

---

---

# SIDESTEPPING SOVEREIGN TRADEMARK TERRITORIALISM: THE HARMONIZATION AND CUSTOMIZATION OF THE LANHAM ACT

GABRIELLA F. FRANCO\*

## ABSTRACT

*Trademark territoriality—the principle that trademarks have a separate legal existence in each national jurisdiction—has been deemed a basic tenet of domestic and international trademark law; however, it is incompatible with a globalized, modern world because borders do not dictate consumer interest in products, and brands do not operate within the confines of sovereign territories. Practically, the principle no longer exists in its originally intended form due to U.S. courts’ circumvention and international treaties’ attempts at harmonization. While current international agreements provide suggested, streamlined standards, they do not establish enforceable rules. The need for an update to the international trademark system is more pressing than ever before due to the Supreme Court’s 2023 decision in *Abitron Austria GmbH v. Hetronic International, Inc.*, which effectively eradicates the Lanham Act’s extraterritorial application. This Note traces the erosion of the territoriality principle through the seventy years of jurisprudence preceding *Abitron*, the Famous Marks Doctrine circuit split, and the growing practice of stealth trademark filing. The Note then advocates for a dual system that preserves the benefits of a territorial-bound trademark system—customization of trademark laws*

---

\* Articles Editor, *Southern California Law Review*, Volume 98; J.D. Candidate, University of Southern California Gould School of Law, 2025; B.A. Philosophy, Politics, and Economics, University of Michigan, 2021. A special thank you to Professor Scott Altman and Professor Jonathan Barnett for their invaluable guidance, my friends and family for their unwavering support, and the editors of the *Southern California Law Review* for their hard work and thoughtful suggestions.

*and international comity—and caters to the demands of a globalized economy in which brands transcend borders. A legally enforceable, self-executing international system would provide trademark owners with a cost-effective, efficient, and reliable approach to trademark protection. This especially benefits small to medium-sized enterprises that are entering multinational markets more easily and may not be equipped with the resources to navigate foreign intellectual property protection. Finally, the Note suggests options for the dual system modeled after the European Union Trademark, which it coins International Community Marks, as well as the Uniform Domain Name Dispute Resolution Policy, whose independent, international anti-cybersquatting framework has served as an effective alternative to traditional sovereign enforcement.*

## TABLE OF CONTENTS

INTRODUCTION.....	167
I. TRADEMARK LAW BACKGROUND .....	169
A. DOMESTIC TRADEMARK LAW .....	170
B. THE COSTS AND BENEFITS OF TERRITORIALITY .....	173
1. Territoriality's Costs .....	173
2. Territoriality's Benefits.....	174
II. EROSION OF THE TERRITORIALITY PRINCIPLE .....	175
A. FROM STEELE TO ABITRON .....	177
1. Setting the Standard .....	177
2. Reeling in Extraterritorial Application.....	179
3. Adapting to Extraterritoriality.....	180
4. Disregarding Steele .....	184
B. FAMOUS MARKS DOCTRINE CIRCUIT SPLIT .....	187
C. STEALTH FILING TACTICS.....	192
III. CURRENT INTERNATIONAL TRADEMARK OPERATION .....	196
IV. ALTERNATIVES & POLICY IMPLICATIONS.....	198
A. INTERNATIONAL COMMUNITY TRADEMARK.....	198
B. UDRP CYBERSQUATTING FRAMEWORK .....	201
CONCLUSION .....	203

## INTRODUCTION

Borders do not dictate consumer interest in products, and brands do not operate within the confines of sovereign territories. Consumers from New York to New Delhi want to purchase the newest iPhone, and brands like Louis Vuitton and Nike want to market their bags and shoes to customers across the globe. Despite the ubiquity of brand names and the dominance of international commerce, trademark law continues to operate on a geographical basis, reminiscent of a time when trade was local and burdened by transportation and information costs. The rights of a brand established in the United States start and end within the domestic borders despite the brand's influence on consumers in foreign jurisdictions. This is not only problematic for brands, but consumers are harmed by deceptively similar brand names and inauthentic products. Counterfeit products—\$2 trillion of which are sold to Americans annually— injure consumers emotionally and physically, with inauthentic products leading to death and serious injury.<sup>1</sup>

The Lanham Act, the predominant U.S. statute governing trademarks, does not extend beyond the territorial jurisdiction of the United States. According to the Supreme Court's recent decision in *Abitron Austria GmbH v. Hetronic International, Inc.*, courts should apply a “canon of statutory construction known as the presumption against extraterritoriality”<sup>2</sup> when evaluating the Lanham Act.<sup>3</sup> This requires courts to presume that legislation does not extend beyond U.S. borders absent explicit legislative intent to the contrary. Thus, unless Congress adds a specific provision to the Lanham Act permitting its extraterritorial application, courts will continue to limit its reach to acts within U.S. borders, adhering to the territoriality principle.

However, the presumption against extraterritoriality is incongruent with the modern economy, global brand operation, and the last seventy years of U.S. jurisprudence. The rise of e-commerce marketplaces has streamlined the leap from local to international operations.<sup>4</sup> Not only do they reduce the marketing costs typically associated with cross-border expansion, but they

---

1. Ash-har Quraishi, Amy Corral & Ryan Beard, *\$2 Trillion Worth of Counterfeit Products Are Sold Each Year. Can AI Help Put a Stop to It?*, CBS NEWS (Dec. 12, 2023, 11:02 AM), <https://www.cbsnews.com/news/ai-counterfeit-detection-amazon> [https://perma.cc/L6AJ-QPM4] (“Counterfeit electronics, for instance, contribute to over 70 deaths and 350,000 serious injuries in the United States annually.”).

2. *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 434 (2023) (Sotomayor, J., concurring) (quoting *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 335 (2016)).

3. The presumption against extraterritoriality is not only applicable to the Lanham Act, but also extends to all domestic legislation. See *Foley Bros. v. Filardo*, 336 U.S. 281, 285 (1949); *RJR Nabisco*, 579 U.S. at 335.

4. Cody Mello-Klein, *Amazon Is Transforming What a Small Business Is—and It Looks Just Like Amazon. Is That a Good Thing?*, NE. GLOB. NEWS (Jan. 27, 2023), <https://news.northeastern.edu/2023/01/27/amazon-small-business-transformation> [https://perma.cc/APV7-4M3C].

have also reduced transaction costs by working with governments to eliminate tariffs and intermediaries.<sup>5</sup> As more brands enter the global market, the need for comprehensive intellectual property protection expands. In contending with this increased globalization, U.S. courts have chipped away at the territoriality principle. Thus, a principle that has historically been referred to as “basic to trademark law” no longer appears to serve such a central role.<sup>6</sup>

Due to differences in sovereign rulemaking and the growing global economy, the international community has taken steps to harmonize intellectual property law over the last 140 years. Harmonization occurs when “varying laws of different sovereign entities are changed to more closely reflect a common set of legal principles agreed to by those sovereign entities.”<sup>7</sup> This has primarily taken the form of international treaties and registration systems, such as the Paris Convention for the Protection of Industrial Property<sup>8</sup> and the Madrid Protocol.<sup>9</sup> However, harmonization is not the same as international rulemaking, and it “does nothing to affect the essence of territoriality.”<sup>10</sup> These agreements provide suggested, streamlined standards but do not establish enforceable rules. Thus, even though U.S. brands are not entirely unsupported in expanding their marks into foreign jurisdictions, current international agreements lack the force required for true international cooperation.

While enforceable harmonization appears crucial in the ever-growing international economy, there are benefits to the current territorial-bound system. The justifications for trademark law territoriality extend beyond the notions of sovereignty and international comity—“a judicial expression of one state’s respect for another state’s internal sovereignty because it prevents courts from interfering in the other state’s internal affairs”<sup>11</sup>—because territoriality also provides the benefit of customization. The “separate legal existence” of trademarks in each national jurisdiction permits sovereigns to

---

5. *Id.; A Local Marketplace Is the Right Way to Global Ambitions*, ROOBYKON SOFTWARE, <https://roobykon.com/blog/posts/77-a-local-marketplace-is-the-right-way-to-global-ambitions> [https://perma.cc/V94S-C4NR].

6. *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (citing *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985)).

7. Timothy W. Blakely, Comment, *Beyond the International Harmonization of Trademark Law: The Community Trade Mark as a Model of Unitary Transnational Trademark Protection*, 149 U. PA. L. REV. 309, 312 (2000).

8. Paris Convention for the Protection of Industrial Property, *adopted* July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention].

9. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, *adopted* June 27, 1989, WIPO Pub. No. 207E/24 [hereinafter Madrid Protocol].

10. Blakely, *supra* note 7, at 312–13.

11. James C. Gracey, *Thou Shalt Not Steele: Reexamining the Extraterritorial Reach of the Lanham Act*, 21 VAND J. ENT. & TECH. L. 823, 828 (2019).

customize their trademark law in ways that may benefit trademark owners even if it is inconsistent with the international approach.<sup>12</sup>

This Note provides a review of the erosion of the Lanham Act's territoriality principle in light of *Abitron* and presents alternatives to jurisdictional-bound trademark agreements by suggesting a new international model that balances customization with real harmonization. Part I provides a general overview of trademark law in the United States. This Part also explores the costs and benefits of the current approach to trademark territorialism. Part II illustrates the erosion of the territoriality principle. First, this Part explains the impact of *Steele v. Bulova Watch Co.* on trademark territoriality, the following seventy years of jurisprudence that further eroded the principle, and the Supreme Court's recent disregard of this precedent in *Abitron*. Second, it describes the Famous Marks Doctrine as an exception to the territoriality principle. Finally, it discusses how the loopholes to trademark legislation, specifically stealth filing practices, that result from reconciling a global economy with a jurisdictional-bound system further erode the principle. Part III addresses the current approach to harmonization and the way brands practically operate in a territorial-bound trademark system. Part IV explores alternative approaches to U.S. trademark law that would balance the Lanham Act's territoriality and customization with the harmonization of an international registration system. This Part considers the use of an approach modeled after the European Union Trademark, which this Note coins as International Community Marks, as well as the Uniform Domain Name Dispute Resolution Policy ("UDRP"), whose independent, international anti-cybersquatting framework has served as an effective alternative to traditional sovereign enforcement. This Part acknowledges the potential obstacles and downsides to these solutions, but ultimately concludes that they serve as a viable starting point.

## I. TRADEMARK LAW BACKGROUND

Trademarks are the most common form of intellectual property, with 18.1 million trademarks filed in 2021 and only 3.4 million patents filed in the same year.<sup>13</sup> A trademark consists of "any word, name, symbol, or device, or any combination thereof" used to "identify and distinguish" the source of goods and services.<sup>14</sup> The goals of a trademark include distinguishing an owner's goods from others, signifying the source and control of goods with a common trademark, indicating a uniform level of

---

12. *Osawa & Co. v. B & H Photo*, 589 F. Supp. 1163, 1171–72 (S.D.N.Y. 1984).

13. *WIPO IP Facts and Figures 2022*, WIPO (2022), <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-943-2022-en-wipo-ip-facts-and-figures-2022.pdf> [https://perma.cc/64PT-L5SP].

14. 15 U.S.C. § 1127.

quality, advertising and selling the goods and services, and serving as a symbol of goodwill.<sup>15</sup>

Because a trademark serves as an indicator of source, similar marks for similar goods have the potential to generate consumer confusion. The law's goal in granting protection to certain marks is to avoid consumer confusion<sup>16</sup> and safeguard brand owners from misappropriation of their established goodwill.<sup>17</sup> A trademark owner's right to use a mark is based on priority. An owner has priority, and consequently an exclusionary trademark right, when the mark has been used prior to others. This is the idea of *first in time, first in right*.<sup>18</sup> However, what constitutes "first in time" varies across sovereign jurisdictions. Thus, while trademarks serve the same purpose and mostly convey the same message across borders, protections and procedures can be unique in each country.

#### A. DOMESTIC TRADEMARK LAW

Trademark law in the United States was historically rooted in common law and left to the states. This configuration lasted until the first federal trademark law was introduced in 1870; however, that law was later deemed unconstitutional.<sup>19</sup> Subsequent laws in 1881<sup>20</sup> and 1905<sup>21</sup> attempted to fill the void of national trademark legislation but still did not meet the demands of the 20th century. In 1946, the Lanham Act substantially revised federal trademark law and established a national registration system and cause of action for federal trademark holders. Since then, the Act has undergone several amendments and is codified as the Lanham Act, 15 U.S.C. §§ 1051–127.<sup>22</sup>

---

15. 1 J. THOMAS McCARTHY, McCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (5th ed. 2024).

16. Consumer confusion is determined through a likelihood-of-confusion test, rather than a requirement of actual confusion. *Daddy's Junky Music Stores, Inc. v. Big Daddy's Fam. Music Ctr.*, 109 F.3d 275, 284 (6th Cir. 1997) (A "plaintiff only must show a sufficient *potential* of confusion, not actual confusion . . .").

17. McCARTHY, *supra* note 15, § 2:1.

18. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879) ("At common law the exclusive right to it grows out of its *use*, and not its mere adoption. . . [T]his exclusive right . . . is simply founded on priority of appropriation.").

19. *Id.* at 99 (holding the Constitution's Copyright Clause does not grant Congress the authority to regulate trademarks).

20. Act of March 3, 1881, 21 Stat. 502 (providing for registration of trademarks used in commerce with foreign nations and the Indian tribes but not interstate commerce).

21. Act of Feb. 20, 1905, 33 Stat. 724 (allowing for registration of purely fanciful and arbitrary trademarks, not descriptive marks).

22. Lanham Trademark Act of 1946, 60 Stat. 427 (Jul. 5, 1946) (codified as amended at 15 U.S.C. §§ 1051–127). This Note will refer to the original section numbers of the Lanham Act. For example, rather than using 15 U.S.C. § 1051, this Note will refer to section 1(b).

The Lanham Act coexists with common law and state-level trademarks; however, federally registered marks grant additional protections to trademark owners.<sup>23</sup> The protections consist of inclusion in a database that provides public notice to anyone searching for similar trademarks; a “legal presumption” of ownership; a basis for filing for foreign trademark protection; an opportunity to sue in federal court; a right to use the trademark registration symbol, ®, to deter infringing use; and a recorded registration with U.S. Customs and Border Protection to stop the importation of infringing goods.<sup>24</sup> While the Lanham Act serves as the basis for an infringement claim and confers substantial substantive rights on mark holders, federal law does not create trademarks.<sup>25</sup> Instead, the United States operates on a use-based system, requiring that marks be used in commerce to create a right of exclusion. Using the mark *in commerce* is critical, as trademarks are not directly protected by the Constitution like patents and copyrights,<sup>26</sup> but rather by the Commerce Clause.<sup>27</sup> However, the Trademark Law Revision Act of 1988 modified the first-to-use system through the introduction of intent-to-use (“ITU”) trademark applications.<sup>28</sup> ITU applications create a first-to-file option in the United States, even though the force of an ITU registration is predicated on subsequent *actual* use.

Due to the Trademark Law Revision Act, there are two ways to register a trademark on the federal register: (1) a use-based filing or (2) an ITU filing. A use-based filing, under Lanham Act section 1(a),<sup>29</sup> requires that the applicant use the mark in commerce. “Use in commerce” means the mark is affixed to goods or displayed in the selling or advertising of services and then sold or transported in interstate or foreign commerce.<sup>30</sup> This use establishes the applicant as the *senior user*, conferring an exclusionary right of priority against subsequent *junior users*. Under section 1(b),<sup>31</sup> an ITU filing allows an individual or company to apply for a mark’s registration before its use in commerce. ITU filings allow applicants to reserve an earlier priority date, as the date establishing exclusive use is the filing date as

---

23. MCCARTHY, *supra* note 15, § 5:2.

24. *Why Register Your Trademark?*, USPTO, <https://www.uspto.gov/trademarks/basics/why-register-your-trademark> [https://perma.cc/CL3C-L4QF].

25. See *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879) (“This exclusive right was not created by the act of Congress, and does not now depend upon it for its enforcement.”).

26. Congress shall have power “[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” U.S. CONST. art. I, § 8, cl. 8; *Trade-Mark Cases*, 100 U.S. at 93.

27. U.S. CONST. art. I, § 8, cl. 3.

28. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat 3935 (amending 15 U.S.C. §§ 1051–128 (1988)).

29. 15 U.S.C. § 1051.

30. *Id.* § 1127.

31. *Id.* § 1051.

opposed to the date of first use in commerce. However, the mark's registration is not official until an applicant submits proof of a bona fide use in commerce to the United States Patent and Trademark Office ("USPTO") within six months of the original filing date.<sup>32</sup>

United States trademark law is based on the territoriality principle, meaning trademarks have "a separate legal existence" in each sovereign territory.<sup>33</sup> This principle establishes a presumption against extraterritoriality, which indicates that, absent a contrary intent, Congress's legislation "is meant to apply only within the territorial jurisdiction of the United States."<sup>34</sup> The reasoning behind this presumption is to avoid "international discord," as "Congress generally legislates with domestic concerns in mind."<sup>35</sup> Therefore, U.S. courts will recognize a trademark if it is registered with the USPTO or has earned common law rights through domestic use of the mark in commerce.

However, this strict adherence to territoriality is only a function of the last century's jurisprudence. One hundred years ago, the Supreme Court made the pivotal decision in *A. Bourjois & Co. v. Katzel*<sup>36</sup> to move away from the universality principle—which acknowledges trademark rights regardless of the sovereign territory in which they are registered or recognized—to the territoriality principle. The Court has since further clarified its absolute rejection of the universality principle.<sup>37</sup> Despite the stated commitment to the territoriality of U.S. trademark law, the Supreme Court has made exceptions to this rule, and lower courts have taken a more nuanced approach when dealing with the reality of global brand names and international commerce.

---

32. The Patent and Trademark Office allows for subsequent six-month extensions to this time frame, so long as in the aggregate they do not exceed twenty-four months. *Id.* § 1051.

33. *Osawa & Co. v. B & H Photo*, 589 F. Supp. 1163, 1171–72 (S.D.N.Y. 1984).

34. *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 255 (2010) (citing *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991)).

35. *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 335–36 (2016). The Court has articulated reasons for the presumption against extraterritoriality in opinions that span different fields of law, which include international law, international comity, choice-of-law principles, likely congressional intent, and separation of powers considerations. *Curtis A. Bradley, Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505, 513–14 (1997). Additionally, the court in *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir. 1956), acknowledged the practical implications involved in extraterritorial application of domestic laws such as obtaining extraterritorial enforcement.

36. *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 690–92 (1923) (holding that a foreign manufacturer who assigned its trademark to a U.S. owner could not then use the assigned mark in the United States because its foreign right to the mark did not supersede the U.S. owner's right to use it domestically).

37. *Am. Cir. Breaker Corp. v. Or. Breakers Inc.*, 406 F.3d 577, 581 (9th Cir. 2005) ("It is now generally agreed and understood that trademark protection encompasses the notion of territoriality."); *RESTATEMENT (THIRD) OF UNFAIR COMPETITION* § 24 cmt. f (AM. L. INST. 1995) ("[T]he universality principle . . . has been rejected in our domestic law.").

## B. THE COSTS AND BENEFITS OF TERRITORIALITY

### 1. Territoriality's Costs

Two principal problems arise from trademark territoriality. The first arises from infringement by a third party in a foreign jurisdiction. The second occurs when a foreign trademark is infringed in domestic territory. While these are two sides of the same coin, the problems illustrate the distinct responses required for domestic and foreign conduct.

Infringement by a third party in a foreign jurisdiction falls outside the scope of the United States' territorial jurisdiction and is therefore governed by the foreign jurisdiction's law. Thus, an American company's mark could be subject to unabated infringing use if the company lacks foreign trademark protection. For example, if Starbucks, a company with a registered U.S. trademark, "STARBUCKS,"<sup>38</sup> wanted to franchise its coffee shops in Argentina, it could not rely on its U.S. trademark. Thus, if it did not have an Argentinian trademark registration and a third party had registered the mark "STARBUCKS" in Argentina, Starbucks would likely be unable to register its mark.<sup>39</sup> Without a recognized Argentinian trademark right, Starbucks could not prevent the foreign company from co-opting its goodwill. In addition to franchising, there are several reasons why a domestic trademark owner may want to protect its trademark abroad: an owner may want to license the trademark, monetize the goods or services through online sales, maintain an air of exclusivity, or protect consumers from the sale of counterfeit goods.

The second problem arises when foreign trademark owners want to protect their marks in the United States. Domestic trademarks that misappropriate a trademark owned by a third party in a foreign jurisdiction, which fall outside the scope of the United States' jurisdiction, are not liable for infringement. For example, if Louis Vuitton, the famous French fashion house, wanted to expand its operation to the United States but did not have a U.S. registration, it would be subject to any preexisting U.S. trademark registration. Thus, if a domestic company had already been operating with the trademark "LOUIS VUITTON" on handbags, the French fashion house would be unable to stop the domestic company's use and would likely be prohibited from registration of its established mark. This would likely be true

---

38. STARBUCKS, Registration No. 3,298,944.

39. Argentina operates on a first-to-file system. Therefore, regardless of Starbuck's prior use of the mark in the territory, its right to the mark would depend on its registration status. *See Latin America – Frequently Asked Questions (FAQ)*, EUR. COMM'N: IP HELPDESK, [https://intellectual-property-helpdesk.ec.europa.eu/regionals-helpdesks/latin-america-ip-sme-helpdesk/frequently-asked-questions-faq\\_en](https://intellectual-property-helpdesk.ec.europa.eu/regionals-helpdesks/latin-america-ip-sme-helpdesk/frequently-asked-questions-faq_en) [https://perma.cc/9CPU-924A].

even if the domestic company adopted the mark in bad faith and was willfully trading off the mark's goodwill.<sup>40</sup> Similar reasons motivating domestic owners to seek trademark protection abroad apply to foreign owners seeking U.S. protection.

The first problem, namely the Starbucks hypothetical, is evidenced in a string of cases spanning seven decades, in which domestic trademark owners attempted to use the Lanham Act to protect them from foreign infringing activity. These cases generally established that the Lanham Act extends extraterritorially, providing owners with protection, but used various tests to determine when extraterritorial application was appropriate.<sup>41</sup> However, a 2023 Supreme Court decision has effectively eliminated extraterritorial application of the Lanham Act, leaving owners susceptible to unabated foreign infringement.<sup>42</sup> A circuit split between the Second and Ninth Circuits, which have adopted conflicting approaches to domestic recognition and protection of famous foreign marks, exhibits the second problem.<sup>43</sup> These problems, and courts' attempts to remedy them, have eroded the Lanham Act's territoriality principle.

## 2. Territoriality's Benefits

The territoriality principle's rationale is typically rooted in international comity and jurisdictional limitations.<sup>44</sup> However, territoriality also allows sovereigns to customize trademark law to their citizens' needs and to changing economic and industry demands. Changes to a nation's law may vary depending on its citizenry's needs and its willingness or ability to respond to these demands. Further, adapting to modern-day needs is challenging at scale, as evidenced by the century-wide gaps in treaty amendments,<sup>45</sup> but more manageable at a country level. Therefore, even in a

40. *See ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 144, 156 (2d Cir. 2007) (holding that despite a U.S. company's bad faith adoption of a foreign company's well-known mark, the foreign mark did not have priority).

41. *See Steele v. Bulova Watch Co.*, 344 U.S. 280, 289 (1952); *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956); *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 (5th Cir. 1983); *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005); *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016).

42. *See Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412, 428 (2023).

43. *Compare Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004) (holding "that there is a famous mark exception to the territoriality principle"), *with ITC*, 482 F.3d at 163 (holding that "no famous marks rights are independently afforded by the Lanham Act").

44. Bradley, *supra* note 35, at 513–16.

45. Notwithstanding the lack of world superpowers as signatories, it took nearly a century for the Madrid Agreement Concerning the International Registration of Marks to be updated by the Madrid Protocol. *See Danielle Carvey, Madrid Protocol vs Madrid Agreement*, IP COSTER (Mar. 27, 2023), [https://www.ip-coster.com/academy/details/madrid\\_protocol\\_vs\\_madrid\\_agreement](https://www.ip-coster.com/academy/details/madrid_protocol_vs_madrid_agreement) [https://perma.cc/K54Q-FYW8].

global economy, sovereign customization likely benefits trademark owners.

For example, the United States' first-to-use system stands in contrast to other countries' first-to-file system. *Bona fide* use of a mark in commerce grants protection to U.S. mark owners, even for unregistered marks. This benefits small, unsophisticated mark holders, who may not have considered registration or understood the benefits conferred by a federally registered mark. In contrast, China operates on a strict first-to-file basis, withholding protection from individuals who have used the mark in commerce but have not received a trademark registration.<sup>46</sup> With typical waiting periods of nine to twelve months, Chinese applicants need the foresight to apply nearly a year before any use of a mark will be protected.<sup>47</sup> China's system is less desirable for first-time mark owners who may jeopardize their marks' right to exclusivity.

Thus, national-level customization of trademark law can prove to be beneficial to trademark owners notwithstanding the challenges it presents when owners operate transnationally.

## II. EROSION OF THE TERRITORIALITY PRINCIPLE

Despite the territoriality principle's pervasiveness, it is in tension with the real-world operation of trademarks. The global economy and flow of commerce have significantly transformed since the conclusion of the Second World War, with the ratio of exports to world gross domestic product ("GDP") increasing from 5.5% in 1950 to 17.2% in 1998.<sup>48</sup> Further, the turn of the century assisted the rise of international trade through the widespread adoption of the internet, reduction of transport costs, and elimination of policy-related tariff and non-tariff barriers.<sup>49</sup> The United States International Trade Commission ("ITC") estimates that digital trade has increased U.S. GDP by 3.4% to 4.8% and created up to 2.4 million jobs.<sup>50</sup> In 1994, the North American Free Trade Association ("NAFTA") lifted tariffs and increased international trade between the United States, Mexico, and Canada from

---

46. Han Yuanyuan, *China's First-to-File Trademark System*, HG LEGAL RESOURCES, <https://www.hg.org/legal-articles/china-s-first-to-file-trademark-system-33923> [https://perma.cc/UW M7-XCQK].

47. *Trademark Registration in China*, IP COSTER (Jan. 26, 2024), <https://www.ip-coster.com/IPGuides/trademark-china> [https://perma.cc/NRS8-KTFK].

48. ANGUS MADDISON, THE WORLD ECONOMY: A MILLENNIA PERSPECTIVE 125 (2001), [https://www.oecd-ilibrary.org/economics/the-world-economy\\_9789264189980-en](https://www.oecd-ilibrary.org/economics/the-world-economy_9789264189980-en) [https://perma.cc/A5 2N-X6UT].

49. Anne O. Krueger, First Deputy Managing Dir., IMF, The World Economy at the Start of the 21st Century, Remarks at the Annual Gilbert Lecture (Apr. 6, 2006).

50. Digital Trade in the U.S. and Global Economies, Part 2, Inv. No. 332-540, USITC Pub. 4485, 66 (Aug. 2014), <https://www.usitc.gov/publications/332/pub4485.pdf> [https://perma.cc/P2KF-W59U].

roughly \$290 billion in 1993 to more than \$1.1 trillion in 2016.<sup>51</sup>

As trade has become increasingly global, international travel has become more accessible, and the flow of information over the internet has become instantaneous, the world has seemingly become smaller and more interconnected than ever.<sup>52</sup> Trademarks are present in the flow of international products and are adorned to goods and services in digital commerce, conveying meaning to individuals in varying sovereign states and establishing goodwill that transcends borders. Therefore, “[d]ogmatic territoriality . . . ignores basic reality because informational products cannot be located at a particular spot on the globe.”<sup>53</sup>

In addition to territoriality’s incongruence with real-world trademark operation and the current economy, obedience to the principle has diminished. Courts have sidestepped the principle by carving out exceptions when its application is impractical or counter to public policy. This Part will first address the judicial weakening of the principle that began in the 1952 case *Steele v. Bulova Watch Co.*<sup>54</sup> and continued through circuit court decisions until the 2023 Supreme Court decision in *Abitron Austria GmbH v. Hetronic International, Inc.*<sup>55</sup> These cases center around the infringing use of domestic marks in foreign territories and are in the first trademark territoriality problem category—like the Starbucks hypothetical, in which the brand wants to stop infringing use in Argentina, the owners of domestic trademarks want to use the Lanham Act to prevent use of their marks abroad. Mark owners seek protection from the Lanham Act instead of foreign law governing the territory where the infringement occurred because U.S. trademark laws are often more protective, utilize broad discovery rules, and award high damages.<sup>56</sup> This Part then addresses the judiciary’s weakening of the territoriality principle in cases involving the presence of foreign marks in domestic courts, as evidenced by the Second and Ninth Circuit split over the Famous Marks Doctrine. This falls into the second category—like Louis Vuitton, these foreign brands either want to enter the domestic market or prevent others from using their mark in the domestic market. Finally, this Part turns to reciprocal priority, a legislative exception to territoriality, in

---

51. Andrew Chatzky, James McBride & Mohammed Aly Sergie, *NAFTA and the USMCA: Weighing the Impact of North American Trade*, COUNCIL ON FOREIGN RELS. (July 1, 2020, 8:00 AM), <https://www.cfr.org/backgrounder/naftas-economic-impact> [https://perma.cc/VHS6-N54V].

52. James Faris, Note, *The Famous Marks Exception to the Territoriality Principle in American Trademark Law*, 59 CASE W. RSRV. L. REV. 451, 476 (2009).

53. Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1, 9 (1998).

54. See *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952).

55. *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 428 (2023).

56. Bradley, *supra* note 35, at 506–07.

which the United States recognizes foreign acts as the basis for domestic exclusionary trademark rights. Reciprocal priority attempts to harmonize the international trademark system, but it creates loopholes that further fracture the territoriality principle.

#### A. FROM STEELE TO ABITRON

The Supreme Court first addressed the extraterritoriality of the Lanham Act in the 1952 case *Steele v. Bulova Watch Co.*, in which the Court applied the Act to infringement in a foreign jurisdiction. However, the *Steele* decision did not establish a clear framework for extraterritorial application. In the seventy years that followed, lower courts were left to contend with an unclear set of principles used to override the presumption against extraterritoriality. This ambiguity led to a fragmented approach taken by circuit courts in addressing the issue, with seemingly every circuit developing a unique test.<sup>57</sup> By providing mechanisms to override the territoriality principle, most tests confirmed the incompatibility of the principle with the trademark system. However, in 2023, the Supreme Court addressed the extraterritoriality of the Lanham Act for the second time. In *Abitron Austria GmbH v. Hetronic International, Inc.*, the Court ignored *Steele*'s precedent and the following seventy years of case law; instead, it developed a test that, in practice, prevents the Lanham Act's extraterritorial application.

##### 1. Setting the Standard

In 1952, the Supreme Court carved out an exception to the territoriality principle in the case *Steele v. Bulova Watch Co.*<sup>58</sup> Steele, a U.S. citizen, stamped "BULOVA"—a registered trademark owned by the prominent New York watch manufacturer, Bulova Watch Company—on watches he sold in Mexico. Steele strategically moved his watch operation from San Antonio to Mexico City, where the mark was not registered, to trade on the manufacturer's international goodwill.<sup>59</sup> Steele purchased watch parts in the United States but assembled and sold all watches in Mexico under the trademark "BULOVA," which he registered in Mexico. The counterfeit Mexican watches made their way into the United States, and the New York manufacturer received complaints about the Mexican watches from consumers who believed the watches to be its products. Bulova sued Steele,

---

57. See *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956); *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 (5th Cir. 1983); *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005); *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016).

58. *Steele*, 344 U.S. at 289.

59. *Id.* at 281–82.

alleging that he violated Lanham Act section 32(1).<sup>60</sup> It also sued Steele in Mexico, and the Mexican Supreme Court nullified his trademark registration.<sup>61</sup>

The Supreme Court affirmed the Fifth Circuit's injunction of Steele's behavior in Mexico by "exercising its equity powers [to] command persons properly before it to cease or perform acts outside its territorial jurisdiction."<sup>62</sup> Due to Steele's U.S. citizenship, the Court claimed that it was "not debarred by any rule of international law from governing the conduct of [its] own citizens . . . in foreign countries."<sup>63</sup> Despite the watches being assembled and sold in a foreign nation and the district court's decision to dismiss the case for lack of jurisdiction, the Court determined that the Lanham Act's power, rooted in its ability to regulate commerce, extends to U.S. commerce in foreign jurisdictions. Additionally, Steele's actions "were not confined within the territorial limits of a foreign nation."<sup>64</sup> Thus, the Court seemed to rest its decision on three factors: (1) Steele's U.S. citizenship, (2) the trickling of the counterfeit watches into the United States and their impact on domestic commerce, and (3) the lack of conflict with Mexican law due to the cancellation of Steele's Mexican mark.<sup>65</sup>

The Court's decision in *Steele* contorted the rule of territoriality around the Court's goal of enjoining the citizen's behavior. By disregarding this traditional doctrine, the Court chose to interpret the Lanham Act in a way that is inconsistent with the deference typically given to Congress to determine the extraterritorial scope of its legislation.<sup>66</sup> Justice Reed's dissent illuminates the majority's departure from the territoriality principle. He noted that the Court's disapproval of the citizen's foreign actions does not warrant the application of the Lanham Act to acts outside the sovereignty of the United States.<sup>67</sup> Justice Reed harkened back to territoriality's origins in international comity, respecting other nations' sovereignty, and nations' "capab[ility] of punishing infractions of their own laws."<sup>68</sup> Despite this backlash or flawed reasoning in the *Steele* decision, it set the stage for the Lanham Act's next seventy years of extraterritoriality.

---

60. Section 32(1) of the Lanham Act provides trademark owners with a cause of action against individuals who, without consent, use the mark in commerce in a way that is "likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1).

61. *Steele*, 344 U.S. at 285.

62. *Id.* at 289.

63. *Id.* at 285–86 (quoting *Skiriotes v. Florida*, 313 U.S. 69, 73 (1941)).

64. *Id.* at 286.

65. *See id.* at 286–87, 289.

66. *Id.* at 290 (Reed, J., dissenting).

67. *Id.* at 292 (Reed, J., dissenting).

68. *Id.*

Since this decision, lower courts have grappled with *Steele*'s lack of direction. *Steele* did not establish a clear test for determining the extraterritoriality of the Lanham Act; however, courts have interpreted *Steele*'s decision as establishing a three-part test. The test considers (1) the defendant's nationality, (2) the conduct's effects on domestic commerce, and (3) conflicts or potential conflicts with foreign law.<sup>69</sup> Circuit courts have created variations of this test, with varying degrees of leniency toward overcoming the presumption against extraterritoriality.

## 2. Reeling in Extraterritorial Application

Shortly after the *Steele* decision, the Second Circuit was tasked with determining whether section 32(1) should apply extraterritorially in *Vanity Fair Mills, Inc. v. T. Eaton Co.*<sup>70</sup> The court took a measured step in not further eroding the Act's territoriality by limiting the circumstances in which the presumption against extraterritoriality may be overcome.<sup>71</sup>

*Vanity Fair* Mills, a U.S. underwear manufacturer, registered the mark "VANITY FAIR" in the United States and sold its merchandise in the United States and Canada.<sup>72</sup> The following year, T. Eaton Co., a Canadian manufacturer, registered the mark "VANITY FAIR" for apparel in Canada. *Vanity Fair* was denied Canadian registration of its mark due to T. Eaton's registration. Thus, *Vanity Fair* sued T. Eaton, seeking injunctive relief under the Lanham Act.

In determining whether the Lanham Act applied to T. Eaton's extraterritorial conduct, the court applied the three main considerations in the *Steele* decision.<sup>73</sup> The court declined extraterritorial application because the first and third factors were not met: T. Eaton was a Canadian citizen, despite having U.S. employees, and it had valid Canadian trademark rights for the mark "VANITY FAIR."<sup>74</sup> The court noted that the absence of one factor would not necessarily defeat extraterritorial application but that the absence of two is "certainly fatal."<sup>75</sup>

The *Vanity Fair* test also sought to tighten the three-part *Steele* test by altering the second factor to require a "substantial" effect on commerce.<sup>76</sup> *Steele*'s tripartite test did not "discuss a particular degree of effect that was

---

69. *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956).

70. *Id.* at 636.

71. *Id.* at 642.

72. *Id.* at 637.

73. *Id.* at 642.

74. *Id.* at 643.

75. *Id.*

76. *Id.* at 642.

necessary” but only required an adverse effect on U.S. commerce.<sup>77</sup> However, because the court did not rest its decision on the substantial effect of T. Eaton’s actions on U.S. commerce, the new element was dicta, and the court added it without guidance as to what constitutes a substantial effect.<sup>78</sup>

### 3. Adapting to Extraterritoriality

While *Vanity Fair* attempted to limit *Steele*’s application, later tests generated by the Fifth, First, and Ninth Circuits did the opposite. The following cases demonstrate the way circuit courts liberally interpreted the *Steele* test to provide an easier path forward for the extraterritorial application of the Lanham Act, further eroding the Act’s territoriality principle.

The Fifth Circuit returned to the less strict version of *Steele*’s tripartite test in its 1983 case *American Rice, Inc. v. Arkansas Rice Growers Cooperative Ass’n*.<sup>79</sup> American Rice, Inc. (“ARI”) and Arkansas Rice Growers Cooperative Association (“Riceland”) were both U.S. farming cooperatives that sold rice to Saudi Arabia.<sup>80</sup> ARI sold under the registered U.S. trademark “ABU BINT,” which, translated from Arabic, means “of the girl” or “girl brand”; used a logo of a young girl; and used a combination of red, yellow, and black on its packaging.<sup>81</sup> Riceland began selling rice with the trademarks “BINT AL-ARAB,” translating to “daughter of the Arabs” and “Gulf Girl.”<sup>82</sup> It also used a red, yellow, and black color combination on its bags of rice.<sup>83</sup> ARI filed suit against Riceland, alleging trademark infringement under section 32(1)(a) and false designation of origin under section 43(a)(1)(A)<sup>84</sup> of the Lanham Act.<sup>85</sup>

---

77. Robert Butts, Note, *Trademark Law: Interpreting the Congressional Intent of the Extraterritorial Application of the Lanham Trademark Act*, 8 FLA. J. INT’L L. 447, 452–53 (1993).

78. *Vanity Fair*, 234 F.2d at 642; Anna R. Popov, Note, *Watering Down Steele v. Bulova Watch Co. to Teach E-Commerce Overseas: Analyzing the Lanham Act’s Extraterritorial Reach Under International Law*, 77 S. CAL. L. REV. 705, 711 (2004).

79. *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass’n*, 701 F.2d 408, 414 (5th Cir. 1983).

80. *Id.* at 410.

81. *Id.* at 410–11.

82. *Id.* at 411.

83. Unlike *Steele* and *Vanity Fair*, Riceland’s use of the mark was not identical but instead was confusingly similar. A mark need not be identical to constitute infringement; instead the marks can be “similar in sound, appearance, or meaning, or could create a similar commercial impression.” *Likelihood of Confusion*, USPTO, <https://www.uspto.gov/trademarks/search/likelihood-confusion> [<https://perma.cc/V62V-7W6V>]. Riceland’s marks created actual consumer confusion due to its similar color scheme and name. *Am. Rice*, 701 F.2d at 412, 418.

84. False designation of origin occurs when a person uses a mark in a way that is “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125.

85. *Am. Rice*, 701 F.2d at 412.

In determining the Lanham Act’s extraterritorial application, the court confirmed that the relevant factors include the defendant’s citizenship, the effect on U.S. commerce, and conflict with foreign law; however, the court noted that this is a *balancing* test whose factors serve a primary but nonexclusive role.<sup>86</sup> Thus, the court held that the Act applies extraterritorially to Riceland’s acts because it is an American citizen, its acts had a “more than an insignificant effect” on U.S. commerce, and it does not have a legal right to use its mark in Saudi Arabia.<sup>87</sup>

The Fifth Circuit’s test returned to the more lenient approach to the commerce factor. The court’s choice to remove the *Vanity Fair* “substantial” requirement was because the *Steele* test “contains no such requirement, and that *some* effect may be sufficient.”<sup>88</sup> Thus, the court’s test allows the Lanham Act to extend more easily beyond U.S. borders—compared to the Second Circuit’s test—in conflict with the territoriality principle.

In 2005, the First Circuit reiterated that *Steele* “settled that the Lanham Act can, in appropriate cases, be applied extraterritorially.”<sup>89</sup> Nevertheless, the court crafted its own approach to determining the Act’s extraterritorial application in *McBee v. Delica Co.*

Delica, a Japanese corporation, began using the mark “CECIL MCBEE” to denote its children’s clothing line.<sup>90</sup> Delica did not ship goods into the United States but had a website for the clothing brand. Cecil McBee, a well-known American jazz singer who had toured throughout Japan but never registered a trademark there, claimed Delica’s unauthorized use created a misleading perception of endorsement. The jazz singer filed suit against the company for unfair competition under section 43(a)(1)(A) of the Lanham Act.<sup>91</sup>

The court transformed the *Vanity Fair* factors test by disaggregating its elements.<sup>92</sup> In this new analysis, the court first looks to the defendant’s citizenship. If the defendant is a U.S. citizen, the test ends at step one and the Lanham Act extends extraterritorially.<sup>93</sup> If not, the court considers if there is

---

86. *Id.* at 414.

87. *Id.* at 415–16.

88. *Id.* at 414 n.8.

89. *McBee v. Delica Co.*, 417 F.3d 107, 110 (1st Cir. 2005).

90. *Id.* at 111.

91. *Id.* at 115.

92. *Id.* at 121.

93. *Id.* at 111.

a substantial effect on U.S. commerce. If there is a substantial effect, the court may consider the effect of intentional comity, depending on the circumstances.<sup>94</sup>

In applying this test to the facts, McBee did not overcome the presumption against extraterritoriality.<sup>95</sup> Delica's lack of U.S. citizenship required the court to proceed to step two. The court determined that Delica's use of "CECIL MCBEE" did not have a substantial effect on U.S. commerce because U.S. consumers were not exposed to Delica's products, as they were not shipped into the country, and there was "virtually no evidence that American consumers [were] actually seeing Delica's products" online.<sup>96</sup>

While the court followed *Vanity Fair*'s stricter "substantial" effects test, it lessened the hurdles required for extraterritorial application of the Lanham Act for defendants with U.S. citizenship. In applying the *McBee* test to *Steele*, Steele's U.S. citizenship alone would have been enough to reach his foreign conduct, and the Court would not have been required to examine his acts' effect on U.S. commerce. Thus, the First Circuit's test further erodes the Lanham Act's territoriality because, unlike *Steele* and *American Rice*, a defendant's U.S. citizenship alone is sufficient to apply the Lanham Act to acts in a foreign jurisdiction.

Finally, in 2016, the Ninth Circuit generated a rule of reason balancing test for determining the Lanham Act's extraterritorial application.<sup>97</sup> Under this test, the Lanham Act applies extraterritorially if

(1) the alleged violations . . . create some effect on American foreign commerce; (2) the effect [is] sufficiently great to present a cognizable injury to the plaintiffs . . . ; and (3) the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.<sup>98</sup>

The effect on American commerce does not have to be "substantial or even significant."<sup>99</sup> In fact, the court noted that reputational harm alone may constitute "'some effect' on American commerce."<sup>100</sup> Prong three concerns

---

94. Comity is not a central part of the *McBee* test, as it is at the court's discretion to "decline to exercise . . . jurisdiction that it already possesses." *Id.*

95. *Id.* at 126.

96. *Id.* at 125.

97. This new test relied on the court's earlier decisions in *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977) (establishing a rule of reason balancing test for determining extraterritorial application) and *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601, 612 (9th Cir. 2010) (creating a three-part *Timberlane* test).

98. *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (citing *Love*, 611 F.3d at 613).

99. *Id.*

100. *Id.* at 971; *accord Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952); *Gucci Am., Inc. v. Guess?, Inc.*, 790 F. Supp. 2d 136, 143 (S.D.N.Y. 2011).

international comity and weighs seven factors.<sup>101</sup>

In *Hallatt*, Michael Norman Hallatt, a U.S. Lawful Permanent Resident (“LPR”), purchased goods from Trader Joe’s, a well-known American grocery store, and drove them across the border to sell at inflated prices at his Canadian storefront, “Pirate Joe’s.”<sup>102</sup> Hallatt designed his store with Trader Joe’s classic theme and colors and filled it with the grocery store’s products. Trader Joe’s banned Hallatt from its storefronts, but he continued to frequent the stores in disguises and hired third parties to purchase goods on his behalf.<sup>103</sup> Trader Joe’s sued Hallatt, alleging infringement, unfair competition, and false advertising under the Lanham Act.<sup>104</sup>

Hallatt’s actions satisfied prongs one and two. He engaged in commercial activity in the United States when he sourced the grocery products from domestic stores, and his Canadian activity could harm Trader Joe’s reputation due to a lack of quality control and inflated prices.<sup>105</sup> Prong three permitted extraterritorial application because of the lack of ongoing proceedings in Canada, Hallatt’s subjugation to U.S. laws due to his status as an LPR, the ease of enforcement, domestic consumer confusion, and the intentional harm inflicted.<sup>106</sup>

*Hallatt*’s test permits an attenuated “nexus” between the infringing activity and domestic commerce that guts the Lanham Act of its territorial principle.<sup>107</sup> The court does not stop at dismissing *Vanity Fair*’s “substantial” requirement; instead, it shifts the standard to the other end of the spectrum by indicating that “some” effect is sufficient.<sup>108</sup> In a global market with instantaneous online communication and advertising, nearly anything can have a nexus with domestic commerce. This is especially true when reputational harm is sufficient.

---

101. *Timberlane*’s third prong weighs:

[1] the degree of conflict with foreign law or policy, [2] the nationality or allegiance of the parties and the locations or principal places of business of corporations, [3] the extent to which enforcement by either state can be expected to achieve compliance, [4] the relative significance of effects on the United States as compared with those elsewhere, [5] the extent to which there is explicit purpose to harm or affect American commerce, [6] the foreseeability of such effect, and [7] the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.

*Hallatt*, 835 F.3d at 972–73.

102. *Id.* at 964.

103. *Id.* at 964–65.

104. *Id.* at 965; 15 U.S.C. §§ 1114(1), 1125(a)(1)(A)–(B).

105. *Hallatt*, 835 F.3d at 971–72.

106. *Id.* at 973–75.

107. *See id.* at 975.

108. *Id.* at 969.

#### 4. Disregarding *Steele*

On the second to last day of the Supreme Court’s 2022 term, it disregarded almost a century of trademark law precedent. While the same Court, seventy years prior, rebutted the presumption against extraterritoriality, the current Court decided to quickly “put aside” *Steele* in its analysis.<sup>109</sup> Instead, it relied on its recent decisions in *Morrison v. National Australia Bank Ltd. and RJR Nabisco, Inc. v. European Community* to reinforce the presumption.<sup>110</sup>

In *RJR Nabisco*, the Court established a two-step framework to determine whether a statute has extraterritorial reach:

At the first step, we ask whether the presumption against extraterritoriality has been rebutted—that is, whether the statute gives a clear, affirmative indication that it applies extraterritorially. We must ask this question regardless of whether the statute in question regulates conduct, affords relief, or merely confers jurisdiction. If the statute is not extraterritorial, then at the second step we determine whether the case involves a domestic application of the statute, and we do this by looking to the statute’s “focus.” If the conduct relevant to the statute’s focus occurred in the United States, then the case involves a permissible domestic application even if other conduct occurred abroad; but if the conduct relevant to the focus occurred in a foreign country, then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory.<sup>111</sup>

This framework, applied initially to the Racketeer Influenced and Corrupt Organizations Act,<sup>112</sup> serves as a canon of statutory construction across legal disciplines.

In *Abitron*, Hetronic, a U.S. remote control manufacturer, used Abitron, a collection of foreign companies, as a licensed foreign distributor of its remote controls.<sup>113</sup> Abitron later claimed ownership of the manufacturer’s intellectual property rights, placed Hetronic’s trademarks on its products, and sold the products in foreign jurisdictions and the United States.<sup>114</sup> Hetronic alleged infringement of its trademark under sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act and sought damages for Abitron’s infringing use. The Tenth Circuit, affirming the district court, awarded damages to

---

109. *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 422 (2023).

110. *Id.* at 419.

111. *RJR Nabisco, Inc. v. Eur. Cmty.*, 579 U.S. 325, 337 (2016).

112. *See* 18 U.S.C. §§ 1961–68.

113. *Abitron*, 600 U.S. at 415–16.

114. *Id.* at 416.

Hetronic for the domestic and foreign infringement.<sup>115</sup> The Tenth Circuit relied on *Steele* and *RJR Nabisco*'s two-step framework to determine whether the Lanham Act extended to Abitron's foreign conduct.<sup>116</sup> The court answered *RJR Nabisco*'s first step affirmatively by pointing to *Steele*'s rebuttal of the presumption against extraterritoriality as a clear indication that the Lanham Act applies extraterritorially.<sup>117</sup>

The Supreme Court's application of the *RJR Nabisco* framework did not stop at step one, but instead focused on step two, vacating the Tenth Circuit's decision.<sup>118</sup> The Court instructs that step two does not stop at identifying the statute's focus but must proceed to determine if the "conduct relevant to the statute's focus" occurred domestically or internationally.<sup>119</sup> According to the Court, the Lanham Act's focus is unauthorized "use in commerce."<sup>120</sup> Thus, step two's analysis concerned the jurisdiction in which Abitron used Hetronic's trademark in commerce.<sup>121</sup> Because the Tenth Circuit's decision did not adhere to this understanding of extraterritoriality—instead, it relied on *Steele* and seventy years of trademark jurisprudence—the Court vacated the decision and remanded the case.<sup>122</sup> While the Court took careful steps to not overturn *Steele* and instead dismiss it as "narrow and factbound," it appears to no longer be good law.<sup>123</sup>

The Court's decision incorrectly determined the Lanham Act's focus and effectively ended its extraterritorial application. Rather than "put[ting] aside" precedent,<sup>124</sup> Justice Sotomayor's concurrence engages with *Steele* and better understands the Lanham Act's focus:

A proper application of that framework, however, leads to a result consistent with *Steele*: Although there is no clear indication that the Lanham Act provisions at issue rebut the presumption against extraterritoriality at step one, a domestic application of the statute can

---

115. *Id.* at 416–17.

116. *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1034 (10th Cir. 2021), *vacated and remanded sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023).

117. *Id.*

118. *Abitron*, 600 U.S. at 428.

119. *Id.* at 419.

120. *Id.* at 423.

121. In explaining what constitutes "use in commerce," the Court cited § 1127 of the Lanham Act. *Id.* at 428. According to the statute, use in commerce occurs when a mark is placed on goods, or accompanying documents, or when it is "used or displayed in the sale or advertising of services," in interstate commerce. 15 U.S.C. § 1127.

122. *Abitron*, 600 U.S. at 428.

123. Timothy R. Holbrook & Anshu Garg, *Abitron Eliminates Circuit Tests But Causes More Confusion*, TRANSNAT'L LITIG. BLOG (July 25, 2023), <https://tblblog.org/abitron-eliminates-circuit-tests-but-causes-more-confusion> [https://perma.cc/YGF5-4HU3]; *Abitron*, 600 U.S. at 422.

124. *Abitron*, 600 U.S. at 422.

implicate foreign conduct at step two, so long as the plaintiff proves a likelihood of consumer confusion domestically.<sup>125</sup>

The focus of sections 32(1)(a) and 43(a)(1)(A) is “consumer confusion,” not “use in commerce.”<sup>126</sup> While the Act prohibits infringing use in commerce, this “is ‘merely the means by which the statute achieves its end’ of protecting consumers from confusion.”<sup>127</sup> The Lanham Act’s “extraterritorial coverage . . . should be gauged not so much by the locus of the activity sought to be reached . . . as by the nature of its effect on that commerce which Congress may regulate.”<sup>128</sup> A determination that the Lanham Act’s focus is “use in commerce” represents a lack of understanding of trademark law, as “likelihood of confusion is the keystone of trademark infringement.”<sup>129</sup> Instead, Justice Sotomayor’s determination is in line with the government’s position, as communicated in its amicus brief;<sup>130</sup> the approach taken in *Steele*; and tests generated in *Vanity Fair*, *American Rice*, *McBee*, and *Hallatt* that all require an “effect” on U.S. commerce, not actual U.S. conduct. In applying the Lanham Act extraterritorially, the *Steele* Court was not forestalled by the watches’ foreign manufacturing and sale; instead, it focused on the watches’ entrance into the United States and the ensuing domestic consumer confusion. Therefore, the presumption against extraterritoriality should be rebutted if foreign trademark infringement results in *domestic* consumer confusion.<sup>131</sup>

While *Abitron* seems to contradict U.S. trademark jurisprudence, it conforms to the international prioritization of sovereignty and independent trademark laws. In reaching *Abitron*’s wholly foreign conduct, the Court would seemingly violate international treaty obligations that do not only bind foreign signatories. These international agreements “only work[] if all participating states respect their obligations, including the limits on their power.”<sup>132</sup> Thus, in restricting its reach, the United States is preserving its right to customization.

However, the Court’s adherence to treaty obligations ignores the economic and practical implications of a strictly territorial-bound trademark system. Infringing products sold abroad can and do have an impact on

---

125. *Id.* at 433 (Sotomayor, J., concurring).

126. *Id.* at 432–33 (Sotomayor, J., concurring).

127. *Id.* at 437 (Sotomayor, J., concurring) (citing *WesternGeo LLC v. ION Geophysical Corporation*, 585 U.S. 407, 408 (2018)).

128. *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977).

129. MCCARTHY, *supra* note 15, § 23:1.

130. *Abitron*, 600 U.S. at 437 (Sotomayor, J., concurring).

131. *Id.*

132. Brief of Amicus Curiae European Commission on Behalf of the European Union in Support of Neither Party at 29, *Abitron*, 600 U.S. 412 (No. 21-1043); *Abitron*, 600 U.S. at 428.

American consumers. By focusing on use in commerce, the Court is “absolv[ing] from liability” the exact defendants whose actions result in the consumer confusion the Lanham Act seeks to prevent.<sup>133</sup> Further, the impact of this decision will be felt more deeply than it would have in prior generations because of omnipresent brand awareness in a shrinking international community.

In sum, the eroded territoriality principle reveals its incompatibility with an international trademark system, and the returned commitment to the principle demands a balanced international solution to adequately protect domestic trademark owners.

#### B. FAMOUS MARKS DOCTRINE CIRCUIT SPLIT

The Famous Marks Doctrine diminishes the Lanham Act’s territoriality by recognizing acts outside the United States as eligible to establish domestic trademark rights. In contrast to *Steele*, which extended U.S. trademark rights to prevent foreign infringement, the Famous Marks Doctrine extends foreign trademark rights to prevent domestic infringement. Cases involving the doctrine fall into the second trademark territoriality problem category—like the Louis Vuitton hypothetical, in which, despite a lack of registration, the brand wants to stop the infringing use in the United States. The doctrine has roots in the Paris Convention for the Protection of Industrial Property’s “Well-Known Marks” Doctrine.<sup>134</sup>

Enacted in 1883, the Paris Convention was the first attempt to harmonize international intellectual property laws. It is the principal international trademark treaty, with over 110 signatories. While the treaty does not provide member states with a cohesive registration or enforcement system, it provides citizens of member states with equal treatment across jurisdictions and an expectation of their level of protection.<sup>135</sup>

The treaty’s National Treatment Principle requires member states to provide the same treatment to foreigners as they provide their citizens.<sup>136</sup> Rather than creating a set of international trademark principles, the

---

133. *Abitron*, 600 U.S. at 444 (Sotomayor, J., concurring).

134. Paris Convention, *supra* note 8, art. 6bis.

135. *Id.* art. 2(1).

136. The Paris Convention provides:

Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

Convention defers to each signatory's set of trademark laws. Thus, signatories must provide the same protections to foreign nationals and their citizens when applying laws.<sup>137</sup> Additionally, the Paris Convention establishes that each country of the Union will have its own trademark legal system. Article 6 specifies that the filing and registration of trademarks "shall be determined in each country of the Union by its domestic legislation" and that a registered mark "shall be regarded as independent of marks registered in the other countries of the Union."<sup>138</sup> Accordingly, the Paris Convention embeds the territoriality principle throughout its guidelines and encourages each nation's customization of the law. However, the treaty recognizes exceptions to territoriality, including the Well-Known Marks Doctrine.

The Well-Known Marks Doctrine, under article 6bis, establishes that states shall "refuse or . . . cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered . . . to be well known in that country."<sup>139</sup> Therefore, even without registration, a well-known mark from one member state will be protected in a fellow member state. For example, if Alphabet Inc. failed to register its mark "GOOGLE" for its Internet search engine in Algeria, a contracting party of the Paris Convention, the mark "GOOGLE" would still be protected in Algeria so long as the mark was sufficiently famous in the jurisdiction. Because the "GOOGLE" mark's fame is ubiquitous, the Well-Known Marks Doctrine would likely protect it in any Paris Convention member state, including Algeria, even if Alphabet Inc. had not registered the mark there. However, the treaty does not provide a clear process for establishing what qualifies as a well-known trademark. Instead, the treaty notes that it will be determined by a "competent authority" in the member state.<sup>140</sup> Despite this ambiguity, the doctrine serves as an exception to territoriality in the Convention, as a famous mark should be recognized in a jurisdiction absent registration.<sup>141</sup>

The Paris Convention's Well-Known Marks Doctrine was designed to protect famous, unregistered marks in one member state from infringement in another; however, the United States' determination that the treaty is non-

---

137. *Id.*

138. *Id.* art. 6.

139. *Id.* art. 6bis(1).

140. *Id.*

141. The use of "should" draws attention to the fact that some signatories of the Paris Convention, including the United States, do not consider the treaty to be self-executing and thus do not enforce the Well-Known Marks Doctrine. *See ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 142 (2d Cir. 2007), *certified question accepted*, 870 N.E.2d 151 (N.Y. 2007), *certified question answered*, 880 N.E.2d 852 (N.Y. 2007).

self-executing guts the doctrine of any domestic legal effect.<sup>142</sup> A non-self-executing treaty requires the implementation of legislation for it to be judicially enforceable;<sup>143</sup> however, Congress has not affirmatively included the Well-Known Marks Doctrine in the Lanham Act. Thus, courts are free to decide its domestic applicability.

Despite a lack of federal guidance, the Famous Marks Doctrine—the name attributed to the U.S. doctrine—has served as the basis for trademark infringement claims for nearly a century. The Trademark Trial and Appeal Board (“TTAB”—a USPTO board that handles trials and appeals of trademark applications and registrations<sup>144</sup>—has invoked the doctrine in its decisions.<sup>145</sup> The Board acknowledged that foreign use alone does not establish priority in the United States “unless it can be shown that the foreign party’s mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a ‘famous’ mark.”<sup>146</sup> While TTAB decisions are not binding, they are “to be accorded great weight.”<sup>147</sup>

New York state courts have also relied on the doctrine in common law trademark unfair competition claims.<sup>148</sup> For example, in the 1936 New York Supreme Court case *Maison Prunier v. Prunier’s Restaurant & Cafe*, a New York restaurant opened with the same name, tagline, and type of food as an internationally acclaimed French restaurant.<sup>149</sup> Despite using the mark in distinct jurisdictions, the New York restaurant was enjoined because of its bad faith actions. The foreign mark’s fame partially determined this bad faith exception to territoriality.<sup>150</sup> Later, in *Vaudable v. Montmartre, Inc.*, a different New York court enjoined a New York restaurant from using a French restaurant’s name, decor, and distinctive script style because the

---

142. *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 485 (2d Cir. 2005) (“[T]he rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act. Instead, we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires ‘national treatment.’” (emphasis added)).

143. *Self Executing Treaty*, LEGAL INFO. INST., [https://www.law.cornell.edu/wex/self\\_executing\\_treaty](https://www.law.cornell.edu/wex/self_executing_treaty) [<https://perma.cc/2LRC-EWRH>].

144. *Trademark Trial and Appeal Board*, USPTO, <https://www.uspto.gov/trademarks/ttab> [<https://perma.cc/4GC3-YT37>].

145. *ITC*, 482 F.3d at 158–59 (citing *Mother’s Rests., Inc. v. Mother’s Other Kitchen, Inc.*, 218 U.S.P.Q. 1046, 1983 WL 51992, at \*8 (T.T.A.B. 1983); *All Eng. Lawn Tennis Club, Ltd. v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069, 1983 WL 51903, at \*10 (T.T.A.B. 1983); *First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Grp., Inc.*, 77 U.S.P.Q.2d 1334, 2005 WL 2865169, at \*30–31 (T.T.A.B. 2005), *rev’d on other grounds*, 476 F.3d 867 (Fed. Cir. 2007)).

146. *Mother’s Rests.*, 218 U.S.P.Q. at 1048.

147. *ITC*, 482 F.3d at 159 (citing *Butti v. Impressa Perosa S.R.L.*, 139 F.3d 98, 105 (2d. Cir. 2003)).

148. These cases rely on common law misappropriation principles of unfair competition, not article 6bis of the Paris Convention. Faris, *supra* note 52, at 462–63.

149. *Maison Prunier v. Prunier’s Rest. & Cafe*, 288 N.Y.S. 529, 531–32 (Sup. Ct. 1936).

150. *Id.* at 536.

misappropriation was of a continuously used and famous mark.<sup>151</sup> Notwithstanding Congress's failure to adopt the Famous Marks Doctrine, this circumvention of territoriality has been occurring for almost a century. The doctrine has become increasingly necessary as commerce becomes more global.

Despite the long history of domestic use of the doctrine, lack of legislation has led to a circuit split between the Ninth and Second Circuits. The Famous Marks Doctrine was adopted by the Ninth Circuit in *Grupo Gigante S.A. de C.V. v. Dallo & Co.*<sup>152</sup> but rejected in the Second Circuit in *ITC Ltd. v. Punchgini, Inc.*<sup>153</sup> In 2004, the Ninth Circuit established the enforceability of the Famous Marks Doctrine in the U.S.'s largest court circuit.<sup>154</sup> The court recognized the complexity added to the principle of first-in-time, first-in-right when "one user is first in time in one place while another is first in time in a different place."<sup>155</sup> The territorial confines of U.S. trademark law further complicate this. In *Grupo Gigante*, a small, Southern Californian grocery store adopted the name of a large, well-established Mexican grocery chain.<sup>156</sup> Due to the store's proximity to the Mexican border, the geographic market consisted of many individuals familiar with the foreign chain's mark. Despite the store's argument for the case's disposal under the territoriality principle, the Ninth Circuit affirmed that the territoriality principle is not absolute and contains an exception for well-known marks, for which the Mexican mark qualified.<sup>157</sup>

The Ninth Circuit's opinion recognizes the danger of strict territoriality because "consumer confusion and fraud" would be promoted without an exception to the principle.<sup>158</sup> The court justified its reliance on the doctrine by returning to the foundational goals of trademark law, which now require heightened scrutiny in a global marketplace in which both commerce and people cross borders. Thus, the Ninth Circuit ultimately grounded its decision in public policy rather than the Well-Known Marks Doctrine or the Lanham Act.

However, in 2008, the Second Circuit declined to adopt the Famous Marks Doctrine. In *ITC Ltd. v. Punchgini, Inc.*, a U.S. restaurant opened with

---

151. *Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332, 334–35 (Sup. Ct. 1959).

152. *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

153. *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 172 (2d Cir. 2007), *certified question accepted*, 870 N.E.2d 151 (N.Y. 2007), *certified question answered*, 880 N.E.2d 852 (N.Y. 2007).

154. *A Short History of the Ninth Circuit Court of Appeals*, U.S. CTS. FOR THE NINTH CIR., <https://www.ca9.uscourts.gov/information/ninth-circuit-history> [<https://perma.cc/Q273-X2LX>].

155. *Grupo Gigante*, 391 F.3d at 1093.

156. *Id.* at 1091.

157. *Id.* at 1094.

158. *Id.*

an identical name, “logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs” to that of an internationally renowned foreign restaurant.<sup>159</sup> The Second Circuit permitted the restaurant’s behavior because the foreign mark’s priority did not extend into the United States, notwithstanding its accrued fame. Unlike the Ninth Circuit, which relied on a policy rationale, the Second Circuit held that the doctrine’s sound policy “is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute.”<sup>160</sup> Instead, the court noted that the Paris Convention creates no substantive rights and Congress’s deliberate choice to exclude a Famous Marks Doctrine in the Lanham Act must be honored.<sup>161</sup> Thus, in the Second Circuit, a foreign mark holder is unable to protect itself through federal legislation against infringement absent U.S. registration. This decision was made despite a lower court noting that the “doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders.”<sup>162</sup>

The circuit split highlights the tension between harmonizing and customizing trademark laws. The Ninth Circuit’s—as well as the TTAB and district courts’—recognition of foreign marks’ status reveals the territoriality principle’s incompatibility with the global economy. The Famous Marks Doctrine represents a practical understanding of trademarks’ modern existence. Even in 1936, a restaurant’s famous mark could transcend borders and establish goodwill in a city thousands of miles away.<sup>163</sup> Present-day reality enhances the ability to establish recognition and goodwill in faraway jurisdictions.<sup>164</sup> This interconnectedness exemplifies the Ninth Circuit’s practical approach to the Paris Convention’s standards and the need for greater harmonization.

However, even the *Grupo Gigante* court recognizes that the Famous Marks Doctrine abrogates the territoriality principle, and its extension must be limited.<sup>165</sup> In line with the Second Circuit, the Ninth Circuit acknowledges

---

159. ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 144 (2d Cir. 2007), *certified question accepted*, 870 N.E.2d 151 (N.Y. 2007), *certified question answered*, 880 N.E.2d 852 (N.Y. 2007).

160. *Id.* at 165.

161. *Id.* at 162; *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 485 (2d Cir. 2005).

162. *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, 2005 U.S. Dist. LEXIS 9307, \*25 (S.D.N.Y. May 18, 2005).

163. *Maison Prunier v. Prunier’s Rest. & Cafe*, 288 N.Y.S. 529, 537 (Sup. Ct. 1936).

164. “Globalization, the Internet, increased immigration, the threat of trademark piracy, and the United States’ own treaty obligations all lend powerful support to the argument that the United States should recognize, at the very least, a limited famous marks exception to the territoriality principle.” Faris, *supra* note 52, at 475–76.

165. See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1096–97 (9th Cir. 2004) (“We would go too far if we did away with the territoriality principle altogether by expanding the famous-mark

that territoriality is “basic to trademark law,” and that the United States is “arguably required by the Paris Convention . . . to preserve the territoriality principle in some form.”<sup>166</sup> Thus, the courts are not split on the value of sovereign-drafted trademark law.

Therefore, a solution to the fragmented approach to recognizing foreign marks lies not in eliminating the territoriality principle but instead in creating a dual system that recognizes international registration and enforcement of marks alongside current domestic systems.

### C. STEALTH FILING TACTICS

Attempts to harmonize international trademark law within a strictly territorial system have diminished the strength of the territoriality principle and led to negative externalities. Particularly, reciprocal priority, a form of international cooperation granted under the Paris Convention, has been utilized by large corporations to circumvent traditional trademark protocols. Typically, a trademark owner’s exclusive right to use a mark begins on the day of filing or first use in commerce in a sovereign jurisdiction; however, actions taken in a foreign jurisdiction qualify under a reciprocal priority system.

The Paris Convention sought to incentivize international cooperation through its transferable priority filing date. Applicants who file an ITU application in one treaty country can use the priority filing date received from that application to claim a priority date in other treaty countries, so long as the application is within six months of the original ITU application.<sup>167</sup> Unlike the Well-Known Marks Doctrine, Congress codified the Paris Convention’s transferable priority date in the Lanham Act. A claim of priority based on a foreign filing falls under section 44(d) of the Lanham Act and has become increasingly popular.<sup>168</sup> Reciprocal priority benefits applicants who apply for registration in several jurisdictions and safeguards them from third parties or bad actors who apply for identical marks following news of an initial registration.

However, Congress’s attempt to harmonize foreign and domestic trademark protection contradicts the stated commitment to the Lanham Act’s territoriality. Under *Abitron*’s logic, foreign acts do not warrant recognition by the Lanham Act. Yet, by granting reciprocal priority, the United States

---

exception this much.”).

166. *Id.* at 1098.

167. 15 U.S.C. § 1126.

168. *Id.*; Carsten Fink, Andrea Fosfuri, Christian Helmers & Amanda F. Myers, *Submarine Trademarks* 14 (WIPO, Econ. Rsch. Working Paper No. 51, 2018).

recognizes and extends domestic rights to marks in which the applicant acted in a foreign jurisdiction. Not only is this in conflict with territoriality, but it also opens the door for stealth filing tactics antithetical to trademark law's goal of limiting consumer confusion.

Stealth filing, also referred to as submarine filing,<sup>169</sup> occurs when an applicant files an ITU application in a treaty country that lacks an accessible online application database. Thus, the applicant secures a priority filing date that will be honored in other treaty countries without the public learning about the trademark. Individuals or corporations who want to secure a mark in advance of its use in commerce but do not want to reveal this planned use may employ stealth filing tactics as a workaround to avoid disclosure. Most trademark applications, such as those filed with the USPTO, are made available to the public and include the applied-for mark, a description of the mark's intended goods or services, and the mark's owner.<sup>170</sup> This public database system allows third parties to object to registration as well as informs future applicants of preexisting marks that are unavailable for their use.<sup>171</sup> However, it also publicly reveals an individual or company's future business plans. For example, an ITU application for the mark "APPLE WATCH" would directly reveal the company's next product launch to Apple's competitors, given its descriptive name and goods and services category.<sup>172</sup> While this might not be a problem for the average trademark applicant, high-profile individuals or businesses may want to shield the public from their confidential business plans.<sup>173</sup> And it has become clear that businesses *do* want to shield the public from their plans.<sup>174</sup>

Stealth filing has become increasingly popular since 2006, with filings increasing four-fold between 2006 and 2016.<sup>175</sup> In 2006, only a couple of companies were engaging in stealth filing. By 2016, that number jumped to over forty companies, as indicated in Figure 2. Despite the increased use, stealth filings remain rare compared to overall trademark filings, with stealth

---

169. See Joshua Jarvis, *Under the Sea: Sneaky Trademark Filings for Cautious Companies*, FOLEY HOAG: MAKING YOUR MARK (Jan. 9, 2019), <https://foleyhoag.com/news-and-insights/blogs/making-your-mark-blog/2019/january/under-the-sea-sneaky-trademark-filings-for-cautious-companies> [https://perma.cc/8N2T-W3J1].

170. *Id.*; *Personal Information in Trademark Records*, USPTO <https://www.uspto.gov/trademarks/apply/faqs-personal-information-trademark-records> [https://perma.cc/3ZLW-LRH8].

171. See *How to Do a Basic Search*, USPTO, <https://tmsearch.uspto.gov/help> [https://perma.cc/4ZNH-YB9E]; *Trademark Clearance Process*, OWEN, WICKERSHAM & ERICKSON, P.C., <https://www.owe.com/resources/trademark-clearance-process> [https://perma.cc/P4TD-FT9Q].

172. Apple was aware of this when it launched the Apple Watch in 2014. Therefore, the company filed its trademark in Trinidad and Tobago, a country without an online trademark database. Fink et al., *supra* note 168, at 1, 3.

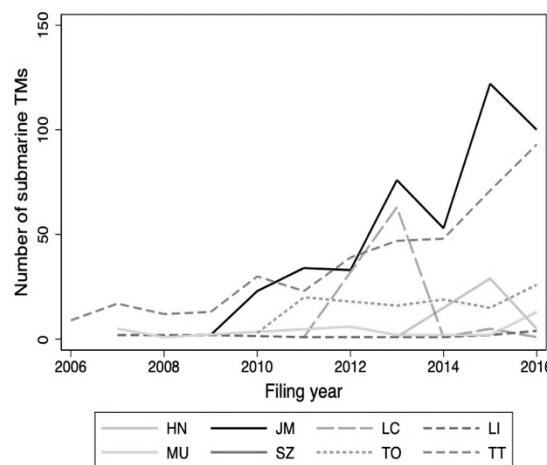
173. *Id.* at 3.

174. *Id.* at 15.

175. *Id.* at 14.

filings from 2006 to 2016 representing 0.03% of total applications filed.<sup>176</sup> A 2018 World Intellectual Property Organization (“WIPO”) Working Paper identified eight jurisdictions that account for most stealth filings.<sup>177</sup> While other jurisdictions provide the infrastructure needed for stealth filings, they account for a small share of overall stealth filings. The eight jurisdictions, mostly island countries with developing economies, are Honduras, Jamaica, Liechtenstein, Mauritius, Saint Lucia, Swaziland, Tonga, and Trinidad and Tobago.<sup>178</sup> The Working Paper’s Figure A-1 (Figure 1, *infra*) illustrates the rise of stealth filings in these jurisdictions, with the eight countries providing a venue for 1,136 stealth trademark filings over the documented ten-year period.

FIGURE 1. Submarine Filings by Submarine Jurisdiction



This figure shows the total number of trademark filings with the USPTO between 2002-2016 by a given applicant that claim priority in Honduras (HN), Jamaica (JM), Liechtenstein (LI), Mauritius (MU), Saint Lucia (LC), Swaziland (SZ), Tonga (TO), or Trinidad and Tobago (TT).

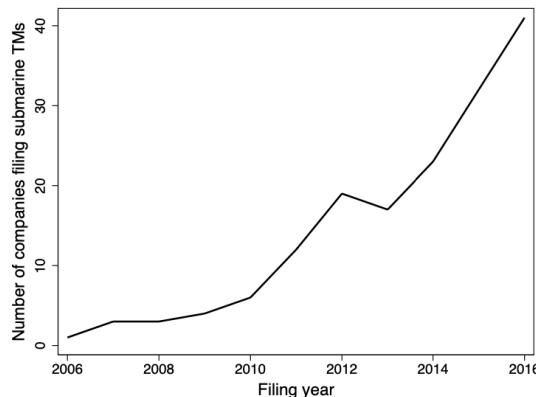
Source: Fink et al., *supra* note 168, app. at i fig. A-1.

176. *Id.*

177. *Id.* at 4.

178. *Id.*

FIGURE 2. Number of Companies Filing Submarine Trademarks



This figure shows the total number companies that filed at least one trademark with the USPTO between 2002-2016 that claims priority in Honduras (HN), Jamaica (JM), Liechtenstein (LJ), Mauritius (MU), Saint Lucia (LC), Swaziland (SZ), Tonga (TO), or Trinidad and Tobago (TT).

Source: Fink et al., *supra* note 168, app. at i fig. A-2.

Despite benefits to well-known brands, stealth filings can harm good faith trademark applicants. Applicants who file a legitimate mark and invest time and capital into their business and intellectual property can be deprived of their trademark rights. For example, company Alpha may file for a mark in Tonga on January 1, 2023. Alpha then has until July 1, 2023, to file in the United States while retaining the January 1 priority date. Thus, if company Beta files for the same mark in the United States on February 1, 2023, and Alpha files its section 44(d) application in the United States on June 1, 2023, Beta will lose its exclusionary rights to the mark. Despite Alpha's later application date, the USPTO will honor the priority filing date of Alpha's Tonga application. Even if Beta, in good faith, completed a thorough search of domestic and foreign registrations and pending applications, it would still be blind to the existence of Alpha's mark.<sup>179</sup>

Section 44(d) carves out an exception to the territoriality of the Lanham Act. Not only may priority, an essential aspect of securing and protecting trademark rights, be established through actions taken in a separate jurisdiction, but a section 44(d) applicant need not ever use the mark in a foreign jurisdiction. An ITU applicant can be rejected in a foreign

179. The untraceable nature of these ITU filings would not be accepted in other legal contexts. In real estate transactions, recording acts protect good faith purchasers against unrecorded transfers of property. Just as recorded deeds give the public constructive notice of property ownership, live databases of trademark applications and registrations are intended to provide constructive notice to future trademark applicants. See *Property Ownership and Deed Recording*, CAL. STATE BD. EQUALIZATION, [https://www.boe.ca.gov/proptaxes/pdf/Ownership\\_DeedRecording.pdf](https://www.boe.ca.gov/proptaxes/pdf/Ownership_DeedRecording.pdf) [https://perma.cc/JXJ4-DGCW].

jurisdiction and the priority date of that rejected application can still provide the basis for priority in the United States. This not only calls into question the territoriality principle's function, but also whether section 44(d) is rooted in the reality of *any* jurisdiction.

Section 44(d) serves as a temporary solution to the problems generated by a global marketplace operating within the confines of territorialism; however, this attempt to broaden the jurisdiction-based structure in the name of harmonization generates negative externalities. Thus, to lessen the tension between territoriality and the global marketplace, international solutions should work alongside the territorial system, rather than trying to fit within them. International cooperation through adoption and enforcement of a legally binding international registration and enforcement system would better effectuate the Paris Convention's goals.

### III. CURRENT INTERNATIONAL TRADEMARK OPERATION

While the territoriality principle limits the effectiveness and efficiency of globally operating brands, trademark owners have not been left alone to navigate international trademark protection. In attempts to harmonize intellectual property law, the international community has adopted treaties and systems such as the Paris Convention and the Madrid Protocol.<sup>180</sup> These treaties attempt to make foreign trademark protection more predictable and accessible. However, these agreements' focus on procedural trademark law leaves trademark owners without cohesive substantive law to effectuate their rights.

The Madrid Protocol<sup>181</sup> is an international trademark registration treaty that allows applicants to register a mark in up to 130 countries via a single application.<sup>182</sup> The registration system is administered by WIPO, an independent United Nations agency,<sup>183</sup> and is a cost-effective and efficient alternative to independent registration in each country.<sup>184</sup> Further, a Protocol

---

180. *See supra* notes 8–9.

181. *See* Madrid Protocol, *supra* note 9.

182. In 1989, the Madrid Protocol served as a necessary update to its predecessor, the Madrid Agreement. The Agreement was not signed by many countries, including the United States and United Kingdom, due to undesirable terms such as French serving as the only permitted application language and international registration being contingent on a home registration. Madrid Agreement Concerning the International Registration of Marks, *adopted* April 14, 1981, WIPO Pub. No. 204(E) [hereinafter Madrid Agreement]; Carvey, *supra* note 45.

183. *About WIPO*, WIPO, <https://www.wipo.int/about-wipo/en> [<https://perma.cc/ETG8-9LZR>].

184. Protocol applications are only available to marks registered or applied for with the applicant's trademark office of origin. An international application must include a reproduction of the mark, the goods and services, the countries where it seeks protection, and payment of a fee. Once the application is complete, the applicant's trademark office submits the application. Absent any irregularities or problems with the application, the mark is recorded on the International Register. The mark is granted a priority

registration is equivalent to a bundle of national registrations, which eases the burden of management. Any renewals or changes to the registration can be done through a single step rather than independently renewing or changing each registration. As a trademark owner's global presence increases, so too can its Madrid Protocol coverage.<sup>185</sup>

The Protocol's popularity has consistently increased since its creation, with registration tripling from 20,000 in 1998 to over 60,000 in 2018.<sup>186</sup> This increase coincides with the rise of international trade and the Internet. Additionally, the need for international protection of intellectual property is no longer limited to sophisticated, prosperous trademark owners; instead, small and medium enterprises can establish an international presence, as barriers to transnational trade and communication have been lowered. The Madrid Protocol services these less sophisticated applicants, who may lack trademark counsel, by providing a user-friendly system that allows for simple, widespread application in a single language and currency.<sup>187</sup>

However, the Madrid Protocol's benefits are limited by its operation within the confines of each signatory's territorial trademark system. An international registration granted by WIPO is still subject to each country's examination and national laws. Thus, territoriality remains a central aspect of the Protocol because each country independently determines whether it will provide registration and legal protection.<sup>188</sup> The Protocol provides a streamlined procedure but lacks substantive solutions to discordant trademark laws. Therefore, the Protocol's registration process delegates decision-making to sovereigns and thus allows for retained trademark law customization but side-steps proper harmonization.

---

date of its initial submission to the trademark office, so long as the application was submitted to the Bureau within two months, or it is granted a priority date of its initial registration under article 4 of the Paris Convention. *Accession Kit: The Madrid System for the International Registration of Marks*, WIPO, [https://www.wipo.int/documents/d/madrid-system/docs-en-accession\\_kit.pdf](https://www.wipo.int/documents/d/madrid-system/docs-en-accession_kit.pdf) [https://perma.cc/S6J6-WCHW].

185. *Hatsune Miku: Giving Creativity a Voice Beyond the Physical Realm*, WIPO 3, <https://www.wipo.int/web/ip-advantage/w/stories/hatsune-miku-giving-creativity-a-voice-beyond-the-physical-realm> [https://perma.cc/AG56-5EG6].

186. *Celebrating 30 Years of the Madrid Protocol*, WIPO (June 26, 2019), [https://www.wipo.int/web/madrid-system/w/news/2019/news\\_0019](https://www.wipo.int/web/madrid-system/w/news/2019/news_0019) [https://perma.cc/A2AN-AMAD].

187. *The Madrid Protocol: A Route to Global Branding*, INTELL. PROP. INDIA 8 (Jan. 2018), [https://ipindia.gov.in/writereaddata/Portal/IPOGuidelinesManuals/1\\_93\\_1\\_THE\\_MADRID\\_PROTO\\_COL.pdf](https://ipindia.gov.in/writereaddata/Portal/IPOGuidelinesManuals/1_93_1_THE_MADRID_PROTO_COL.pdf) [https://perma.cc/EQP7-X8ME].

188. *Madrid Protocol*, USPTO, <https://www.uspto.gov/ip-policy/trademark-policy/madrid-system-international-registration-marks-madrid-protocol> [https://perma.cc/MJA4-4HSX].

#### IV. ALTERNATIVES & POLICY IMPLICATIONS

The inability to constrain trademarks within sovereign borders calls for a set of harmonized trademark laws with legal force; however, a sovereign state's ability to customize its trademark law to its citizens' needs and the ever-changing demands of commerce weigh in favor of maintaining a territorial system. Thus, the ideal outcome is a trademark scheme that allows for harmonizing and customizing of trademark law. Introducing a legally enforceable, self-executing international system that coexists alongside sovereign nations' statutory trademark systems, rather than attempting to squeeze harmonization into a misfitting territorial-bound system, would help achieve this balance. Viable solutions include the International Community Trademark, modeled after the European Union Trademark, or a system that mirrors that of the Uniform Domain Name Dispute Resolution Policy ("UDRP").

##### A. INTERNATIONAL COMMUNITY TRADEMARK

In 1993, the European Union Intellectual Property Office ("EUIPO") established the European Union Trademark ("EUT"),<sup>189</sup> a mark that, once filed, is enforceable throughout all twenty-eight EU member states.<sup>190</sup> Like the Madrid Protocol, a single registration establishes its legal presence in all other states; however, the EUT system is unique, as registration provides automatic legal effect and is not subject to each nation's independent determination. The mark becomes enforceable within each member state's EU trademark court, provided it withstands any challenge. EU member states have designated courts to enforce EUTs under EU Trademark regulations. Thus, both registration and enforcement are uniform across member states. This single registration process reduces applicants' filing costs and gives trademark owners a sense of security not provided by the Madrid Protocol. This trademark system has proven to be widely popular. In its first year of operation, more than 40,000 applications were submitted, greatly exceeding the 15,000 to 20,000 applications the Office anticipated receiving.<sup>191</sup> In 2021, the number of applications reached nearly 200,000.<sup>192</sup> While there was concern that it would be "almost impossible" to register a new EUT due to the large number of preexisting marks, only around 16% of applied for EUTs

---

189. See Regulation 2017/1001, of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark, 2017 O.J. (L 154) (EU).

190. *Id.*

191. ALEXANDER VON MÜHLENDAHL, DIMITRIS BOTIS, SPYROS MANIATIS, & IMOGEN WISEMAN, TRADE MARK LAW IN EUROPE 7 (3d ed. 2016).

192. *EUIPO Statistics for European Union Trade Marks*, EUIPO, [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/about\\_euiipo/the\\_office/statistics-of-european-union-trade-marks\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euiipo/the_office/statistics-of-european-union-trade-marks_en.pdf) [https://perma.cc/4KZM-KVUJ].

have been opposed by prior mark holders.<sup>193</sup> Thus, even in a cross-border trademark system, there are plenty of marks to go around.

An EUT does not replace a nation's trademarks but coexists with them.<sup>194</sup> Each mark has equal rank. Therefore, in the case of a conflict between an EUT and national trademark, priority controls. This approach extends to the extension of rights in new EU Member States. For example, in 2004, when ten Member States joined the EU, the rights of all previous EUTs were extended into these jurisdictions, with the limiting principle that preexisting national marks in these Member States prevailed over European Union Trademarks.<sup>195</sup>

The complementary system allows applicants to register the same mark at the national level, EU level, or both.<sup>196</sup> This system caters to the differing needs of applicants, as applicants' filing choices may depend on their size, market, or geographical presence. This system is not completely unlike the way state and federal trademarks coexist in the United States.

An international system modeled after the EUT would allow for cooperation, consistency, and confidence in international trademark operation and protection. This Note refers to this system as an International Community Trademark ("ICT"). Unlike the Madrid Protocol—the only current model that allows for widespread application—an ICT's registration would grant automatic legal effect and would not be subject to further examination by each jurisdiction's legal system. Instead, a neutral, international administrative body, such as WIPO, would administer the application approval process.<sup>197</sup> This would mirror the way EUTs are automatically enforceable and administered by EUIPO.

In addition to community registration, the ICT system would involve enforcement via infringement prosecution. An enforcement system would provide necessary consistency, as marks would be subject to the same regulations internationally, rather than the current ad hoc approach to trademark enforcement across different jurisdictions. Further, unlike EUTs, this system would not impose the burden of enforcement on nations' preexisting court systems. Instead, ICTs would be enforced by a

---

193. MÜHLEDAHL ET AL., *supra* note 191, at 8.

194. *Id.* at 7.

195. *Id.* at 14.

196. *Trade Mark Protection in the EU*, EUR. COMM'N, [https://single-market-economy.ec.europa.eu/industry/strategy/intellectual-property/trade-mark-protection-eu\\_en](https://single-market-economy.ec.europa.eu/industry/strategy/intellectual-property/trade-mark-protection-eu_en) [https://perma.cc/V4XQ-T4SS].

197. WIPO has a preexisting Arbitration and Mediation Center that offers international alternative dispute resolution services "to settle . . . domestic or cross-border commercial disputes." *Alternative Dispute Resolution*, WIPO, <https://www.wipo.int/amc/en/index.html> [https://perma.cc/QJ7X-URT7].

nongovernmental neutral body, administering decisions in a manner similar to the TTAB's operation in the United States or the Internet Corporation for Assigned Names and Numbers ("ICANN") in domain name disputes, as discussed below.

Most importantly, ICTs would not replace each nation's trademark system but would coexist with it. The dual system circumvents sovereignty issues by allowing for a continuation of territorial-bound marks, while introducing borderless marks. Thus, the ICT would serve as a balanced response to the growing international demands of trademarks by allowing for actual harmonization and continued customization.

An example helps demonstrate the practical manner in which these trademark systems would coexist. Suppose a Canadian company has trademarked "ROOTS" for outerwear clothing at the national level. Upon establishment of an ICT system, the Canadian company would have an opportunity to register an ICT for "ROOTS"; however, if the company did not register the ICT and an American company wanted to register "ROOTS" for clothing as an ICT, the Canadian mark would serve as an obstacle for protection of the new mark. In this case, the Canadian brand could prevent use of the American "ROOTS" ICT in its territory. This structure resembles the treatment of state and federal trademarks in the United States. Federal registration, like an ICT registration, does not override registration at the state level. Instead, a state mark can continue to be used within the geographical confines of that jurisdiction even after the registration of an identical third-party mark at the federal level.

However, the ICT has disadvantages inapplicable to the Madrid Protocol. The Community Mark system creates a high-risk, high-reward dynamic. An ICT modeled after the EUT would grant a "single registration covering several countries, [whereas] a Madrid registration represents a mechanism for obtaining a bundle of national trademark rights."<sup>198</sup> Under the Madrid Protocol, a rejected application does not prevent an applicant from pursuing registration via the same application in other jurisdictions. However, rejecting an ICT would result in the refusal of registration in all member states. Applicants could receive protection at the national level under the complementary system; however, the goal of creating a consistent, efficient registration system would be frustrated.

Additionally, converging procedural and substantive rights through an ICT implicates international comity. While a neutral body would create and execute the system's substantive law, harmonizing disparate trademark law

---

198. Michael J. Schwab, *Registering a Madrid Protocol Trademark*, PRAC. L. INTELL. PROP. & TECH., <https://uk.practicallaw.thomsonreuters.com/w-011-0443> [<https://perma.cc/FM4E-YK2L>].

presents a significant challenge. This challenge is not insurmountable, as evidenced by the existence of the EUT; however, bridging varying international trademark laws presents challenges beyond those involved in regional harmonization. The manner used to establish trademark rights represents a basic rift in sovereigns' substantive laws. Would ICT rights be established on a first-to-file basis, on which the United States operates a modified version, or on a first-to-use basis, the way most sovereign jurisdictions grant priority? In considering equitable answers to these questions, it is critical to recognize that "United States law governs domestically but does not rule the world," as is true for foreign superpowers.<sup>199</sup>

Thus, an ICT has the potential to provide more efficient, comprehensive protection to trademark owners but would require heightened applicant attention and care.

#### B. UDRP CYBERSQUATTING FRAMEWORK

In 2000, ICANN adopted the UDRP to address the international issue of cybersquatting.<sup>200</sup> Cybersquatting involves the bad faith use of a domain name. The UDRP provides four examples of bad faith use of a domain name: (1) holding the domain name for ransom from the trademark owner; (2) registering the domain name to block the trademark owner; (3) registering the domain name to disrupt the business of a competitor; and (4) registering the domain name to confuse users into coming to the website.<sup>201</sup> ICANN requires global top-level registrars—companies registering domain names and providing IP addresses—to include the UDRP in all domain name contracts. The policy creates a mandatory dispute resolution process for "abusive registrations," such as cybersquatting.<sup>202</sup> Panelists, who consist of a geographically diverse set of experienced attorneys, oversee the process. These panelists serve ICANN-approved dispute resolution providers. Currently, ICANN has six approved providers, including the Asian Domain Name Dispute Resolution Centre and the Arab Center for Dispute Resolution.<sup>203</sup> The providers have geographically diverse bases but operate worldwide with distinct specialties.

The UDRP, which "represents the first example of a truly global body

---

199. Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 454 (2007).

200. Uniform Domain Name Dispute Resolution Policy, ICANN, § 4(b), <https://www.icann.org/resources/pages/policy-2024-02-21-en> [<https://perma.cc/Y9TU-PKL2>].

201. *See id.*

202. ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (UDRP) STATUS REPORT 4 (2022) [hereinafter UDRP STATUS REPORT], <https://itp.cdn.icann.org/en/files/consensus-policy/udrp-policy-status-report-03-03-2022-03-03-2022-en.pdf> [<https://perma.cc/757L-UBLV>].

203. *Id.* at 29–30.

of intellectual property enforcement,”<sup>204</sup> has served as a successful dispute resolution system over the past twenty-three years. This system is the byproduct of “global consensus and contract, not . . . governmental enactment and coercion.”<sup>205</sup> The UDRP is an effective alternative to traditional jurisdictional legal disputes, and its role in the international community continues to grow. From January 2013 to December 2020, UDRP complaints grew by 6% on average, totaling 38,349 for the entire period.<sup>206</sup> Further, these disputes, from filing to decision, took, on average, forty-six days.<sup>207</sup> The true expediency of UDRP disputes is revealed when considering “civil cases in the U.S. district courts have a median length of 27 months from filing to trial, and close to 10% of cases have been pending for over three years.”<sup>208</sup>

The UDRP’s informal approach to dispute resolution would allow for a more expedient and convenient process for international parties. With 18.1 million trademarks filed in a single year, the sheer magnitude of potential disputes requires an international system that can handle the demand.<sup>209</sup> By relying on panels—free from the hierarchical and formalistic standards of courts—to make decisions, the UDRP model increases efficiency in dispute resolution. Parties to international disputes also hail from different parts of the globe. Therefore, by eliminating in-person hearings, parties would not be burdened by international travel and panelists could make quicker decisions.<sup>210</sup> However, panelists would still operate in a way consistent with typical legal proceedings. While the system benefits from efficiency and informal proceedings, there are high standards for the quality of decision-makers and the decision-making process itself. Per the UDRP model, panelists would be “selected on the basis of their well-established reputation for their impartiality, sound judgment and experience as decision-makers, as well as their substantive experience.”<sup>211</sup> Additionally, these proceedings aim to achieve “a high degree of predictability and consistency . . . through consensus or precedent.”<sup>212</sup> Thus, this system would more likely achieve the Paris Convention’s goal of predictability—currently accomplished via the

---

204. MCCARTHY, *supra* note 15, § 25A:21.

205. *Id.*

206. UDRP STATUS REPORT, *supra* note 202, at 11.

207. *Id.* at 45.

208. JOANNA R. LAMPE, CONG. RSCH. SERV., IF11349, LAWSUITS AGAINST THE FEDERAL GOVERNMENT: BASIC FEDERAL COURT PROCEDURE AND TIMELINES (2020), <https://sgp.fas.org/crs/misc/IF11349.pdf> [<https://perma.cc/PKW8-C89M>].

209. WIPO, *supra* note 13.

210. WIPO *Guide to the Uniform Domain Name Dispute Resolution Policy (UDRP)*, WIPO, <https://www.wipo.int/amc/en/domains/guide/#a4> [<https://perma.cc/W9MP-7GK6>].

211. *Id.*

212. UDRP STATUS REPORT, *supra* note 202, at 22.

National Treatment principle—than the current model. Rather than requiring parties to understand the changing ways sovereigns interpret and enforce trademark law, parties could look to the decision-making of a single enforcement body.

A UDRP-like enforcement system would need to work in tandem with a legally enforceable, self-executing international system. An international enforcement system is only effective if it has a uniform set of laws to enforce. Therefore, just as global consensus would be critical in the creation of an ICT, the same would be required for establishing an international dispute resolution system. The UDRP's structure establishes a replicable framework for adjudicating a more diverse set of trademark disputes.

However, trademark infringement disputes are typically more complex than those involving cybersquatting and thus require a more nuanced decision-making process. The rapid turn-around time for UDRP disputes is a byproduct of their limited scope and lack of in-person hearings. UDRP Panels make decisions upon review of filed Complaints and Responses from the relevant parties.<sup>213</sup> This is adequate for cybersquatting cases because the UDRP has outlined a strict set of criteria that constitute an abusive registration; however, multi-jurisdictional trademark infringement cases set forth issues that are not present in cybersquatting disputes. For example, “Nike” may exist in different countries to identify shoes and athletic apparel but there can only be one *nike.com*. Thus, while there can only be one domain name, trademarks may coexist in different sovereign jurisdictions, presenting nuanced issues that may not be able to be settled within a forty-six-day window.

A comprehensive international trademark dispute resolution system would undoubtedly involve unprecedented challenges, yet the UDRP serves as a successful, small-scale test case for what this system could look like in practice.

## CONCLUSION

Territoriality has been deemed a basic tenant of domestic and international trademark law; however, it is incompatible with a globalized, modern world. Practically, the principle no longer exists in its originally intended form due to U.S. courts' circumvention and international treaties' attempts at harmonization. The system has needed an update for some time, yet the need is more pressing than ever before due to the Supreme Court's recent decision to effectively eradicate the Lanham Act's extraterritorial

---

213. WIPO, *supra* note 210.

application. While domestic trademark owners may still effectuate their rights at the national level, through foreign registration, or through the Madrid Protocol, this siloed approach to trademark rights is inadequate. It has harmed both well-known brands, whose goodwill is traded on in bad faith, and emerging brands, whose good-faith, responsible brand establishment can be dismantled due to stealth filing. However, this Note does not advocate for a return to the universality principle. Instead, it suggests a dual system.

It is crucial that this updated system does not attempt to fit a square peg into a round hole in the way previous agreements have attempted to fit harmonization into a jurisdictional-bound system. A dual system would preserve the benefits of a territorial-bound trademark system—customization of trademark laws and international comity—and cater to the demands of a globalized economy in which brands transcend borders. A legally enforceable, self-executing international system would provide trademark owners with a cost-effective, efficient, and reliable approach to trademark protection. This especially benefits small to medium-sized enterprises that are entering multinational markets more easily and may not be equipped with the resources to navigate foreign intellectual property protection. Additionally, international enforcement reduces the unpredictability of sovereign decision-making and ensures that agreed-upon principles become a reality and are not shrugged-off as non-self-executing. The ICT and UDRP are not exhaustive solutions to the problem; rather, they provide a useful starting point to guide further discussion of the future of international trademark operation. While scaling either system presents unique challenges, both systems' current success provides a glimmer of hope.

Finally, globalization is not going away, and the world is more interconnected than ever before. The growth of information technology and communication platforms as well as the decrease in business scaling and trade barriers have facilitated the ubiquity of trademarks in daily life.<sup>214</sup> While the explosive growth of global trade may slow in the coming years, the need for international trademark protection will not wane.<sup>215</sup> Therefore, regardless of the form of international solutions to the trademark problems, the Lanham Act must find a way to better reconcile harmonization and customization.

---

214. Sebastian Franco Bedoya, *Is Globalization in Retreat? Here is What a New Study Shows*, WORLD BANK BLOGS: THE TRADE POST (July 19, 2023), <https://blogs.worldbank.org/trade/globalization-retreat-here-what-new-study-shows> [https://perma.cc/8V3V-WAUV].

215. See *Trade Growth to Slow Sharply in 2023 as Global Economy Faces Strong Headwinds*, WTO (Oct. 5, 2022), [https://www.wto.org/english/news\\_e/pres22\\_e/pr909\\_e.htm](https://www.wto.org/english/news_e/pres22_e/pr909_e.htm) [https://perma.cc/C5Z7-S529].