UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

ITC Ltd. v. Punchgini, Inc.

482 F.3d 135 (2d Cir. 2007) · Decided March 28, 2007

SUMMARY

The United States Court of Appeals for the Second Circuit reviewed summary judgment against ITC Limited and ITC Hotels Limited in a trademark dispute involving the Bukhara mark and Bukhara Grill restaurants. The court held that ITC had abandoned its United States trademark rights for restaurant services and that the federal famous-marks doctrine had not been incorporated into federal trademark law. It affirmed summary judgment on the infringement, federal unfair competition, and false advertising claims, while certifying questions concerning New York common-law unfair competition to the New York Court of Appeals.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	Raggi, Circuit Judge; Raggi; Straub
JURISDICTION	Federal
DECIDED	March 28, 2007
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs appealed from the Southern District of New York's grant of summary judgment for defendants on trademark infringement, unfair competition, and false advertising claims.
STANDARD OF REVIEW	Summary judgment was reviewed de novo, with ambiguities resolved and factual inferences drawn in favor of the nonmoving party.
PRECEDENTIAL VALUE	published precedential federal appellate opinion
PARTIES	ITC Limited, ITC Hotels Limited v. Punchgini, Inc., Bukhara Grill II, Inc., Raja Jhanjee, Vicky Vij, Dhandu Ram, Paragnesh Desai, Vijay Roa, Mahendra Singh, Bachan Rawat

TOPICS

trademark law · trademark infringement · commercial litigation · appellate procedure · standard of review

PRACTICE AREAS

intellectual property | trademark law | commercial litigation | appellate procedure

QUESTIONS PRESENTED

1. Whether ITC abandoned its registered Bukhara mark for United States restaurant services.
2. What evidence is required to rebut the Lanham Act's presumption of abandonment after three consecutive years of nonuse.
3. Whether the famous marks doctrine gives a foreign mark owner federal priority or unfair competition rights in the United States despite nonuse of the mark domestically.
4. Whether ITC's New York common-law unfair competition claim should be resolved by the Second Circuit or certified to the New York Court of Appeals.
5. Whether ITC had standing to pursue a Lanham Act false advertising claim.

HOLDINGS

1. ITC abandoned its United States rights in the Bukhara mark for restaurant services because it ceased using the mark for more than three years and failed to produce evidence from which a reasonable jury could infer that, during the nonuse period, it intended to resume use in the United States within the reasonably foreseeable future.
2. The three-year nonuse presumption shifts only the burden of production to the mark owner; the ultimate burden of persuasion remains with the party asserting abandonment.
3. The mark owner's intent to resume use must have existed during the relevant three-year period of nonuse, although evidence arising after that period may be used to demonstrate that such intent existed during the period.
4. The famous marks doctrine does not presently provide an independent federal basis for a foreign mark owner to obtain priority or unfair competition protection in the United States when the mark has not been used domestically.
5. Because authoritative New York appellate precedent did not resolve whether New York recognizes the famous marks doctrine or how famous a foreign mark must be, the questions should be certified to the New York Court of Appeals and the Second Circuit should reserve decision on the state-law claim.
6. ITC lacked standing to pursue its Lanham Act false advertising claim because it failed to show a reasonable basis for believing that defendants' restaurant advertising was likely to injure ITC's packaged-food business, foreign restaurants, or a sufficiently developed plan to reenter the United States restaurant market.

KEY QUOTATIONS

> *"The significance of a presumption of abandonment is to shift the burden of production to the mark owner to come forward with evidence indicating that, despite three years of non-use, it intended to resume use of the mark within a reasonably foreseeable time."* (482 F.3d at 147)

> *“In short, upon defendants’ presentation of evidence establishing a prima facie case of abandonment under the Lanham Act, ITC was required to come forward only with such contrary evidence as, when viewed in the light most favorable to ITC, would permit a reasonable jury to infer that it had not abandoned the mark.”* (482 F.3d at 149)

> *“The principle of territoriality is basic to American trademark law.”* (482 F.3d at 155)

> *“Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly.”* (482 F.3d at 164-65)

FACTUAL BACKGROUND

ITC owned and operated the Bukhara restaurant in New Delhi and previously operated or licensed Bukhara restaurants in New York and Chicago. ITC's Manhattan restaurant closed in 1991, and its Chicago franchise ended in 1997; ITC conceded that it had not used the Bukhara mark for restaurant services in the United States thereafter. Defendants later opened Bukhara Grill restaurants in New York using a similar name and allegedly similar logos, décor, uniforms, menus, and customer bibs. ITC sued after defendants continued using the name, while ITC also pursued packaged-food products and continued operating Bukhara restaurants outside the United States.

PROCEDURAL HISTORY

ITC sued defendants in the Southern District of New York under the Lanham Act and New York common law based on defendants' use of the Bukhara mark and related restaurant trade dress. The district court granted defendants summary judgment, holding that ITC had abandoned its United States restaurant-service mark, rejecting its federal unfair competition theory, and finding that ITC lacked standing for false advertising. The Second Circuit affirmed the federal claims and false advertising ruling, but reserved decision on the New York common-law unfair competition claim and certified questions to the New York Court of Appeals.

DISPOSITION

other

REMAND INSTRUCTIONS

The court certified questions to the New York Court of Appeals concerning whether New York common law recognizes the famous marks doctrine and, if so, how famous a foreign mark must be to support an unfair competition claim. It reserved decision on ITC's New York common-law unfair competition claim pending the state court's response.

CASES CITED

- Phaneuf v. Fraikin, 448 F.3d 591, 595 (2d Cir. 2006)
- Norden Restaurant Corp. v. Sons of the Revolution, 51 N.Y.2d 518, 522-23, 434 N.Y.S.2d 967, 968, 415 N.E.2d 956 (1980)

- Nercessian v. Homasian Carpet Enterprises, Inc., 60 N.Y.2d 875, 877, 470 N.Y.S.2d 363, 364, 458 N.E.2d 822 (1983)
- Pirone v. MacMillan, Inc., 894 F.2d 579, 581 (2d Cir. 1990)
- Basile, S.p.A. v. Basile, 899 F.2d 35, 37 n. 1 (D.C. Cir. 1990)
- Defiance Button Machine Co. v. C & C Metal Products Corp., 759 F.2d 1053, 1059 (2d Cir. 1985)
- Sengoku Works v. RMC International, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996)
- Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd. Partnership, 34 F.3d 410, 412 (7th Cir. 1994)
- Manhattan Industries, Inc. v. Sweater Bee by Banff, Ltd., 627 F.2d 628, 630 (2d Cir. 1980)
- Stetson v. Howard D. Wolf & Associates, 955 F.2d 847, 850 (2d Cir. 1992)
- On-Line Careline, Inc. v. America Online, Inc., 229 F.3d 1080, 1087 (Fed. Cir. 2000)
- Warner Bros. Inc. v. Gay Toys, Inc., 724 F.2d 327, 334 (2d Cir. 1983)
- Saratoga Vichy Spring Co. v. Lehman, 625 F.2d 1037, 1043-44 (2d Cir. 1980)
- A.C. Aukerman Co. v. R.L. Chaides Construction Co., 960 F.2d 1020, 1037 (Fed. Cir. 1992)
- Imperial Tobacco Limited, Assignee of Imperial Group Plc v. Philip Morris, Incorporated, Imperial Tobacco, Ltd. v. Philip Morris, Inc., 899 F.2d 1575, 1579-81 (Fed. Cir. 1990)
- Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462, 467-68, 481, 485 (2d Cir. 2005)
- Geneva Pharmaceuticals Technology Corp. v. Barr Laboratories, Inc., 386 F.3d 485, 506 (2d Cir. 2004)
- Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 & n. 4 (1992)
- Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2001)
- P. Daussa Corp. v. Sutton Cosmetics (P.R.), Inc., 462 F.2d 134, 136 (2d Cir. 1972)
- Buti v. Impressa Perosa, S.R.L., 139 F.3d 98, 103-05 (2d Cir. 1998)
- La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc., 495 F.2d 1265, 1271-72 (2d Cir. 1974)
- Person's Co. v. Christman, 900 F.2d 1565, 1568-70 (Fed. Cir. 1990)
- Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1093-1101 (9th Cir. 2004)
- Almacenes Exito S.A. v. El Gallo Meat Market, Inc., 381 F. Supp. 2d 324, 326-28 (S.D.N.Y. 2005)
- Badaracco v. Commissioner, 464 U.S. 386, 398 (1984)
- DiBella v. Hopkins, 403 F.3d 102, 111 (2d Cir. 2005)
- Morris v. Schroder Capital Management International, 445 F.3d 525, 531 (2d Cir. 2006)
- Societe des Hotels Meridien v. LaSalle Hotel Operating Partnership, 380 F.3d 126, 130 (2d Cir. 2004)
- Ortho Pharmaceutical Corp. v. Cosprophar, Inc., 32 F.3d 690, 694 (2d Cir. 1994)
- Joint Stock Society v. UDV North America, Inc., 266 F.3d 164, 181-85 (3d Cir. 2001)