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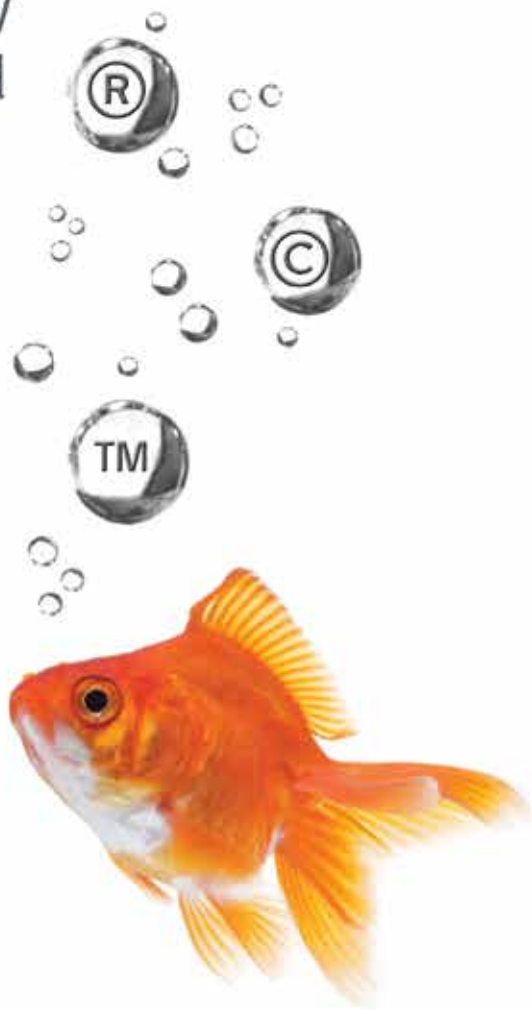
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Think globally, act globally: legal considerations for developing and managing a global brand

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There is no doubt that the world is getting smaller. The Internet provides many companies with a distribution network that reaches across the globe, and businesses offer products and services to a global community. As a result, the marketplace is becoming increasingly crowded with new offerings. Given this busy global playing field, brand owners must develop strategies to protect trademarks beyond their home base for product launches in new territories and to guard against infringement. This chapter highlights some legal considerations to keep in mind when building and protecting a global brand.

Trademark rights are territorial: prioritise countries

Trademark laws vary from country to country. A rights holder cannot secure international trademark protection with a single filing. Rather, brand owners secure protection on a country-by-country basis (with the exception of some regional filings such as the EU Community trademark). Even an international registration requires the designation of individual countries, and protection is afforded

under local trademark laws.

The cost of global registration of a trademark can be staggering and requires careful budgeting. A brand owner should forecast the countries in which it anticipates offering products or services over a given period (eg, three to five years). If a company foresees a worldwide launch, it should consider creating tiers of countries and regions in order of importance. If a product is launched with success in some or all of the first-tier countries, the company should consider taking steps to clear and protect the trademark in the next tier of countries.

Allocate time, patience and resources

Once first-tier countries and regions have been identified, brand owners can proceed with trademark clearance. Conducting a global clearance project can be expensive, time consuming and sometimes frustrating. A mark is rarely clear in all countries. As such, it is important to manage expectations and to develop and clear back-up marks. Sufficient time and resources must be allocated to search various trademarks.

A best practice is to start with three to five candidate trademarks. The extent of trademark clearance depends primarily on the level of risk and time that the company can accept. As

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an initial matter, candidates should be cleared in the home country, since future foreign filings may depend on successful registration of the home base application. Once a candidate has been cleared for the home country, conduct preliminary computer clearance searches in other countries of interest that have online trademark databases. Because preliminary trademark searches are quicker and more affordable than full searches, multiple tiers of countries may be searched during the preliminary assessment. If a candidate passes the preliminary search, local counsel in the countries of interest may be engaged to conduct full trademark searches. Depending on the budget and time constraints, full searches at this point might be limited to first-tier countries. Even when starting with five candidates, none may be available in all key countries. So start the clearance process early, and keep in mind that an alternative trademark may have to be used in certain countries.

Also consider conducting a marketing assessment in key markets to determine whether the trademark has a particular meaning in the countries of interest. Certain words, colours and images have different connotations in different countries.

File for your trademark quickly

Outside the United States, most countries are ‘first-to-file’ countries, meaning that a trademark in a particular country belongs to the party that files and registers it first. For that reason, applications in important first-to-file countries may be filed simultaneously with or immediately after preliminary clearance assessments. In addition, applications should be filed before any discussions with potential distributors or business partners in foreign markets. If not, the potential distributor may register the trademark in its name and own the trademark in that country,

rendering it difficult to negotiate or terminate the distributor, even for cause.

Understand how the United States differs

Unlike many other countries, in the United States, trademark rights are derived from using the trademark in commerce. With an exception that applies only to foreign applicants, a trademark may not be registered in the United States unless it is shown that the trademark is being used in commerce. Non-US applicants that obtain a US registration without demonstrating use must still establish that the trademark is being used in US commerce after the fifth year of registration in order to maintain the registration.

Given the emphasis on use, when filing a new trademark application all trademark applicants (domestic and foreign) must declare that the applicant intends to use the trademark in the United States with all the goods and services identified in an application. As a result, applicants should include only the goods and services that they actually intend to offer under the mark. Limiting the specification of goods and services in this manner is contrary to the practice in many countries, where trademark applicants include long lists of goods and services to create broad rights. If an applicant seeking a US trademark registration does not have a *bona fide* intention to use the trademark with all the goods, the resulting registration may be vulnerable to full or partial cancellation. Further, a lack of documentary evidence demonstrating the intention to use the trademark on all claimed goods and services has been held to constitute proof that the applicant did not have the required intent to use.

For these reasons, if a non-US company is filing in the United States based on its registration outside the United States or on an

international registration under the Madrid Protocol, the applicant should carefully review the list of goods and services included in the non-US or international registration and specify only the goods and services in the corresponding US application that the applicant actually intends to offer in the United States. Owners of US registrations must also remember to delete unused goods and services from the registration when filing maintenance documents.

Confer with local counsel

Because trademark rights are territorial, brand owners must understand how to protect trademarks in important countries. In certain countries, an application based on a claim of intent to use when the mark has in fact been used in that country renders the application void (eg, Canada). In some countries, if a trademark is being used by a licensee, the licence must be recorded to be enforceable against a third party (eg, Brazil and China). In some countries there are strict penalties for using the registration symbol with a trademark that is not registered (eg, Japan and the United Arab Emirates), which will affect whether the same packaging may be used in various countries. In some countries registered trademarks need not be translated, but other words on labels must be (eg, Canada, particularly Quebec, and Russia). Rights holders should also consider whether to register a trademark in non-English characters. Companies should also take advantage of available protections outside the trademark offices. For example, rights holders may record their trademarks with customs authorities in certain countries and territories to help to stop the import and export of counterfeit products. Rights holders should also file for trade name protection in certain countries when a mark functions as both a trademark and trade name.

Brand owners should consult with local trademark practitioners to address such country-specific issues.

Consider trademark ownership

Trademark ownership is typically driven by considerations beyond trademark law, such as tax consequences. Efficiencies result from the

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same company owning a trademark on a global basis (eg, a parent company or IP holding company). For example, if one party owns a trademark globally, it may be able to use filing systems such as the Madrid Protocol to obtain protection in multiple countries efficiently. While selecting one owner is generally preferred, it has consequences related to trademark enforcement. In the United States, a trademark owner is a necessary party to a trademark infringement lawsuit, even if the trademark is being used by a different entity. That means that if a non-US parent company owns the trademark, that parent must be a party to litigation involving the trademark and therefore will be subject to US rules of discovery.

Understand Paris Convention priority

Under the Paris Convention, an applicant that files a trademark in one member country may file a corresponding trademark in other member countries within six months of the initial filing and claim the initial filing date as the priority date for subsequent applications. This tool allows rights holders to

file one application to obtain a priority date and then have six months to decide where else to file. There are nuances, however. In certain countries, the goods identified in the subsequent application must mirror precisely the goods described in the original application. For priority purposes, rights holders should also appreciate that the original application need not be in the applicant's home country. For example, a US company may file a Community trademark application in the European Union and claim priority to that Community trademark application when filing in the United States (within the six-month window).

In addition, applications that include a broader specification of goods than the original application give rise to a second priority window. For example, if a company files a US trademark application covering "apparel", and within six months files a Community trademark application covering "apparel" and "luggage" claiming priority to the US application, the priority claim will apply only to "apparel" (meaning that the Community trademark application will have a priority date of the US filing date with respect to "apparel"). However, including "luggage" in the Community trademark application creates a secondary priority date that starts another six-month clock. So the rights holder may file further applications within six months of the Community trademark application and claim the Community trademark application date as the priority for the application as it relates to "luggage". Moreover, certain countries (eg, South Korea and Turkey) allow two priority claims. So, in this scenario, if a US application covering "apparel" is filed in month one, and a Community trademark application covering "apparel" and "luggage" is filed in month three, an application in South Korea may be filed in month five that claims priority to the US application for "apparel" and the Community trademark application for "luggage". If a country does not allow two priority claims (eg, China), two separate applications may be filed: one claiming priority to the US application and the other claiming priority to the Community trademark application.

Do not forget about domain names and social media

Domain names and social media are rarely an afterthought these days, and often the

first clearance step undertaken by marketing personnel is to see whether desired domain names and social media handles are available. When working with a global brand, consider whether registering various country-code domain names is desired to help to localise the brand. If there is an interest in registering country-specific domain names, confer with local counsel to obtain the requirements for registering such a domain name (eg, many countries require some sort of local presence, either actual or through an agent).

Set up watch notices

Rights holders have a duty to enforce their trademarks against infringers. This obligation is to prevent confusion in the marketplace and to preserve the distinctiveness of a trademark. Therefore, rights holders must be aware when others are using or seeking to register the same or confusingly similar trademarks. A worldwide trademark watch system should be set up for any brand with global aspirations.

Build a team

There are many legal responsibilities involved in developing and managing a global brand, including conducting clearance searches, developing a clearance and registration strategy, filing and prosecuting trademark applications, obtaining domain names and social media handles, working with counsel in other countries, reviewing watch notices, prosecuting and defending enforcement actions, documenting evidence of use, maintaining trademark registrations, providing guidance to the business on proper trademark use, preparing any necessary licence agreements, ensuring that distribution agreements adequately protect trademarks, establishing appropriate agreements with product manufacturers to protect IP rights and working with customs officials. A successful trademark legal team often consists of a combination of in-house and outside lawyers and paralegals managing these various responsibilities. The legal team should work with brand managers, so that legal and business objectives and expectations are aligned. [WTR](#)

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Joel Leviton is a business-minded IP attorney who helps brand-oriented companies create, develop and protect strong brands. He works closely with clients on global brand protection strategies and selecting, clearing, registering and enforcing trademarks globally. Mr Leviton has considerable experience handling disputes involving trademarks, copyrights and domain names and routinely represents clients in proceedings before the US Patent and Trademark Office Trademark Trial and Appeal Board. His expertise also includes licensing and agreements, as well as counsel on advertising law issues, comparative advertising, false advertising and social media.



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Catherine Stockell is an experienced trademark attorney who focuses on counselling her clients with respect to clearance, adoption, registration and protection of trademarks and copyrights. She works closely with global brand owners to develop and manage their trademark portfolios and to develop appropriate enforcement strategies. Ms Stockell regularly handles opposition and cancellation proceedings before the Trademark Trial and Appeal Board and offers counsel on trademark protests, settlements, litigation and appeals. She also advises clients on the IP aspects of mergers, acquisitions, divestitures and secured financings. Ms Stockell has been listed in New York's *Super Lawyers* Metrolist.