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Intellectual Property Law Alerts from Ober|Kaler's IP Group

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Jed R. Spencer
Kyle E. Conklin

Carlyle C. Ring, Jr.
(Counsel)

For International Brand Protection Consider Madrid

Chris F. Lonegro
410-347-7675
cflonegro@ober.com

Small to mid-sized businesses and even sophisticated start-ups facing domestic obstacles to growth are exploiting previously overlooked opportunities overseas. American firms exported \$84.7 billion in goods in February of this year, up from \$82.2 billion in January. Exports of services continued to exceed imports by \$10.9 billion in February although overall service exports were down slightly at \$42.1 billion due in large part to decreases in shipping, transportation and travel expenditures. Both sectors were aided by the strength of foreign currencies against the dollar, a condition that, although somewhat abated, is unlikely to reverse itself in the near term considering the stimulus efforts of the Federal Government.

This is good news for the American worker as job creation and recovery typically starts at the small business level. But opportunity brings risk and, while the risks of entering new export markets are worth taking, they are also risks that are worth understanding and protecting against. This is particularly so with respect to brand protection as brand protection in the context of international trade is much more than preventing knock-off Rolex watches or Louis Vuitton handbags. Much more likely than direct counterfeiting of goods is a competitor's use of a similar name or logo to sell products and services similar or related to yours. If customers are likely to be confused by the similarity of the trademarks as to the source of goods and services they are purchasing then someone is most likely infringing the trademark of another. Whether you are the infringer or the victim of infringement and whether you have recourse to protect yourself is largely determined by which mark has priority in the country or region at issue.

Registration of a trademark is the best protection against infringement and one of the simplest ways to show when use of a mark began and those goods or services it is used in connection with. In some countries registration also provides enhanced statutory protections and remedies to a victim of infringement. In the past, registration and maintenance of a trademark in multiple foreign countries was a complex and expensive task that was often out of reach for smaller companies. The United States' adoption of the Madrid Protocol in 2003 simplified the process of extending trademark protection within its 78 member states, and filings under the Protocol have increased in recent years. The extension of protection to Europe became even more attractive in 2004 when the European Community acceded to the Protocol meaning that the entire community could be designated as a whole (prior to that time each European nation had to be individually designated).

To file an international application a U.S. company must have a registered U.S. trademark or a pending U.S. application (referred to as the basic registration or application) on which to base the international registration. In practice, U.S. and international applications are often filed virtually simultaneously. However, this is not necessary and it is often advisable to take advantage of the 6 month grace period in which to file the international application while still retaining the benefit of the earlier U.S. filing date. This generally permits the applicant to have at least a first response to the U.S. application from the Trademark Office so as to identify potential issues before filing internationally. Fees for international filings are based on the number of Madrid Protocol member states to which extension of protection is sought and may be as few as one and as many as all 78. The United States Patent & Trademark Office certifies that the international application is properly based on a U.S. registration or application and forwards it to the International Bureau (IB) of the World Intellectual Property Organization (WIPO) in Geneva. If the requirements of the Protocol are met and the fees paid, the IB will then register the mark, publish it in the WIPO Gazette, send a certificate to the applicant, and notify the Offices of the designated member states. If the requirements are not met the IB will notify the applicant of the irregularity and permit the applicant to correct the issue. Each member state then has 12 or 18 months (depending on the policy of the country) to approve or refuse the extension of protection to that country based on their own national standards of registerability. In practice, few countries issue a certificate of registration and most applicants are "notified" of registration by the closing of the time for refusal without action by the member state, at which point the trademark is deemed registered in that country. The protection afforded by registration under the Madrid Protocol is the same as by individual filings in each country. If a country initially refuses to extend registration for a mark the applicant may respond to the refusal and pursue registration in the same manner as if a national application had been filed in that country.

The greatest benefit to international registration of trademarks under the Madrid Protocol is in the reduction of cost. Savings are achieved with lower filing fees and a streamlined process utilizing a single application, in English, that usually eliminates the need for local counsel in each country. Efficiency is also achieved in management of a trademark portfolio after registration; and yes, even a small company with a few marks in one or a couple of countries has a potentially valuable trademark portfolio. Management tasks such as payment of maintenance fees to extend the life of the registration past the initial 10 year term, changes of address, assignment of rights, and other ministerial tasks can be done for all member countries by a single filing with WIPO. Additional member states may also be designated after International Registration as a business expands into new geographic markets.

There are, of course, some disadvantages. For the first five years of its existence, the International Registration (and thus the registration in any member state to which it has been extended) is dependent on the continued existence of the U.S. basic registration or application. This means that if the basis application or registration is abandoned, cancelled or narrowed for any reason during the first five years after issuance the International Registration will also be abandoned, cancelled or similarly narrowed. Where a request to extend International Registration into a member state meets with initial refusal local counsel in that country must be retained to pursue registration thereby eliminating much of the cost savings. One other disadvantage particular to U.S. filers is that the United States imposes markedly higher standards of identification, descriptiveness and likelihood of confusion than many other nations. As a result, an international application founded on a U.S. basic application may offer narrower protection than could be had from a national application in the individual country that is free of the U.S. requirements imposed on the basic application.

Despite these drawbacks, the Madrid Protocol offers significant savings and ease of ownership if your businesses is considering entering international markets. The break even point for filing costs, as compared to individual national filings is only one or two countries and additional countries may be added later as growth continues. So if you are considering looking outside the United States for opportunities until the tide turns on the U.S. economy, recognize that your brand is a valuable asset and taking it overseas involves some risk. However, understanding and protecting against these risks is not out of reach for businesses

<http://www.jdsupra.com/post/documentViewer.aspx?fid=87c8c745-f410-4093-8d1f-6b08dc42131c>
of any size. Your business, whether small or large, can use tools like the Madrid
Protocol to safely extend your presence and reach.

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