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Global Issues – Law Firms

Globalization Of The World Economy And Brand Protection

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Despite a sluggish economy and a weak dollar, or perhaps as a result of a weak U.S. dollar, products made in the United States have become more affordable and attractive abroad. According to *The Washington Post* (May 7, 2006, page D-1), U.S. exports grew by an inflation-adjusted 17 percent from 2005 to 2007.

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Prior to entering private practice, Mr. Brooke worked on Capitol Hill in Washington, D.C., as a legislative assistant to Senator John McCain of Arizona and Congressman Frank R. Wolf of Virginia. Mr. Brooke frequently speaks at legal education seminars sponsored by groups including the International Trademark Association, the American Bar Association's Section of Intellectual Property Law, the D.C. Bar, the Intellectual Property Law Institute of Canada and the Law Education Institute on topics ranging from U.S. Trademark legislation, trade dress law, litigation strategy, international trademark protection and legal ethics.



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As U.S. manufacturers and exporters gain footholds overseas, the next step will be to maintain these positions, if not continue to expand international sales.

The Benefits Of International Branding

One important tool for American businesses hoping to keep and expand market share in other countries is branding. Successful manufacturers and services providers build strong relationships between consumers and brands. A strong and memorable name for a product or service leads to purchasers asking for the product or service by name – that is by its trademark.

Trademarks are also becoming internationalized. Manufacturers, distributors and service providers want to sell their

products and services under the same or similar brand names all over the world. For the most part, U.S. companies and their legal departments understand the importance of filing and protecting trademarks in the United States.

The Challenges Of International Branding

A U.S. trademark registration has little value in Europe, Asia or even Mexico and Canada. Many major corporations based in the United States have lawyers familiar with trademark law in this country, but only a few U.S. companies have gone so far as to hire in-house counsel with specific experience in this area, let alone a bar license, in other countries.

Challenges facing businesses seeking protection in other countries include, but are not limited to, the following:

- determining the place or places where registration should be sought and the governing law
- determining local customs and enforcement policies
- divergence between official norms and real practice
- effect of absence of the rule of law in many countries and the role of corruption
- what standards are used to determine whether a mark is available or even protectable
- ascertaining whether the national trademark registry is accurate and if it can be searched
- whether or not the authorities and courts will honor their country's obligations and domestic legislation

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Considering All The Options

Trademark law is not the same in every country. In some jurisdictions, owners of brands may obtain a broad range of protection, while in others, the applicant must be quite specific about what products and services are protected by the mark. In common law countries, a trademark owner may be able to claim rights even without a registration, while in civil law countries, a trademark registration will trump rights.

Naturally, a business making sales outside the U.S. could simply forego international protection and take their chances, but this is generally not in a company's best interests. Another is to seek out and hire local counsel and pay the registration fees and local counsel fees in every country where the company does business or hopes to do business – this could be a very time-consuming and expensive process. Companies based in the United States spend a great deal of time issuing RFPs and interviewing prospective U.S. counsel. Repeating this process in country after country may simply not be practical except for the largest of corporations. Language barriers and the absence of established relationships with law firms outside the U.S. will make the selection and hiring process difficult.

Add another potential pitfall for the unwary legal professional: the unauthorized practice of law in a jurisdiction where he or she may not have ever realized he or she had practiced law. A simple, casual remark about the procedures, regulations and laws of another country that includes actual advice to a client, even an in-house client, could lead to an enormous amount of trouble. Malpractice insurance typically does not cover legal advice relating to countries where a lawyer does not have a license to practice law.

In addition, managing the flow of correspondence, electronic and paper-based, can be a time-intensive and costly task.

For all of these reasons, in-house corporate counsel often choose to refer out the job of prosecuting, maintaining and managing foreign trademark matters to U.S. counsel.

Choosing a law firm to manage a trademark portfolio requires making determinations on legal knowledge, cost and negotiating power. Law firms that do a significant amount of work managing trademark affairs overseas will have valu-

able and relevant experience, along with an extensive network of international partner firms that it knows and trusts. U.S. companies with numerous large international trademark portfolios can benefit from competitive costs based on the volume of work they can award to their outside counsel.

The Madrid System

U.S. companies seeking international protection may want to take advantage of the Madrid system for the international registration of trademarks. Two international legal instruments are relevant:

- 1) the Madrid Agreement (1891)
- 2) the Madrid Protocol (1989)

The system is administered by the International Bureau of WIPO located in Geneva, Switzerland.

The Madrid system offers a trademark owner the possibility to have its trademark protected in several countries by simply filing one application directly with the U.S. Patent and Trademark Office and requesting extension of the application to other specific countries. Protection of the mark is the same as if it had been registered directly. The applicant must still pay local filing fees, but can avoid local counsel charges.

The Madrid system also simplifies greatly the subsequent management of the mark, since it is possible to record subsequent changes or to renew the registration through a single procedural step. Further countries may be designated subsequently.

This process is not foolproof, as requirements vary from country to country in the following ways:

- for descriptions of goods and services
- the examination process
- litigation processes, procedures and precedent
- post-registration rights

A mark that could be granted only narrow protection in the United States could obtain much broader protection elsewhere if filed directly.

The Community Trademark Act

Just about any U.S. exporter should consider obtaining European Union trademark registrations for important brands and logos. The Community Trademark (CTM) Act established a system to unify trademark law and procedure throughout the European Union. The CTM Act allows trademark owners to

secure unitary trademark protection throughout the EU, by requiring only one application, registration fee and renewal fee per mark, and by allowing a trademark owner to maintain trademark rights throughout the EU by using its mark in only one EU country.

Since the United States is a member of the Paris Convention, U.S. citizens and companies may file applications to register their trademarks under the CTM Act. Even so, policies and procedures are not the same as in the U.S. and U.S. applicants will be better served working with local counsel either directly or through a U.S. attorney with experience managing an international trademark portfolio.

Making A Commitment To Brand Protection

Brand protection involves much more than simply registering marks with government agencies around the world. In some cases, a registration is no more than a license to hunt for infringers. Brand owners must be aware of the issues involved in enforcing their rights once obtained. Again, this calls for selecting efficient and effective local counsel or engaging a U.S. law firm to manage foreign counsel. The relationship established at the very start of the process will continue over many years. Not only must brand owners enforce rights, trademark registrations must be renewed after a certain number of years which requires follow-up.

Just as the registration requirements differ from country to country, so do renewal requirements. Use of the trademark in the country in question must be demonstrated in some cases. Although no longer required in most countries, it is still the case that renewal documents must be notarized and legalized. A law firm with the required knowledge and trained staff can make this process move quickly and efficiently. Those learning on the job may take longer than necessary.

Brand protection is a continuing obligation and should be handled by a firm or network of foreign counsel that the applicant trusts and understands. Just as a firm with significant contacts overseas will leverage those contacts and work to keep the brand unique, brand owners should develop a strong relationship with whomever handles trademark selection, registration, enforcement and renewal.

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