

# Caught in the Crossfire: The Effects of the Russo-Ukrainian War on Trademarks of Multinational Corporations Analyzed through the Starbucks and Stars Coffee Conflict

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## I. INTRODUCTION

In an increasingly globalized world, international trade and multinational corporations are more important than ever.<sup>1</sup> Essential to the function of a multinational corporation are trademarks and the ability to build brand recognition and consumer goodwill. Simply put, “[g]lobalization demands effective tools that extend trademark protection beyond national boundaries and the safeguard of intellectual property rights worldwide.”<sup>2</sup>

Modern international trademark policy is governed by the Paris Convention, the Madrid Protocol, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).<sup>3</sup> This extensive body of international policy relies heavily upon the doctrine of territoriality, meaning that trademarks exist under the laws of the countries in which they are registered.<sup>4</sup> The doctrine does provide some advantages, but it also leads to enforcement issues—especially in circumstances of war and other hostile global political events.

The impacts of the Russo-Ukrainian War (the War) have exposed the weaknesses of international trademark policy.<sup>5</sup> Following the start of the War, many prominent non-Russian-based multinational corporations have left the country, including Starbucks.<sup>6</sup> In response, Russia created a policy allowing the use of intellectual property that originated from “unfriendly” countries,<sup>7</sup> subsequently pulling trademarks of multinational corporations into the crossfire of its acts of geopolitical aggression. This policy has allowed copycat businesses, such as Starbucks copycat “Stars Coffee,” to take the place of

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1. See Estaban Ortiz-Ospina, Diana Beltekian & Max Roser, *Trade and Globalization*, OUR WORLD IN DATA (Oct. 2018), <https://ourworldindata.org/trade-and-globalization> [<https://perma.cc/5Q5W-JARB>] (demonstrating the effects that multinational corporations and international trade have on the global economy).

2. Thies Bösling, *Securing Trademark Protection in a Global Economy—The United States’ Accession to the Madrid Protocol*, 12 U. BALT. INTELL. PROP. L.J. 137, 137 (2004) (footnote omitted).

3. See Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention]; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, WORLD INTELL. PROP. ORG. [WIPO] Lex. No. TRT/MADRIDP-GP/004, <https://wipolex.wipo.int/en/text/283484> [<https://perma.cc/6PLV-LVSM>] [hereinafter Madrid Protocol]; Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 41, Apr. 15, 1994, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

4. See 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:1 (5th ed. 2022), Westlaw (database updated Sept. 2023) (discussing the doctrine of territoriality).

5. See *infra* Part II.B.2.

6. Irene Calboli & Vera Sevastianova, *Wartime Challenges for Trade Marks: How Long Will Russia Continue to Protect Famous Foreign Marks?*, 18 J. INTELL. PROP. L. & PRAC. 30, 30 (2023); Alina Selyukh, *Starbucks is Exiting Russia, Shutting 130 Stores*, NAT’L PUB. RADIO (May 23, 2022), <https://www.npr.org/2022/05/23/1100683496/starbucks-exits-russia-shuts-coffee-shops> [<https://perma.cc/4J2D-YB9Y>].

7. Alexis Keenan, *McDonald’s, Starbucks, and Others Have No Recourse for Stolen Trademarks in Russia*, YAHOO! FIN. (Mar. 18, 2022), [https://finance.yahoo.com/news/mc-donalds-starbucks-and-others-have-no-recourse-for-stolen-ip-in-russia-174530523.html?fr=sycsrp\\_catchall](https://finance.yahoo.com/news/mc-donalds-starbucks-and-others-have-no-recourse-for-stolen-ip-in-russia-174530523.html?fr=sycsrp_catchall) [<https://perma.cc/9686-CU4T>].

abandoned storefronts across Russia.<sup>8</sup> The proliferation of copycat businesses and Russia's aggressive IP policy has left trademark enforcement in Russia in a volatile state.<sup>9</sup>

Existing international trademark law is proving ineffective at protecting the trademark rights of multinational corporations in Russia. This Note analyzes international trademark law by first summarizing the current state of Russian and international trademark law. This Note uses the Starbucks and Stars Coffee conflict as an example to analyze the shortcomings of existing international trademark policies. This Note further analyzes recommendations by scholars for international trademark policy. Ultimately, this Note provides a recommendation that calls for changes to international trademark policy through the use of existing law as a starting point to create stronger policy.

## II. BACKGROUND

### A. Multinational Corporate Trademarks in Russia

Over 1000 multinational corporations left Russia following the start of the War<sup>10</sup>—including Starbucks and McDonalds.<sup>11</sup> Almost all multinational corporations representing the 50 most valuable luxury and premium brands in the world have left Russia entirely or have restricted or suspended investments and operations in the country.<sup>12</sup> Russian businesses have attempted to fill the void in response to this mass exodus of multinational corporations. Around 500 trademark applications have been filed in Russia for marks similar or identical to foreign-owned trademarks since the start of the War,<sup>13</sup> and businesses have begun to appear across the country with logos and trade dress similar to marks registered in Russia by multinational corporations.<sup>14</sup> An example of this is the rise of “Stars Coffee,” a Starbucks copycat with a nearly identical menu and branding as Starbucks, that has taken residence in the storefronts of former Starbucks coffee shops.<sup>15</sup> While the creation of such a store would seem to be blatant trademark infringement, Russia created a policy that strips away the intellectual property rights of foreign corporations

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8. *Stars Coffee, Anyone? Starbucks Substitute Opening in Russia*, NBC NEWS (Aug. 19, 2022), <https://www.nbcnews.com/business/business-news/stars-coffee-opens-in-russia-starbucks-replacement-rcna43962> [https://perma.cc/AH8B-QLC9].

9. See Calboli & Sevastianova, *supra* note 6, at 32–34 (discussing Russian actions post-Ukraine invasion enforcement actions that have led to questions of the legitimacy of its trademark protection).

10. *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain*, YALE SCH. OF MGMT. (Sept. 12, 2023), <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain> [https://perma.cc/8K6M-CZE6].

11. *Companies Are Getting Out of Russia, Sometimes at a Cost*, N.Y. TIMES (Oct. 14, 2022), <https://www.nytimes.com/article/russia-invasion-companies.html> [https://perma.cc/6BJT-REA3].

12. Calboli & Sevastianova, *supra* note 6, at 31.

13. Tim Lince, *Unprecedented Flood of Infringement: Study Reveals Hundreds of Opportunistic Filings in Russia as Foreign Brands Targeted*, WORLD TRADEMARK REV. (Aug. 24, 2022), <https://www.worldtrademarkreview.com/article/unprecedented-flood-of-infringement-study-reveals-hundreds-of-opportunistic-filings-in-russia-foreign-brands-targeted> [https://perma.cc/533S-KFFX].

14. See Keenan, *supra* note 7 (summarizing the infringement in Russia and excerpting Russian trademark applications).

15. See *Stars Coffee, Anyone? Starbucks Substitute Opening in Russia*, *supra* note 8 (describing the details of the rise of “Stars Coffee” in Russia).

from “unfriendly” countries, such as the United States.<sup>16</sup> Subsequently, multinational corporations based out of countries included in Russia’s list of unfriendly countries are left with a low chance of successfully enforcing and defending their trademarks from infringement in Russia.<sup>17</sup>

The policy change has given a portion of the Russian populace feelings of empowerment. Some have taken the opportunity to apply for as many marks as possible.<sup>18</sup> Some Russian citizens believe that if foreign corporations are leaving the country willingly, there is no one to stop them from taking the marks of such corporations.<sup>19</sup> This attitude proves that some citizens rely on the Russian government to uphold policies that disregard both domestic and federal trademark law.<sup>20</sup> There is also a consumer sentiment in Russia that Western corporations cashed in on the Russian people just to later abandon them.<sup>21</sup> Some have used such reasoning to justify trademark infringement in an attempt to preserve the goods and services the Russian people have grown used to.<sup>22</sup>

### B. Russian Trademark Law

As Russia has transitioned away from communism and towards a free-market economy, its trademark policy has undergone significant changes.<sup>23</sup> Russia’s intellectual property law exists solely on the federal level,<sup>24</sup> and utilizes a first-to-register system that allows mark holders to register marks in both the Latin and Cyrillic alphabets.<sup>25</sup> Russian trademark law grants an exclusive right to use marks that are registered through the State Patent Office of the Russian Federation (Rospatent).<sup>26</sup> Russian trademark applications are

16. See Keenan, *supra* note 7 (discussing the consequences of the Russian decree stripping away IP rights). See generally О внесении изменения в пункт 2 методики определения размера компенсации, выплачиваемой патентообладателю при принятии решения об использовании изобретения, полезной модели или промышленного образца без его согласия, и порядка ее выплаты [On amendments to paragraph 2 of the methodology for determining the amount of compensation paid to the patent owner when deciding to use an invention, utility model or industrial design without his consent, and the procedure for its payment] SOBRANIE ZAKONODATEL’STVA ROSSIJSKOF FEDERATSII [SZ RF] [Russian Federation Collection of Legislation] Mar. 6, 2022, No. 299. (amending Russian patent law).

17. See Keenan, *supra* note 7 (discussing that Russian courts would likely be stacked against American corporations and Russian legal counsel would be unlikely to take on an American client out of fear); Yuliya Chernova, *Western Brands Are up for Grabs in Sanctioned Russia*, WALL ST. J. (June 22, 2022), <https://www.wsj.com/articles/western-brands-are-up-for-grabs-in-sanctioned-russia-11655870706> (on file with the *Journal of Corporation Law*) (quoting Professor Irene Calboli: “Western brands should be prepared to lose in court even if they might be right according to the law”).

18. Lince, *supra* note 13 (“Russia resident Aleksey Zhabreyev filed over 100 such applications, while Trade Technologies LLC filed 81 applications and Smart Beauty LLC filed 30.”).

19. *Id.* (citing one mass filer that told Russian media, “[w]ho stops us if [the companies holding the trademarks] are leaving the country?”).

20. *Id.*

21. Chernova, *supra* note 17.

22. *Id.*

23. See 2 L. OF INT’L TRADE *Trademarks in the Developing World—Russia* § 46:25, Westlaw (database updated Sept. 2023) (discussing Russia’s adoption of trademark policy since the 1980s).

24. See Elena Beier, *The Evolution and Greater Transparency of Intellectual Property Law in the Russian Federation*, 26 N.Y. INT’L L. REV., no. 2, at 1, 3–6 (2013) (describing intellectual property law in modern Russia).

25. *Id.*

26. See generally GRAZHDANSKIF KODEKS ROSSIJSKOF FEDERATSII [GK RF] [Civil Code] art. 1479 (Russ.) (establishing the exclusive right to use in Russian law).

refused registration if the applicant mark is “generic, lacks distinctiveness, is likely to create confusion with a current or previously filed mark, . . . or reproduces a title, name, [or] portrait of a renowned person or character without consent.”<sup>27</sup> The Russian trademark registration process includes an examination period, which typically lasts 12 to 14 months.<sup>28</sup> Registration grants a mark owner protection for ten years.<sup>29</sup> The ten years of protection can be extended indefinitely, but a mark will lose its protection after three years without continuous use.<sup>30</sup>

Russia has many trademark protection policies in place. Article 1229(1) of the Russian Civil Code prohibits the use of third parties’ trademarks; article 1484(3) prohibits the use of marks similar to registered marks if used in connection with identical or similar goods or services that could cause a likelihood of confusion; and article 1483(6) prohibits registration of marks confusingly similar to other registered marks.<sup>31</sup> These are important trademark protections that mirror trademark protections found in the United States.<sup>32</sup>

### 1. Well-Known Marks

Article 1508(3) of the Russian Civil Code provides elevated protections for registered trademarks with well-known status.<sup>33</sup> The Russian word *obshcheizvestnyi* is used to define “well-known” in the Russian translation of the Paris Convention and other important Russian trademark policy.<sup>34</sup> The translation of *obshcheizvestnyi* to English is “generally known,” which explains why Russian law has required “such unreasonably high numbers as 60% of general consumer public recognition of a mark . . . to establish well-known status.”<sup>35</sup>

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27. Cynthia Vuille Stewart, *Trademarks in Russia: Making and Protecting Your Mark*, 5 TEX. INTELL. PROP. L.J. 1, 8 (1996) (alterations in original) (quoting Andrea F. Rush & Jeffrey T. Imai, *Patents, Trade Marks, and Copyright: New Developments in the Russian Federation*, MANAGING INTELL. PROP., Nov. 1993, at 35–36).

28. Mark Chizhenok & Olga Tikhonina, *Trademark Procedures and Strategies: Russia*, WORLD TRADEMARK REV. (Mar. 29, 2017), <https://www.worldtrademarkreview.com/global-guide/the-wtr-yearbook/2017/article/trademark-procedures-and-strategies-russia> [<https://perma.cc/JJC7-U69N>].

29. Beier, *supra* note 24, at 7–8.

30. *Id.*

31. Calboli & Sevastianova, *supra* note 6, at 35; *see also* GRAZHDANSKIĬ KODEKS ROSSIĬSKOĬ FEDERATSII [GK RF] [Civil Code] art. 1229(1) (Russ.) (prohibiting the use of third parties’ trademarks); GRAZHDANSKIĬ KODEKS ROSSIĬSKOĬ FEDERATSII [GK RF] [Civil Code] art. 1494(3) (Russ.) (prohibiting the use of marks similar to registered marks if used in connection with identical or similar goods or services that could cause a likelihood of confusion); GRAZHDANSKIĬ KODEKS ROSSIĬSKOĬ FEDERATSII [GK RF] [Civil Code] art. 1483(6) (Russ.) (prohibiting registration of marks confusingly similar to other registered marks).

32. *See generally* 15 U.S.C. § 1114 (barring the use of a trademark without the registrant’s consent and barring the reproduction or imitation of a registered mark); 15 U.S.C. § 1052(d) (barring registration for marks that would likely cause confusion when “used on or in connection with the goods of the applicant”).

33. Calboli & Sevastianova, *supra* note 6, at 35; *see also* GrazhdanskiĬ Kodeks RossiĭskoĬ Federatsii [GK RF] [Civil Code] art. 1508(3) (Russ.) (providing elevated protections for registered trademarks with well-known status).

34. Eugene A. Arieievich & Janet L. Hoffman, *Russian Federation*, in FAMOUS AND WELL-KNOWN MARKS 4-293, 4-308 to -09 (Frederick W. Mostert ed., 2d ed. 2004) (describing the “parameters of famous and well-known marks” in the Russian Federation).

35. *Id.* at 4-309; *cf.* Jonas Rechtsanwaltsgesellschaft mbH, *Evolution of German Law on Well-Known Marks*, WORLD TRADEMARK REV., Jan.–Feb. 2008, at 70, 70–71 (describing how Germany has historically only required 30–50% recognition for well-known status).

Russia has a spotty history of enforcing the rights of well-known marks and applying the well-known mark protections available under the Paris Convention.<sup>36</sup> In 1995, the Russian Patent and Trademark Organization declined to provide trademark registration to the United States vodka producer, Smirnoff, because a Russian entrepreneur filed for the trademark one month before the United States mark-holder filed in Russia.<sup>37</sup> Smirnoff argued that its mark was an internationally recognized well-known mark that would warrant protection under article 6*bis* of the Paris Convention.<sup>38</sup> But the presiding Russian court elected not to grant the mark well-known mark protections.<sup>39</sup>

The Starbucks mark has a storied history in Russia and represents an example of how Russia's treatment of well-known marks has improved over time.<sup>40</sup> The Starbucks Corporation registered its trademark in Russia in 1997 but did not open any stores for several years.<sup>41</sup> In 2002, a Russian citizen, Zuykov, filed for cancellation of the mark and then attempted to register the Starbucks mark as his own and sell it to the Starbucks for \$600,000.<sup>42</sup> "In 2002, the Russian Federation amended their trademark law to include protection for well-known trademarks," expanding upon protections already in place through the Paris Convention.<sup>43</sup> Starbucks used this policy to bring an action in Russian court to cancel Zuykov's registration.<sup>44</sup> The Starbucks case serves as an example that, "[a]s the Russian trademark office and the Russian courts have continued to enforce the rights of well-known trademarks, the trademark piracy business that was once flourishing in Russia has dwindled, and it appears to be more difficult for third parties to register well-known marks owned by multinationals."<sup>45</sup>

Russia has an application system for well-known marks.<sup>46</sup> When granting a mark well-known status, Rospatent balances evidence of the use of the mark in Russia, whether the mark is recognized as well-known in other countries, "evidence of the 'value' of the

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36. See Stewart, *supra* note 27, at 14–20 (discussing legal and practical problems with Russian trademark protections).

37. See *id.* at 10 n.74 (detailing the factual history of the SMIRNOFF case).

38. See John Helmer, *An Intrepid Russian Gives Smirnoff a Headache*, FIN. REV. (Aug. 21, 1992), <https://www.afr.com/politics/an-intrepid-russian-gives-smirnoff-a-headache-19920821-k5285> [<https://perma.cc/XCR5-QJ46>] (describing that the Smirnoff corporation argued that both their patent and trademark were "internationally recognized property" that should be protected by the Paris Convention).

39. See *id.* (discussing the implications of the Russian government's lack of protection provided to the Smirnoff mark owner).

40. James E. Darnton, *The Coming of Age of the Global Trademark: The Effect of TRIPS on the Well-Known Marks Exception to the Principle of Territoriality*, 20 MICH. ST. INT'L. L. REV. 11, 17–18 (2011) (discussing the history of Russia trademark policy and the Starbucks case).

41. *Id.* at 24.

42. *Id.* at 25.

43. *Id.* at 24.

44. *Id.* at 25.

45. Darnton, *supra* note 40, at 25.

46. See generally Arievidh & Hoffman, *supra* note 34, at 4-307 (reporting on the criteria for a well-known mark in Russia).

mark,” and the results of consumer surveys.<sup>47</sup> Russia currently protects 253 registered well-known marks.<sup>48</sup>

## 2. Recent Developments

Recent developments in Russian trademark law show a change in the Russian government’s approach compared to the strong protections provided in the 2002 Starbucks case. In response to the 2022 Russian invasion of Ukraine, over 1000 multinational corporations ceased business operations in Russia.<sup>49</sup> On March 6, 2022, the Russian Government released Decree No. 299, which “nullifie[d] the enforcement value of Russian patents owned by entities and individuals in ‘unfriendly’ countries including the United States, European Union member states, the United Kingdom, Ukraine, Japan, South Korea, Australia, and New Zealand.”<sup>50</sup> While the decree only explicitly applied to patents from “unfriendly” countries, Russia expanded the same sentiment from the decree to apply to trademark law.<sup>51</sup> Notably, “a Russian court declined to enforce the trademark rights for Peppa Pig, the famous British cartoon character, due to ‘unfriendly actions of the United States of America and affiliated foreign countries.’”<sup>52</sup> While a Russian appeals court eventually overturned the decision in the Peppa Pig case, more Russian citizens have filed trademark applications at Rospatent attempting to imitate well-known marks.<sup>53</sup> Specifically, applications have been filed for marks similar to those of IKEA, McDonalds, and Starbucks.<sup>54</sup> Even without registration for the copycat marks, storefronts nearly identical in branding and services to non-Russian companies have begun to replace abandoned storefronts across Russia.<sup>55</sup>

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47. *Id.* at 4-307 to -308.

48. *See generally Register of Well-Known Marks in the Russian Federation*, FED. INST. OF INDUS. PROP. (Russ.), <https://new.fips.ru/registers-web/action?acName=clickRegister&regName=WKTM> [https://perma.cc/5X3Q-BC25] (listing the registrations of well-known marks in Russia). This database is designed to be used by the mark holders and not the general public. The registration is listed by application numbers which the mark holders have access to.

49. *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain*, *supra* note 10.

50. Cynthia Martens, *War and Peace at Rospatent: Protecting Trademarks in Russia*, NAT’L L. REV. (July 27, 2022), <https://www.natlawreview.com/article/war-and-peace-ros-patent-protecting-trademarks-russia#:~:text=Yet%20in%20March%2C%20Russia%20issued,Korea%2C%20Australia%20and%20New%20Zealand> [https://perma.cc/XUV7-YM8A]; *see* О внесении изменения в пункт 2 методики определения размера компенсации, выплачиваемой патентообладателю при принятии решения об использовании изобретения, полезной модели или промышленного образца без его согласия, и порядка ее выплаты [On amendments to paragraph 2 of the methodology for determining the amount of compensation paid to the patent owner when deciding to use an invention, utility model or industrial design without his consent, and the procedure for its payment] SOBRANIE ZAKONODATEL’STVA ROSSIJSKOJ FEDERATSII [SZ RF] [Russian Federation Collection of Legislation] Mar. 6, 2022, No. 299. (amending Russian patent law).

51. *See generally* Martens, *supra* note 50 (discussing Russian trademark-related action during the Ukraine war).

52. *Id.*

53. *Id.*

54. Keenan, *supra* note 7.

55. *Id.*

Notably, “Stars Coffee” locations have taken over empty Starbucks storefronts,<sup>56</sup> and the new locations feature a nearly identical menu that would “look familiar to any Starbucks customer.”<sup>57</sup> The Stars Coffee logo features what “could be the separated-at-birth twin of the Starbucks mermaid, with flowing hair, a small enigmatic smile and a star atop her head—though instead of a Starbucks crown she wears a Russian headdress called a kokoshnik.”<sup>58</sup> Given the current political climate, “U.S. companies have no immediate recourse to protect against stolen IP;” it is unlikely that a U.S. corporation would win a legal battle in a Russian court.<sup>59</sup> This situation presents a breakdown of international trademark law and leaves international mark holders in an uncertain situation as to the status of many trademarks in Russia.<sup>60</sup>

### C. Summary of International Trademark Law

This Section summarizes the existing body of international law affecting intellectual property. International intellectual property policies are important in the analysis of Russia’s intellectual property law because Russia’s international agreements are self-executing.<sup>61</sup> Thus, the international agreements that Russia is a party to are critical components of the country’s intellectual property law.<sup>62</sup>

#### 1. The Paris Convention for the Protection of Intellectual Property

The first major international agreement for the protection of intellectual property was the Paris Convention for the Protection of Industrial Property (Paris Convention), which was signed on March 20, 1883.<sup>63</sup> The Paris Convention applies to both patent and trademark law.<sup>64</sup> Both the United States and Russia are signatory countries of the Paris Convention and are thus considered members of the “Paris Union.”<sup>65</sup>

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56. See *Stars Coffee, Anyone? Starbucks Substitute Opening in Russia*, *supra* note 8 (describing the rise of “Stars Coffee”).

57. *Id.*

58. *Id.*

59. Keenan, *supra* note 7.

60. See Calboli & Sevastianova, *supra* note 6, at 41 (detailing the uncertainty surrounding protections for well-known marks in Russia).

61. Beier, *supra* note 24, at 5.

62. See *id.* at 5–7 (describing intellectual property law in modern Russia).

63. The Paris Convention was “the first international effort to standardize and simplify the protection of intellectual property rights in Member States.” Marshall A. Leaffer, *The New World of Intellectual Trademark Law*, 2 MARQ. INTELL. PROP. & INNOVATION L. REV. 1, 9 (1998). To review the Paris Convention directly, see Paris Convention, *supra* note 3.

64. *Summary of the Paris Convention for the Protection of Industrial Property (1883)*, WIPO, [https://www.wipo.int/treaties/en/ip/paris/summary\\_paris.html](https://www.wipo.int/treaties/en/ip/paris/summary_paris.html) [<https://perma.cc/8NRP-HRUG>].

65. Russia signed the Paris Convention July 1, 1965, and the United States signed the Convention May 30, 1887. World Intell. Prop. Org. [WIPO], PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY STATUS, 7–8 (2022), <https://www.wipo.int/export/sites/www/treaties/en/docs/pdf/paris.pdf> [<https://perma.cc/F6PE-YJ9A>] (containing a list of countries that are party to the Paris Convention, including Russia and the United States).



A main policy goal of the Paris Convention is to establish “national treatment” for the protection of intellectual property rights.<sup>66</sup> The principle of “national treatment” demands that each contracting country will provide the same protections for foreign intellectual property owners as it would for domestic intellectual property owners.<sup>67</sup> The Paris Convention does not establish an international trademark registration or enforcement system. Instead, it “recognizes the principle of territoriality of trademarks: a mark exists only under the laws of each sovereign nation.”<sup>68</sup>

The Paris Convention also provides specific protections for well-known marks.<sup>69</sup> Under article *6bis*:

[Paris Union countries should refuse, cancel, and prohibit the use of a mark that] constitutes a reproduction, an imitation, or a translation, [is] liable to create confusion, . . . [is] considered by the competent authority of the country of registration or use to be *well known* in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.<sup>70</sup>

The Paris Convention does not define what constitutes a well-known mark, but the Paris Union countries and the World Intellectual Property Organization adopted the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks to clarify the term.<sup>71</sup> The report establishes non-binding factors to serve as guidelines for a deciding body, including:

1. the degree of knowledge or recognition of the mark in a relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark . . . ;
4. the duration and geographical area of any registrations . . . ;
5. the record of successful enforcement of rights in the mark . . . ; [and]
6. the value associated with the mark.<sup>72</sup>

Article *6bis* of the Paris Convention further establishes that “[n]o time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”<sup>73</sup> The Paris Convention represents the foundation for international trademark law and protections for well-known marks.<sup>74</sup>

66. See *Summary of the Paris Convention for the Protection of Industrial Property (1883)*, *supra* note 64 (describing the substantive provisions of the Paris Convention).

67. *Id.*

68. MCCARTHY, *supra* note 4, § 29:25.

69. See Paris Convention, *supra* note 3, art. *6bis* (describing protections for well-known marks).

70. *Id.* (emphasis added).

71. WIPO, *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*, at 3, WIPO Doc. 833(E) (Sept. 29, 1999), [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_833-accessible1.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_833-accessible1.pdf) [<https://perma.cc/T4WB-2ERN>].

72. *Id.* at 9.

73. Paris Convention, *supra* note 3, at art. *6bis*.

74. *International Aspects of Intellectual Property Law* (pt. 2), 48 LAWYER’S BRIEF, Jan. 2018.

## 2. The Madrid System

The Madrid System for the International Registration of Marks is governed by the 1891 Madrid Agreement and the 1989 Madrid Protocol.<sup>75</sup>

### a. The Madrid Agreement

In 1891, the Madrid Agreement Concerning the International Registration of Marks (Madrid Agreement) established a system to allow for domestic trademark registration to serve as the basis for registration in another member country.<sup>76</sup> Before the Madrid Agreement, a corporation had to apply for trademark registration in each individual country where trademark protection was sought.<sup>77</sup>

### b. The Madrid Protocol

The 1989 Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) encompassed the same international registration system created in the Madrid Agreement.<sup>78</sup> The Madrid Protocol “permit[s] a domestic application to also serve as the basis for an international registration.”<sup>79</sup> Both the United States and Russia have adopted the Madrid Protocol.<sup>80</sup>

## 3. The World Trade Organization

The World Trade Organization (WTO) was formed on January 1, 1995.<sup>81</sup> The WTO is “the only global international organization dealing with the rules of trade between nations.”<sup>82</sup> One of the WTO’s core purposes is to resolve trade disputes between its members.<sup>83</sup> Both the United States and Russia are members of the WTO.<sup>84</sup>

75. *Summary of the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to that Agreement (1989)*, WIPO, [https://www.wipo.int/treaties/en/registration/madrid/summary\\_madrid\\_marks.html](https://www.wipo.int/treaties/en/registration/madrid/summary_madrid_marks.html) [https://perma.cc/5CL7-WZG6].

76. *Id.*

77. Nicole Kim, *Bringing Clout to the Masses: An In-Depth Look at the “Legal Fake” Phenomenon*, 32 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 262, 274 (2021).

78. Madrid Protocol, *supra* note 3.

79. Kim, *supra* note 77, at 274–75.

80. Russia signed the Madrid Protocol July 10, 1997, and the United States signed the Protocol November 2, 2003. WIPO, *Protocol Relating to the Madrid Agreement Concerning the International Registration of MARKS: STATUS 17–18* (2023), [https://www.wipo.int/export/sites/www/treaties/en/docs/pdf/madrid\\_marks.pdf](https://www.wipo.int/export/sites/www/treaties/en/docs/pdf/madrid_marks.pdf) [https://perma.cc/3BKE-XQBZ].

81. *The WTO*, WTO, [https://www.wto.org/english/thewto\\_e/thewto\\_e.htm](https://www.wto.org/english/thewto_e/thewto_e.htm) [https://perma.cc/HZQ9-JKXY].

82. *Id.*

83. *Dispute Settlement*, WTO, [https://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm) [https://perma.cc/8LA7-MUSP].

84. Russia joined the WTO August 22, 2012, and the United States joined the WTO January 1, 1995. *Members and Observers*, WTO, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm) [https://perma.cc/TJ4F-HKTC].

#### 4. *The Agreement on Trade-Related Aspects of Intellectual Property Rights*

The 1995 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) is an agreement between the member countries of the WTO that “introduced intellectual property rules into the multilateral trading system for the first time.”<sup>85</sup> The TRIPS Agreement exists to resolve trade disputes over intellectual property and “establish[] minimum standards of protection and enforcement that each government has to give to the intellectual property held by nationals of fellow WTO members.”<sup>86</sup> The TRIPS Agreement also reinforces the national treatment doctrine established in the Paris Convention.<sup>87</sup> It includes language that requires international trademark procedures to be “fair and equitable.”<sup>88</sup> As members of the WTO, both the United States and Russia are subject to the TRIPS Agreement.<sup>89</sup>

#### 5. *The World Intellectual Property Organization*

The World Intellectual Property Organization (WIPO) is an agency of the United Nations that was formed under the WIPO Convention in 1967.<sup>90</sup> WIPO consists of 193 member states, including both the United States and Russia.<sup>91</sup> WIPO exists as a forum for international intellectual property policy and to provide “global services to protect IP across borders and to resolve disputes.”<sup>92</sup> WIPO protects intellectual property through its international Alternative Dispute Resolution (ADR) services to resolve intellectual property disputes outside of courts, which include mediation, arbitration, and expert determinations.<sup>93</sup> WIPO also administers the Paris Convention, the Madrid Agreement, and the Madrid Protocol.<sup>94</sup>

#### D. *International Trademark Dispute Resolution*

Since the Paris Convention recognizes the principle of territoriality, most trademark disputes are governed by the law of the country that the disputed mark is registered in.<sup>95</sup> International trademark disputes are also resolved through arbitration or other actions

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85. *Intellectual Property: Protection and Enforcement*, WTO, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm) [https://perma.cc/52EQ-JK98].

86. *Id.*

87. *Id.*

88. TRIPS Agreement, *supra* note 3, art. 41.

89. Russia accepted the latest changes to the TRIPS agreement on September 22, 2017, and the United States accepted the same on December 17, 2005. *Amendment of the TRIPS Agreement*, WTO, [https://www.wto.org/english/tratop\\_e/trips\\_e/amendment\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/amendment_e.htm) [https://perma.cc/X65P-GHJR].

90. *Inside WIPO*, WIPO, <https://www.wipo.int/about-wipo/en> [https://perma.cc/W8T6-VR6B].

91. *Member States*, WIPO, <https://www.wipo.int/members/en> [https://perma.cc/Z76T-C2AV].

92. *Inside WIPO*, *supra* note 90.

93. *Intellectual Property Services*, WIPO, <https://www.wipo.int/services/en> [https://perma.cc/Q2QB-9H7C].

94. *WIPO-Administered Treaties*, WIPO, <https://www.wipo.int/treaties/en> [https://perma.cc/2DUY-MAWX].

95. See MCCARTHY, *supra* note 4 (describing the role of the doctrine of territoriality in international trademark law).

outside of courts, such as the ADR system set up by WIPO.<sup>96</sup> ADR has been of growing importance in the global landscape due to its cost and time efficiency and is a preferred alternative to litigation for many major corporations.<sup>97</sup> WIPO is “the only international provider of specialized ADR services for intellectual property disputes” and has administered over 900 cases.<sup>98</sup> ADR through WIPO provides many advantages,<sup>99</sup> and importantly, can be binding as the “New York [Arbitration] Convention [of the Recognition and Enforcement of Foreign Arbitral Awards] allows arbitral awards to be enforced in most countries around the world.”<sup>100</sup> Mediation agreements can also bind parties from different countries under the New York Convention.<sup>101</sup>

### E. How International Trademark Law Interacts

These bodies of international intellectual property and trademark law come together to form a cohesive framework. Important to note in the interactions of international trademark law is that the TRIPS agreement incorporates the Paris Convention.<sup>102</sup> Therefore, all members of the TRIPS agreement are subject to the obligations of the Paris Convention, including the national treatment and the well-known marks policies.<sup>103</sup> WIPO administers the Madrid Protocol, the Madrid Agreement, and the Paris Convention.<sup>104</sup> The incorporation of the Paris Convention by the TRIPS Agreement and its administration by WIPO does not seem to cause any dissonance.<sup>105</sup> In fact, the WTO, which administers the TRIPS agreement, has historically relied on WIPO for interpretation of the Paris Convention.<sup>106</sup> WIPO and WTO rely on each other and WTO turns to WIPO to establish if international property norms exist.<sup>107</sup> International trademark laws can interact with relative efficiency due to the relationship between these two primary interpreting and enforcing bodies of international intellectual property law.

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96. See *WIPO-Administered Treaties*, *supra* note 94 (describing WIPO’s Alternative Dispute Resolution system).

97. See Joyce A. Tan, *WIPO Alternative Dispute Resolution Options: A Guide for IP Offices and Courts*, at 4–5, WIPO DOC. RN2022-15E (2022), <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-rn2022-15-en-wipo-alternative-dispute-resolution-options.pdf> [<https://perma.cc/4ECL-X9QW>] (reporting on the history and increased adoption of ADR globally); see also Jesse S. Bennett, *Saving Time and Money by Using Alternative Dispute Resolution for Intellectual Property Disputes—WIPO to the Rescue*, 79 REV. JURÍDICA U.P.R. 389, 395–98 (2010) (discussing that ADR proceedings better protect confidential information than traditional litigation and that ADR is cheaper and faster than traditional litigation).

98. Tan, *supra* note 97, at 6–7.

99. See *id.* at 9–14 (listing the benefits of ADR).

100. *Id.* at 13; see generally *Contracting States*, N.Y. ARB. CONVENTION, <https://www.newyorkconvention.org/countries> [<https://perma.cc/689F-8K4Q>] (listing the United States and Russia as contracting States to the New York Convention).

101. Tan, *supra* note 97, at 13.

102. Susy Frankel, *WTO Application of “the Customary Rules of Interpretation of Public International Law” to Intellectual Property*, 46 VA. J. INT’L L. 365, 403 (2006).

103. *Id.*

104. *WIPO-Administered Treaties*, *supra* note 94.

105. See Frankel, *supra* note 102, at 414–15 (discussing how WIPO and the WTO interact).

106. *Id.* at 414–15.

107. *Id.* at 414.

## III. ANALYSIS

A. *The Dangers of War Through Intellectual Property*

Russia has waged war against Ukraine and simultaneously manipulated its intellectual property law to retaliate against countries that side with Ukraine. Russia's actions could set a precedent as the political warfare of the future if international policy does not adapt to prohibit countries from taking similar action.

The potential of war through intellectual property is of growing concern as many companies “find themselves entangled in an IP war in which the Russian authorities seem to flagrantly disregard national and international IP law.”<sup>108</sup> Some note that “[t]he suspension of intellectual property rights as an economic weapon in the context of a conflict is unprecedented, at least in recent decades.”<sup>109</sup> The suspension of intellectual property rights has been used as a means of retaliation in war times in the past.<sup>110</sup> With the growing importance of international business,<sup>111</sup> the intellectual property warfare Russia is waging could become an increasingly common means of political retaliation. Belarus has recently adopted a similar policy to the one Russia has implemented.<sup>112</sup> Under the new law in Belarus, norms of copyright law have been upended, and the people of Belarus are allowed to freely use digital materials from unfriendly countries without consent from foreign copyright holders.<sup>113</sup>

A world where international intellectual property rights are subject to the ever-changing global political landscape would present many challenges. It would disincentivize many United States-based corporations from expanding business to countries with any tense relationships with the United States, which would likely have significant adverse effects on the global economy.<sup>114</sup>

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108. See Irene Calboli & Vera Sevastianova, *Fashion in the Times of War: The Recent Exodus of Luxury Brands from Russia and What It Means for Trademark Law*, 13 HARV. J. SPORTS & ENT. L. 187, 197 (2022) (discussing the impacts of Russia's intellectual property retaliation on fashion brands).

109. Enrico Bonadio & Alina Trapova, *How Russia is Using Intellectual Property as a War Tactic*, THE CONVERSATION (Mar. 18, 2022), <https://theconversation.com/how-russia-is-using-intellectual-property-as-a-war-tactic-179260> [<https://perma.cc/B5T5-6A79>].

110. See Calboli & Sevastianova, *supra* note 6, at 38–40 (discussing examples of trademark disputes resulting from World War I, World War II, and the Cuban Revolution).

111. See *Global Trade Hits Record High of \$28.5 Trillion in 2021, but Likely to be Subdued in 2022*, U.N. CONF. ON TRADE & DEV. (Feb. 17, 2022), <https://unctad.org/news/global-trade-hits-record-high-285-trillion-2021-likely-be-subdued-2022> [<https://perma.cc/FP72-LWKL>] (describing the significant and continued growth in market shares of international business).

112. See generally *Belarus Legalizes Pirated Movies, Music and Software from “Unfriendly Countries,”* POLISH NEWS (Jan. 8, 2023), <https://polishnews.co.uk/belarus-legalizes-pirated-movies-music-and-software-from-unfriendly-countries> [<https://perma.cc/P8F3-ZG74>] (discussing the legalization of pirated movies, music, and software).

113. *Id.*

114. The United States is the single largest economy in the world, accounting for almost 25% of global GDP, and the United States is “the most important export destination for one-fifth of countries around the world.” See Marc Stocker et al., *Understanding the Global Role of the US Economy*, VOXEU (Feb. 27, 2017), <https://cepr.org/voxeu/columns/understanding-global-role-us-economy> [<https://perma.cc/PB48-AJ5D>].

Further, the impact of Russia's actions has yet to be fully realized.<sup>115</sup> Russia's policy poses a real risk to the global market unless existing international policy adapts. In fact, some corporations seeking intellectual property advice have claimed to have "zero interest" in introducing new trademarks or inventions in Russia.<sup>116</sup> These companies' new policies (caused by Russia's actions) will likely have a chilling effect on innovation and corporate expansion of multinational businesses in the Russian market, which has already begun to manifest.

The War has already notably reduced the number of foreign companies seeking trademark registration in Russia by 16.2% in the first eight months of 2022.<sup>117</sup> This chilling effect will also cause multinational corporations to miss out on significant profits from the Russian market.<sup>118</sup> The chilling effect has already come to fruition in the drug and medicine industry as "[m]ost foreign drugmakers are refusing to launch new trials in Russia as long as the war rages on, making it hard for new medicines to get approved."<sup>119</sup> The impact on the pharmaceutical industry is particularly relevant because Russia imports about 70% of its pharmaceuticals.<sup>120</sup>

Even without war as a consideration, actions made by a country to disregard intellectual property rights can still have major effects on the global political landscape. The United States' issues with Russian intellectual property enforcement are not new. Since 2005, the Office of the United States Trade Representative has consistently placed Russia on "an annual report on countries found to engage in substantial IP rights violations."<sup>121</sup> Russia's recent actions further strain the relationship between the two countries regarding intellectual property.

Regardless of global aggression and strained relationships, Rospatent has been increasingly vocal about its adherence to international intellectual property obligations.<sup>122</sup> There is still reason for intellectual property owners to be skeptical as "Russia remains a country where the rule of law is not respected and the judicial system may be used to pursue political goals."<sup>123</sup> Given Russia's global aggression in both war and intellectual property policy and the weakening of the rule of law in Russia, many multinational corporations would likely be hesitant to bring their corporations and intellectual property back to Russia

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115. See Calboli & Sevastianova, *supra* note 6, at 41 (emphasizing the uncertainty surrounding the future of trademark policy and enforcement in Russia).

116. See *Has Russia Legalised Intellectual-Property Theft?*, *ECONOMIST* (June 2, 2022), <https://www.economist.com/business/2022/06/02/has-russia-legalised-intellectual-property-theft> [<https://perma.cc/C9AU-DEL5>] (reporting on an intellectual property lawyer's claims about his client's response to Russia's IP policy).

117. Calboli & Sevastianova, *supra* note 6, at 32.

118. See *Companies Count the Cost of Ditching Russia*, *REUTERS* (May 17, 2022), <https://www.reuters.com/article/ukraine-crisis-companies/factbox-companies-count-the-cost-of-ditching-russia-iduskcn2m119g> [<https://perma.cc/2KRZ-6BNG>] (citing the amounts of profit that multinational corporations have lost after leaving Russia, which shows the value of the Russian market to corporations).

119. *Has Russia Legalised Intellectual-Property Theft?*, *supra* note 116.

120. *Id.*

121. THOMAS LONG, WOLTERS KLUWER, *IP RIGHTS ARE BOTH VICTIMS AND WEAPONS IN RUSSIA'S WAR ON UKRAINE 1* (2022), [https://business.cch.com/ipld/SR\\_Russian-Ukraine-Impact\\_03-16-2022\\_final\\_locked.pdf](https://business.cch.com/ipld/SR_Russian-Ukraine-Impact_03-16-2022_final_locked.pdf) [<https://perma.cc/G85D-A7EF>].

122. See Calboli & Sevastianova, *supra* note 6, at 34 (discussing statements and bills that Rospatent has made as part of its increased "law-abiding rhetoric about IP").

123. *Id.*

after seeing how the country has exercised its authority to strip away intellectual property rights at will. It also seems unlikely that Russia would accept business from those multinational corporations again unless there was an unprecedented change in its leadership.

The current dilemma and its potential impacts showcase the importance of international intellectual property law. The Paris Convention, Madrid System, and TRIPS Agreements all serve important purposes in the grand scheme of international intellectual property law protection. However, Russia's actions have exposed their inefficiencies. The doctrine of territoriality concerning intellectual property rights requires the cooperation of all countries. Even the intense sanctions placed on Russia by the United States and the European Union have not caused Russia to cease its aggression.<sup>124</sup> International law in its present form is ill-equipped to handle a situation where one country disregards international systems and traditions. This ineffectiveness leaves the ability of multinational corporations to protect their intellectual property rights and function as businesses in jeopardy.

The purpose of trademarks is to create a means for businesses to distinguish themselves and to build consumer loyalty.<sup>125</sup> Trademarks are a “key factor[] in creating business value[, and] [s]trong brands command customer loyalty and premium prices and contribute to healthy profit margins and growth, enabling companies to distinguish themselves and their products and services from those of their competitors.”<sup>126</sup> Evidence of this is intuitive to consumers but is best exhibited through the Coca Cola trademark that is valued at approximately \$97.9 billion.<sup>127</sup> As of 2023, Starbucks holds the title of most valuable restaurant brand with a value of \$53.4 billion.<sup>128</sup> Trademarks are invaluable assets for corporations. But to engage in commerce without adequate protections, mark holders risk their brand assets losing value via dilution.

Trademark dilution is recognized across the world in different forms and can be generally described as the weakening of a mark's distinguishing ability through another party's use of the mark or similar marks in commerce.<sup>129</sup> Dilution protection is typically reserved only for well-known marks. The two most common forms of dilution are tarnishment and blurring.<sup>130</sup> For example, Stars Coffee presents a significant risk of tarnishment to the Starbucks mark. Stars Coffee may dilute the Starbucks mark through tarnishment by weakening the Starbucks brand's connection to its signature coffee and

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124. See *What Are the Sanctions on Russia and Are They Hurting its Economy?*, BBC (May 25, 2023), <https://www.bbc.com/news/world-europe-60125659> [<https://perma.cc/STU5-HU52>] (listing sanctions imposed on Russia).

125. See *Making a Mark in Global Markets*, WIPO MAG., Apr. 2011, at 16, 16 (discussing the importance and purpose of trademarks and branding).

126. *Id.*

127. Julia Faria, *Coca Cola's Brand Value from 2006 to 2022*, STATISTA (Jan. 6, 2023), <https://www.statista.com/statistics/326065/coca-cola-brand-value/> [<https://perma.cc/SK2H-SPSG>].

128. Caleb Wilson, *Starbucks Ranked Most Valuable Restaurant Brand*, FOOD BUS. NEWS (Mar. 17, 2023), <https://www.foodbusinessnews.net/articles/23433-starbucks-ranked-most-valuable-restaurant-brand> [<https://perma.cc/FWV3-MKMJ>].

129. *Trademark Dilution (Intended for a Non-Legal Audience)*, INT'L TRADEMARK ASSOC. (Nov. 9, 2020), <https://www.inta.org/fact-sheets/trademark-dilution-intended-for-a-non-legal-audience/> [<https://perma.cc/7BBJ-QM3A>].

130. *Id.*

expected levels of quality and service through serving goods not at the established level of Starbucks' brand. The effects of trademark dilution can lead to a reduction in consumer confidence and subsequently decreased sales.<sup>131</sup>

To summarize, if an adversary does not respect intellectual property law or the decisions of international courts, global corporations do not have the tools to prevent the weakening of their trademarks and subsequently the value of their important brand assets. This would leave corporations with essentially one option: to exit the countries that do not respect international trademark law and leave potential profit and global market reach behind.

### B. *Applying International Trademark Law*

Even though Russia is a signatory to a robust body of trademark law, multinational corporations are left without recourse from trademark infringement in Russia. The Starbucks example is emblematic of a larger weakness of the doctrine of territoriality and the lack of existing protections in international trademark law. This Note applies the existing bodies of relevant law to the Starbucks example to showcase the inefficiencies.

#### 1. *Applying Russian Law*

Due to the widespread adoption of national treatment and the doctrine of territoriality under the Paris Convention, the treatment of intellectual property is left to the laws of the country where a mark is registered.<sup>132</sup> Thus, any trademark dispute over the Starbucks mark would be determined under Russian law. Under Russian law, the Starbucks wordmark is protected through March 22, 2026,<sup>133</sup> and the Starbucks Coffee logo is protected through April 2, 2031<sup>134</sup> before either mark could be renewed again for another ten years.<sup>135</sup> Consequently, the Starbucks marks warrant the full protection under Russian trademark law until the seemingly more likely date that they are left unused for three years.<sup>136</sup>

On April 1, 2022, the Russian Federal Service for Intellectual Property stated, “[i]n case an identical or similar trademark has already been registered in the Russian Federation, it would be the ground[s] for refusal of such registration.”<sup>137</sup> The Russian Court of Intellectual Property Rights has even put these words into action in a decision to protect the “Fanta” mark by denying registration to “Fant!” due to it being “confusingly similar to the ‘FANTA’ brand owned and licensed to third parties by Coca-Cola HBC Limited

131. W. Macías & J. Cerviño, *Trademark Dilution and its Practical Effects on Purchase Decision*, 21 SPANISH J. MKTG. – ESIC 1, 11 (2017).

132. MCCARTHY, *supra* note 4.

133. RUSSIAN FEDERATION FEDERAL SERVICE FOR INTELLECTUAL PROPERTY, PATENTS AND TRADEMARKS, REGISTRATION NUMBER 269084, Dec. 12, 2007.

134. RUSSIAN FEDERATION FEDERAL SERVICE FOR INTELLECTUAL PROPERTY, PATENTS AND TRADEMARKS, REGISTRATION NUMBER 323304, May 12, 2007.

135. *See* Beier, *supra* note 24, at 23 (describing the process for trademark registration in Russia).

136. *See id.* (describing intellectual property law in modern Russia).

137. *Explanatory Note of Rospatent Concerning the Examination of Recent Trademark Applications Confusingly Similar to Foreign Trademarks Registered in Russia*, ROSPATENT FED. SERV. FOR INTELL. PROP. (Apr. 1, 2022), <https://rospatent.gov.ru/en/news/poziciya-rospatenta-01042022> [https://perma.cc/29BH-CJ9P].



Liability Company.”<sup>138</sup> The Fanta case shows that Russian courts would, at least in theory, stop a registration that is confusingly similar to an existing mark from a multinational corporation such as “Stars Coffee.”

Still, multinational corporations facing copycat Russian businesses have reason to be skeptical. Corporations claiming infringement “risk being ineligible for damages or injunctive relief” since they have elected to cease business in Russia.<sup>139</sup> Corporations also risk an accusation of violating article 10 of the Russian Civil Code, which prohibits the use of the civil “rights for the purpose of limiting competition and also abuse of a dominating position in a market.”<sup>140</sup> Violations of article 10 of the Russian Civil Code have been alleged against multinational corporations based in the United States when such companies have attempted to take over the market share of Russian-based services.<sup>141</sup> The Russian Federal Antimonopoly Service could use article 10 of the Russian Civil Code to support the Russian businesses that are competing with the multinational corporations in Russia. Further, multinational corporations based in the listed unfriendly countries will likely face challenges with having their arguments heard in a Russian court and could expect courts to be stacked against them coupled with a lack of willing assistance from Russian lawyers out of fear for their safety.<sup>142</sup> Given the risks involved in Russian trademark litigation and the current political climate, corporations could ideally turn to international trademark law for a resolution.

## 2. Applying the Paris Convention

The Starbucks issue serves as a great case study for the issues and limitations of the existing international trademark policy, specifically, the doctrine of territoriality. Starbucks is a multinational corporation, boasting 17,000 stores across the world and less than half of the stores are in the United States.<sup>143</sup> Since the Starbucks corporation provides a service, its infringement issues are not simply resolved by moving its place of manufacturing or shipping its goods for sale elsewhere as it could be for a corporation supplying goods. Starbucks relies on physical locations inside Russia to make its sales.

It is likely that Starbucks would be considered a well-known mark under Russian law since the first Starbucks opened in Russia in 2007 and the mark enjoys geographic recognition.<sup>144</sup> Russia would consider the mark’s use outside of its borders to determine whether a mark constitutes a well-known mark “consistent with international standards that

138. Martens, *supra* note 50.

139. *Id.*

140. *Id.*; GRAZHDANSKIĬ KODEKS ROSSIĬSKOĬ FEDERATSII [GK RF] [Civil Code] art. 10 (Russ.).

141. Apple, Inc. was issued an order from Russia’s Federal Antimonopoly Service under article 10 of the Russian Civil Code on the grounds that its “Screen Time” app had a dominant position over a Russian-based application with a similar function “Kaspersky Safe Kids.” Konstantin Voropaev, *Apple Inc. vs Russian Antitrust Authorities: The Legal Battle is Starting Soon*, WOLTERS KLUWER: COMPETITION L. BLOG (Dec. 20, 2020), <https://competitionlawblog.kluwercompetitionlaw.com/2020/12/20/apple-inc-vs-russian-antitrust-authorities-the-legal-battle-is-starting-soon> [<https://perma.cc/88F9-9GST>].

142. See Keenan, *supra* note 7 (discussing the challenges American corporations might face in Russian courts).

143. *Starbucks Enters New Era of Growth Driven by an Unparalleled Reinvention Plan*, STARBUCKS STORIES & NEWS (Sept. 13, 2022), <https://stories.starbucks.com/press/2022/starbucks-enters-new-era-of-growth-driven-by-an-unparalleled-reinvention-plan> [<https://perma.cc/6D9Q-UPB7>].

144. See *supra* Part II.B.1.

recognize cross-border reputation.”<sup>145</sup> The Paris Convention grants a heightened level of protection for well-known marks.<sup>146</sup> If Starbucks is a well-known mark in Russia, it should have heightened levels of protection under the Paris Convention, which are currently not being enforced. If Starbucks is not a well-known mark in Russia, it would not receive any sort of specialized protection under the Paris Convention, even though Russia has not treated it fairly under Russian law. The Starbucks mark warrants the full protection of Russian law due to the doctrine of territoriality that Russia agreed to comply with under the Paris Convention.

### 3. Solutions from the WTO and TRIPS Agreement

The TRIPS Agreement requires fair and equitable trademark procedures<sup>147</sup> and further establishes minimum standards of protection<sup>148</sup>—both of which the Russian Government is not providing to corporations from “unfriendly” countries.<sup>149</sup> But, “when one WTO member adopts a measure that another member considers to be inconsistent with the obligations set out in the WTO Agreement,” complaints can be, and commonly are, brought to the WTO.<sup>150</sup> The WTO dispute resolution system prefers mutual agreement but also provides adjudications through its dispute resolution panels.<sup>151</sup> A WTO complaint process is a possible forum for resolution in such a situation, but this system would likely be considered ineffective for corporations based in the listed “unfriendly” countries. A complaint adjudicated by the WTO “should normally take no more than nine months from the beginning of the adjudication phase . . . and no more than one year if the case is appealed.”<sup>152</sup> Even if a complaint took only a year for resolution, a corporation that withdrew from doing business in Russia a year ago, such as Starbucks, would likely be left with less than a year before its trademark registration would be canceled for lack of use in Russia, which would leave the corporation with little time to reevaluate its position or future in Russia.

### 4. WIPO’s Potential Impact

A United States-based corporation such as Starbucks could turn to an alternative dispute resolution service such as those provided through WIPO to solve any potential disputes. While such international dispute resolution forums are effective, the brazen moves taken by Russia regarding intellectual property rights call into question whether Russia or any Russian copycat businesses such as Stars Coffee would be willing to participate fairly if a complaint was raised against a Russian corporate entity.

145. Arieievich & Hoffman *supra*, note 34, at 4-311.

146. *See supra* Part II.A.1; *see also* Paris Convention, *supra* note 3, art. 6*bis* (establishing guidelines for the protections countries should provide to well-known marks).

147. TRIPS Agreement, *supra* note 3, art. 41.

148. *Intellectual Property: Protection and Enforcement*, WTO, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm) [<https://perma.cc/FFS6-EP6C>].

149. Keenan, *supra* note 7 (discussing the poor outlook of recovery for American-based corporations in a Russian court).

150. WTO, A HANDBOOK ON THE WTO DISPUTE SETTLEMENT SYSTEM 6 (2d ed. 2017).

151. *See id.* (describing that adjudication is only utilized when opposing countries cannot come to a mutual agreement).

152. *Id.* at 14.

#### D. Existing Recommendations

Existing recommendations by scholars to remedy the shortcomings of international trademark policy suggest broad expansions of international trademark policy and overlook the implications of hostile global-political relations.<sup>153</sup>

Timothy Blakey's proposed solution emphasizes global harmonization of trademark law to establish a "unitary transnational system" for trademark protection.<sup>154</sup> While such a system would create global efficiency in trademark policy, even Blakely acknowledges the "nearly insurmountable administrative obstacles" that his proposal would face.<sup>155</sup> Alternatively, Zachary Shufro has argued "for WIPO to establish an international tribunal, in concert with and under the umbrella of the WTO" to bolster the WTO's dispute resolution system.<sup>156</sup> Shufro's proposal also suggests implementing a formal judicial dispute resolution system into WIPO.<sup>157</sup> Shufro acknowledges the challenges that would come with such changes to the organizational structure of WIPO and that "unwillingness of its members, resource-based inability to adapt, and 'the inability to perceive new things or a need for change'" commonly impede such changes to international legislation.<sup>158</sup>

Nicole Kim addressed the weaknesses of both proposals and argues for the adoption of a regional approach to reforming international trademark law.<sup>159</sup> Kim's proposal calls for regional trademark harmonization to consolidate international trademark policy which would model the system that the European Union has established.<sup>160</sup> Kim's proposal presents a unique solution to international trademark policy that is especially relevant to counterfeit goods and "legal fakes,"<sup>161</sup> but it does not consider major global political relationships that have incredible impacts on intellectual property policy.<sup>162</sup>

Michael Ayer specifically addresses the shortcomings of the doctrine of territoriality and advocates "for the United States either to move away from or expand the definition of the doctrine of territoriality."<sup>163</sup> Ayer recognizes that it would be an immense challenge to change 100 years of precedent and ultimately advocates for the harmonization of trademark law in NAFTA states to maximize free trade ideals.<sup>164</sup>

153. See, e.g., Kim, *supra* note 77; Zachary Shufro, *Haute Couture's Paper Shield: The Madrid Protocol and the Absence of International Trademark Enforcement Mechanisms*, 45 N.C. J. INT'L L. 645 (2020); Timothy W. Blakely, *Beyond the International Harmonization of Trademark Law: The Community Trade Mark as a Model of Unitary Transnational Trademark Protection*, 149 U. PA. L. REV. 309 (2000) (suggesting policy changes to international trademark law).

154. Blakely, *supra* note 153, at 349–50 (discussing a proposal for procedural and substantive harmonization before establishing an international community trademark system).

155. *Id.* at 352 (describing downfalls to the community trademark system such as politics, "cultural expansionism," and feasibility).

156. Shufro, *supra* note 153, at 700–02.

157. *Id.* at 704.

158. *Id.* at 705.

159. See generally Kim, *supra* note 77, at 294–301 (addressing and criticizing proposals to international trademark law and suggesting alternatives).

160. *Id.* at 295–97 (describing the benefits of regional trademark registration and explaining the European Union trademark).

161. *Id.* at 299–300 (describing how the proposed changes would impact the "legal fakes" market).

162. See *supra* Part II.A (discussing the background of Multinational Corporate Trademarks in Russia).

163. Michel J. Ayer, *Why the Time Has Arrived to Broaden Protection of Foreign Trademarks in the United States and Why It Won't Happen*, 32 J. CORP. L. 927, 941 (2007).

164. *Id.*

Existing proposals by scholars all acknowledge the impracticality of their proposals for international trademark policy. Such discussion begs the question of the feasibility of international trademark reform, especially of large-scale harmonization of law, and presents a Herculean task for global policy creators. To complicate matters further, existing proposals do not acknowledge the effects of global political unrest. Kim's proposal importantly acknowledges that international policy needs to be realistic and have the ability "to operate in the real-life scenario of countries with inevitably varying laws."<sup>165</sup> Thus, it could prove to be more fruitful to adapt the existing bodies of international law to the realities of a divisive global political climate than attempt to initiate mass scale harmonization of trademark laws.

#### IV. RECOMMENDATION

This Note's recommendation will focus on working within and bolstering existing international systems while acknowledging the current state of international trademark law and tense global political attitudes. International trademark policy needs to be developed to provide stronger protections, whether a mark owner seeks protection in a neighboring country or in a country on the opposite side of the world. Such a policy change would be especially important to provide stability to international intellectual property policy when rival countries use intellectual property protection policies as political weapons in times of war.

Given the proliferation of the doctrine of territoriality,<sup>166</sup> it seems highly unlikely that global harmonization of international trademark policy can be achieved. Instead, the world needs robust systems to resolve international disputes. While the doctrine of territoriality is important and largely practical, it falls apart in situations when one country chooses to go against policy norms. This principle is exhibited by the current lack of protection available for mark holders in Russia,<sup>167</sup> which is especially relevant because Russia is such a prominent global political and economic actor.<sup>168</sup>

WIPO's Alternative Dispute Resolution services could be bolstered to have increased jurisdiction and power to enforce international intellectual property treaties. The WIPO ADR system has already proven effective and increasingly important to global trademark policy.<sup>169</sup> Since WIPO administers many important global intellectual property treaties, it would be practical to rely on this organization to increase its trademark protection. The WIPO's ADR systems also have the benefit of already having established systems, processes, and users.<sup>170</sup>

To increase ADR's effectiveness, the United Nations should return to the New York Arbitration Convention of the Recognition and Enforcement of Foreign Arbitral Awards.

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165. Kim, *supra* note 77, at 295.

166. See *supra* Part II.B.1 (explaining the doctrine of territoriality).

167. See *supra* Part II.B.2 (discussing the application of the doctrine of territoriality to the case of the Starbucks brand).

168. Russia is the eighth largest economy in the world. Caleb Silver, *The Top 25 Economies in the World*, INVESTOPEDIA (Sept. 20, 2023), <https://www.investopedia.com/insights/worlds-top-economies/#toc-11-russia> [<https://perma.cc/QQC3-BZY7>].

169. See *supra* Part II.C.5 (explaining alternative dispute resolution in global trademark policy).

170. See *supra* Part II.D (explaining that international arbitral award disputes are resolved through arbitration or other means outside of court).

The New York Convention already allows awards from arbitration to be enforced globally,<sup>171</sup> but adaption to this treaty could increase the protections and means of collection for parties using the ADR system in intellectual property disputes. The New York Convention should be adapted to include specific protections for intellectual property arbitration decisions. Currently, the scope of the New York Convention is broad, but it lacks this important adaptation.<sup>172</sup> The convention currently provides the recognition of international arbitration agreements that “concern[] a subject matter capable of settlement by arbitration.”<sup>173</sup> Different countries have different policies regarding what can be settled by arbitration and, specifically, which types of intellectual property disputes can be settled by arbitration.<sup>174</sup> One recommended amendment to the New York Convention is to add language to support international arbitration of trademark and other intellectual property disputes. The New York Convention could also be amended to include language to enforce the decisions made by the arbitration panels of the WTO, WIPO, and other international dispute resolution agencies. If such changes were made, disputing companies could utilize existing ADR systems with confidence to settle cross-border trademark disputes, realistically create binding resolutions, and collect on decisions.

One possible issue with such a policy arises when a government allows an infringing action under its federal law. This dilemma leads to the other part of this proposal, which is increased international protections for well-known marks. While the Paris Convention does provide protections for well-known marks,<sup>175</sup> it is not effective. This is especially prevalent in situations like the one Starbucks finds itself in. While an international registration of trademarks may not be practical, an international registration of well-known and famous marks may be more realistic due to the limited number of these marks. Multinational corporations that have invested time and resources to establish global brands should be rewarded for their efforts with increased global protections. Since WIPO already supervises the Paris Convention and its protections for well-known marks, such a registration could exist with small practical changes. The current state of international trademark policy is ineffective due to the national treatment of marks and varied policies relating to well-known marks. Clear new standards for well-known marks backed by the WTO, WIPO, and the Paris Convention, could provide robust protections for well-known marks.

#### A. *Application of Recommendation to Starbucks and Stars Coffee Dispute*

If the suggested proposals were enacted, Starbucks would be able to enforce its trademark in Russia. Even with a hostile Russian government, Starbucks could file a claim against Stars Coffee through WIPO’s ADR system. Such a claim would only apply to Russian trademark policies that meet the standards of international trademark agreements. Assuming Starbucks meets the standard for a well-known mark, it would be subject to

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171. See Convention on the Recognition and Enforcement of Foreign Arbitral Awards, art. I, June 10, 1958, 21 U.S.T. 2517, 330 U.N.T.S. 3.

172. See generally *id.* (describing the recognition and enforcement of arbitral awards among states).

173. *Id.*

174. See Matthew R. Reed et al., *Arbitrability of IP Disputes*, in THE GUIDE TO IP ARBITRATION 25, 27–49 (John V H Pierce & Pierre-Yves Gunter eds., 2020) (describing the different approaches of different countries to intellectual property arbitration).

175. See *supra* Part II.B.1.

greater protections under the WIPO's ADR system and would be granted the full force of international trademark law.

### B. Potential Challenges of the Recommendation

This Note's recommendation requires significant changes to international legislation. Such changes, again, are commonly impeded by the "unwillingness of [international legislative body] members, resource-based inability to adapt, and 'the inability to perceive new things or a need for change.'"<sup>176</sup> Ideally, implementing changes to preexisting legislation would be a much more palatable path for change. It seems likely, given the lack of protections available to current mark holders in Russia, that the War could inspire international well-known mark holders to understand the need for change and put aside any unwillingness to advocate for international change for the greater protection of their marks. Since the recommended policy only adapts preexisting international agreements, changes would not impose significant resource drains on member countries.<sup>177</sup> Although one potential obstacle is the potential hiring of new international arbitration judges to preside over ADR system disputes, which could lead to potential political and financial disputes.

### C. How Corporations Can Protect Their Marks

Acknowledging the geopolitical hurdles and time that international policy reform requires, there is still a present need for corporations to protect their trademarks. One potential option for corporations that wish to expand to countries with political unrest or tense relationships with their home countries is to utilize "corporate collective bargaining." In other words, multinational corporations could band together to lobby for increased trademark law protections. Lobbying is not a foreign concept to multinational corporations and multinational corporations already wield great influence over global politics.<sup>178</sup> Due to their market power, western corporations are strongly positioned to determine Russia's future role in the global economy, which could be leveraged to advocate for policy change.<sup>179</sup> Some have suggested that western corporations establish strong private-public relations similar to those established during Iran-U.S. conflicts.<sup>180</sup> Corporations seeking to expand could target countries and use their influence and relationships within each country to advocate for stronger intellectual property protections before intense global expansion.

Outside of lobbying for international policy change, the means for corporations to protect their trademarks will largely have to be internal. Ideally, corporations could take

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176. Shufro, *supra* note 153, at 705.

177. Learning costs are a significant cost that stem from policy reform, especially on the international level. In theory, the costs of transitioning to new law will decrease as the complexity and scale of laws simplify. Thus, making changes to existing laws lowers transition costs opposed to having different countries rewrite their laws entirely. See Michael P. Van Alstine, *Treaty Law and Legal Transition Costs*, 77 CHI.-KENT L. REV. 1303, 1306-07 (2002).

178. In Song Kim & Helen V. Milner, *Multinational Corporations and Their Influence Through Lobbying on Foreign Policy*, in GLOBAL GOLIATHS: MULTINATIONAL CORPORATIONS IN THE 21ST CENTURY ECONOMY 497, 521 (C. Fritz Foley, James Hines & David Wessel eds. 2021).

179. See Eliot Usherenko, *Crime and Punishment: Holding Russia Accountable for Weakening Foreign Entities' Intellectual Property Rights*, 2023 B.C. INTELL. PROP. & TECH. F., at 1, 8 (noting the "immense stress the Russian economy faces following the flight of Western companies").

180. *Id.* at 20-21.

advantage of a country's trademark enforcement law, but success using such methods in Russia seems unlikely unless the Russian government were to make a dramatic change in its global political posturing. Without trademark law protections available, corporations can also engage in rigorous brand management to attempt to ensure trademark protection. Such brand protection initiatives have been suggested in situations where China's intellectual property policies have lacked enforcement (similar to the current state of trademark law in Russia).<sup>181</sup> Effective brand protection initiatives commonly include education initiatives that focus on internal procedures as well as education about foreign intellectual property laws along with ensuring strong relationships with foreign attorneys and governments.<sup>182</sup> Foreign brand experts can also be hired and utilized as a means to bolster foreign IP protections and gain specialized help.<sup>183</sup> Unfortunately, without a government willing to acknowledge or enforce its own (let alone foreign) trademark laws, there are few options available for trademark enforcement, which again underlines the importance of strengthening international trademark protections.

The bottom line: when a country does not adhere to the ruling or any international bodies or treaties, corporations could protect themselves through intensive internal brand management. Additionally, corporations could seek help from friendly foreign representatives when possible, and corporations may consider lobbying foreign governments and international bodies for strong intellectual property protections to ensure future protections.

## V. CONCLUSION

The current state of international trademark policy leaves multinational corporations facing trademark infringement with no opportunity for recourse. While global policy change presents a substantial challenge, some practical adaptations to current bodies of law could dramatically increase protections. Russia's recent behavior shows that a single country currently has the power to upend well-established systems and decades worth of policy and tradition to fulfill its own expansive desires. Starbucks and Stars Coffee should serve as an example that the current body of international trademark law is insufficient in the likely event that intellectual property law is continually manipulated as a form of political warfare. War is an unfortunate global reality that has put the intellectual property of multinational corporations in the crossfire. Policymakers need to look at how current policy has failed to ensure that the goals of trademark law are upheld the next time global tensions rise. International corporations, and especially those with well-known marks, need stronger policies to protect their rights, intellectual property, and business goals. Trademarks are important legal tools to protect consumers and to reward corporations for building brands and consumer loyalty. International trademark policy should be reworked to ensure it reflects these important policy goals.

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181. See generally Anne M. Wall, *Intellectual Property Protection in China: Enforcing Trademark Rights*, 17 MARQ. SPORTS L. REV. 341 (2006) (discussing means to protect trademark rights in China following multiple accounts of piracy and weak government enforcement).

182. *Id.* at 405–07.

183. *Id.* at 408.