a country wants to maintain any hope of developing its industrial and commercial base. The signs of globalization are everywhere. From the increasing role of international organizations in the “daily affairs” of nation-states to the growing number of bilateral treaties, accords, protocols, and understandings that seek to establish a common standard of protection for everything from human rights, to environmental standards, to intellectual property protec-

24. See, e.g., THOMAS L. FRIEDMAN, THE LEXUS AND THE OLIVE TREE 7, 9 (1999) (praising globalization as “the overarching international system shaping the domestic politics and foreign relations of virtually every country,” “the dominant international system that replaced the Cold War system after the fall of the Berlin Wall” and a “dynamic ongoing process”).
26. Perhaps the most famous advocate of this “inevitability” view of globalization is Thomas Friedman who described globalization as the “North Star” that is shaping the world. He stated: “I didn’t start globalization, I can’t stop it – except at a huge cost to human development – and I’m not going to waste time trying.” FRIEDMAN, supra note 24, at xxii.
27. See, e.g., Long, supra note 23, at 335-39 (discussing the erosion of sovereign power of nation-states as a result of certain globalization trends).
tion,30 “globalization” seems a foregone conclusion. Symbolized by the spread of a global, commercial culture based largely on Western consumer images of technological advancement and popular culture—fast food, fast computers, fast music, and fast news, purveyed by such well-known multinational corporations as Kentucky Fried Chicken, Microsoft, MTV, and CNN—coca-colonization has become the new economic imperialism of the developed world.31 A key aspect of this coca-colonized global commercial culture is image—modern, forward-moving, and, above-all, conspicuous consumerism.32 At the heart of this economic globalized culture are trademarks, the brand names of global consumerism that serve as the cultural icons of this New Economic Order.33 Enhanced by the technological developments of television, satellite and cable broadcasting, and the ubiquitous internet—advertisement through which enhances the brand recognition and

30. See, e.g., TRIPS, supra note 2 (establishing international standards for the protection and enforcement of diverse forms of intellectual property, including trademarks and geographic indications).

31. I do not mean to suggest that the cultural-leveling effect of coca-colonization is solely a problem for developing countries. To the contrary, the “traditional” American culture of mom-and-pop enterprises, local bookstores, and the proverbial “Main Street USA” has given way to mega-stores, malls, and a fast food, fast-living, convenience-driven lifestyle represented by coca-colonization. See, e.g., Jim DuFresne, Specialty Outdoor Outlets Feeling Pinch from Chain Stores, GRAND RAPIDS PRESS, Oct. 25, 1997, at C3; Holly Rosenkrantz, Latte, Anyone?, FAIRFIELD COUNTY BUS. J. (Conn.), Sept. 23, 1996, at 1. Thus, even the Western industrialized societies that spawned this “modern” phenomenon must deal with its adverse effects.

32. See, e.g., BARBER, supra note 1 (examining the conflict between global commercial culture and Third World values); Monroe Price & Dr. Aimee Brown Price, Custom, Currency and Copyright: Aboriginal Art and the $10 Note, CARDOZO LIFE, Fall 1996, at 19, 22 (exploring the conflict between aboriginal rituals and commercial demands for art); Michael Blakeney, Protecting Expressions of Australian Aboriginal Folklore Under Copyright Law, 9 EUR. INTELL. PROP. REV. 442, 445 (1995) (exploring the conflict between aboriginal rituals and commercial art).

33. While globalization itself is not a recent phenomenon, see generally GLOBALIZATION IN WORLD HISTORY (A.G. Hopkins ed., 2002) (tracing the history of globalization across three centuries, including its non-Western roots), its current incarnation, driven by technological advances in the communications media, is undeniably different from its earlier versions, see, e.g., FRIEDMAN, supra note 24, at 9 (defining globalization as involving “the inexorable integration of markets, nation-states . . . faster . . . than ever before”); MITTELMAN, supra note 25, at 6-7 (containing various definitions of globalization which focus on the rapidity of the globalization process and the role of technology); HELD, supra note 7, at 2-31 (exploring the various definitions and concepts of globalization in the twentieth century which similarly focus on integration and technology). This difference includes the greater market power global brands may achieve through the use of new technologies to support advertising efforts, including web advertising and promotion, and the subsequent higher barriers to competition over-protection of such brands may cause. See discussion infra Part III (examining in greater detail the barriers to effective competition posed by global marks).
market power of a given mark—trademarks have become critical business assets in the development of a local or global market share. Unlike their intellectual property cousins, patents and copyrights, trademarks represent a distinctly different intellectual property asset. While patents and copyrights eventually expire and lose their role as protectable assets, trademarks have the potential to endure forever. They are an infinitely renewable asset, capable of continued protection so long as the trademark is used and pro-

34. Patent law generally protects scientific inventions and discoveries concerning new products and processes, including machines, manufacturing processes, as well as chemical and electrical structures and compositions, so long as such inventions are new, useful, and non-obvious. See, e.g., TRIPS, supra note 2, art. 27 (defining patentable subject matter as "inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application"); 35 U.S.C. § 101 (2006) (patent protection available for a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof").

35. Copyright law generally protects works of artistic, literary, and musical expression, including books, cinematographic works, paintings, sculpture, photographic works, pantomime, and, more recently, computer software programs and databases. See, e.g., The Berne Convention for the Protection of Literary and Artistic Works art. 2, Sept. 9, 1886, 828 U.N.T.S. 221 (Paris revision July 24, 1971) [hereinafter "Berne Convention"] (defining copyrightable subject matter as "every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression"); 17 U.S.C. § 102 (2006) (enumerating eight categories of protectable works under U.S. law, including literary, artistic, graphic, architectural, and musical works).

36. Internationally, patents last only twenty years from the date of application. TRIPS, supra note 2, art. 33. Copyrights last a minimum of the life of the author plus an additional 50 years. Id. art. 12; Berne Convention, supra note 35, art. 7. Upon the expiration of the terms of protection, both become part of the public domain, freely usable by anyone without the need for permission from, or compensation to, the original rights holder. See, e.g., Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 231 (1964) ("[An] unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so."); Mark A. Lemley, The Economics of Improvement in Intellectual Property Law, 75 Tex. L. Rev. 989, 991 (1997) ("Improvers are free to use material that is in the public domain because the copyright or patent has expired."). For an excellent examination of the diverse conceptions of the public domain, including that resulting from the expiration of copyright and patent protection terms, see Pamela Samuelson, Enriching Discourse On Public Domains, 55 DUKE L.J. 783 (2006).

37. Failure to use a mark may ultimately result in cancellation of domestic registrations where continued use is required. Thus, in the United States, failure to use a mark in commerce for three years, with the intent not to renew such use, constitutes prima facie evidence of abandonment, which may make the mark available for use by others. 15 U.S.C. § 1127. Failure to exercise sufficient quality control over the use of the mark and the goods or services to which it attaches may similarly result in abandonment under U.S. law. Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959) ("The Lanham Act clearly carries forward the view... that controlled licensing does not work an abandonment of the licensor’s registration, while a system of naked licensing does."); First Interstate Bancorp v. Stenquist, 16 U.S.P.Q.2d 1704, 1706 (N.D. Cal. 1990) ("It is well established that where a trademark owner engages in naked licensing, without any control over the quality of goods produced by the licensee, such a practice is inherently deceptive and constitutes abandonment of any rights to the trademark by the licensor").
ected against destructive third party uses (such as genericide), and remains registered where required. Trademarks are also a business asset whose appearance can be updated to take advantage of popular trends or new imaging methods, generally without a loss of rights. For example, in the United States, the logo for the Prudential Insurance Company has been used as a trademark for insurance and other financial services since 1896. The mark features a depiction of the famous “Rock of Gibraltar” as a representation of the strength and enduring nature of the company and its insurance and other services. In its initial uses, the featured Rock was a generally idealized but accurate depiction of the actual Rock of Gibraltar. Over time, this depiction has become more stylized until it is now merely an abstract design of the outline of a rock. Yet the mark remains an enduring and powerful global brand, despite its periodic “face-lifts.”

Apart from the goods or services themselves, a company’s trademarks are the most public representation of its business’ identity and reputation. Brand names have taken the place of company

---

38. Genericide occurs when a mark that has been used becomes the common generic or apt descriptive term for the product or service with which it is associated. For example, the mark “THERMOS” was found to be a generic term for vacuum packed bottles in the United States and, therefore, incapable of exclusive use by any one undertaking. See King-Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577, 579 (2d Cir. 1963) (finding that the word “thermos” “became a part of the public domain because of the plaintiff’s wide dissemination of the word ‘thermos’ used as a synonym for ‘vacuum-insulated’ and as an adjectival-noun, ‘thermos’, through its educational and advertising campaigns and because of the plaintiff’s lack of reasonable diligence in asserting and protecting its trademark rights in the word ‘Thermos’ among the members of the unorganized public”); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) (defining a generic term as “one that refers, or has come to be understood as referring, to the genus of which the particular product is a species.”); Murphy Door Bed Co. v. Interior Sleep Sys., Inc, 874 F.2d 95,100 (2d Cir. 1989) (“A term or phrase is generic when it is commonly used to depict a genus or type of product, rather than a particular product.”). Genericness is generally decided on a country-by-country basis and depends on local custom and usage. Thus, while the mark “aspirin” is considered generic in the United States for the general public, Bayer Co. v. United Drug Co., 272 F. 505, 514 (S.D.N.Y. 1921), it is the subject of a valid Canadian trademark registration. Canadian Trademark Registration No. TMDA006889 (registered Apr. 28, 1899).

39. See TRIPS, supra note 2, art. 16 (except for well-known marks, discussed below, countries may require registration as a basis for granting trademark protection to a particular sign). Registrations internationally are subject to a minimum seven-year initial registration term. This term, however, must be capable of being renewed “indefinitely.” TRIPS, supra note 2, art. 18.


41. While the term “brand name” is often perceived to be co-equivalent with the legal term “trademark,” the reality is distinctly different. Legally, a trademark is a symbol or
names for reputational purposes. Consumers may not know the precise name or location of the company that manufactures the popular iPod—Apple Computer, Inc. with headquarters in Cupertino, California—but they may well recognize the iPod mark and associate it with a company on the cutting edge of consumer music technology. Moreover, because trademarks can be exploited as a source designator for a particular product beyond their initial uses through licensing and “brand extensions,” a strong trademark identity for one line of goods or services, such as MICROSOFT for computer software programs, can be expanded and used on another line, such as web browsers. Such brand extensions allow a company to leverage reputation from one field into another.

As Fred Mostert recognized in his seminal work FAMOUS AND WELL-KNOWN MARKS: “Use of a famous brand on unrelated products usually provides the licensee with almost instant demand and substantial public recognition for its goods due to the popularity value and good will associated with the famous trademark.”

Perhaps even more significantly, if the emotional strength of a brand is effectively leveraged, the brand may become a “cult brand,” representing a belief or lifestyle that encourages consumer choice based on the emotional resonance of the brand as opposed

“sign” capable of distinguishing the goods of one undertaking from those of another. Brands, however, particularly in the realm of business and marketing scholarship, are “trademarks plus.” They are the cultural and economic life blood of a company. In fact, many business texts recommend the use of a “single brand” to be used on a wide variety of products as a method of leveraging marks and extending market share without the need for new mark development. See, e.g., KAPFERER, supra note 5, at 211; JON MILLER & DAVID MUIR, THE BUSINESS OF BRANDS 32 (2005). Others suggest that trademarks are merely one form of brand identity. See, e.g., DAVID A. AAKER, MANAGING BRAND EQUITY: CAPITALIZING ON THE VALUE OF A BRAND NAME 7 (1991) (defining brands as “a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors”).

42. See, e.g., AAKER, supra note 20, at 2-7 (describing the development and notoriety of the Kodak brand developed by the Eastman Dry Plate and Film Company); D’ALESSANDRO, supra note 20, at 12-14, 16.

43. See, e.g., AAKER, supra note 20 at 274-78 (discussing the use of brand extensions to “energize the brand, manage innovation, and block or inhibit competitors”); ATKIN, supra note 4, at 116-119 (advocating the development of “cult brands” across a variety of goods and services as demonstrated by the “Apple” cult for a variety of electronic products); KAPFERER, BRAND MANAGEMENT, supra note 5, at 211 (claiming that a “single brand” is a “necessity whenever the clients themselves are operating worldwide”); ANHOLT, supra note 6, at 38 (recommending “brand leaps” for countries that have already developed well-known export brands).

to rational quality, price, or characteristic-based choices. In effect, "[b]rands function as complete meaning systems. They are venues for the consumer (and employee) to publicly enact a distinctive set of beliefs and values."46

III. FAMOUS MARKS, BARRIERS TO EFFECTIVE COMPETITION AND RATIONAL CONSUMER CHOICE

Because of the power of trademarks to secure consumer loyalty, they serve as powerful forces for monopolization, even when they may no longer warrant brand loyalty. Strong consumer loyalty results in a measurable price premium that consumers are willing to pay for the brand in comparison to another branded product containing similar qualities. This loyalty attaches regardless of price or even potentially lower quality (up to a certain point) and is a powerful factor in brand extensions. This loyalty can serve as a strategic business asset that can reduce marketing costs, leverage product lines and distribution space, attract new customers who rely on the brand’s reputational value, and reduce competitive threats. Loyalty of existing customers may represent a substantial barrier to entry for competitors, because enticing customers to switch brands requires higher resource expenditures.

More to the point, global brand owners’ use of brand extensions should decrease their overall advertising expenditures by extending the costs for a single good or service identifier across product lines. Such reductions should occur on a per-mark basis because the reputation of the extended brand has already been established, albeit in a different product line. Brand extensions

45. Similar to members of a cult, a “true believer” in the lifestyle message contained in the brand will make consumer choices based on the message and not on any actual superiority of the branded product in question. See, e.g., Akin, supra note 4.

46. Id. at 97.

47. See, e.g., Aaker, supra note 20, at 321 (recognizing the “price premium” as “the best single measure of brand equity available”).

48. See, e.g., Aaker, supra note 41, at 46.

49. See, e.g., id.

50. See, e.g., Miller & Muir, supra note 41, at 33 (describing the advertising savings when Pond’s launched its new products as brand extensions as opposed to new products). Nevertheless, failure to spend any advertising monies on the new product extension may well ensure its rapid failure. In addition, merely applying the brand to a new product in the same line of goods might require less advertising because the extension requires less consumer reconfigurations of meaning and, therefore, presumably less advertising dollars to support such reconfigurations. Thus, the marketing of Diet Coke could be considered a line extension. The Coca-Cola Company, however, has treated Diet Coke as a completely different brand, largely due to the difference in product category. See, e.g., Kapferer, supra note 4, at 236-38, 280-81 (describing the complexities of determining line and brand
can also help assure a longer survival period for new product launches as the reputation earned in one market is leveraged into the second.\textsuperscript{51}

Yet from another perspective, brand extensions serve the anti-market function of increasing a trademark’s market power beyond the goods for which the mark may serve as a useful consumer information signifier, at least insofar as product quality is concerned. Because of the potentially exaggerated impact on a brand’s market power of emotion advertising,\textsuperscript{52} brand extensions serve to encourage greater expenditures on such advertisement. “Emotional advertising” is geared largely toward enhancing the brand loyalty of consumers rather than toward extolling the qualities of the product associated with the mark. Such brand loyalty may have little to do with the actual quality or desirability of the brand in question and is based on appeals to group dynamics or the “perceived” higher quality of foreign goods.\textsuperscript{53} This disconnect between extensions, the impact of such determinations on product marketing strategies, and the potential failure of the launch if insufficient monies are spent).

\textsuperscript{51} According to Jean-Noël Kapferer, only thirty percent of new brands survive longer than four years. By contrast, fifty percent of brand extensions last longer than four years. Kapferer, supra note 4, at 250. Various factors, however, may influence the survival rate of brand extensions, including whether the extended product fits within the general “idea” that consumers have of the parent brand, thus allowing consumer transfer of the attributes that the brand represents. \textit{Id.} at 261-65.

In addition to generating revenue savings and providing a potentially longer lifespan for a new product launch, brand extensions may also give renewed life to the extended brand by assuring access to new markets (and occasionally a new reputation) for a brand. For example, Pond’s reconfigured its image among younger buyers, renewing the brand by extending it to youth-oriented lotions and acne creams. \textit{See} Miller \& Muir, supra note 41, at 33.

\textsuperscript{52} \textit{See, e.g.}, Aaker, supra note 20, at 145-50 (discussing the strategies for developing a “brand personality” that captures consumers’ emotions); D’Alessandro, supra note 20, at 13-14 (discussing the need to sell “experiences” as opposed to goods or services). The evolution of marks from source authenticators to emotional brand values has been described by David Atkin as beginning with the advertising campaign devised by Doyle Dane Bernbach (DDB) for Volkswagen. As Atkin describes the process, the advertisers were faced with a serious challenge: “Turn a technically outdated, air-cooled, rear-engined Nazi car into a viable competitor in a market where consumers measured satisfaction by the size of a tail fin and the yardage of chrome.” \textit{Atkin}, supra note 4, at 114. They achieved their goal by “eschew[ing] obvious product-inspired marketing and instead turn[ing] to the power of social psychology and humor.” \textit{Id.} In the process, the brand represented not merely a product origin but “an alternative American lifestyle.” \textit{Id.} U.S. case law indicates, however, that an appeal to qualities other than product characteristics is a longstanding practice. \textit{See, e.g.}, Mishawaka Rubber \& Woolen Mfg. Co. v. S. S. Kresge Co., 316 U.S. 203, 205 (1942) (indicating that the object of much modern advertising is “to impregnate the atmosphere of the market with the drawing power of a congenial symbol”).

\textsuperscript{53} \textit{See, e.g.}, Aaker, supra note 20, at 161-64 (describing diverse forms of emotion-based advertising and brand strategies); Chernatony \& McDonald, supra note 20, at 104-05 (emphasizing associational value of brands and brand extensions); Anholt, supra note 41.
the information-signifying function of trademarks—to impart product quality information to consumers—and its market power increases the competitive barriers posed by such brands, with little or no consumer benefit in the form of heightened product information.\textsuperscript{54} Such inequality is reflected in increasing demands to

6, at 104-14 (urging the use of nation brands that establish the appropriate emotional image of a country and its goods).

54. I do not mean to suggest that the consumer information-signification role is the only value that a trademark contributes to the marketplace. But I do believe it is the most critical role and one of the key reasons why trademarks deserve continued legal protection. Since the earliest days, trademarks have been protected precisely because they provide consumers with source information about marketed goods and sources, including their qualities and characteristics. See, e.g., Lemley, supra note 3, at 1690; Stacey L. Dogan, Trademarks and Consumer Search Costs on the Internet, 41 Hous. L. Rev. 777, 778-79 (2004). This source identification function has also served as a key basis for the international protection of trademarks. See, e.g., Paris Convention, supra note 2, art. 6 (limiting international protection to trademarks that are distinctive); TRIPS, supra note 2, art. 15 (defining protectable trademarks as signs that distinguish the goods and services of one undertaking from another).

One type of consumer information that may arguably be included as part of the meaning of the trademark is a message about the prestige, snob appeal, or lifestyle that the mark represents. See supra note 52 and accompanying text. This Article does not address the question of whether emotional advertising (also often referred to as “brand” or “persuasive” advertising) is economically desirable. This issue has been hotly debated among both legal and advertising scholars. See Ralph S. Brown, Jr., Advertising and the Public Interest, Legal Protection of Trade Symbols, 57 Yale L.J. 1165, 1190 (1948) (“From what has been said earlier about the economic waste and distortion of consumer choice growing out of large-scale persuasive advertising, it should be clear that the persuasive function of trade symbols is of dubious social utility.”); William M. Landes & Richard A. Posner, Trademark Law: An Economic Perspective, 30 J.L. & Econ. 265, 275 (1987), revised and reprinted in William M. Landes & Richard A. Posner, The Economic Structure of Intellectual Property Law 166 (2003) (“The implicit economic model of trademarks . . . is our model in which trademarks lower search costs and foster quality control rather than create social waste and consumer deception . . . the hostile view of brand advertising has been largely and we think correctly rejected by economists.”) (footnote omitted). The question that this Article addresses is the more narrow issue of the impact that such brand advertising may have on consumer choices and the ability of local values to compete effectively against brands that are perceived by consumers to carry the added message of non-product based desirability. I take no position in this Article as to whether or to what extent such psychological or emotional appeals should be encouraged or allowed in connection with the general issue of protecting the information significance of trademarks. For a selection of articles that support, or at least acknowledge, values based differentiation, see, for example, Harold Demsetz, Advertising in The Affluent Society, in Advertising and Society 67 (Yale Brozen, ed., 1974); Robert G. Bone, Enforcement Costs and Trademark Puzzles, 90 Va. L. Rev. 2099, 2116 (2004) (contending that consumer choices are not “irrational” or “bad” simply because they are based on advertising-induced preferences); Shahar J. Dilbary, Famous Trademarks and the Rational Basis for Protecting “Irrational Beliefs,” 14 Geo. Mason L. Rev. 605, 605-06 (2007) (suggesting that the advertising of prestige or snob appeal qualities is yet another valuable form of consumer information conveyed by trademarks); Lemley, supra note 3, at 1709 (suggesting that consumers who pay premium prices for certain brands may not be making “irrational” preferences); Thomas J. McCarthy, McCarthy on Trademarks and Unfair Competition § 2:36 (2007) (questioning whether trademark law can
provide protection for the investment value of works under dilution doctrines.\textsuperscript{55}

While at its heart a branded product may be the market equivalent of another, strong brands may add a “plus” factor to the equation that makes the branded good virtually its own product, with its own monopolistic share of the marketplace.\textsuperscript{56} Under a traditional anti-trust analysis, the concept of cross-elasticity of demand is often used in determining the competitive market share of a given product.\textsuperscript{57} For example, if coffee prices rise substantially, and evidence demonstrates that coffee drinkers faced with such a sharp price increase will switch to the lower priced tea, coffee and tea demonstrate a cross-elasticity of demand so that a coffee producer’s market share would be determined as a percentage of the combined coffee and tea market. An underlying assumption of this analysis is that all coffee demand is elastic and that a price rise in one brand of coffee will be offset by the movement of consumers to another equivalent brand. Yet market studies and competition theories increasingly demonstrate that brands may serve to skew market forces such that price no longer occupies a hallowed

\textsuperscript{55} See, e.g., Mostert, supra note 44, at 110-22 (Ch. 1); see also infra Part III (discussing U.S. dilution and “famous marks” protection).


\textsuperscript{57} See, e.g., Lunney, supra note 56, at 422-24 (discussing the application of cross elasticity in the case of trademark “monopolies”); United States v. E.I. du Pont de Nemours & Co., 351 U.S. 377, 395 (1956) (holding that “commodities reasonably interchangeable by consumers for the same purposes constitute an antitrust market”); Jonathan B. Baker, Market Definition: An Analytical Overview, 74 ANTITRUST L.J. 129, 130, 132 (2007) (“U.S. courts have long emphasized that markets should be defined with respect to the economic force of demand (buyer) substitution. Accordingly, courts look to the buyer’s view of which products or geographic locations would be acceptable alternatives.”).
place in consumer purchase decisions.\textsuperscript{58} To the contrary, most of trademark marketing practice is actually designed to replace price with other bases for consumer choice, including brand loyalty.\textsuperscript{59} While all companies may endeavor to create such loyalty, owners of global marks have a distinct economic advantage in the consumer sweepstakes game.\textsuperscript{60} Combating the corrosive effect on consumer choices their brand loyalty encourages may require greater resources than simply creating a good product at a reasonable price.

The monopolizing power of global marks is further enhanced by current international legal regimes whose strong protection for well-known marks grants global mark owners virtual property rights\textsuperscript{61} in

\begin{footnotes}

\item[59] See supra notes 47-49 and accompanying text. The strength of such brand loyalty may actually make a trademark not merely a source designator but in fact a product itself—the branded good with all the consumer meaning that may attach to the mark. See, e.g., Lunney, supra note 56, at 426-31 (discussing the product differentiation roles trademark plays and the possible anti-competitive effect of the protection of this role).

\item[60] This advantage is further enhanced by the current international intellectual property rights regime, which grants enhanced rights to "well-known" marks. See infra notes 61-70 and accompanying text. The efficacy of this doctrine, however, has been called into serious question in the United States with the recent decision of the Second Circuit Court of Appeals in \textit{ITC Ltd. v. Punchgini, Inc.}, 482 F.3d. 135, 164 (2d Cir. 2007), which rejected the application of the doctrine under federal trademark law. See infra notes 91-97 and accompanying text.

\item[61] This "propertization" of trademarks is an expansion in rights of long-standing development and is probably most clearly illustrated by the development of trademark dilution doctrines, which grant trademark owners the right to protect their marks despite the absence of any likelihood of confusion or other traditional competitive harm. See 15 U.S.C. § 1125(d); infra note 80 and accompanying text. I do not mean to suggest that present protection for well-known marks ignores the role of competition. To the contrary, the minimum scope of protection required under Article 6bis focuses on unauthorized marks whose reproduction or imitation of a well-known mark is "liable to create confusion." Paris Convention art. 6bis, supra note 2. The elimination of any registration or even use requirement to secure rights to protect a mark in a country, however, is a powerful weapon that strengthens a global mark owner’s ability to monopolize local markets, even ones they may not have chosen to move into. Moreover, as Glynn Lunney has recognized, the "property" right that a trademark represents may not be connected to the mark’s reputation or goodwill at all. Instead, it may represent the property value of the branded good itself. Lunney, supra note 56, at 372 ("[P]roperty-based trademark protection can enable a trademark owner to differentiate her product and exclude others from using the differentiating feature. It can thereby cede control over distinct product markets to individual producers and generate for a trademark owner the downward sloping demand curve of a monopolist.").
\end{footnotes}
their marks.62 Under Article 6bis of the Paris Convention, well-known marks receive special protection. While the general rule internationally is to require countries to protect only marks registered on domestic trademark registries,63 Article 6bis requires protection of “a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention.”64 Thus, well-known marks are the only trademarks internationally that are protected regardless of their domestic registration status.65 More powerfully, such well-known marks are protected against unauthorized registration and/or use of a “trademark which constitutes a reproduction, an imitation, of a transla-

62. I do not mean to suggest that famous marks do not deserve the enhanced protection that they receive under international law. Based on my personal observations in 27 countries, there is no question that such well-known brands are the subject of most of the global counterfeiting activity. See also William Hennessey, Trademark Protection and its Role in Promoting Trade and Commerce and Enhancing Competitiveness (1999), http://www.ipmall.info/hosted_resources/pubspapers/TM_Protection_Hennessey_99.asp (“In countries which do not enforce trademark laws, the ‘famous brands’ from the developed economies flood the marketplaces of the developing countries in the form of cheap counterfeit goods.”); Burton Ong, Protecting Well-Known Trade Marks: Perspectives From Singapore, 95 TRADEMARK REP. 1221, 1255 n.89 (2005) (“[V]isitors to street stalls and bazaars in many Asian cites expect to find counterfeit brand name products bearing well-known marks . . . .”). They are also subject to bad faith registrations by “trademark squatters” who seek to register third party marks domestically before their legitimate rights holders have an opportunity to secure their rights. Peter Ollier, Meeting the China Challenge, MANAGING INTELLECTUAL PROPERTY (2007), http://www.managingip.com/Article/1377401/Meeting-the-China-Challenge.html (noting “so called ghost trademarks as the main problem in China at the moment. The most common take the form of bad faith registrations that are not used but made purely to extort money from brand owners.”); Global Trademark Protection for Chinese Corporations ‘going out’: Measures to Respond to Preemptive Registrations in Latin America 12-13, http://www.cta315.com/0701/7.doc (“A trademark squatter is to a brand what a kidnapper is to a hostage; it’s a person who, while reading a magazine, surfing the Internet or otherwise, identified a popular brand in a country like China, and registered it as a trademark in his country knowing that it belongs to somebody else, without an intent to use it.”). While international conventions require the cancellation of such bad faith registrations, see Paris Convention art. 6bis, supra note 2, the legal costs of obtaining such relief are generally born by the legitimate mark owner. Consequently, I believe that adequate protection for well-known marks is required. Over-protection of such marks, however, is not. Moreover, the potential disequilibrium in market power that such global marks represent must be properly balanced by appropriate support of the development of competitive local brand identities. This balancing requires a more nuanced approach to such related issues as trademark enforcement and government support for commercial development.

63. See TRIPS, supra note 2, art. 16 (exclusive rights are conferred on “the owner of a registered trademark”) (emphasis added).

64. Paris Convention, supra note 2, art. 6bis (1) (emphasis added).

65. See TRIPS, supra note 2, art. 16 (limiting the exclusive rights granted trademark owners to those who own a “registered” trademark).
tion, liable to create confusion” with the well-known mark. The prohibition against unauthorized use and/or registration also applies “when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.” The protection for well-known marks, however, is limited. Only unauthorized registrations and uses “for identical or similar goods” must be prohibited. Nevertheless, while Article 6bis only requires the protection of marks used on identical or similar goods, TRIPS has subsequently expanded the scope of protection to include protection for well-known service marks as well. Thus, the producer of shampoo and the purveyor of fast food hamburgers may equally share in the benefits of “well-known” mark protection under international law.

The term “well-known” is not defined under either TRIPS or the Paris Convention. This lack of definition leaves room for a great deal of variety in the scope of protection afforded well-known marks under international law. Many countries have adopted “famous marks” registries as a method for meeting the requirements of protection of well-known marks. These registries are generally administered by the domestic industrial property office. The use of such registries on its face may appear to ease the administrative responsibilities surrounding the protection of well-known marks. If not properly controlled, however, the registries could grant global status (and added protection to the monopolizing tendencies of such marks) to an even greater category of marks.

On the legal side of the issue, such famous marks registries cannot be the exclusive method of protection afforded well-known marks, because Article 6bis of the Paris Convention requires protection for marks in the country of use, not simply in the country of registration. On the practical side, such registries may continue

---

66. Id.
67. Id.
68. Id.
69. TRIPS, supra note 2, art. 16(2) (“Article 6bis of the Paris Convention shall apply, mutatis mutandis, to services”).
70. Among the countries that have adopted famous mark registries are China, Mexico, Ukraine, and Thailand. By contrast, Brazil has recently abolished its registry. See Peter Dirk Siemsen, Brazil, in FAMOUS AND WELL-KNOWN MARKS: AN INTERNATIONAL ANALYSIS 82 (Frederick W. Mostert, ed., 2d ed. 2004) (Ch. 4). See generally Lars S. Smith, Implementing A Registration System For Famous Trademarks, 93 TRADEMARK REP. 1097, 1101-02 (2003) (advocating a registration for famous marks in the United States).
71. Paris Convention, supra note 2, art. 6bis (requiring member countries to “prohibit the use, of a trademark which constitutes a reproduction, an imitation or a translation liable to create confusion, of a mark considered by the competent authority of the country of . . . use to be well known in that country”).
the enhanced protection for global brands well beyond the required period. Like the continued registration of “dead marks” in countries that do not periodically remove unused marks from their trademark registries, improperly supervised famous marks registries ignore a valuable reality of the marketplace. While well-known brands can serve as relatively high barriers to market entry due to high consumer preference,\(^\text{72}\) the reality is that a mark that is famous today may not be famous tomorrow.\(^\text{73}\) Such fleeting fame is even more likely with the global internet, where fads can rise quickly and just as quickly disappear.\(^\text{74}\) By giving the owner of a once famous brand the ability to re-leverage its former power, using the tool of well-known mark protection, the owner of such “registered” marks possesses powers the local market can ill afford. Unless well-known mark registries serve only as a form of prima facie evidence of sufficient reputation to warrant enhanced protection, and are subject to challenges through opposition and post-registration cancellation procedures,\(^\text{75}\) the market barrier impact of such an exalted legal status could be unjustifiably enhanced with little consumer or market benefit to warrant such enhancement.

Even if a global mark has not been used in a particular country, the absence of a market presence does not necessarily eliminate the ability of the mark owner to enjoy the benefits of heightened legal protection. To the contrary, under Article 16 of TRIPS, in determining whether a particular mark qualifies as well-known, members are required to “take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a

---

\(^{72}\) See *supra* notes 49-55 and accompanying text.

\(^{73}\) In *The Culting of Brands*, Douglas Atkin describes the fleeting fame of “Death Cigarettes,” which according to him “quickly became the smoke of choice for all of London’s many hipsters. But once their novelty wore off, Death Cigarettes quickly faded away.” *Atkin, supra* note 4, at 158.

\(^{74}\) For example, the popular Grokster has all but disappeared from the web, with a little assistance from the U.S. Supreme Court. *See* Metro-Goldwyn Mayer Studios, Inc. v. Grokster Ltd., 545 U.S. 913, 919 (2005). I do not mean to suggest that all brands on the internet become well-known or even that a well-known brand in one country automatically becomes well-known in others due to an internet presence. To the contrary, in Brazil the website Orkut.com, and presumably its associated mark ORKUT, is undoubtedly well-known given a presence of over 47 million total users. By contrast, the same site has virtually no presence in the United States. *See* Patrick Day, *A Worldwide Web of Networking Sites*, *Deccan Herald*, Apr. 7, 2007, http://www.deccanherald.com/deccanherald/Apr7/2007/panorama204235200746.asp.

\(^{75}\) Alternatively, a renewable registration system that requires proof of continuing renown might also serve as some form of protection against continued protected status as a well-known mark when such status is no longer warranted.
result of the promotion of the trademark.”76 Critically, in a famous case involving a challenge by McDonald’s to the use and registration of the MCDONALD’S mark by Joburgers, Inc. in South Africa, McDonald’s was eventually successful, even though the company failed to use its famous brand in South Africa.77 Relying instead on survey evidence of the mark’s renown among potential consumers, the South African courts ordered cancellation of Jobeger’s marks and enjoined Jobeger from further infringing uses.78

76. TRIPS, supra note 2, art. 16(2).
77. McDonald’s Corp. v. Joburgers Drive-In Restaurant (Pty) Ltd., 1997 (1) SA 1 (A) at 32 (S. Afr.). McDonald’s failure to use the brand was based on its decision to avoid marketing in the country so long as apartheid remained a legal doctrine of discrimination. Id. See also Alexis Weissberger, Note, Is Fame Alone Sufficient to Create Priority Rights: An International Perspective on the Viability of the Famous/Well-Known Marks Doctrine, 24 Cardozo Arts & Ent. L.J. 739, 775 (2006) (McDonald’s “had neither traded nor used its marks in South Africa because of the country’s strict apartheid policies.”); Reinard Michau, South Africa – the “Well-Known” McDonald’s Saga (1990), http://www.spoor.com/Publications/Articles/Trademarks/Pages/South_Africa_-_the_Well-Know_McDonald%E2%80%99s_Sag.aspx (“McDonald’s contended that the American Anti Apartheid Legislation and political sanctions against South Africa amounted to special circumstances which prevented the use of its trade mark in South Africa during the relevant period.”).
78. Id. at 25. In determining the relative renown of the MCDONALD’S mark in South Africa, the court required the mark be “well known to persons interested in the goods or services to which the mark relates.” Id. at 20. It allowed marketing and consumer surveys to be used in determining the amount of renown the mark had received. Id. at 25. I do not mean to suggest that protection under Article 6bis should be based solely on use in the country in question. In the era of global communications such a standard would provide too high an incentive to “entrepreneurs” who seek to free ride on the reputation and values inherent in another’s brand. The ability to protect one’s mark even in countries where one has no real presence, however, demonstrates the strength of legal support for global marks under present regimes, and is a powerful reminder of the types of support local marks will need to compete effectively in today’s global marketplace.

Recent developments in the United States have made the application of the famous marks doctrine somewhat problematic, particularly where the mark has not been used or registered in the United States. In what I believe is an ill-considered decision, ITC Ltd. v. Punchgini, Inc., 482 F.3d 135 (2d Cir. 2007), cert. denied, 128 S. Ct. 288 (2007), the Second Circuit Court of Appeals declined to apply the famous marks doctrine under U.S. federal trademark law. 482 F.3d at 172. ITC involved a challenge by the plaintiff owners of the Indian registered mark “Bukhara” for restaurants to defendant’s use of the mark “Bukhara Grill” for restaurant services in the United States. In the absence of a U.S. registration, plaintiffs based their claim for relief on, inter alia, a claim for relief for “unfair competition,” premised on the “famous marks” doctrine. Id. at 145. Describing the “famous marks” doctrine as “originat[ing] in the 1925 addition of Article 6bis to the Paris Convention for the Protection of Industrial Property, id. at 156, the court left little doubt that it was determining the applicability of Paris Convention protection under Article 6bis. Branding the famous marks doctrine as an “exception to the territoriality principle” of trademark law, id. at 156, the court ultimately found no statutory basis for applying the doctrine under the Lanham Act, stating: “we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires ‘national treatment,’” id. at 162 (quoting Empresa Cubana del Tabaco v. Culiéro Corp., 399 F.3d 462, 485 (2d Cir. 2005)). The court rejected any effort to read into Sections 44(b) & (h), 15 U.S.C. § 1126(b), (h), which deals
Further broadening the scope of protection available for well-known marks, TRIPS Article 16 requires that well-known mark protection be extended to:

[G]oods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.\(^79\)

This “connection plus damage” standard has the potential to expand the protection of well-known marks beyond their traditional moorings in consumer confusion to a business harm test that focuses on the damage to the investment interest of the right holder as a basis for relief. Such reputational harm could be assessed (and the mark protected) even where no consumer confusion has arisen, so long as some form of damage to the owner’s interest (and not necessarily to the mark’s reputation) has occurred. For example, U.S. law protects famous marks from acts that are “likely to cause dilution by blurring or dilution by tarnishment of the famous mark.”\(^80\)

with the protection of foreign mark owners pursuant to international obligations of the United States, a right to protect an unregistered mark under the famous marks doctrine despite the existence of longstanding application of such protection by diverse courts and the U.S. Patent and Trademark Office. \textit{Id.} at 163 (“[W]e do not ourselves discern in the plain language of sections 44(b) and (h) a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.”).

In reaching its decision, the Second Circuit Court of Appeals expressly rejected the Ninth Circuit Court of Appeals’ contrary holding in \textit{Grupo Gigante SA de CV v. Dallo & Co.}, 391 F.3d 1088 (9th Cir. 2004), setting up a clear conflict among the circuit courts regarding this critical doctrine. \textit{ITC Ltd.}, 482 F.3d at 165. The Ninth Circuit Court of Appeals heavily relied upon the general purposes of the Lanham Act in embracing the famous marks doctrine, stating the following:

While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and “palming off.” There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home. \textit{Grupo Gigante}, 391 F.3d at 1094 (citation and footnote omitted). As discussed more fully below, see \textit{infra} note 97 and accompanying text, given the cramped reasoning of the court’s decision in \textit{ITC}, it is unlikely that courts in other countries would follow its lead. The Supreme Court recently declined to grant certiorari in the case, leaving the application of the doctrine under the Lanham Act uncertain. 128 S. Ct. 288 (2007).

79. TRIPS, supra note 2, art. 16(3).

80. 15 U.S.C. § 1125(c) (Supp. 2007). The original Federal Trademark Dilution Act (FTDA) was enacted in 1996 and provided protection against the use of marks that “causes dilution of the distinctive quality” of a “distinctive and famous” mark. 15 U.S.C. § 1125(c)
The Trademark Dilution Revision Act of 2006 (TDRA) changed the standard to clarify, inter alia, that all famous marks receive dilution protection regardless of their category of distinctiveness and that such protection is available upon the lesser standard of proof of a likelihood of dilution. See H.R. Comm. on the Judiciary, 109th Cong., Report on Trademark Dilution Revision Act of 2005, H.R. Rep. No. 109-23 (2005) (dealing with a previous version of the bill ultimately enacted into law whose relevant provisions were unchanged). While the TDRA has generally been perceived as enhancing the protection of famous marks through its adoption of a lower dilution standard (“likely dilution” as opposed to “causing dilution”), in fact it represents a narrowing of protection because fewer marks will be considered “famous” under the new standard. Under the revised standard, a mark is famous “if it is widely recognized by the general consuming public of the United States as a designation of source of goods or services of the mark’s owner.” 15 U.S.C. § 1125(c)(2)(A). The House Report explicitly disclaims any applicability of the dilution statute to niche marks. H.R. Rep. No. 109-23, at 8 (“[T]he legislation expands the threshold of ‘fame’ and thereby denies protection for marks that are famous only in ‘niche’ markets.”). This exclusion of niche marks, along with a more specific demand of consumer based fame, I believe, is an undeniable narrowing of the category of marks which could qualify for protection under the original “fame” standard of the Federal Trademark Dilution Act. See, e.g., Las Vegas Sports News L.L.C. v. Times Mirror Magazines, Inc., 212 F.3d 157, 164 (3d Cir. 2000) (“We are persuaded that a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and defendant are operating in the same or related markets, so long as the plaintiff’s mark possesses a high degree of fame in its niche market.”). While the revised statute rejects the sufficiency of niche market fact, it unfortunately fails to define what qualifies as an excluded niche mark. Because the TRIPS Agreement, of which the United States is a signatory, requires consideration of knowledge of the mark within the “relevant sector of the public” to determine whether the mark qualifies as “well-known,” (and, therefore, protectable), TRIPS, supra note 2, art. 16(2) (emphasis added), the definition of a “famous” mark under the TDRA arguably fails to provide protection for all well-known marks required by TRIPS and the Paris Convention. If the renown of a “sector of the public” must be considered in determining whether a given mark should be protected as “well known”, a fortiori, niche marks might be protectable. The present narrow definition of “fame,” however, under the revised FTDA prevents any such “sector” considerations. This is particularly troubling in light of the purported goal of the original FTDA to enhance U.S. protection of famous marks under TRIPS. See H.R. Comm. on the Judiciary, 104th Cong., Report on Trademark Dilution Act of 1995, H.R. Rep. No. 104-574 (1995) (“[T]he enactment of this bill will be consistent with the terms of the [TRIPS] agreement, as well as the Paris Convention, of which the U.S. is also a member. Passage of a federal dilution statute would also assist the executive branch in its bilateral and multilateral negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies.”); infra notes 91-97 (discussion regarding the recent confusion over protection caused by the Second Circuit Court of Appeals’ decision in ITC).

The existence of common law gap-fillers remains unclear under U.S. law in light of recent decisions of the Second Circuit Court of Appeals that have rejected any common law famous marks doctrine. See, e.g., ITC Ltd., 482 F.3d at 165 (holding that the Paris Convention provides no additional substantive rights and rejecting claims to incorporate such doctrine under federal law, even though “a persuasive policy argument can be advanced in support of the famous marks doctrine”). See also ITC Ltd. v. Punchingi, Inc., 880 N.E.2d 852, 859 (N.Y. 2007) (rejecting any “famous marks doctrine” under state law but affirming potential relief under traditional misappropriation protection.). But see Grupo Gigante, 391 F.3d at 1094 (recognizing that the famous marks doctrine serves as an “exception to the territoriality principle,” although the court cited neither the Paris Convention nor TRIPS in support of its conclusion that such doctrine granted prior use rights to a chain of Mexican grocery stores because “[t]here can be no justification for using
Although both the Paris Convention and TRIPS discuss the level of required fame as well-known, the precise level of market penetration necessary to achieve such status is undefined. Is it sufficient if a mark has a “reputation,” or must it be “famous”?\(^{81}\) Is regional penetration sufficient, or must a mark be known throughout the country?\(^{82}\) Must it be recognizable to a significant percentage of potential consumers, or must it have achieved “notoriety” among most consumers?\(^{83}\)

While the treaties do not establish a precise threshold, international soft law, in the form of the World Intellectual Property Organization (WIPO) Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks,\(^{84}\) at least establishes a variety of factors that should be taken into account in determining whether a given mark qualifies for the special protection afforded well-known marks. These factors include the “the degree of knowledge or recognition of the mark in the relevant sector of the public’’,\(^{85}\) “successful enforcement” of the mark in other venues, “in particular, the extent to which the mark was recognized as well known by competent authorities’,\(^{86}\) the bad faith of the adopter of the conflicting mark;\(^{87}\) and “the duration, extent and trademark law to fool immigrants into thinking that they are buying from the store they liked back home.”); Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462, 480-81 n.10 (2d Cir. 2005) (suggesting that if the famous marks doctrine applies, the cases at issue should be brought under Section 43(a) of the Lanham Act).

81. See, e.g., Council Directive 89/104, art. 5(2), 1988 O.J. (L 40) 4 (EC) (providing for protection against unauthorized uses of identical or similar marks where the original mark “has a reputation in the Member State,” where use has occurred, “and where use of that sign without due cause takes unfair advantage of, and is detrimental to, the destructive character or repute of the trademark”).

82. The United States, in its newly amended FTDA, does not provide famous mark protection to “niche” marks. See supra note 80. By contrast, in China, protection for well-known marks includes protection for both “notorious” marks, which have nation-wide fame, and for “famous” marks, which possess regional fame. See Xuemin Chen, China, in FAMOUS AND WELL-KNOWN MARKS: AN INTERNATIONAL ANALYSIS 127, 136 (Frederick W. Mostert, ed., 2d ed. 2004) (Ch. 4).

83. Thus, for example, in Hochland v. ACSAL, the Court of Monza explained that, under Italian law, well-known marks are those that consumers easily recognize and “famous” marks are those that are attached to a higher quality of goods. See Giovanni Galimberti & Stefano Ferro, Case Comment, Italy: Trade Marks: Trade Marks “Having Reputation”—Similarity Between Products—Partial Nullity & Lapse, 20(12) E.I.P.R. N-204-05 (1998).


85. Id. art. 2(b)(1). “Where a mark is determined to be well-known 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.” Id. art. 2(2)(iii)(b) (emphasis added).

86. Id. art. 2(b)(5).

87. Id. art. 3(2).
geographical area of any use of the mark." Although the Joint Recommendation does not speak directly about any particular degree of global market penetration, clearly the greater a mark’s geographic area of sale, the more likely it will be found sufficiently famous to receive the plus-level of protection afforded well-known marks. Even though the Joint Recommendation is not directly binding on any of the member countries of WIPO, it has served as a powerful harmonization tool. Such harmonization under present legal regimes strengthens the ability of global mark owners to protect their marks from unauthorized uses, employing methods unavailable to other marks. This special legal protection serves as a potent tool in enhancing the market monopolizing abilities of these marks.

Recent developments in the Second Circuit Court of Appeals, involving that court’s refusal to recognize the applicability of the famous marks doctrine, do not diminish the continuing strength of this doctrine. In *ITC Limited v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007), owners of the Indian registered mark “Bukhara” for restaurants challenged the unauthorized use of the mark “Bukhara Grill” by defendants in the United States for their restaurant. Problematically, although the plaintiffs had offered franchises in the United States under the mark since 1997, plaintiffs had ended all such franchises. The court found that plaintiffs abandoned

88. *Id.* art. 2(b)(2). Interestingly, in the list of factors for determining whether a mark is well-known, the scope of use of the mark is listed as the second particularized factor to consider, while the renown of the mark is listed first. *Id.* arts. 2(1)(b)(1), (2). While there is no indication of any attempt at listing the factors in any particular order of significance, it is possible that the emphasis on renown was an attempt to re-enforce the addition of renown as a factor in well-known mark protection contained in Article 16 of TRIPS, a treaty that is not administered by the World Intellectual Property Organization (WIPO) and, therefore, not binding on WIPO members per se. Compare WTO Legal Texts—The WTO Agreements, http://www.wto.org/english/docs_e/legal_e/legal_e.htm (listing the diverse agreements administered by the WTO which includes the TRIPS Agreement) (last visited Mar. 13, 2009) with WIPO—Administered Treaties, http://www.wipo.int/treaties/en (listing the diverse treaties administered by WIPO, which excludes the TRIPS Agreement) (last visited Mar. 13, 2009).

89. From personal experience, I can attest to the fact that governments from countries in the regions of Latin America, Asia, and Central and Eastern Europe have all considered the Joint Recommendations in crafting their revised trademark laws.

90. I do not mean to suggest that the presence of these international tools necessarily grants absolute worldwide privileges of use to global mark owners. To the contrary, there are numerous instances where global marks have been unable to stop third-party users of similar marks despite their global fame. But as the global protection for these marks continues to be harmonized, and therefore strengthened, the ability of global mark owners to leverage their famous marks into additional markets will be enhanced.

91. 482 F.3d at 142.

92. *Id.* at 143.
their use of the mark in the United States and found insufficient evidence of either a continued intent to use the mark or an acceptable excuse for its non-use. Such facts might have been fatal to plaintiffs’ claim for protection as a famous mark. The court in *ITC*, however, despite the existence of longstanding application of such protection by U.S. courts and the U.S. Patent and Trademark Office, including a case involving the fame of a Mexican mark for grocery stores, held that the Lanham Act offered no protection under the famous marks doctrine. Because the court’s decision was based on a highly cramped reading of the Lanham Act, which created a direct conflict with another circuit’s decision and arguably failed to reflect long time support for the famous marks doctrine under both U.S. legal precedent and policy, its application even in the United States should be highly limited.

93. Unlike the plaintiffs in the *Joburgers* case in South Africa, see supra note 77 and accompanying text, the court specifically found that there was no evidence of any acceptable excuse for non-use in the United States. The only evidence proffered were Indian regulations in effect since 1973, which required a return of foreign profits earned and a depressed market in the Indian and overseas hospitality market. 482 F.3d at 151-52.


96. In defending its decision, the Second Circuit Court of Appeals stated: “To the extent Section 44(h) references an ‘entitle[ment] to effective protection against unfair competition’ [15 U.S.C. § 1126(h)] our precedent precludes us from construing this phrase to afford foreign mark holders any rights beyond those specified in section 44(b).” 482 F.3d at 164. The court went on to decry the absence of specific language regarding the famous marks doctrine in the Lanham Act, despite the presence of the saving language in Section 44(h) regarding applications of Lanham Act principles “to the extent necessary to give effect to any . . . convention.” Id. at 163. The court stated the following:

We are mindful that Congress has not hesitated to amend the Lanham Act to effect its intent with respect to trademark protection, having done so almost thirty times since the statute took effect in 1947. In light of these legislative efforts, the absence of any statutory provision expressly incorporating the famous marks doctrine of Articles 6bis and [TRIPS] 16(2) is all the more significant. Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly. Id. at 164. This narrow reading failed to consider earlier expressions of U.S. policy and legal precedent in favor of its application. See infra note 97.

97. A full discussion of the errors created in the Second Circuit Court of Appeals’ wrongful and unnecessary rejection of any federal application of the famous marks doctrine is beyond the scope of this Article. But in defense of its narrow reading, the Second Circuit Court of Appeals insisted that the Lanham Act’s unfair competition protections “are cabined by the long-established principle of territoriality.” 482 F.3d at 163. In insisting on a narrow definition of territoriality based on actual use within the United States, the court ignored both the early history of trademark protection in the United States and the growing acceptance that old standards of territoriality are being eroded in the global, digi-
tal marketplace. See, e.g., Doris Estelle Long, “Unitorial” Marks and the Global Economy, 1 J. MARSHALL REV. INT’L. PROP. L. 191, 191 (2002) (discussing early treatment of U.S. trademarks under universality principles and examining the growth of “unitorial” marks that blend aspects of territoriality and universality). The court also failed to appreciate that, even under the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, the question of fame (or renown) is determined by the reputation achieved in the country where protection is sought. Joint Recommendation, supra note 84, art. 2(3)(ii) (“A Member State shall not require, as a condition for determining whether a mark is a well-known mark . . . that the mark is well known in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State.”). This recognition of the local territorial nature of fame under the doctrine clearly meets the court’s “cabining” concerns.

The court’s offhanded treatment of U.S. treaty obligations in its interpretations of congressional intent in enacting the Lanham Act is problematic. Given the long-standing inclusion of the famous mark doctrine in U.S. trademark law and practice, see, e.g., Maison Prunier v. Prunier’s Restaurant & Café, Inc., 288 N.Y.S. 529, 551, 538 (N.Y. Sup. Ct. 1936) (upholding a French trademark owner’s claim for its restaurant mark even though it had never opened a restaurant in the United States), and the U.S. embrace of famous mark protection internationally, see, e.g., CAFTA–DR–US Free Trade Agreement, art. 15:2:6 (reiterating obligations to protect well known marks for services), available at http://www.ustr.gov/assets/Trade_Agreements/Regional/CAFTA/CAFTA-DR_Final_Texts/asset_upload_file934_3935.pdf; US–Singapore, Free Trade Agreement, art. 16:1:2(b)(1) (obligating both parties to “give effect” to the WIPO Joint Recommendation Concerning Provisions on the Protection of Well Known Marks, available at http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Singapore_FTA/Final_Texts/asset_upload_file708_4036.pdf), it is more defensible to assume that no additional amendment to existing trademark law was considered necessary by Congress to meet treaty obligations to protect famous marks under both the Paris Conventions and TRIPS. There is no question that Congress was aware of the obligation to protect famous marks. In fact, the importance of the protection of famous marks as required by the Paris Convention and the TRIPS Agreement was strongly demonstrated in the enactment by Congress of the Federal Trademark Dilution Act in 1995. In establishing a new federal trademark dilution statute to protect famous marks, Congress explicitly cited the concern that U.S. law provide adequate protection for famous marks under TRIPS and the Paris Convention:

[T]he recently concluded Agreement on Trade-Related Aspects of Intellectual property Rights, including Trade in Counterfeit Goods (“TRIPS”) . . . includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with the terms of the agreement, as well as the Paris Convention, of which the U.S. is also a member. Passage of a federal dilution statute would also assist the executive branch in its bilateral and multilateral negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies. Foreign countries are reluctant to change their laws to protect famous U.S. marks if the U.S. itself does not afford special protection for such marks.

H.R. Rep. No. 104-374, supra note 80 at 4. I have questioned in other fora whether such a statute was required. See, e.g., The Federal Trademark Dilution Act: When Congress Fires What Ain’t Broke, Presentation at the Eleventh Annual Trademark Law Seminar Sponsored by the Chicago Bar Association (May 1996). The point here, however, is that Congress plainly intends to meet its obligations under TRIPS and the Paris Convention. Any interpretation of the Lanham Act that ignores this plain intent is contrary to congressional intent.

The court’s cramped reading of unfair competition principles under the Lanham Act to support its rejection of the famous marks doctrine also ignores the expanding nature of competition regulation contained within the Lanham Act. ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 162-163 (2d Cir. 2007). As I have described elsewhere, the history of the Lanham
The internet has made creating a global brand potentially easier because companies can have a global presence and create reputational values in their marks more quickly through web use.\textsuperscript{98} If reputation alone is sufficient to obtain the legal power to leverage renown into unrelated markets, per Article 16 of TRIPS, then the company with a famous brand and an accessible website stands in a position to dominate local markets as never before.\textsuperscript{99} Furthermore, the establishment of the Uniform Dispute Resolution Procedure\textsuperscript{100} has made protection of marks on the web remarkably easier, allowing trademark owners a private contractual arbitration process for challenging the bad faith use and registration of

\textsuperscript{98} Not only does internet advertising provide brand owners with 24-hour advertising capabilities, seven days a week, but the costs of such advertising are relatively low. See, e.g., Carla Lendor, \textit{Internet Promotion - Advantages and Disadvantages}, E\textit{ZINE ARTICLES}, July 23, 2005, http://ezinearticles.com/?Internet-Promotion—Advantages-and-Disadvantages&id=53561 (analyzing the benefits of internet advertising).

\textsuperscript{99} See, e.g., D’ALESSANDRO, supra note 20, at 10.

\textsuperscript{100} The Uniform Domain Name Dispute Resolution Policy (UDRP) is a private contractual agreement under which all registrants to certain domains (such as the .com domain) agree as a private contractual matter to submit all claims regarding the bad faith registration and use of a domain name to arbitration before certain specified panels. Uniform Domain Name Dispute Resolution Policy, ¶ 1, Oct. 24, 1999 (incorporating by reference into Domain Name Registration Agreements its terms governing bad faith registration and use of a domain name for the covered registers), \textit{available at http://www.icann.org/en/udrp/udrp-policy-24oct99.htm}. It has been extremely useful in providing a quick and effective method for challenging certain types of cybersquatting. See, e.g., WIPO responds to significant cybersquatting activity in 2005, Jan. 29, 2001 (noting the “unique effectiveness of the UDRP as a global remedy against cybersquatting”), http://www.technewsreview.com.au/article.php?article=6.
domain names incorporating their marks. This process streamlines challenges to unauthorized uses and is strong evidence of the power of trademark owners to transfer the dominance they possess in the hard goods world into the digital one.101

The ultimate result of current brand strategies, supported by the special protection afforded global marks under present legal regimes, is a heightened ability to leverage reputation in one field, or on one product, into a competitive advantage that raises virtually impenetrable competitive barriers. Local brands, which lack either the renown or the prestige of an established global brand, are largely unable to spend the advertising and other promotional monies required to encourage consumers to switch brands, even if the local product is of equivalent or better quality.102

Rational consumer choices based on price or product quality are replaced by non-market motivations when brands become “cult symbols,” providing symbolic messages about difference (Harley Davidson motorcycles; Macintosh computers), status (Mercedes Benz cars), or political causes (Ben & Jerry’s ice cream).103 Because such non-market values are not generally influenced by price, or at a minimum allow for price premiums based on such values,104 costs for overcoming such barriers are necessarily increased. Even more problematic, a brand may become so dominant in a particular arena, due to its fame, that consumers associate it almost exclusively with the product itself, allowing no real market

101. This ability has been further strengthened in subsequent extensions of generic top level domains, where trademark owners have been given the right of first registration and first challenge in these new domains. See, e.g., WIPO End Report on Case Administration under the Start-Up Trademark Opposition Policy for .biz, http://www.wipo.int/amc/en/domains/reports/biz-stop (detailing the cases adjudicated between December 2001 and September 2002 by the WIPO Arbitration and Mediation Center under Start-Up Trademark Opposition Policy (STOP) administered for the .biz generic top level domain and which provided trademark owners with special challenge rights in the initial start up phase of the new top level domain).

102. In my trademark classes, I conduct a survey designed to test the ability of the producer of “Long’s Cola” to get consumers to test their new cola product. Price is no determinant. Students routinely insist that Long’s Cola must advertise its cola product before they will taste it, so that they can know “what the product is.” But they consistently differ on where or how the company should advertise the product, what sort of “giveaways” or other promotional techniques would be successful, and how much money the company will have to spend just to get them to taste the new product. In the end, only about one percent of the class will even try the product, because they already have a cola they like and have no interest in switching. This is an admittedly unscientific survey, but it demonstrates the uphill challenge local brand owners face. See also Lunney, supra note 56, at 424 (describing equally dishheartening results in his class surveys on switching).

103. See supra notes 52-55 and accompanying text.

104. See supra notes 52-55 and accompanying text.
substitutions. Thus, Dolby has become nearly synonymous with stereo systems, while Intel is the eponymous chip for computers. Such brand identification makes it difficult for new entrants to have any competitive impact as the costs of entry or effective competition become prohibitively expensive.105 Some scholars have even suggested that once a brand obtains a sufficient hold on the market, it may in fact become its own monopoly product and admit no real competition regardless of price or quality.106 When this monopolizing power is then leveraged into new brand extensions, the anti-competitive impact of such brands can become a stranglehold on domestic commercial development.

When marks secure sufficient brand loyalty to command price premiums, the costs of entry or effective competition may become so high that potential entrants may choose to create counterfeit products instead of creating their own branded products. The presence of such counterfeits may serve as an additional barrier to effective competition, as the market price for goods drops to reflect the underground market value. This underground market value reflects an unwarranted price reduction based on the absence of any advertising or reputation-development costs.107 At its most destructive, such reduced prices make it unprofitable for new entrants to create value in their unknown marks. When combined with the heightened barrier to entry and competition created by well-known marks, the impact of a local counterfeit market can be devastating on the development of viable local brands without a well-conceived governmental policy for their protection.108

IV. CREATING THE LOCAL IDENTITY COUNTER BALANCE

Despite the monolithic power strong global marks may present, local identities can provide a valuable counterpoint and help return a balance of choice and rationality to the consumer marketplace. The Coca-Cola and Pepsi-Cola brands are among the most

105. See, e.g., Miller & Muir, supra note 41, at 30-31.
106. See, e.g., Lunney, supra note 56, at 485-86.
107. Because counterfeiters save on the costs of research, development, and promotion, their costs are inevitably lower than legitimately produced goods. Released from concerns about quality and its impact on the brand’s reputation, they also do not have to produce goods with equivalent quality to the original.
108. See discussion infra at Part VI detailing the additional protection and enforcement steps required of local governments to reduce the harm to local development caused by counterfeiting.
dominant soft drink companies in the world. Yet despite this dominance, notable local brands remain capable of maintaining a sustained market share. Inca Kola in Peru maintains approximately a thirty-one percent dominant market share. Similarly, the Peruvian franchise Bembos Burger Grill maintains a strong local presence in Lima despite the increasing popularity of Burger King and McDonald’s. These examples demonstrate that local tastes may still form the basis for a strong market presence, despite the power represented by global marks. To strengthen the ability of local companies to compete against global monoliths, however, local mark owners must have the legal tools to protect their unique advantage.

Countries must look beyond traditional trademark procedures and develop a legal regime that not only supports, but actually encourages, the development of local brands based on local tastes and cultural practices. One critical stage in such development is the creation of a legal regime for the protection of indigenous arts and practices, which could form a commercial base for new products and brand identities. Such “traditional knowledge,” including protected folk art and folk remedies, may ultimately provide brand


112. Local marks may also develop market power when they take advantage of consumers’ biases against the perceived ethnic, geographic or political source of a global mark. In Europe, several cola brands have recently been launched to appeal to Muslims and take advantage of the close association between Coca-Cola’s U.S. origins and current anti-American sentiment among Muslim consumers arising from the Iraq War. Among the new brands are Mecca Cola, Muslim Up, and Arab Cola. It is too soon to tell how successful such brands may be in establishing an enduring alternative mark. See, e.g., Tagliabue, supra note 110.
identities that have the potential to compete on a global scale because of their unique qualities.\(^{113}\)

The protection of traditional knowledge is a newly emerging area of international intellectual property law. Such protection seeks to recognize and protect the creative and innovative works of indigenous groups, even if such works do not fit within current categories of traditional intellectual property. There is no presently agreed upon definition for the concepts of “traditional knowledge” or “traditional cultural expressions”—the copyright related subset of “traditional knowledge.” Generally, however, to qualify as a potentially protectable form of traditional knowledge, the practice or work in question must be based on traditions that

have been transmitted from generation to generation. These are not necessarily works that represent “snapshots” of indigenous culture. To the contrary, part of the nature of traditional knowledge is that such traditions continue to evolve in response to a changing environment. Generally, traditional knowledge includes a wide variety of spiritual and cultural beliefs and practices. Works based on traditional knowledge are most often currently considered part of the public domain because of their long existence or their present identification as part of a nation’s cultural patrimony. Such forms would include (but not be limited to) fables, stories, myths, rituals, costumes, folk medicine, and other elements of pre-literate society that combine to form cultural “expression” or heritage. Because most folklore and ritual lack identifiable creators or holders of rights, their protection poses unique problems for intellectual property regimes. Such protection, however, under domestic sui generis or expanded intellectual property regimes would allow local groups to develop local industries to commercialize those aspects of traditional knowledge that the relevant rights holders want to commercialize.

The sale of authentic, traditional knowledge-based works not only supports the development of local industries, it provides a strong basis for developing local marks that can compete without the large resource expenditures required to challenge a global mark. Traditional knowledge holders can avoid these expenditures, because generally no global mark can be associated with the


115. See Brown, supra note 113, at 42-68.

116. See, e.g., Berryman, supra note 114, at 310; Kuruk, supra note 113, at 776-80; Long, supra note 113, at 318-21; Riley, supra note 113, at 77.


118. Not all traditional knowledge is protected for purposes of commercialization. To the contrary, sacred works are often protected to avoid such commercialization. See Daniel Gervais, 11 CARDOZO J. INT’L & COMP. L. 467, 469 (2003) (defining sacred traditional as “the opposite of profane or secular, the extreme forms of which are commercially exploited”); Peter Yu, Traditional Knowledge, Intellectual Property, and Indigenous Culture: An Introduction, 11 CARDOZO J. INT’L & COMP. L. 239, 245 n.16 (2003) (describing the confidential nature of many sacred ceremonies). A complete traditional knowledge protection scheme would need to address such works, as well as those for which commercialization is permitted.

119. Authentication is a critical component in developing local brands and industries. It prevents locally produced goods from being “hijacked” by non-local producers and helps prevent de-culturalizing uses of cultural goods.
same types of goods. Authentication marks are used to assure that culture and tradition-based goods are offered by their rights holders in a manner that respects the culture of such rights holders and their traditions. While issues regarding control and authorization of “culture authentication” marks can prove complex, these marks can serve as powerful tools for enhancing local identity brands. Because, by their very nature, they will generally only be used on unique goods, the global value of such marks cannot become genericized or challenged by outside competitors acting lawfully. Thus, in New Zealand, the “toi iho” mark serves as an authentication mark to promote and sell authentic Maori arts and crafts and is registered and used on a wide variety of traditional based items.

120. By their very nature as being based on the practices of a particular tribe, goods utilizing traditional knowledge should be relatively unique. This factor should prevent legitimate producers from marketing competing goods under a globally famous non-indigenous based brand.


122. See generally SUSAN SCAFIDI, WHO OWNS CULTURE?: APPROPRIATION AND AUTHENTICITY IN AMERICAN LAW (2005) (exploring the complex issues raised in determining who has the power of authentication).

123. This does not mean that overlaps may not occur given that national borders do not necessarily reflect indigenous borders. Numerous indigenous groups have found themselves divided as a result of political border decisions on which they may have had little input. For example, Iroquois are located in both Canada and the United States. Given their common history and culture, each group could end up choosing to market the same goods, based on some of the same traditions and heritage. Methods for dealing with these issues in a fair and de-culturalizing manner are beyond the scope of this Article, but are a significant component of a successful local branding policy. Doris Estelle Long, Outsourcing Culture: The Role of the Diaspora in the Commodification Marketplace, Address Before Law and Society in the 21st Century: Transformations, Resistances, Futures Conference at Humboldt University, Berlin, Germany (July 25, 2007) (working draft on file with author).

124. If the tradition-based work proves popular, however, counterfeiters’ and infringers’ activities may undercut the uniqueness of such goods and the value of the cultural authentication mark at issue.

125. See toi iho, About Us, http://toiho.com.Default.aspx?tabid=249 (last visited April 5, 2007). The Maori have created three categories of authentication marks: one for those goods created by Maori artists; one for works created through Maori collaboration with third parties; and, a third for those works created by non-Maori, but in a manner in keeping with Maori traditions. Id.
To assure that local brands are adequately supported, legislation must enhance the value of culture authentication marks by limiting the use of traditional symbols to authentic goods and other uses approved by the legitimate holders. These limits are required on two grounds. First, such restrictions help secure the value of local brand identities in the marketplace by maintaining both their uniqueness as well as their relationship to tradition-based works (further enhancing their value as authenticating signifiers). Second, these limits ensure that any traditional symbols will not be used in contravention of cultural traditions. While this latter goal is not directly related to the commercial valuation of culture authentication marks, respect for cultural meaning is at the heart of protection for traditional knowledge and, ultimately, strengthens traditional knowledge protection in all its forms. Establishing a procedure that provides an adequate balance between the rights of indigenous peoples and the needs of trademark owners furthers both the goals of respect for the human rights of traditional knowledge holders and the needs of developing countries for viable domestic marks that can compete successfully in the global marketplace.

Present systems do not yet provide the necessary balance to secure the full value of culture authentication marks to their local owners. In New Zealand, in addition to providing for the registration and protection of authentication marks for indigenous goods and services, domestic trademark laws also prohibit the unauthorized registration of marks that are “likely to offend a significant section of the community,” including, specifically, the Maori. To assure that this restriction has a practical effect, the law establishes a Maori Trade Marks Advisory Committee with power to review trademark applications for marks that are, or appear to be, derivative of Maori imagery and to make recommendations regarding whether the registration or use of such imagery is offensive. In 2004, the Committee considered 333 applications and found 8 to

126. Authentication marks could be protected under a modified collective mark or certification mark system. See, e.g., 15 U.S.C. § 1127 (defining collective and certification marks); see also Indian Arts and Crafts Enforcement Act of 2000, 25 U.S.C. § 305e(a) (2006) (prohibiting the offer, display for sale, or sale of any “good, with or without a Government trademark, in a manner that falsely suggests it is Indian produced, an Indian product, or the product of a particular Indian or Indian tribe or Indian arts and crafts organization, resident within the United States”).

127. See supra note 113.


129. Id. arts. 177, 178.
be offensive or to require additional information. The United States, by contrast, has no formal examination procedure to protect against the unauthorized registration of indigenous symbols. It has, however, established a database of Native American insignia that its examiners review in accepting trademark applications. There is no absolute prohibition against the registration of insignia; however, U.S. law prohibits the registration of scandalous and disparaging marks, which may include racially offensive insignia.

Both the New Zealand and U.S. approaches implicitly recognize that de-culturalizing uses of traditional insignia can have a serious impact on indigenous rights and consumers in general. The provision of adequate advice and circumscribed approaches to refusals demonstrated by both systems assures that traditional works and their associated marks are valued and protected against potentially inauthentic uses that could affect consumer loyalty and the market value of these local brands. Neither system, however, provides the level of protection for traditional symbols that would completely enhance the brand signifying function of local identities. While the New Zealand system gives a voice to indigenous concerns through direct communication via an established council that has a statutory role in the registration process, determinations of offensiveness by the council (and, therefore, non-registrability) are advisory only and can be rejected. Moreover, the role of the council remains prospective only. It does not yet have statutory authority to review already granted registrations.

The U.S. Native American Insignia Database lacks the direct review process of the New Zealand system. In addition, no annual report is currently available regarding the number of applications


rejected based on the unauthorized use of tribal insignias. The use of an offensiveness standard for rejecting the registration and use of marks containing deculturizing symbols has proven as problematic as under the New Zealand system. Marks such as CHEROKEE,\textsuperscript{133} APACHE,\textsuperscript{134} and NAVAJO\textsuperscript{135} continue to be registered despite the apparent absence of any authorization or connection between the identified indigenous group and the products in question. Even non-traditional symbols that have been challenged as culturally offensive or defamatory have proven difficult to preclude. Native Americans have challenged the continued use of the term “Redskins” for a professional football team on the grounds of its defamatory meaning, yet the mark remains in use.\textsuperscript{136} Even non-commercial unauthorized uses of sacred indigenous symbols, such as a traditional sun sign of the Hopi on state automobile license plates, have to date proven unchallengeable.\textsuperscript{137}

To create a viable local system that provides an adequate level of protection for culture authentication marks, indigenous groups must have a direct level of participation in the registration process to address their concerns. The advisory council method or an opposition process that is not prohibitively expensive or burdensome for indigenous groups provide a valuable first step in enhancing culture authentication marks. But states must support this method with an appellate process that ensures that marks proven to be offensive or inauthentic (including those used contrary to

\textsuperscript{133} There are thirty live registrations containing the term “Cherokee,” according to the on-line trademark search TESS database available at http://www.uspto.gov/ebc/tess/index.html. Among the goods and services covered by these registrations are cutlery, cosmetics, electrical power supplies, and sliding glass doors.

\textsuperscript{134} There are thirty-nine live registrations containing the term “Apache,” according to the on-line trademark search TESS database available at http://www.uspto.gov/ebc/tess/index.html. They cover a range of goods, including power boats, crushed granite for landscaping, for computer programs, and for livestock feed.

\textsuperscript{135} There are thirteen live registrations containing the term “Navajo,” according to the on-line trademark search TESS database available at http://www.uspto.gov/ebc/tess/index.html. They cover a range of goods, including sportwear, luggage, and advertising marketing services.


\textsuperscript{137} The ability to protect certain authenticity marks in the United States has been ameliorated by a separate, non-trademark system under the Indian Arts and Crafts Enforcement Act of 2000, 25 U.S.C. § 305. This federal statute prohibits the sale of a good “in a manner that falsely suggests it is . . . an Indian product.” Id. § 305(e). Enforcement under the statute generally occurs through private civil litigation. Id.
indigenous practices and meanings) are prohibited from registration or use. States must also establish a method to end unauthorized inauthentic uses of indigenous symbols, even where such uses have been relatively longstanding. While adequate safeguards are required to prohibit abuse and to compensate longstanding mark owners for their lost goodwill, such a system, rationally applied, should help provide the support required to strengthen the uniqueness and authenticity of local marks.

V. Geographic Indications and the Strengthening of Local Identity

Local brand values are also enhanced through a rationalized system of protection for geographic indications, apppellations of origin, and other geographic quality signifiers that represent local values. Trademarks are source identifiers that by their very nature are generally owned by a single holder. They represent a

138. Geographic indications are generally geographic terms and other indicators of the geographic source of a particular good where a given quality, reputation, or other characteristic is attributable to the geographic origin of the product. See, e.g., TRIPS, supra note 2, art. 22(1) (defining geographical indications as “indications which identify a good as originating in the territory of a Member, or a region or a locality of that territory, where a given quality, reputation or other characteristic of the good is easily attributable to its geographical origin.”); Council Regulation 510/2006, art. 2(1)(b), 2006 O.J. (L 93) 12, 14 (EC) (defining a “geographical indication” as “the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and which possesses a specific quality, reputation or other characteristics attributable to that geographical origin, and the production and/or processing and/or preparation of which take place in the defined geographical area”).

139. An “appellation of origin” has been defined as “the geographical name of a country, region or locality which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.” Lisbon Agreement for the Protection of Appellations of Origin and their International Registration art. 2(1), Oct. 31, 1958, last amended Sept. 28, 1979, 923 U.N.T.S. 205 (hereinafter Lisbon Agreement); see also Council Regulation 510/2006, art. 2(1)(a), 2006 O.J. (L 93) 12, 14 (EC) (defining a “designation of origin” as “a name of a region, a specific place or in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area”).

140. Other geographic source signifiers include protected “designations of origins” and geographic indicia of production, such as “made in Greece.”

141. Because valid trademarks must generally be subject to quality control to maintain their source designating function, see, e.g., Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959), most marks are generally owned by a single holder that exercises control over the authorized use of the mark, see TRIPS, supra note 2, art. 15(1)
privately owned business asset, which can be leveraged into a significant competitive barrier for others.\footnote{142} By contrast, geographic indications and other geographic source designators represent collective signifiers.\footnote{143} They are used by the producers of a particular good from a particular region as a consumer signal for quality, albeit a geographically linked one. CHAMPAGNE for sparkling wines,\footnote{144} IDAHO for potatoes,\footnote{145} KALAMATA for olives,\footnote{146} DARJEEILING for tea,\footnote{147} ROQUEFORT for cheese,\footnote{148} and WATERFORD for crystal\footnote{149} all provide significant consumer information regarding the products with which they are associated. But beyond being information purveyors, geographical source designators, like trademarks, may represent reputational quality that can have significant market value for the companies who use them. As Ludwig Baeumer points out:

The reputation connected with geographical indications typically exists not only in the country where the geographical area to which the indication refers is located, but also in other countries, in many cases even worldwide. Indeed, many of the products for which geographical indications are used are marketed in many countries of the world and represent a substantial share of the volume of exports of certain countries.\footnote{150}

Despite the useful role that geographic source designators may play in establishing local market identities, they remain among the most contested rights in international intellectual property law. At
the center of the dispute is the relationship between local identities and global trademarks. Currently, the global protection of geographic source designators is based on two distinctive and contradictory theories of protection. As protected under TRIPS, “geographic indications” are a particular category of geographic source designators that are generally protected against misleading uses.\footnote{151} To qualify for protection, the designators must be “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”\footnote{152} By definition, a protectable geographic indication can arise simply due to reputation, with no need for any unique environmental causation. Moreover, the use of the term “indication,” as opposed to “name,” potentially allows protection for symbols and other geographic source indicators, a broader range of choices for local branding.\footnote{153}

TRIPS, however, poses significant impediments to the use of local identities as a counterbalance to the power of global marks. First, the so-called “first in time, first in right” rule provides that trademarks take precedence over subsequently adopted geographic indications.\footnote{154} When a trademark has been applied for or registered in good faith, or rights have been acquired through good faith use before the related geographic indication is protected in its country of origin, the right of use or registration of the mark cannot be “prejudiced” by the geographic indication.\footnote{155} This first-in-time right assures that geographical indications remain subsidiary to trademarks because the best they can hope for is co-existence when conflicts arise. At worst, trademarks may well take precedence, at least in those instances when a likelihood of confusion exists between the two.\footnote{156}

\footnote{151} TRIPS, supra note 2, art. 22.
\footnote{152} Id. art. 22.
\footnote{154} TRIPS, supra note 2, art. 24(5).
\footnote{155} Id.
\footnote{156} See, e.g., Florent Gevers, Conflicts Between Trademarks and Geographical Indications – The Point of View of the International Association for the Protection of Industrial Indications (AIPPI), in SYMPOSIUM ON THE INTERNATIONAL PROTECTION OF GEOGRAPHICAL INDICATIONS 143, 152-53 (1995) (contending that if geographical indications qualify as signs under TRIPS, art. 16, they are prohibited from co-existence if they cause a likelihood of confusion with a pre-existing trademark); see also Council Regulation 2081/92, art. 14, 1992 O.J. (EC) (rejecting co-existence as a sufficient remedy to potential conflicts between geographic indications and trademarks).
Most significantly, Article 24 of TRIPS allows member countries to decline to protect geographic indications if the indication is “identical with the term customary in common language as the common name for such goods or services in the territory of that Member.” This “country of use” veto explains why “Chablis” is a protected geographic indication in France but is an unprotected generic term for white wine in the United States. Finally, while TRIPS requires an absolute prohibition against the use of geographic indications for wines and spirits that did not originate in the specified location, subject to a relatively circumscribed grandfather clause, it allows all other geographic indications to remain unprotected unless their use misleads the public as to the geographical origin of the good, or constitutes an act of unfair competition.

By contrast, the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Lisbon Agreement) provides for heightened protection, yet for a narrower range of protected geographic source designators. Under the Lisbon Agreement, protected appellations are limited to the “geographical name of a country, region or locality, which serves to designate a product originating therein.” Protected appellations are further limited to those geographic source designators that indicate a “quality and characteristics . . . due exclusively or essentially to the geographical environment, including natural or human factors.” Similar limitations are contained in the European Union’s Regulation on the Protection of Geographic Indications for Agricultural Products and Foodstuffs for “designations of origin.”

At the heart of the major disputes between those who follow TRIPS and those who follow the Lisbon approach is the ability of

---

157. TRIPS, supra note 2, art. 24(6).
159. TRIPS, supra note 2, art. 23.
160. Id. art. 24(4) (permitting members to allow continued use of geographic indications for wines and spirits where such indications were used “in a continuous manner . . . for at least 10 years preceding 15 April 1994 or . . . in good faith preceding that date”).
161. Id. art. 22(2).
162. Lisbon Agreement, supra note 139, art. 2 (emphasis added).
163. Id. (emphasis added).
164. Council Regulation 2081/92, art 2(a), 1992 O.J. (L 208) 2 (EC). The regulation also contains the identical definition for “geographic indications” as in TRIPS. Id. art. 2(b); see also Decision No. 344 on Common Provisions on Industrial Property, ¶ 129, Oct. 21, 1993, 34 I.L.M. 1635 (Andean Cmty.).
non-originating countries to eliminate protection for geographic designators based on the generic nature of the term in the country of use. While TRIPS allows such genericide, Lisbon does not. Under Lisbon, so long as the appellation remains protected in its country of origin, it must be protected in any country of use, regardless of its local significance.\textsuperscript{165}

The precedence of local meanings over country of use meanings would make geographic source designators potent sources for global mark counterpoints. The assurance of a single global identity, which could not be lost through over-popularization such as when trademarks become generic, would give owners of such geographic source designators a powerful incentive to create strong quality significations. But under TRIPS such precedence is absolutely precluded.\textsuperscript{166} This country of use veto makes the development of strong local value identities problematic on a global scale. Even more problematic is the limited scope of protection for exclusive geographic source designators. Because TRIPS only requires absolute protection for indications relating to wines and spirits,\textsuperscript{167} the ability to develop strong competitive counter-identities to trademarks in the form of geographic indications remains limited.

The rationalization of the global protection for geographic indications has been slow. Yet such rationalization is absolutely required to strengthen the value of local identities. Current efforts to expand the categories of absolute protection beyond wine and spirits, or to create a global register of protected designators, have faltered. The strengthening of local brand values represented by geographic source designators cannot continue without a rationalized system for protection. This rationalized system should eliminate the major points of conflict between the Lisbon and TRIPS systems of protection in a manner that assures a strengthening of the value of such indications as an alternative to well-known marks. Such strengthening, however, must also maintain the appropriate balance between geographic source designators and trademarks.

Because geographic source designators serve a local branding function, their protection should be based upon the same general principles as those governing international trademarks. These principles include recognition of the need for exclusive rights.\textsuperscript{168}

\textsuperscript{165} Lisbon Agreement, \textit{supra} note 139, art. 6.
\textsuperscript{166} TRIPS, \textit{supra} note 2, art. 24(6).
\textsuperscript{167} Id. art. 23.
\textsuperscript{168} Compare with id. art. 16 (granting the owner of a registered trademark “the exclusive right to prevent all third parties not having the owner’s consent from using in the
limitation of protection to those designators that have a quality-differentiation value,\textsuperscript{169} and prevention of consumer confusion regarding the quality/source of designated products.\textsuperscript{170}

The ability of non-originating countries to abrogate protection on the basis of the generic meaning of the term in the country of use\textsuperscript{171} could arguably provide strong support for local brands, because distinctiveness-generating costs would presumably be reduced, if not largely eliminated. For local brands to compete effectively in the global market place, however, such brands must represent some level of quality to consumers or they will not affect consumer choice in the absence of emotional or other non-market driven bases. While requiring a level of quality distinctiveness would most likely necessitate a certain level of reputational expenditures (probably through some form of advertising), such expenditures may be useful in strengthening the brand value of local identities.

Heightened consumer protection is a critical component of a rationalized system for protection of geographic source designators. Regardless of whether a geographic source designator accurately describes the origin of a particular good,\textsuperscript{172} such designator
must give way when consumer confusion arises in the marketplace. This confusion may arise from homonyms, from cross-border geographic regions, from pre-existing trademark uses, and from unauthorized third party uses. Where this confusion arises, governments must use injunctions, disclaimers, and other confusion-reducing techniques to maintain the integrity of local identities.

The Lisbon Agreement and the 1992 European Regulation on Geographic Indications for Foodstuffs both establish the general precedence of geographic source designators over conflicting trademarks. By providing that the holder of a geographical indication can continue to use that indication, regardless of whether the public is confused by such use even with the presence of a legitimate prior trademark, the so-called principle of co-existence becomes a principle of precedence. The practical effect of mandated co-existence regardless of public confusion is to place geo-

173. TRIPS expressly provides that homonymous geographical indications may be protected for wines except where the indication “falsely represents to the public that the goods originate in another territory.” TRIPS, supra note 2, arts. 22(4) & 25(3).

174. Many geographic regions extend beyond national borders, giving rise to potentially conflicting claims. The most famous may be the dispute between Peru and Chile regarding the right to use the term “pisco” in connection with a particular liquor. While both claim to have derived from the practices of the Inca in this particular region of South America, the two “pisicos” have distinctly different tastes. See generally Gonzalo Gutierrez, El Pisco: Apuntes para la Defensa Internacionial de la Denomination de Origen Peruana (2005); Pamela Oakes, Pisco Liquer, Trade and Intellectual Property Issues between Chile and Peru (Trade Environment Database Case Study No. 145, 1994), available at http://www.american.edu/ted/pisco.htm.

175. The conflict between pre-existing trademark rights and geographic indications remains contentious. TRIPS provides that subsequent geographic indications do not trump pre-existing trademarks. TRIPS, supra note 2, arts. 16(1) & 24(5). By contrast, Lisbon provides that conflicting trademarks must be phased out within two years. See Lisbon Agreement, supra note 139, art. 5(6); see also Council Regulation 40/94, art. 14, 1994 O.J. (L 11) (EC). Such conflicts are not necessarily the result of bad faith conduct on the part of any party. To the contrary, as demonstrated by the Torres case, see infra note 177, conflicts may arise from the legitimate development of geographically significant production areas in diverse regions of the globe.

176. Lisbon Agreement, supra note 139, art. 5(6); see also Council Regulation 510/2006, arts. 13 & 14, 2006 O.J. (L 93) 12, 19-20 (EC). In the revised Regulation issued in March 2006, Article 14 has been altered to remove the language in the 1992 Regulation regarding the ability to block registration of a designation of origin or geographical indication “where, in light of a trade mark’s reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.” Council Regulation 2081/92, art. 14, 1992 O.J. (L 208) 1, 7 (EC). These changes were adopted in response to the WTO Panel Decision on Geographic Indications, which held that EU Regulations violated exclusive trademark rights under TRIPS by mandating co-existence even in the face of a relatively high likelihood of confusion. See Panel Report, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, WT/DS174/R ¶¶ 7.614, 7.619, 7.625 (Mar. 15 2005).
graphic indicators above the exclusive rights granted trademark owners. Such precedence undeniably strengthens local identities, but the potential harm to technical trademarks by such a rule may also ultimately impede a country’s efforts to enhance local identity values. The precedence of geographic source designators contains an implicit assumption that local companies cannot develop brands that might conflict with a geographic source designator. This assumption, however, is false. In the case of the TORRES designation for wine, a Spanish mark (which would qualify as a local brand identity for Spain) conflicted with a subsequently adopted geographic source indicator for wine in Portugal. A geographic indicator precedence rule would have supported local identity in Portugal, yet it would also have harmed efforts to strengthen those same values in Spain since it would have denied the Spanish trademark holder the right to use its mark.

In the era of globalization, a rule that automatically threatens trans-border commerce should be disfavored. Yet a rationalized protection system should not automatically accept a trademark precedence rule, like the first-in-time rule exemplified by the TRIPS Agreement. Where a conflict arises, the quality differentiation principle combined with a confusion reduction principle warrants protecting the term with the greatest identification value. If the previously existing trademark continues to maintain its role as a distinctive source identifier, then such distinctiveness should not be eroded by a subsequently adopted geographic source designator for a similar or related good or service. Continued protection, however, makes little sense from a policy basis if the trademark owner has not taken reasonable efforts to protect the mark against

---

177. When Portugal officially recognized a new region called “Torres Vedras” in 1989, a potential conflict with the well-known TORRES mark for wine (owned by a Spanish wine producer) arose. Under the governing European Wine Regulation, the subsequently adopted geographic designator would take precedence over the TORRES trademark. See Council Regulation 1576/89, art. 40(3), 1989 O.J. (EC) (providing that a “brand name” of a wine that conflicts with a geographic indicator can continue to use the name only until December 31, 2002, and only if it was registered no later than December 31, 1985). The Regulation was subsequently changed to avoid such a result. See Council Regulation 3897/91, 1991 O.J. (L 368) 5 (EC) (providing that a well-known “brand name” may co-exist with an identical geographic designator for wine provided the “brand name” was registered at least twenty-five years before the official recognition of the geographic designator and has been used without interruption). Under TRIPS, no such precedence is allowed. To the contrary, at best the two would be required to co-exist, but only if the public was likely to not be misled. See Panel Report, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, supra note 176, ¶¶ 7.614, 7.619, 7.625.

178. TRIPS, supra note 2, art. 24(5).
the loss of distinctiveness posed by a geographic indication, including reasonable policing efforts. Furthermore, prior registration should not grant a trademark owner pre-emptive rights if the mark itself was adopted in a bad faith attempt to gain pre-emptive rights to a developing geographic source designator. In the case of a valid dispute between a legitimate trademark and a good faith geographic source designator, the effectiveness of alternative methods for resolving the conflict, including disclaimers, should be considered. In all cases, the goal should be to protect the legitimate expectations of brand owners while ensuring that the public receives accurate information about the products at issue.

VI. RECONFIGURING ENFORCEMENT POLICIES TO PROTECT LOCAL IDENTITIES

To give local identities the support they need to provide a true counterpoint to the monopolizing power of global marks, it is not enough to create strong cultural authentication and geographic source designator regimes. The power to enforce those rights must also be enhanced. A critical legal tool in enhancing such enforcement efforts is a well staffed and well supported domestic trademark office. This office is the logical repository for registration activities for domestic trademarks, culture authentication marks, and protected geographic source designators. These source and quality signifiers represent valuable business assets and potential investment opportunities. They can serve as potential security for commercial growth and development. On the public side of the balance, they also serve as guarantors of quality for the goods and services with which they are associated. But to serve as investment tools, governments must quickly and, even more importantly, correctly grant registration rights.

To secure the protection of local identities, registration protection should be available for the full panoply of quality signifiers, including collective\textsuperscript{179} and certification\textsuperscript{180} marks. These marks can serve as strong supports for geographic source designators and

\begin{footnotesize}
\textsuperscript{179} A certification mark is used to certify that a product meets certain specifications and can serve as a valuable means of protecting signifiers that certify regional source or quality, including geographic designators. See 15 U.S.C. §1127 (defining a certification mark as “any word, name, symbol or device or any combination thereof” used “to certify regional or other origin, material, mode of manufacture, quality, accuracy or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of the union or other organization”).

\textsuperscript{180} Collective marks are generally used to promote goods or services rendered by a specified group, such as a union or franchise. See 15 U.S.C. § 1127 (defining a collective
traditional knowledge authenticators, because they are an alternative means for branding goods with local values. Moreover, as trademarks, they do not suffer from the precedence problem of geographic indications vis-à-vis conflicting trademark rights. For example, in the United States, certification marks have been registered for such well-known geographic indications as DARJEELING, ROQUEFORT, and JAMAICAN BLUE MOUNTAIN COFFEE.

Finally, the creation of strong local identities cannot be secured unless mark owners are protected against unauthorized uses. In addition to depressing the price for goods below a competitive rate for producers of new goods, counterfeiting undermines consumer confidence in the marketplace. Because counterfeiters have no investment in the brand their goods carry, they exercise little, if any, quality control. Globally, counterfeit consumer goods include such critical health and safety products as medicines, baby formula, liquor, automobile brakes, and batteries for smoke detectors. When consumers cannot rely on the value of branded products, the value of brands in general necessarily suffers. The greater the amount of counterfeit goods in the market (or the larger the underground market), the greater the likelihood brands in general will lose their quality signification role for consumers. This potentially raises new-entrant costs even higher and concomitantly may depress product innovation. If consumers do not trust brand signification, there is little reason to create improved branded products. Furthermore, if a country becomes known as a producer


182. See TRIPS, supra note 2, art. 24(4); see also supra notes 161-171 and accompanying text.


of inferior or suspect items, its “national brand” loses value. While consumers all over the world may desire inexpensive goods, no one wants a good that is harmful or fails to give value for money. Moreover, counterfeiting activities are not limited to well-known marks that might overcome the reputational harm caused by an occasional inferior counterfeit good. To the contrary, if a product is perceived to have some level of market power, it will be counterfeited. Counterfeiting denies the local brand owner any financial reward for his or her efforts and places the less well-established brands at risk of being unable to overcome any reputational harm in the marketplace that counterfeit goods might cause.

The desire to provide stronger protection to local identities might appear to support a policy of domestic brand enforcement only, thus conserving resources dedicated to enforcement for activities more directly designed to promote local commercial development. Despite the facial appeal of the approach, it is both shortsighted, and ill- advised. From a development standpoint, a locals-only enforcement policy undermines efforts to develop domestic production of foreign branded goods and support services. From a consumer standpoint, it allows potentially harmful and misleading products to remain in the marketplace. From a practical standpoint, requiring distinctions between local and foreign branded goods imposes an additional burden on enforcement personnel to make such distinctions, which requires constant monitoring of new brands to add to the list and additional training on the need and method for making such distinctions.

Strong efforts to contain counterfeits enhance the value of all brands. Achieving local brand enhancing enforcement, however, requires local governments to reconfigure their enforcement policies to recognize the significance of trademark protection to domestic industrial and commercial growth. Under a reconfigured policy, registration and enforcement of trademarks are no longer activities undertaken by developing countries to support the mono-

187. See Anholt, supra note 6, at 112-115 (examining the problems inherent with “Brand Brazil”).

188. From personal experience, in over ten years of working with U.S. and foreign officials on trademark enforcement issues, I have never heard of or seen a “patriotic” counterfeiter who, as a matter of policy, only counterfeits foreign goods. If there is a market demand, counterfeiters will take advantage of that demand regardless of the potential impact on domestic commercial brand development.

189. It also violates international treaty obligations if the country is a signatory of TRIPS, which requires national treatment of intellectual property rights, including their enforcement. See TRIPS, supra note 2, arts. 3, 41-61; Gervais, supra note 153, at 2.35.
polizing efforts of global mark owners. To the contrary, registration and enforcement serve as critical steps in the creation of valuable and viable local identities, which in turn may serve as the platform for the “national brands” that Simon Anholt advocates\(^\text{190}\) and the domestic growth that is at the heart of sustainable economic development. This reconfigured policy, however, must go beyond merely authorizing greater funds for enforcement or training of appropriate enforcement officials. Quality designator enforcement policies—which would include protection of trademarks, geographic source designators, and culture authentication marks—must be part of the country’s overall domestic development agenda. Local governments should combine these policies with domestic policies regarding consumer safety education and financial and training assistance for local entrepreneurs, so that local values can be protected and enhanced. This requires a reconfiguration of the mission of domestic trademark offices. Instead of serving as mere registries for source designators, domestic offices must expand their role. In addition to providing grounds for enforcement officials on the fundamentals of quality signifiers,\(^\text{191}\) trademark offices should coordinate to provide educational programs and support to local businesses regarding the value of their local identities.

In Peru in the 1990s, for example, the Peruvian Intellectual Property Office (INDECOPI) served as a liaison between local businesspersons and members of the local financial community to assist both sides in realizing the economic and legal value of source designators used on privately owned commuter van lines in the city of Lima. Such assistance not only helped the van owners successfully combat third parties who used their marks on gypsy vans, but also encouraged local investment in a growing industry. Similarly, enforcement should be viewed as an arm of commercial development. Such reconfigurations are critical to ensuring the necessary domestic support for the growth of local identity values as a counterweight to the competitive barriers erected by globally famous marks.

\(^{190}\) See Anholt, supra note 6, at 104-115 (describing the benefits and problems when countries become brands).

\(^{191}\) This would include trademarks, culture authentication marks, and geographic source designators.
VII. Conclusion

Local identities can form a valuable counterpoint to the monopolistic tendencies of global marks, but such identities must be nurtured by a carefully calibrated policy designed to enhance the competitive capabilities of local quality signifiers. This requires re-imagination of quality signifiers and the goods on which they may be used, including stronger protection for goods and services based on cultural distinctions and traditional knowledge, and rationalized protection for geographic source designators. To break down the barriers to effective competition raised by the legal and economic power of global marks, developing countries must integrate local brand protection within the realm of domestic commercial policies. This requires coordination among a range of government agencies and implicates diverse domestic and foreign policies, including those impacting international trade and development, foreign assistance, substantial economic development, justice, consumer protection, and market access regulation. Local identities will only compete effectively against the emotional power of global brand identities if their governments actively and consciously pursue and promote policies with a renewed dedication to protecting and enhancing national consumer choice. Absent calibrated policies designed to combat the power of leveraged global marks, coca-colonization may continue virtually unabated, maintaining barriers to entry that cannot be overcome even using the latest tools of the global electronic marketplace.