The early decades of the 21st Century may well become known in the annals of intellectual property development as the period when “everything old is new again.” There is one ancient doctrine that has not yet enjoyed a similar renaissance, despite its clear application to today’s new, global, digital economy. It is the old (and currently discredited) view that trademarks and other commercial symbols are universal in nature. First given credence in early US cases regarding the importation of grey market, or parallel imports, the doctrine of universality was gradually replaced by a view of trademarks as creatures of nation states—pure territorial objects. Such limited view served trade protectionist goals which have been rejected in today’s global environment of comparative free trade. This article examines the newly evolving nature of trademarks as “unitorrial” marks in today’s global, digital marketplace. It contends that this new quasi-universal, quasi-territorial nature demands a re-examination of domestic and international trademark law, including the treatment of famous marks, domain names, geographic indications and grey market imports, and the determination of international fora for enforcement. The article concludes by suggesting areas where changes in treatment must be examined in light of this new “unitorrial” trademark.
"UNITORRIAL" MARKS AND THE GLOBAL ECONOMY

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In the early days of my law practice, I occasionally was required to consider whether an advertised brand of a product such as milk, that commanded a higher retail price than an unadvertised brand of the identical product was a good of "like grade and quality. . . ." A straightforward application of Juliet's observations about roses provides us with an easy answer, but I often wondered whether trademark lawyers or economists might have a different view.

Justice John Paul Stevens1

The early decades of the twenty-first century may well become known in the annals of intellectual property development as the period when "everything old is new again."2 Despite the advances in technology and global trade,3 legal protection seems to be moving backwards. Piracy is as much a global trade issue as it was in the 1800's when foreign authors, desperate to protect their works from international piracy convened the first international conference in copyright protection.4 Scholars and judges have questioned the desirability of copyright protection with as much vigor as Lord Thomas Macaulay when he railed against the "evils" of copyright

* Professor of Law, The John Marshall Law School. J.D. Cornell Law School. The author would like to thank Justice Stevens for the inspiration for this article. His comments about Banbury Tarts in Chicago led me to wonder whether those early English bakers would have had a cause of action against the "colonialists" usurpation of their renowned source designator. I would also like to thank Karen Long, Ted Field, Karl Moresch, and Brian McGraw who assisted in some of the research supporting this article.


2 An age-old cliché that continues to have relevance in the Global Digital Age.


protection in his famous speech before the House of Lords in 1841. U.S. courts appear to have resurrected the discredited doctrine of election in an effort to restrict the protections available for multi-use intellectual property. There is one ancient doctrine, however, that has not yet enjoyed a similar renaissance, despite its clear application to today’s new, global, digital economy. It is the old (and currently discredited) view that trademarks and other commercial symbols are universal in nature. First given credence in early U.S. cases regarding the importation of grey market, or parallel imports, the doctrine of universality was gradually replaced by a view of trademarks as creatures of nation states—pure territorial objects. Such limited view served trade protectionist goals which have been rejected in today’s global environment of comparative free trade. I do not mean to suggest that commercial symbols such as Coca-Cola®, CNN®, MTV® or Mickey Mouse® are “universal” in the incompletely reasoned sense of nineteenth- and early twentieth-century scholars. I do mean, however, that the old ideas of territoriality and universality must be reconfigured to reflect the reality of these symbols and their changed nature in the twenty-first century global markets.

This Article examines the newly evolving nature of trademarks as “unitorrial” marks in today’s global, digital marketplace. It contends that this new quasi-universal, quasi-territorial nature demands a reexamination of domestic and international trademark law, including the treatment of famous marks, domain names, geographic indications and grey market imports, and the determination of international fora for enforcement. Part I of this Article briefly explores the transformation in consumer authentication functions of trademarks in the latter

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5 Thomas Macaulay, The First Speech on Copyright (Feb. 5, 1841), in MACAULAY’S SPEECHES ON COPYRIGHT AND LINCOLN’S ADDRESS AT THE COOPER UNION 18, 23 (Charles Robert Gaston ed. 1914) (describing copyright as an “evil that ought not to last a day longer than is necessary for the purpose of securing the good” which he defined as a “supply of good books”).


7 I am using the term “trademarks” in its broad, non-technical sense to refer to any term, phrase, device, symbol, logo or sign that serves to distinguish one undertaking’s goods and/or services from those of another. See generally 15 U.S.C. § 1127 (2000) (defining a trademark as “any word, name, symbol, or device, or any combination thereof . . . to identify and distinguish, his or her goods”); Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Apr. 15, 1994, Art. 15, 33 I.L.M. 81 [hereinafter TRIPS] (defining trademarks as “any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings”).

8 “Grey market” goods (also referred to as “parallel imports”) are products which are legitimately manufactured in one country, but are being imported into another country without the authorization of the trademark owner of the country of importation. See, e.g., K Mart Corp. v. Cartier, Inc., 486 U.S. 281, 285 (1988) (defining a “grey market” good under U.S. law as “a foreign manufactured good, bearing a valid United States trademark, that is imported without the consent of the United States trademark holder”). They should be distinguished from “counterfeit goods” which are trademarked goods whose manufacture was not authorized by law in the country of manufacture.

9 See, e.g., Apollinaris Co. v. Scherer, 27 F. 17, 22 (C.C.S.D.N.Y. 1886) (allowing the importation of grey market spring water based on the universal nature of trademark rights); see also discussion infra Part II.

10 See discussion infra Part III.
decades of the twentieth century. Part II examines the growth and foundations of early universalist treatment for international marks. Part III examines the subsequent emergence of the doctrine of territoriality and its implications for the international protection of marks. Parts IV and V examine the errors behind post-territorial treatment of trademarks and explain why universality must be re-examined, and Part VI explores what the unitorrial nature of current trademarks and other source authenticators means for future protection of trademarked goods in international commerce. The Article concludes by suggesting areas where changes in treatment must be examined in light of this new “unitorrial” trademark.

I. THE EVOLVING NATURE OF “PROPERTIZED” TRADEMARKS

As Justice Stevens so aptly demonstrated in his speech, “Section 43(a) of the Shakespeare Canon of Statutory Construction,” given as The Beverly W. Pattishall Inaugural Lecture in Trademark Law at the John Marshall Law School, marks bring certain presumptions to consumers about the quality and nature of the goods and services they represent. In addressing the age-old dispute about the proper source designator for the Shakespeare Canon—William Shakepeare or Edward De Vere, the seventeenth Earl of Oxford—Justice Stevens noted that resolution of who is the author of the canon might have a direct impact on our presumptions regarding the value of the written work. Would we enjoy a work by De Vere with the same pleasure we experience when reading one by William Shakespeare? “I suppose Juliet would say that the same presumption would prevail, but it is at least possible that more knowledge about the author might lessen . . . that presumption.”

Because of the critical importance of source designators, and their invaluable role as quality communicators for consumers, disputes over the scope of protection to be afforded these authenticators continue to be exceptionally hard-fought.

Trademarks have undergone a profound transformation in the latter half of the twentieth century. With the enactment in the United States in 1995 of the Federal Trademark Dilution Act, trademarks were transformed from creatures whose protection was based on protecting the public from consumer confusion, to “pure”

Stevens, supra note 1, at 188.

The Federal Trademark Dilution Act of 1995, 15 U.S.C. §§ 1125(c), 1127 (2000), provides civil remedies to prohibit the unauthorized use in commerce of a “famous and distinctive” mark which “causes dilution of the distinctive quality of the mark.” § 1125(c). It provides for such relief regardless of whether the use in question causes a likelihood of confusion. § 1127 (defining “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . competition between the owner of the famous mark and the other parties; or . . . likelihood of confusion, mistake or deception”).

It is beyond the scope of this article to discuss in full the ongoing debate regarding the “property” versus “public interest” nature of trademark rights, although such debate undeniably has a direct impact on the perceived nature of trademarks as creatures of territorial invention. Courts have long recognized the “property” nature of trademark rights. As early as 1879, the Supreme Court in the Trade-mark Cases, while denying the ability of Congress to enact federal trademark legislation under the Copyrights and Patents Clause of the U.S. Constitution, Article 1, Section 1, Clause 8, acknowledged that trademark rights represented a “long-recognized” property right belonging to the mark owner. The Trade-mark Cases, 100 U.S. 82, 92 (1879); see also Coll. Sav. Bank v. Florida Pre-paid Post-Secondary Educ. Expense Bd., 529 U.S. 666, 673 (1999) (“The
items of commercial property whose existence and protection depended solely on the amount of “commercial magnetism” the marks possessed. This “commercial magnetism”—reflected by the statutory requirement that the mark be “famous and distinctive” before it could be transformed into a “pure” property interest—is

Lanham Act may well contain provisions that protect constitutionally cognizable property interests.

As early as 1838, the court in Millington v. Fox, 40 Eng. Rep. 956 (Ch. 1838) in dicta indicated that trademarks were a form of property whose unauthorized use could be prohibited. See also Scandinavia Betting Co. v. Asbestos & Rubber Works of Am., Inc., 257 F. 937, 941 (2d Cir. 1919) (“The right of property in trademarks has come to be recognized as of immense and incalculable value.”).

Nevertheless, until the Federal Trademark Dilution Act (“FTDA”), relief for infringing a trademark owner’s property interest under federal trademark law was based solely on whether such use resulted in a likelihood of confusion to the public regarding the source or sponsorship of the goods or services at issue. See, e.g., DORIS E. LONG, UNFAIR COMPETITION AND THE LANHAM ACT §§ 2.4, 2.5 (1993) (discussing the requirement of likely confusion before protection for trademark infringement attaches). See generally Polaroid Corp. v. Polarad Elecs. Corp, 287 F.2d 492, 495 (2d Cir. 1961) (establishing an eight factor test of deciding likely confusion). Thus, regardless of language regarding the “psychological function” which occurred in certain early cases, see, e.g., Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge, 316 U.S. 203, 205 (1942), the reality is that relief was not available absent some potential public confusion. Consequently, any “property interest” which a trademark owner had was subject to a case by case analysis of the public interest involved in protecting such trademark.

This treatment was vastly different from the “property” interests granted copyright and patent owners. Thus, for example, under U.S. copyright law, protection is granted when a work is confusingly similar to another’s. See, e.g., Sid & Marty Krofft Television Prods., Inc. v. McDonald’s Corp., 562 F.2d 1157, 1165 (9th Cir. 1977) (granting rights based on public confusion regarding the sponsorship of certain characters used to advertise defendant’s fast food). The question of public interest is not raised, except in the nature of the remedies being sought. Thus, for example, a request for injunctive relief raises an issue regarding the balance of harms, but such balancing is no different than the balancing used in any other case where the issue of injunctive relief is raised.

Under the Federal Trademark Dilution Act, a trademark owner under the statute is entitled to relief for dilution regardless of whether such dilution “causes confusion.” 15 U.S.C. § 1127 (dilution defined as the “lessening of the distinctive capacity of the mark regardless of the presence or absence of . . . likelihood of confusion . . .”). Thus, aside from the jurisdictional requirement of interstate commerce in order to obtain relief, a trademark owner must only demonstrate that his mark is “famous and distinctive” and that the junior user's use “causes dilution.” Id. Given the potentially broad definition of dilution (“blurring” the distinctive quality of the mark), protection under the Act does not depend on its face on the public interest, but instead on the famousness of the mark. This places the protection of the property interest in trademarks in accordance with that recognized by its sister intellectual property forms—copyrights and patents.

I should note, however, that despite the plain language of the statute removing any consideration of likely confusion, courts have re-inserted these considerations into their analysis of “likely dilution” under the Act. Thus, for example, in Nabisco Inc. v. PF Brands, Inc., 191 F.3d 208, 227 (2d Cir. 1999), the court in determining a claim of dilution based on the unauthorized use of goldfish shaped crackers which purportedly infringed plaintiff's goldfish shaped crackers, relied on a ten-factor test for likely dilution under the FTDA. This test included consideration, inter alia, of the proximity of the products and the likelihood of bridging the gap, the sophistication of consumers and the presence of actual confusion as a result of the allegedly diluting use. Id. at 218-19. All of these factors are key elements in a likelihood of confusion analysis under traditional trademark doctrines. See supra text accompanying note 13.

15 U.S.C. § 1125(c) (establishing an eight-part test for determining whether marks are “distinctive and famous”). Courts have generally required marks to qualify as both distinctive and famous in order to qualify for dilution protection under the FTDA. See, e.g., TCPIP Holding Co.,
primarily a reflection of the “price” paid for the mark in advertising dollars and commercial use. The development of the Internet and the commercial significance of domain names have changed trademark rights from product and source identifiers to commercial signposts for digital trade and information exchanges.

Indeed, many scholars have criticized the efforts of trademark owners to “propertize” their rights into the digital domain by establishing legal remedies for the reservation and use of domain names that simulate marks.

The transformation of trademarks in the latter half of the twentieth century is not limited to these singular efforts to change trademarks into “pure” property. To the contrary, global trade and the Internet (among other factors) have further altered the nature of trademarks so dramatically that old labels are not longer useful. Instead of being creatures of domestic or territorial creation and action, trademarks have evolved into “unitorial” creatures for which new rules of protection must be created in recognition of this evolution.

II. NINETEENTH CENTURY UNIVERSALITY

Global trade is not a new phenomenon. To the contrary, intercontinental trade dates back to, at least, the time of Mesopotamia during the third millennium B.C. when it imported raw materials for use in its burgeoning international economy. Babylonia and Indian societies were reportedly engaging in cross-continental trading as early as 800 B.C. Just as global trade is not a new phenomenon, neither is the role of trademarks as a means for encouraging international sales based upon the reputation of a mark. The earliest reported trademark, used to designate the origin of a particular good, appears to have been a potter’s mark found on Mesopotamian Inc. v. Haar Communications, Inc., 244 F.3d 88, 98 (2d Cir. 2001) (mark must be famous and distinctive for relief under FTDA to lie). In order to qualify for protection under the Federal Trademark Dilution Act, a mark must be both “famous and distinctive.” 15 U.S.C. § 1125(c). Such fame must have been acquired prior to the junior use of the mark under challenge. Id.

Fame is largely a reflection of the extent of use of a mark, including its use in advertising and the amount of goods sold bearing the mark. See, e.g., 15 U.S.C. § 1125(c) (establishing an eight factor test for fame and distinctiveness that requires consideration of, inter alia, the duration and extent of the use of the mark and of advertising and publicity for the mark at issue).

See infra text accompanying note 112.


One of the most significant examples of such “propertization” has been the enactment of the Anti-Cybersquatting Consumer Protection Act which prohibits the bad faith registration, trafficking in or use of a domain name that is identical or confusingly similar to a distinctive mark or dilutive of a famous mark. 15 U.S.C. § 1125(d). With a few notable exceptions, trademark owners have generally been successful in challenging unauthorized domain names containing trademarks. See, e.g., Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc., 202 F.3d 489, 495 (2d Cir. 2000) (unauthorized registration of domain name containing plaintiff’s trade name and mark prevented under Anti-Cybersquatting Consumer Protection Act). But see Ford Motor Co. v. Greatdomains.Com, Inc., 177 F. Supp. 2d 635, 652 (E.D. Mich. 2001) (“Nothing in trademark law requires that title to domain names that incorporate trademarks or portions of trademarks be provided to trademark holders.”).

Held & McGrew, supra note 3, at 152.

Id.
pottery over 3500 years ago. While trade and the use of trademarks in such trade remain a constant, the nature of goods being traded and the scope of such trade has changed dramatically.

The Industrial Revolution of the eighteenth century fueled renewed interest in "freer trade," which in turn lead to the economic imperialism of the nineteenth century. This imperialism, with its emphasis on the use of foreign colonies as sources of raw materials and markets for finished goods, contributed to an explosion in international trade. Not only were ever increasing numbers of countries involved in cross-border trade, but the types of goods being traded expanded beyond the luxury items of earlier days to items of mass consumption. This growth fueled by, inter alia, rapidly improving methods for transporting such goods and growing numbers of consumer for these new consumer products, lead courts to recognize the universal nature of trademark rights.

In one of the earliest reported cases in the United States regarding the importation of what is now referred to as a "grey market" good, Apollinaris Co. v.
Scherer, the predecessor to the Court of Appeals for the Second Circuit recognized that trademarks were universal in nature, and, therefore, beyond the control of a domestic trademark owner. In Apollinaris, the owner of an exclusive right to export mineral water from a spring in Hungary challenged the unauthorized importation by a third party of bottled water from the same spring. The defendant importer had purchased the bottled spring water in Germany. Both the plaintiff's and the defendant's bottled water were manufactured by the same company in Hungary, using water from the same spring, and bearing the same legitimately affixed "Hunyadi Janos" trademark. The court acknowledged that defendant's importation of "Hunyadi Janos" spring water had deprived the plaintiff of the "substantial advantage" which it expected to gain from its exclusive U.S. distribution rights with the Hungarian mark owner:

[The plaintiff] can no longer maintain its own prices for the mineral water, or hold out the inducements it formerly could to the agents it has selected to introduce the article to the patronage of the public, and build up a trade. It can no longer protect itself as efficiently against the chances of a spurious article being palmed off upon the public as its own.

Despite the fact that these harms "measurably deprived [the plaintiff] . . . of the profits . . . contemplated when it purchased . . . the exclusive right of importing water into this country and selling it here," the court rejected the plaintiff's efforts to rely on its U.S. trademark in order to prevent the unauthorized importation. The plaintiff had no "territorial title to the products of the spring." More importantly, the court found no violation of the plaintiff's rights, since the "Hunyadi Janos" mark legitimately denoted the source of the goods. Without using the term "universal," the court recognized that the source-designating function of the mark was not constrained by the plaintiff's territorial rights:

[The defendant is selling the genuine water, and therefore the trade-mark is not infringed. There is no exclusive right to the use of a name or symbol or emblematic device except to denote the authenticity of the article with which it has become identified by association. The name has no office except to vouch for the genuineness of the things which it distinguished from all counterfeits: and until it is sought to be used as false token to denote that the product or commodity to which it is applied is the product of commodity which it property authenticates, the law of trademark cannot be invoked.

TECH. L.J. 445 (1997). See also infra note 38 and accompanying text. For an interesting analogy between cyberspace and the grey market, see Shubha Ghosh, Gray Markets in Cyberspace, 7 J. INTELL. PROP. L. 1, 6 (1999).

20 27 F. 18, 21 (1923).
21 Id. at 20.
22 Id.
23 Id.
24 Id. (emphasis added).
This view of the universal nature of the source-designating role of a lawfully affixed trademark was repeatedly upheld in the latter decades of the nineteenth century and at the beginning of the twentieth century. At its heart, the "universality" doctrine represented the victory of consumer interests over the "property" interests of trademark owners. In upholding the universal authenticating function of marks, courts focused on their role as source designators. They made little or no reference to the role of the owner's goodwill, or to his investment in developing the mark's reputation.

The doctrine of universality was not merely a construction of U.S. courts. To the contrary, in 1902, the doctrine made its way across the waters and was recognized for the first time in Continental Europe by the German Reichsgericht in a case involving the unauthorized importation of French wine under the marks "Mariani Wein" and "Vin Mariani." The court held that so long as the wine was placed legitimately into circulation in France the German trademark owner had no territorial right to prevent its importation. The court based its finding on the view that trademark rights were not limited to a particular territory. To the contrary, the protection of marks abroad was considered merely an extension of the rights granted under the domestic law of the state where the trademark owner was located. Thus, once a trademark was legitimately affixed to genuine goods, it carried its authenticity with it. The doctrine was subsequently adopted by numerous other countries in Western Europe, including Switzerland, Austria, Sweden and Holland.

Despite its nearly uniform rejection today by scholars, the doctrine of universality for trademarks was not rejected domestically until 1923, with the
landmark decision in *A. Bourjois & Co., Inc. v. Katzel,* discussed more fully in Part III. Such rejection, however, was not complete because the doctrine remains extant in the treatment of trademarked goods under the first sale doctrine. Under this doctrine, the rights of a trademark owner are extinguished (exhausted) upon a sale in the United States of a legitimately manufactured product placed into commerce with the consent of the trademark owner. Such exhaustion may be regional in nature because it only governs sales in the United States, but it applies regardless of any domestic regional distribution agreements the trademark owner may have in place. So long as the good is genuine, once it is lawfully sold in the United States, the U.S. mark owner's rights are exhausted.

The universality doctrine similarly remains extant in Western Europe with the use of regional exhaustion to permit cross-border trade within the European Union of grey market goods first placed legally into commerce in the Union. Like the U.S. doctrine, the regional exhaustion of rights focuses on the legitimacy of the affixation of the mark and its entry into commerce. The protection of local goodwill is secondary to protection of consumer interests in freer trade.

trademarks that extend only to the borders of the country in question: *see also* discussion *infra* Part III.

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41 260 U.S. 689, 691 (1923).
42 *See, e.g.*, McDonald’s Corp. v. Shop at Home, Inc., 82 F. Supp. 2d 801, 816 (M.D. Tenn. 2000) (holding that release of Beanie Babies into commerce ended plaintiff’s ability to control their unauthorized sale by franchisees to a shopping network).
43 *Id.* at 811.
44 In order to qualify as a “genuine good” under the first sale doctrine, the good must be lawfully manufactured in accordance with the trademark owner’s quality controls and the mark must be lawfully affixed to the goods. *See, e.g.*, Adolph Coors Co. v. A. Genderson & Sons, Inc., 486 F. Supp. 131, 136 (D. Colo. 1980) (prohibiting the domestic distribution of beer manufactured without following the trademark owner’s quality control standards); *see also* Davidoff & CIE., S.A. v. PLD Int’l Corp., 263 F.3d 1297, 1301 (11th Cir. 2001) (goods which are materially different do not qualify as “genuine” goods).
45 Some courts have questioned whether the universality doctrine properly applies in connection with the exhaustion of rights. Thus, for example, in *Osawa & Co. v. B&H Photo*, 589 F. Supp. 1163 (S.D.N.Y. 1984), the court rejected efforts to rely upon exhaustion principles to support universality. Labeling a universality decision as “superficially and deceptively consistent with the doctrine of exhaustion,” the court rejected the application of the universality doctrine in cases where the U.S. mark owner had developed a separate goodwill. *Id.* at 1173. As I contend *infra* in Part VI, such limitation is wholly consistent with the unitorrial nature of trademarks. Where a truly independent domestic goodwill has been established, represented by more than the simple act of registration and use on imported products, such local goodwill becomes the authenticating meaning of the mark and replaces the foreign mark as the source authenticator.
47 It is interesting to note that in those cases which uphold the regional exhaustion of marks within the E.U., the courts place strong emphasis on the free trade goals of the Union and rarely mention goodwill. *Id.* *See generally* Baudenbacher, *supra* note 38 (examining the relationship between origin and goodwill in E.U. exhaustion cases and noting that strong exhaustion cases place diminished emphasis on the goodwill function of marks).
48 *See, e.g.*, Silhouette Int’l Schmied GmbH & Co. KG, Case No. C-355/96, ECR 1-4799; *see also* LONG & D’AMATO, *supra* note 46, ch. 40 (examining exhaustion of rights in the European Union).
The doctrine of universality was undoubtedly a reflection of its times. Efforts by courts to deal with the increasing number of trademarked items being imported without a domestic mark owner's consent appeared to reflect the freer trade doctrines being given increasing prominence in the latter decades of nineteenth century. Emphasizing the public interest (consumer protection from confusion) over the property interests of local trademark owners was in keeping with trade policies seeking to promote greater cross-border commerce. While European courts relied on a personality theory of protection missing in U.S. court decisions, in both regions courts insisted that the sole issue before them was the authenticity of lawfully affixed marks. Regional goodwill played little or no role in their decisions. The recognition of the potential universal source-designating nature of a trademark, I believe, reflected the perceived role of trademarks and of trademark protection in international commerce. It also reflected a growing appreciation of the role of fame in affecting consumers' purchasing decisions.

In Russia Cement Co. v. Frauenhar, the defendant had purchased bulk quantities of plaintiff's glue from a third party, which the defendant then bottled and labeled with the plaintiff's "Le Page's Glue" mark. The plaintiff challenged the use of the mark, claiming that it generally reserved its use of the "Le Page" mark for a higher grade of glue. Noting that Le Page's Glue claimed on its label to be "known all over the world as the best for cementing wood, leather, glass, etc.," the court refused to prohibit the defendant's use of the mark. Citing Apollinaris, the court found that "the label tells the truth, and nothing but the truth. There is no fraud upon the public, for it gets the genuine, identical thing described by the label."

See supra note 24 and accompanying text.

According to Professor Derenberg, the doctrine of universality in Europe viewed trademarks "as an outgrowth of a right of personality which was deemed to be so closely associated with the person of their first user that the marks were held entitled to universal protection beyond the frontiers of the country of origin." Derenberg, supra note 35, at 734.

Territoriality concerns did not, however, completely disappear from U.S. courts' analyses during this period. To the contrary, territoriality limitations on rights were strongly reflected in the courts' treatment of common law U.S. trademarks. Thus, for example, in Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 408 (1916), the Court emphasized the territorial limits of goodwill in deciding rights between two geographically separate concurrent users of the "Tea Rose" mark for flour. Rejecting a claim that the prior user's unregistered mark was protectable throughout the United States, the court stressed that a trademark "extends to every market where the trader's goods have become known and identified by his use of the mark." Id. at 416. The Court added, "[b]ut the mark, of itself, cannot travel to markets where there is no article to wear the badge and no traders to offer the article." Id. The Court stressed that a mark owner cannot "monopolize markets that his trade has never reached, where the mark signifies not his goods, but those of another." Id; see also Theodore Rectanus Co. v. United Drug Co., 226 F. 545, 557 (6th Cir 1915) (rights in common law marks are limited to area of use). Such rational is inapposite to the parallel importation cases where the universalist doctrine first arose since the marks at issue were already being traded in the United States. Id.

Id. at 520.


Id. 133 F. at 520. The court also rejected the plaintiff's concern over possible confusion about the nature of the goods being purchased due to the various categories of glue that plaintiff sold under the "Page Glue" mark. Id. The court reasoned:

If the public gets an inferior quality of glue when it purchases that bottled by defendants, it is because the complainant has seen fit to sell such glue under the
Behind these discussions of authenticity lies the belief that when consumers purchase products bearing well-known marks, they do not care or consider where the product is manufactured, or the location of the company owning exclusive territorial rights to the mark, except when such territorial origins form part of the mark's reputation. Instead, consumers purchase the product based largely, if not exclusively, on the fame or renown of the mark itself. So long as the mark in question is properly affixed to genuine products, the interests of the consumers are protected.

This treatment of trademarks as having a universal source-designating function is reflected by the subsequent treatment of famous marks in Article 6bis of the Paris Convention for the Protection of Industrial Property ("Paris Convention"). This provision, first drafted in 1925, requires that "well-known" marks be protected against the unauthorized use or registration, regardless of whether the mark has been registered in the country at issue.

same trade-name as it had applied to a superior article, and has chosen thus to reap the profit from the sale to the public of two qualities or grades of the same article under the same trade-name.

*Id.*

Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised at Stockholm on July 14, 1967, 21 U.S.T. 1629, art. 6bis (requiring protection for "well-known" marks against unauthorized use or registration) [hereinafter Paris Convention]. This treatment is in notable contrast to the general treatment of trademarks under the Paris Convention. Such treatment, with its heavy emphasis on regional registration and national treatment, reflects strongly a territorial approach to trademarks. See, e.g., *id.* art. 2(1) (establishing national treatment for trademarks); *id.* art. 6(3) (establishing the independence of rights under duly registered marks); Curtis Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L.J. 505, 542 (1997) (noting that the Paris Convention is perceived to establish territorial rights); Derenberg, *supra* note 35, at 734; see also Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640 (2d Cir. 1956) ("The [Paris Convention is not premised upon the idea that the trade-mark and related laws of each member nation shall be given extraterritorial application, but on exactly the converse principle that each nation's law shall have only territorial application."); infra Part III.

56 See G. H. C. BODENHAUSEN, GUIDE TO THE APPLICATION OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY AS REVISED AT STOCKHOLM IN 1967, at 89 (1968). In 1911, the French Delegation to the Washington Diplomatic Conference proposed an additional provision to the Paris Convention which would give a registered mark owner the right to continue to use the mark in another country, without a registration, even in the face of registration by a third party in such country. *Id.* This effort to obtain concurrent use rights for unregistered marks presaged the 1925 draft amendment to the Paris Convention that included the requirement of fame for the protection of such unregistered marks. See Ludwig Baeumer, *International Legislative History Within the Framework of WIPO, and the Recognition and Protection of Famous and Well-Known Marks*, in FREDERICK MOSTERT, FAMOUS AND WELL-KNOWN MARKS 127-28 (1997).

57 Paris Convention, *supra* note 55, art. 6bis.

58 *Id.* Article 6bis expressly provides that protection shall be granted regardless of the registration status of the mark, requiring protection for marks "considered by the competent authority of the country of registration or use to be well-known." *Id.* art. 6bis (emphasis added); see also BODENHAUSEN, *supra* note 56, at 91 cnt. F ("A trademark may be well known in a country before its registration there . . . ." (emphasis added; emphasis in original omitted)). Moreover, such use was not required within the territorial limits of the country where protection of the mark was sought. As Professor Bodenhausen remarked in Comment F of his landmark Guide to the Practical Application of the Paris Convention for the Protection of Industrial Property: "A trademark may be well-known in a country before its registration there and, in view of the possible repercussions of publicity in other countries, even before it is used in such country." BODENHAUSEN, *supra* note 56, at 91 (footnote omitted).
It is intriguing that at the time when protection for famous marks was being expanded beyond the territorial strictures of local registration, the United States was abandoning the universality principles that support such expansion.

III. THE RISE OF TERRITORIALITY

Despite forty years of support in the United States for the universal nature of trademarks, in 1925 the Supreme Court in a relatively sparsely reasoned opinion rejected universalism in favor of the more protectionist “territorial” approach in the landmark decision A. Bourjois & Co., Inc. v. Katzel. In Katzel, the plaintiff sought to prohibit the importation of face powder manufactured in France and bearing the “Java” trademark. The plaintiff claimed exclusive rights to the mark based on its purchase of the business and goodwill in the U.S. of the French manufacturer A. Bourjois & Cie.

The Second Circuit, following Apollinaris and its progeny, denied the plaintiff’s request for relief. Relying on the doctrine of universality, the court held that the rights of the trademark were not infringed, so long as the goods were “genuine goods.” The court specifically rejected the U.S. trademark owner’s attempt to obtain property rights in its mark based on an equivalency between patents and trademarks. While acknowledging that patent owners had the right to prohibit the unauthorized importation of patented items manufactured abroad, the court found no such right for a trademark owner:

Trade-marks, on the other hand, are intended to show without any time limit the origin of the goods they mark, so that the owner and the public may be protected against the sale of one man’s goods as the goods of another man. If the goods sold are the genuine goods covered by the trade-mark, the rights of the owner of the trade-mark are not infringed.

In a strong dissent, Judge Hough disagreed with the court’s limited view of the role of trademarks in commerce. Stressing the role of goodwill (a factor the majority did not mention), Judge Hough considered a trademark to be “primarily a protection

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50 Registration remains at the bulwark of international protection for most marks. Thus, Article 16 of TRIPS permits domestic registration as a requirement for protection for all but well-known marks. TRIPS, supra note 7, art. 16 (establishing requirements for the grant of exclusive rights to the "owner of a registered trademark" (emphasis added). These domestic registration requirements lie at the heart of a territorial view of trademarks. See, e.g., Derenberg, supra note 35, at 734 (stating that registration requirements under the Paris Convention made territoriality "a cornerstone of international trademark law.").

51 While ultimate expansion of Article 6bis to protect well-known marks from unauthorized use did not occur until the Lisbon Revision of the Paris Convention in 1958, even its early drafts provided protection for marks that were not registered. See, e.g., Bodenhausen, supra note 56, at 89 cmt. (a); Baumer, supra note 54, at 127–32.


53 For the progeny of Apollinaris, see cases discussed supra note 35 and accompanying text.


55 Id.
to the owner's business."66 Recognizing that such goodwill was territorial in nature, Judge Hough asserted that the "primary function of the trademark is to protect this plaintiff's business in his own country."67 So long as the defendant's importation was not authorized by the plaintiff, the "genuine" nature of the good was irrelevant. "That genuine article has become an infringement because the business of dealing in that article within the United States is the plaintiff's business."68

The majority and dissenting opinions in the Katzel decision crystallized a growing dispute between free trade and protectionist forces regarding the role of trademarks in international trade. While the case was on appeal before the Supreme Court, Congress sought to overturn the court's decision legislatively, with the enactment of section 526 of the Tariff Act of 1922. This section made it illegal to "import into the United States any merchandise of foreign manufacture if such merchandise . . . bears a trademark owned by a citizen of, or by a corporation . . . created or organized within, the United States . . . unless the written consent of the owner is produced at the time of making entry."69 The recognition of territorial goodwill contained in section 526 as the governing factor in importation disputes was later reflected in the Supreme Court's oft-cited but sparsely worded opinion which considered the defendant's importation of the Java powder to violate the plaintiff's rights.70

The Supreme Court in A. Bourjois v. Katzel71 offered three reasons for its reversal of over four decades of precedent supporting universality of protection of foreign marks in international trade. First, unlike the Second Circuit in Apollinaris,72 the Court found that the destruction in value of the territorial assignment which would occur if it failed to uphold the plaintiff's ability to control the U.S. market was contrary to the right granted to trademark owners to make territorial assignments.73 Second (and, in my view perhaps most tellingly), it found that the analogy between the importation of patented and trademarked goods was persuasive: "The monopoly in that case [of a patented good] is more extensive, but we see no sufficient reason for holding that the monopoly of a trade-mark, so far as it goes, is less complete."74 Describing such monopoly as "a delicate matter that may be of great value but is easily destroyed,"75 the Court insisted that the protection of this

66 Id. (Hough, J., dissenting).
67 Id.
68 Id. at 544.
69 19 U.S.C. § 526 (1923). This section of the Tariff Act of 1922 was later superceded by § 526 of the Tariff Act of 1930 and was repealed by § 651(a)(1) of the 1930 Act. This section remains in effect today. 19 U.S.C. § 1526 (2000). Its broad prohibitions against the unauthorized importation of grey market trademarked goods has been the subject of heated debate. U.S. Customs regulations under the Act narrowed the scope of protection afforded by limiting exclusion to goods for which no relationship between the U.S. mark owner and the foreign manufacturer existed. This limitation was largely upheld by the Supreme Court in the seminal decision K Mart Corp. v. Cartier, Inc., 486 U.S. 281, 311 (1988), in which the Court recognized that Customs could properly allow the importation of grey market trademarked goods where there was, inter alia, a common control or ownership between the two companies.
70 Katzel, 260 U.S. at 691. The Court did not refer to Section 526 in its decision.
71 Id.
73 Katzel, 260 U.S. at 691.
74 Id.
75 Id.
delicate monopoly required "corresponding care." Such "care" was reflected in the Court's insistence that "[o]wnership of the [trademarked] goods does not carry the right to sell them at all in a given place."

Finally, to support its protectionist stance with regard to trade in parallel goods, the Court insisted that such territorial protection was required to protect the goodwill of the U.S. mark owner. Rejecting the source authentication role of the universalist approach, the Court insisted that the "Java" mark did not reflect the French origin of the goods. Instead, it "indicates in law, and it is found, by public understanding, that the goods come from the plaintiff although not made by it. . . . It stakes the reputation of the plaintiff upon the character of the goods."

Given the strong barriers to international trade raised by the territorial property interests reflected in the Court's decision in Katzel, it is unremarkable that the territoriality principle expounded by this decision has remained extant for over eighty years. Despite increasing debates over the propriety of grey market protection for trademarks, and a subsequent reduction of the scope of such protection by the Court in K Mart Corp. v. Cartier, Inc., territoriality appears to be a firmly entrenched principle of U.S. trademark law.

Territoriality also appears to be a firmly entrenched principle of international law. The Paris Convention on its face appears to treat trademarks primarily as territorial creatures. In addition to recognizing that trademarks could be subject to domestic registration requirements, the Paris Convention specifically recognized the independence of rights derived from individual domestic registration. Article 6

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76 Id.
77 Id.
78 Id. It is interesting to note that in reaching this decision the Court cited no evidence to support its conclusion regarding the "public understanding" of the source of the good.
80 Id. See supra note 28 and accompanying text. Despite increasing debates over the propriety of grey market protection for trademarks, and a subsequent reduction of the scope of such protection by the Court in K Mart Corp. v. Cartier, Inc., territoriality appears to be a firmly entrenched principle of U.S. trademark law.
81 486 U.S. 281 (1988); see also supra note 69 and accompanying text. The reduction in protection against grey markets was alleviated to a certain extent by the Second Circuit in its seminal decision in Lever Brothers v. United States, 981 F.2d 1330, 1333 (D.C. Cir. 1993) (requiring U.S. Customs to prevent the importation of goods under common ownership or control where "material differences" exist between the goods). See also Weil Ceramics & Glass, Inc. v. Dash, 878 F.2d 659, 667 (3d Cir. 1989) (applying common ownership and control rationale to cases under Section 42).
82 See infra notes 83-87 and accompanying text.
84 See infra notes 83-87 and accompanying text.
required that a mark "duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin." Similarly, Article 6quater of the Paris Convention upholds the legality of territorial assignments of goodwill. It provides:

When, in accordance with the law of a country of the Union, the assignment of mark is valid only if it takes place at the same time as the transfer of the business or goodwill to which the mark belongs, it shall suffice for the recognition of such validity that the portion of the business or goodwill located in the country be transferred to the assignee, together with the exclusive right to manufacture in the said country, or to sell therein, the goods bearing the mark assigned.

These provisions, along with the national treatment requirement of Article 2, have been relied upon by scholars as establishing territoriality as "a cornerstone of international trademark law." This territoriality appears to be carried forward in TRIPS, since Article 16 of TRIPS allows countries to premise protection for all but well-known marks upon domestic registration. Even some of the expansion in protection granted to famous marks under TRIPS has been premised on the existence of a registration for the mark in question. In Article 16(3), TRIPS required that protection for famous marks under Article 6bis be extended to include the prohibition against use of such famous marks on dissimilar goods and services. Such expanded protection is limited, however, to goods and services which "are not similar to those

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81 Id. art. 6(3) (emphasis added).
82 Id. art. 6quater(1).
83 Id. art. 2. National treatment basically requires that no discrimination in treatment occurs between foreign and domestic intellectual property rights owners.
84 Id. note 40, at 8 (declaring that national treatment and the principle of independence of rights "affirm in different ways and with different strength the principle of territoriality"); Bradley.
85 See supra note 55, at 543 (discussing the rejection of the universality theory with the adoption of the Paris Convention).
86 Professor Derenberg also cited Article 6bis of the Paris Convention, concerning the protection of unregistered well-known marks, as evidence of the foundational role of territoriality. Derenberg noted that the idea that the trademark laws of each member nation shall be given extraterritorial application, but on exactly the converse principle that each nation's law shall have only territorial application. See generally Dinwoodie, supra note 40, at 8 (discussing the rejection of the universality theory with the adoption of the Paris Convention).
87 TRIPS, supra note 7, art. 16 (requiring the granting of exclusive rights to "[t]he owner of a registered mark..." (emphasis added)).
in respect of which a trademark has been registered."90 Thus, before protection against use on non-competing goods is required, even a famous mark must be registered domestically.

IV. "TERRITORIALITY" RE-EXAMINED

Although the principle of "territoriality" has been applied to trademarks for well over eighty years, in reality there are numerous types of territoriality that are involved. Not all "territoriality" principles are created equally.

A. Territorial Registration

Local registration is plainly a recognition of the territorial prerogative of the sovereign to create trademark rights within its borders. To the extent that trademarks are creatures of domestic legislation—where local domestic marks, with their own local goodwill are concerned—the recognition of the sovereign's right to require registration for such protection may be nothing more than the doctrine of sovereign prerogative given affect in the trademark arena. Such sovereign prerogatives, however, have not been quite so rigidly maintained in the latter decades of the twentieth century.91

Moreover, such local sovereignty begs the question of whether trademarks are creatures of purely domestic application. If trademarks, like patents, are nothing more than locally created rights (represented by local domestic registrations),92 then they are truly territorial in nature and should have no existence outside the narrow confines of local protection. Territorial goodwill would, therefore, be the sole motivating factor behind their existence and protection. Exhaustion, except in the narrow confines of domestic first sale doctrines,93 would play no role in the protection of cross border trademarked goods and services. The reality, however, is markedly different.

90 Id. (emphasis added). Protection was further restricted to instances where the use of the mark at issue "would indicate a connection between those goods and services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use." Id. This provision in essence provides some form of relief for dilution. See generally DANIEL J. GERVAIS, THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS (1998) (describing Article 16(3) as protecting against "dilution"). This requirement of domestic registration before protection must be extended to non-competing goods and services also appears in the European Union Trademark Harmonization Directive. Trademark Harmonization Directive, supra note 39, art. 4(3). The limited nature of the grant appears to be based more on the radical nature of dilution protection internationally than on the territorial nature of trademarks.


92 Unlike trademarks, patents may only be protected in those nations where the patent owner has been granted a patent. There is no such thing as protection for a patent across borders, unless the invention has been subject to a domestically granted patent. See LONG & D'AMATO, supra note 46, at ch. 24.

93 See supra note 42 and accompanying text.
Although registration remains the primary method for assuring protection of marks domestically, there are numerous marks that fall outside this narrow registration parameter. Most significantly, even under the Paris Convention, which has been considered one of the plainest indications of the territorial nature of marks internationally, famous marks are specifically protected without regard to their domestic registration status. This fact alone would seem to indicate that territoriality based on sovereign control over domestic registration cannot be considered absolute evidence of territoriality for all marks.

B. Territorial Enforcement

Enforcement-based territoriality is premised on the need to enforce rights in some particular forum against a perceived violation. This territoriality principle is perhaps most strongly demonstrated in the national treatment provisions of the Paris Convention and TRIPS. Yet such territoriality of enforcement does not require that the right to be enforced be purely territorial in nature. It merely requires that when rights are to be enforced there should be no discrimination in requirements and remedies between marks owned by locals and those owned by foreigners. Even in early universalist cases, such as Apollinaris, the court applied domestic (territorial) law to uphold non-territorial rights. Thus, the simple requirement of even-handed application of laws represented by national treatment doctrines does not per se convert marks into purely territorial creatures. Human rights similarly require the application of domestic laws to ensure their local protection, yet such domestic application does not mean that these rights are not considered universal in nature.

C. Territorial Goodwill

The strongest argument posed in support of territoriality of marks seems to be the recognition of territorial goodwill. But does the territorial nature of localized goodwill necessarily convert all marks into territorial marks? Behind the age-old dispute between territorial and universal rights is a more fundamental dispute over the role that trademarks play in commerce. Are they, as the Court in Katzel proclaimed, the representative of domestic goodwill? Or are they, as the court in Apollinaris decided, consumer designators of authenticity? While the courts in those cases treated the question as an “either/or” proposition, the answer to both questions appears to be “yes.” The more difficult question is: are trademarks then always representative of domestic goodwill? While territorialists would undeniably answer “of course,” their answer does not appear to reflect present reality.

94 See Paris Convention, supra note 55, art. 6bis; TRIPS, supra note 7, art. 16; see also supra notes 57-58 and accompanying text.
95 See Paris Convention, supra note 55, art. 2; TRIPS, supra note 7, art. 3.
98 Apollinaris, 27 F. at 20.
Assume that Company A, a manufacturer of French perfume under the PARIS NUIT mark, has obtained a trademark registration in its domicile of France. It has also registered its mark in the United States and Canada where it sells its PARIS NUIT perfume. Surely the separate registration of the mark in these countries does not automatically transform the meaning of the affixed trademark from a universal source designator of perfume manufactured in France into one that automatically has separate territorial goodwill in Canada and the United States? Such result would elevate registration (which is not required for the protection of all marks) into a local act of singular (and I would say unwarranted) significance. The simple transference from Company A of its rights in the PARIS NUIT mark to a local company, without more, similarly should not transform a universal authenticator into a domestic one.

V. UNIVERSALITY RECONSIDERED

Just as universality was rejected in the 1920's in the United States in the wake of increased protectionist measures in the arena of international trade, it should now be reconsidered in the face of a vastly changed global marketplace that has altered the role and nature of trademarks.

In criticizing early universalist decisions, the court in Osawa & Company v. B&H Photo9 remarked: “The [universalist] principle was perhaps based on an idealistic view of the world as a single marketplace. That view, however, did not conform to reality or to international treaty.”10 If no such “world” market existed in 1984 in the face of increasing international trade, it probably also does not exist yet in today’s globalized marketplace. Yet the reality of such a single world market is becoming more likely in the light of the rapid globalization that occurred after the break up of the Soviet Union in 1989.101 With the rapid advances of global trade and the advantages of electronic commerce represented by the Internet,102 the “McWorld” of Benjamin Barber,103 and the “Lexis” of Thomas Friedman104 are increasingly marked by the unique role of certain trademarks in the development of a global consumer culture. As described by global economists and culturalists, a global commercial culture is based largely on Western consumer images of technological advancement and popular culture—fast food, fast computers, fast music and fast news, purveyed under such famous marks as Mcdonald’s, Coca-Cola, MTV, and CNN.105

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10 Id. at 1172.
101 See FRIEDMAN, supra note 3, at 5-9 (describing the rapid integration of markets as a result of technological advances); Long, supra note 91 (discussing the impact of technology on the development of a global marketplace in the latter decades of the twentieth century).
102 See, e.g., Long, supra note 91 (discussing the impact of e-commerce on international trade).
104 FRIEDMAN, supra note 3, at 31.
The unique role of CNN, MTV, McDONALD’S and COCA-COLA (to name a few of the more prominent corporate symbols that have become identified with the march of this new globalized economy) underscores the nearly global reputation that certain source designators have achieved during the latter decades of the twentieth century. This status as a "world mark" is based largely on the authenticating role these symbols play as indicators of a single source for the goods. Although McDonald's restaurants may have slight differences in their menu or décor to meet local tastes, local customers are attracted to the restaurant for the representational value of the mark as a symbol of western consumer culture. Such representational role places trademarks much closer to the universal authenticators of Apollinaris than to the territorially delimited marks of Katze.

While international commerce during the early and middle decades of the twentieth century remained largely the domain of multinational corporations, the rapid growth of the Internet has made the viability of global trade a reality for many small companies. With the increased opportunity for global trade, through the opportunities of e-commerce, comes the equal opportunity for developing increasing numbers of marks so famous they have a global authentication role.

Cyberspace has already demonstrated that the global digital environment presents new issues of territoriality unforeseen in earlier technological advances. The potentially borderless (territorial-less) nature of cyberspace has created sharp debates among scholars regarding the nature of legal control over Internet content. Whether the Internet is a "borderless" new territory that requires its own legal regulations, or merely an electronic extension of the current bordered world, there is no question that the Internet has changed the nature of trademark rights. The use of trademarks in this new digital environment has expanded to include a new role—as a source-designator for websites and digital information. This

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110 Although structure requirements remain daunting for non-industrial countries, the number of enterprises which are not affiliated with a large multinational and which are using the Internet for advertising and/or distributing their goods and services continues to rise. E-Marketer claims that that in 2001 over seventy-eight percent of all U.S. small businesses would be conducted on the Web with over one-half of these companies owning "active, purposeful websites." E-Marketer, The E-Commerce Snapshot Report for Small Business, at http://www.emarketer.com/reports/snapshot_sm_biz (last visited Apr. 20, 2002). Foreign penetration is less, but is predicted to continue to grow at a dramatic rate. See E-Marketer, The E-GLOBAL Report, available at http://www.emarketer.com/ereports/eglobal/welcome.20010816.html (last visited Apr. 20, 2002).

111 See generally David Johnson & David Post, Law and Borders—The Rise of Law in Cyberspace, 48 STAN. L. REV. 1367 (1996) (contending that cyberspace is a borderless environment which should be governed by its own legal regime).

112 See generally Jack Goldsmith, The Internet and the Abiding Significance of Territorial Sovereignty, 5 IND. J. GLOBAL LEG. STUD. 475 (1998) (contending that the Internet is a bordered world, governed by territorial sovereignty).

113 See, e.g. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 493 (2nd Cir. 2000) (describing the rapid growth of the "commercial side of the Internet" including the use of web pages
function, represented by domain names currently used as quasi-addresses, quasi-source identifiers in the digital world, is directly contrary to the territorially limited nature of trademarks established by Katzel. Although domain names are not “pure” trademarks, since their first role is to serve as an easily remembered address for a particular page on the Internet, as the development of international dispute resolution mechanisms, such as the UDRP, and of international registration protocols by ICANN demonstrate, they also have a source-designating role that implicates traditional trademark concerns.

Domain names undoubtedly have a potentially territorial situs, in the location of the domain name registry, the web server, and/or the domain name owner. They are also immediately usable, and used, in every country where the web page can be accessed. This global potentiality makes them a far different creature than the territorially constrained marks of Katzel and its progeny whose use was potentially limited to those countries where the physical goods were present. As the WIPO Standing Committee on Trademarks recognized in developing its Recommendations on the protection of trademarks on the Internet, “one of the main peculiarities of

[to provide information about their products in a much more detailed fashion than can be done through a standard advertisement].”

Every website has an address similar to a telephone number or street address. Domain names serve as the easily recognizable identifier for a given web site address. Because of their unique function, domain names are at once nothing more a telephone number and a “website identifier.” See generally Panavision Int’l LP v. Toeppen, 141 F.3d 1316 (9th Cir. 1998) (domain names are “web identifiers”).


See supra note 116 and accompanying text.

The Uniform Dispute Resolution Policy (“UDRP”) developed by ICANN is a private enforcement method for settling disputes between trademark owners and domain name registrants for bad faith registration and use of a domain name for which the registrant has no rights or legitimate interests in the domain name. See generally Uniform Domain Name Dispute Resolution Policy, at http://www.icann.org/urdp/udrp.htm (last visited Apr. 20, 2002); see also Halpern & Mehrota, supra note 40, at 524 (discussing problems with current ICANN governance which fails to recognize the “common law” of the Internet).

Most recently, protocols to permit the registration of domain names under new .info top-level domains have made special provisions to allow trademark owners the right to challenge attempts to register domain names which might conflict with pre-existing trademark rights. See, e.g., WIPO Guide to the Afilias Sunrise Registration Challenge Policy for .info, at http://arbiter.wipo.int/domains/gtd/info/sunrise/guide.html (last visited Apr. 20, 2002); See generally Marshall Leaffer, Domain Names, Globalization and Internet Governance, 6 IND. J. GLOBAL LEGAL STUD. 139 (1998) (reviewing problems posed by quasi-private governance of the Internet and methods for reforming it to meet the challenges posed under traditional trademark laws).

Whether protection for domain names is eventually governed by “trademark” or “domain name” systems is yet to be fully decided. See, e.g., Graeme B. Dinwoodie, (National) Trademark Laws and the (Non-National) Domain Name Systems, 21 U. PA. J. INT’L ECON. L. 495, 520 (2000) (exploring the dual systems for protection that exist and suggesting that domain names should be governed by an independent system of first principles).


See supra note 71 and accompanying text.

the Internet is its ‘global’ nature, the fact that a sign used on the Internet is simultaneously and immediately accessible irrespective of territorial location.” 123

This immediate accessibility “challenges the territorial basis of laws relating to rights in marks or other signs.” 124 Because the Internet lacks physical borders per se, 125 determining the territorial situs of use of a trademark on the Internet becomes problematic. With global accessibility of web pages bearing digital marks and domain names, the “territoriality” of such marks seems even less defensible. 120

The growing recognition of the non-territorial nature of famous marks similarly underscores the increasingly universal nature of trademarks in the twenty-first century. While scholars and courts continue to view the Paris Convention as evidencing the territorial nature of marks, 127 the reality is that the enactment of Article 6bis called into question the continuing territoriality of at least well-known marks. As finally established in 1958, 128 Article 6bis radically altered territorial aspects of trademarks under the Paris Convention. Although it gives “the competent authority of the country of registration or use” 129 the duty of determining that the mark is “well-known in that country as being already the mark of a person entitled to the benefits of this Convention,” 130 such territorially-based obligations have more to do with the territoriality of enforcement, than the territoriality of the mark qua mark.

Even though fame under Article 6bis may be determined by a territorial authority, the source of that fame is not so territorially circumscribed. Article 6bis does not require that a mark be used in a particular country, in order to achieve fame in that country. The reporter’s comments of Professor Bodenhausen plainly anticipate that fame could arise from use outside the country in question. 131 The non-territorial-based use required for the expanded protection of well-known marks was further underscored in Article 16 of TRIPS. Article 16 expressly requires that countries “take account of the knowledge of the trademark in the relevant sector of
the public, including knowledge in that [country] . . . obtained as a result of the promotion of the trademark."\textsuperscript{132} There is no requirement that such promotion occur in the country in question—only that domestic consumers in some way have been exposed to the mark.

This recognition of source functionality based on non-territorial use is not unique to famous marks in the present global marketplace. To the contrary, the international recognition of geographic indications and appellations of origin similarly establish regimes where a sole source function for a term is protected beyond the borders where such source functionality developed.

As recognized under Articles 22 and 23 of TRIPS, "geographic indications" are terms, symbols and other "indications" which "identify a good as originating in the territory of a Member, or a region or locality in that territory where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.\textsuperscript{133} The reputational nature of the geographic indication is based on the reputation of that indication in the country where the good originates—not in the country where the good itself is being sold. Thus, for example, the geographic indication "Burgundy" is protected against unauthorized uses because the term is considered in France to indicate a red wine grown in the Burgundy region of France, which has certain special characteristics. Because the French consider the term the indicator of certain characteristics of a particular good from their country, it may not be used by other countries even if the wine at issue is prepared from the same types of grapes.\textsuperscript{134} Thus, the authenticating nature of geographic indications, like famous marks under Article 6bis, is not based on individual territorial reputations, but on a universal meaning.

Admittedly this universal reputation is not absolute. Article 24 of TRIPS allows individual countries to decline protection to a geographic indication where such indication "is identical with the term customary in the common language as the common name for such goods . . . in the territory of that Member." 135 Under this provision, the United States has declined to treat "chablis" as a protected indication on the grounds that such term is the generic term among the U.S. public for "white wine."\textsuperscript{136} The ability of one sovereign to decline protection to another’s geographic indication, however, is rapidly being rejected among many developed and developing countries who are selecting an international protection regime which denies territorial abilities to control the authenticating function of geographic indications.

\textsuperscript{132} TRIPS, supra note 7, art. 16(2).
\textsuperscript{133} Id. art. 22(1).
\textsuperscript{134} Id. art. 23. The protection for geographic indications for wines and spirits is admittedly stronger than that required for geographic indicators for other products under Article 22. For example, under Article 22, geographic indications need only be protected if their unauthorized use "misleads the public as to the geographical origin of the good." Id. art. 22(2). By contrast, unauthorized geographic indications for wines and spirits are prohibited without the need for proof that the public has been misled. Id. art. 23. Such differences, however, do not alter the fact that for both categories of geographic indications, protection is based on the meaning of the term to the consumers in the country of origin—not in the country of sale or use.
\textsuperscript{135} Id. art. 24(c).
The Lisbon Agreement for the Protection of Geographic Indications\textsuperscript{137} does not permit registered “appellations of origins,” which are a form of geographic indication,\textsuperscript{138} to be treated as a generic term unless the country of origin treats it as such.\textsuperscript{139} Although the Lisbon Agreement has relatively few signatories, its numbers are increasing.\textsuperscript{140} Moreover, the treatment of appellations of origin as protectable unless the country of origin considers the term to be generic forms an integral part of European Union law. Under Regulation 2081/92, governing the protection of appellations of origin for agricultural products and foodstuffs,\textsuperscript{141} the critical factor in deciding whether an applied-for appellation of origin is a generic term is the use in the Member country.\textsuperscript{142} Moreover, once the appellation of origin has been registered, it cannot be subsequently denied protection on grounds of genericness, absent approval of the originating country.\textsuperscript{143} Thus, with the expansion of the E.U. as new countries seek admission, increasing numbers will no doubt accept the universalist treatment of geographic indications.

Geographic indications, like domain names, are not “pure” trademarks. Yet they clearly serve a source authenticating function. More importantly, some countries, like the United States, meet their obligation to protect geographic indications under domestic trademark laws.\textsuperscript{144} Thus, universalist tendencies demonstrated under the protection of geographic indications internationally also supports renewed consideration of universalist trademarks.

Finally, although the territorial registration provisions of the Paris Convention strongly support a territorialist view of trademarks,\textsuperscript{145} such registrations are no longer required for marks to be protected. Countries such as Great Britain are increasingly protecting unregistered marks in their country, including unregistered

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  \item The Lisbon Agreement defines an “appellation of origin” as “the geographical name of a country, region or locality which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.” Id. art. 2(1). This is a narrower category of geographic indications than that required to be protected under TRIPS, because, inter alia, it requires that protection be granted for quality differences based on environmental factors. By contrast the TRIPS definition of a protectable geographic indication permits, but does not require, that quality differences be based on environmental factors. See supra note 133 and accompanying text.
  \item Lisbon Agreement, supra note 137, art. 6.
  \item The Agreement currently has twenty signatories as of January 15, 2002. Many of the new signatories are developing countries, seeking admission to the European Union.
  \item Id. art. 3.
  \item Id. art. 10.
  \item The United States protects geographic indications generally as certification marks. See generally Institut National Des Appellations v. Brown-Forman Group, 47 U.S.P.Q.2d 1875 (T.T.A.B. 1998) (recognizing that "cognac" is a valid common law regional certification mark); see also U.S. Reg. No. 1,632,726 (registration date January 22, 1991) (permitting registration of DARJEELING for tea from India).
  \item See, e.g., Paris Convention, supra note 55, art. 6 (independence of trademark rights); id. art. 6quater (territorial assignments of goodwill permitted); see also supra notes 83-87 and accompanying text.
\end{itemize}
foreign marks, under doctrines of passing off. While “passing off” relief has its foundation in unfair competition doctrines, the practical effect of this growing trend is an acknowledgement that arbitrary territorial limitations on marks based on domestic registrations are no longer relevant to the protection of such marks.

VI. “UNITORRIAL” MARKS

Marks are no longer, if they ever were, creatures of purely territorial invention. The Internet, the increasingly globalized fame of certain marks, and the ever expanding role of international trade in trademarked goods and services have pushed such marks more strongly into the role of universal source designators. Trademarks are rapidly approaching the “world” marks at the heart of early universalist theories. Globalization has created not merely a world-wide demand for foreign produced goods, but a world-wide prominence for the marks that these goods carry. The global consumer culture at the heart of twentieth century economic globalization is centered on the emergence of globally recognized authenticators. The recognition of the global authenticating function of these marks is amply demonstrated by the increased emphasis placed on protecting the global goodwill of such marks.

Thus, for example, in the United States, dilution protects famous marks from being used on unauthorized goods, even where no likelihood of confusion exists. Internationally, famous marks are protected against local uses even in the absence of local use by the famous mark owner. The continued emphasis on the need for heightened protection of famous marks led to an expansion in 1994 to the protection of such marks from goods to services. It has even led to the establishment of soft law to assure that famous marks are protected without regard to registration or use. WIPO’s Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks emphasizes obligation to “take into account any circumstances from which it may be inferred that the mark is well-known.” Among the new areas that ought to be considered are the “use of the mark in . . . territories in which the same language or languages are spoken . . . or in territories which have close trade relations.” Such expanded protection would be indefensible if trademarks were not perceived as representing a goodwill unbounded by territorial concerns.

147 See supra note 14 and accompanying text.
148 See Paris Convention, supra note 55, art. 6bis.
149 TRIPS, supra note 7, art. 16(2) (protection for famous marks under Article 6bis is expanded to services).
150 See, e.g., Long, supra note 91 (discussing the use of soft law in international law, including the WIPO Joint Recommendations).
152 Id. art. 2.
153 Id. note 2.4
The foundational principles for territorial assignments of goodwill, which lay at the heart of the switch to territoriality in the early decades of the twentieth century, have altered dramatically since *Katzel* and Article 6quater of the Paris Convention. The protection of territorial assignments in *Katzel* was premised on two mistaken assumptions. The first was that protection of the value of the assignment necessarily required a prohibition on grey market goods. This decision was made based on an inappropriate analogy to patented goods, which, unlike trademarks, are purely territorial creatures with no existence beyond domestic borders. The second inappropriate assumption was that a U.S. trademark owner who only supplies foreign manufactured goods automatically has a mark that "indicates . . . that the goods come from the plaintiff." Yet there was no indication that any local business reputation was represented by the "Java" mark.

Article 6quater of the Paris Convention recognized that countries could require the domestic transfer of related business assets without violating international norms. By 1994, the right to require domestic transfer of a business asset (a true territorial act of affirmation of the business related nature of local trademark's reputation) was eliminated. Instead, under Article 20 of TRIPS, owners of registered trademarks must have the right to assign the goodwill in the mark "with or without the transfer of the business to which the trademark belongs." A mark is no longer tied to the physical assets of a business, but instead has a reputational value that is beyond such physical requirements. Such lack of physicality supports the burgeoning universality of trademarks.

All these changes in the nature of trademark use and protection demonstrated that universality must be reconsidered as the basis for trademark protection. This reconsideration does not mean that no territorial limitations remain in connection with the recognition and enforcement of trademarks. To the contrary, the same concern over marks that have a separately developed local goodwill, which drove the Supreme Court in *Katzel* to mistakenly adopt territoriality as the governing principle for trademark protection in the United States, remains today. Trademark owners in a particular country that offer warranties or create their own identities as mark owners in that country may well have a right to protect this separate interest in the mark. What has changed, however, is the incorrect assumption that such separately developed goodwill is not automatically established by domestic ownership. It is significant that in a treaty which recognized that patents are purely territorial creatures for which a domestic right holder can exercise control over unauthorized imports, it did not establish a similar right for trademark owners.

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155 Paris Convention, supra note 55, art. 6quater.
156 See supra note 65 and accompanying text.
157 *Katzel*, 260 U.S. at 692.
158 Paris Convention, supra note 55, art. 6quater (providing that if a country requires transfer of the business or goodwill to which the mark belongs for a valid assignment it is sufficient to transfer "the portion of the business or goodwill located in that country").
159 TRIPS, supra note 7, art. 20.
160 260 U.S. 689.
161 See supra note 45 and accompanying text.
162 See, e.g., TRIPS, supra note 7, art. 27 (granting patent owners the right to control the importation of patented products).
Thus, while marks continue to maintain certain aspects of territoriality, this territoriality has been strongly flavored by the overweening universality of their nature. These new “unitorrial” marks demand a renewed examination of the nature of trademark rights in the global, digital marketplace.

At its most obvious level, unitorrial marks demand stronger protection for famous marks. Registration and territorial use requirements for domestic protection are wholly unwarranted in view of the potential universality of the goods their marks possess. Geographic indications have already pointed the way to treatment of unitorrial marks. They are protected based primarily on their source-designating ability in the country of origin. I do no mean to suggest that a domestically famous mark should automatically qualify for global protection. But neither should a mark with a level of international fame be restricted to protection solely in those territories where the mark is actually used. Protection against unauthorized use of famous marks on non-competing goods similarly should not be limited to marks with a domestic registration, as currently required under Article 16 of TRIPS, particularly where some level of source confusion is required. Such territorial limitations appear at odds with the unitorrial nature of these marks.

The unitorrial nature of trademarks poses perhaps the greatest challenge to the re-evaluation of the international status of grey market goods. The automatic assumption of domestic borders and defensible “no transit” zones for grey market trademarked goods erected by territorialism were never so absolute as they appeared. The “loopholes” of first sale, regional exhaustion, and common control exclusions have already lessened the strength of those physical boundaries. The Internet and globalization have further eroded such limitations. The unitorrial marks of the twenty-first century may not require international exhaustion in all cases, but they certainly raise new issues about the potentiality of any such exhaustion. Where no separate domestic goodwill exists for these marks, protecting them against all unauthorized importations in all situations seems unnecessary to say the least.

Finally, the unitorrial nature of trademarks demands a broadening of enforcement options internationally. Because such marks are no longer automatically constrained by the territorial limits of use or registration, expanded fora for the violation of rights in these marks seem mandated. Solutions to choice of law, forum selection, jurisdiction and points of attachment (including the “extraterritoriality” of laws) seeking to establish a single forum or single country solution are premised on faulty conclusions about the nature of the rights to be enforced.

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163 To the contrary, it expressly left the decision regarding grey market protection to individual member countries. See, e.g., id. art. 6 (excluding exhaustion of intellectual property rights from dispute settlement).

164 Id. art. 16(3).

165 See supra note 44 and accompanying text.

166 See supra note 46 and accompanying text.

167 See supra note 69 and accompanying text.
VII. CONCLUSION

The unitorrial nature of trademarks in the twenty-first century requires a reevaluation of the nature of protection for global trademarks. Fame, dilution, grey market and jurisdictional forum selection rules are just a few of the more significant doctrines where present application of territoriality principles may no longer be applicable in light of the evolved nature of trademarks in today’s global marketplace. Reliance on old rules of territoriality are no more reflective of the actual nature of trademarks in today’s global, digital marketplace, then the earlier doctrine of universality. Until we appreciate the changing nature of trademarks, and conform our practices to reflect their true nature, we risk stunting the benefits of global trade offered by new global and digital markets. “Dogmatic territoriality” must 168 give way to unitorriality if the commercial and economic benefits of these new twenty-first century markets are to be fully realized.