
Protection of Non-U.S. Trademarks under U.S. Law

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In a split decision, a United States Court of Appeals recently held that a non-U.S. company's use of a non-U.S. trademark in advertising conducted in the United States is enough to afford it trademark protection in the United States, even though the advertised services are rendered only outside the United States. The dissenting judge calls this an "unprecedented conclusion that an entity's use of a foreign trademark solely to sell services in a foreign country entitles it to trademark protection under United States law, even though the foreign mark holder has never used or registered its mark in the United States."

Under U.S. trademark law, a party has a protectible interest in an unregistered trademark if it can show that the mark is both "used in commerce" and distinctive. In *International Bancorp, LLC, et al. v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, (May 19, 2003), a divided panel of the United States Court of Appeals for the Fourth Circuit held that the "use in commerce" requirement for trademark protection could be met by a non-U.S. company that owns and operates resort and casino facilities outside the United States, because of the combination of that company's extensive advertising of its services in the United States *and* its sale of those services to U.S. citizens—even if those services are provided in another country.

As described in *International Bancorp*, Societe des Bains de Mer et du Cercle des Etrangers a Monaco (SBM) is the owner of the historic Casino de Monte Carlo in Monaco. Wealthy individuals from all over the world, including the United States, visit and gamble there. SBM maintains a small office in New York that is responsible for promotional activities in the United States, and expends \$1 million annually in the United States on trade shows, advertising campaigns, charity partnerships, direct mail solicitations, telephone marketing, and solicitation of media coverage. SBM owns a valid registration for the "Casino de Monte Carlo" trademark in Monaco, but not in the United States.

SBM learned that numerous websites devoted to online gambling utilized domain names which incorporated the term "Casino de Monte Carlo" and displayed pictures and renderings of the exterior and interior of its casino. According to the majority opinion in *International Bancorp*, these features implied that *International Bancorp* and other web site operators were affiliated with SBM's Casino de Monte Carlo.

SBM filed a complaint with the World Intellectual Property Organization (WIPO), a United Nations

agency that is authorized to administer proceedings for resolving international domain name disputes. A WIPO panel ruled in favor of SBM and ordered the transfer of the various domain names to SBM. In order to forestall loss of the domain names, International Bancorp and the other website operators filed suit in U.S. federal court. The district court found in favor of SBM, and held that SBM did sell services in the United States through its New York office. International Bancorp and the other web site operators appealed, contending primarily that SBM had failed to establish the required "use in commerce" of the "Casino de Monte Carlo" mark.

The Fourth Circuit affirmed, though on different grounds. The appeals court concluded that SBM's New York office did not sell or render any services in the United States, but concluded that it did not matter. The majority interpreted the term "commerce" as including commerce between citizens of the United States and those of another country. Based on this definition, the majority concluded that SBM's activities constituted "use in commerce" because, in addition to advertising the "Casino de Monte Carlo" mark in the United States, SBM sold casino services to United States citizens. According to the majority, the fact that these services were rendered outside the United States is irrelevant.

The dissent notes that "[u]ntil today, every court to address this issue has held that use of a *foreign trademark* in connection with goods and services sold only in a foreign country by a foreign entity does not constitute 'use of the mark' in United States commerce sufficient to merit protection" under U.S. law. The majority decision therefore puts the Fourth Circuit at odds with others who have considered this issue, including the Court of Appeals for the Federal Circuit, the Court of Appeals for the Second Circuit, and the Trademark Trial and Appeal Board.

Of more interest, the decision in *International Bancorp* does not appear to have been persuasive to a different panel of the same court (including the dissenting judge in *International Bancorp*) in another case decided by the Fourth Circuit less than a month later, *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, (June 2, 2003). In *Barcelona.com*, the court referred to the "fundamental doctrine of territoriality upon which our trademark law is presently based," and held, albeit in a somewhat different context, that "United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law." Of course, under a broad view of *International Bancorp*, any non-U.S. trademark owner that advertises its goods or services in the U.S. but sells them abroad may actually have trademark rights under U.S. law.

Banking on a broad reading of the *International Bancorp* case may, however, be playing a game of Russian roulette—the court in that case seemed focused on the long and extensive advertising in the United States of SBM's casino. Non-U.S. trademark owners with minimal advertising in the United States who occasionally sell goods or services to U.S. companies or citizens outside the United States may not see the same result. But in attempting to enforce their non-U.S. trademarks in the U.S., they do have a new card to play.

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