

REGISTERING AND PROTECTING TRADEMARKS OVERSEAS

There are numerous differences between the trademark (and service mark) laws of the United States and those of foreign countries. In many countries exclusive trademark ownership rights can be obtained by someone who has no actual business relationship to the products or services for which the trademark is used. Further, many marks which are effectively used in the United States may not be suitable or valid as trademarks in some foreign countries. Timing is also important in obtaining trademark rights overseas; it is often necessary or desirable to seek trademark rights in a foreign country well before business forecasts project actually undertaking commercial operations in that country. This brochure outlines principal considerations regarding foreign trademarks and service marks.

In this brochure we will, for simplicity, usually mention only trademarks (which apply to goods), and which are available in most countries. Keep in mind, however, that the same considerations normally apply equally to service marks (which apply to services). Significant differences will be mentioned where applicable.

OWNERSHIP; FIRST-TO-FILE

Unlike the United States, most foreign countries have **no** requirement that an entity (a person or company) actually be using or even intend to use a trademark in order to be able to register that trademark in the entity's name as **owner** of the trademark. Trademark registration ownership in a country is normally granted to the **first** entity who files for registration in that country, without regard to actual use of the mark.

It is not uncommon (particularly in the Far East and Latin America) for a local entity in a foreign country to learn of a trademark which is becoming well-known based on the U.S. commercial activities of the legitimate owner/user, and file for registration of that mark in that foreign country in its **own** name. Often, when the original U.S. owner later comes to that country intending to begin commercial marketing of products under the trademark, the owner only then learns of the prior local registration. Even when the local entity is willing to relinquish the prior registration of the mark, it is usually in return for a substantial payment or a local distribution contract agreed to by the U.S. owner.

This problem can normally be avoided by **early filing** by the U.S. owner for trademark registration in foreign countries, **before** the mark becomes well-known. This will be discussed in more detail below. It may also be advisable to subscribe to on-going **trademark watches** in which foreign notices of pending trademark registration applications are detected. If a suspect mark appears, there may then be an opportunity to oppose that

application.

SELECTION OF A MARK FOR USE OVERSEAS

Normally the originator of a trademark in the U.S. plans to use the same trademark worldwide, so that the originator's products or services become internationally known under a uniform brand name. In most cases this is quite appropriate. However, occasionally the word(s) constituting a U.S. trademark, or the picture or design which constitutes a U.S. logo, do **not** have the same **meaning** in a foreign language or in a different cultural, religious, national or ethnic environment. Words or logos which are acceptable and distinctive in the U.S. may have negative or offensive meanings in a foreign culture or when translated into a foreign language. Similarly, some words or logos which are based on unique U.S. culture or events may be meaningless or incomprehensible in foreign countries. For instance, marks based on U.S. sports, such as baseball or football, or U.S. history or geography, can have this problem.

The selection process for a mark should take **foreign connotations** into consideration from the start. When the potential world marketplace for the goods or services is being determined, assessment of the meaning of the proposed word(s) or logo can be made at the same time. If it appears that a proposed mark will not be suitable in some countries of the world, a **new** overall mark can be selected or the decision can be made to market the product or service under **different** marks in different countries.

Another factor in mark selection is the **potential for registration** of a proposed mark in specific countries. Most countries follow criteria generally similar to those of the U.S. for registrability of a mark--such as that it should be capable of distinguishing the owner's goods and services from those of others and not be generic or descriptive of the goods or services. However, some countries impose substantially **stricter** limitations, such as prohibiting registration of a word mark where the word(s) have any dictionary meaning in any field or in any language. Again, good early planning can take such national restrictions into consideration.

A Gordon & Rees attorney can advise about the legal requirements for individual countries, and can assist in having potential language or cultural meaning problems evaluated. The attorney can also advise on considerations regarding what countries to select for early filing.

TIMING OF FILING FOR FOREIGN REGISTRATION

It is best to file trademark registration applications as **early** as possible in all countries which will be **significant markets** for the product or service, even though commercial operations in some or all of those countries may not be scheduled until some time in the future. It is particularly important to conduct such filings **before** the product or service (and its associated trademark) becomes extensively known and successful in the U.S., since potential trademark usurpers from foreign countries often visit U.S. tradeshows, watch U.S. product announcements, and use other sources to identify promising new trademarks, for which they then file registration applications in their own countries in their own names. **Early foreign filing** by the legitimate U.S. owner will forestall such usurping. Similarly, it is also advisable to file in important countries **before** contacting local people or companies. It is not uncommon for a local entity, immediately after any initial contact, to file for ownership of a mark in that country in its own name, expecting that once it is known that it holds the local registration of the mark, the applicant will have no choice but to hire it as its representative.

Obviously early filing and prosecuting of registration applications in a number of countries has a substantial **cost**. However, this cost should be balanced against the much higher cost that can be expected if, at the time of entry into a foreign market, the applicant has to buy back his own mark at a price which reflects the fact that the product or service (and the mark) have by then gained substantial international prominence. In some instances, delayed filings can also result in an unwanted (and perhaps incompetent) local distributor for the product or service.

USE OF MARKS IN FOREIGN COUNTRIES

Wherever possible, it is best for the trademark registrant to use the mark in his own operations in the foreign countries. If that is not possible, there should be a written **agreement** with the local licensee or representative in each country confirming **the registrant=s** ownership of the mark and clearly regulating how and under what circumstances the local entity may use the mark on behalf of or in the marketing of the registrant=s products and services. In some countries there are **registered user** laws which must be complied with when someone is representing an entity other than itself and/or the mark of another.

SOME OTHER FACTORS TO CONSIDER

If a mark is **licensed** or otherwise authorized for use by an entity in a foreign country, written agreements with that entity should state to which countries, if any, it is permitted to **export** the trademarked goods or services from its own country. Trademark owners do not want to find themselves competing in the U.S. or elsewhere against their own licensee for sales of the same trademarked lines of products. Similarly, a licensee in one country will usually want protection against competition from other licensees exporting the same trademarked products into its territory.

The range of goods, and particularly of services, which can be trademarked or service marked varies from country to country. **Availability** of registration for **service marks** is less common than availability for registration for trademarks.

Most countries (including the U.S.) require **periodic renewal** for trademark registrations to remain in force. A careful review of registrations as they come up for renewal should be conducted to see if maintenance of registrations in particular countries is still in line with the marketing plans for the product or service.

Foreign trademark licenses and other use authorization agreements usually should include **quality control** provisions to insure that the products or services being marketed under the mark meet the desired standards. Such agreements should also give the trademark registrant the ability to **terminate** the agreement and halt the foreign party's use of the mark if quality is not maintained.

Trademark **piracy** can be a significant problem. Piracy differs from the usurping discussed previously. Piracy occurs when someone markets goods or services (called **counterfeits** and which are usually inferior goods or services) under the registrant's mark without the registrant's permission. Such piracy is particularly prevalent in the clothing and fashion item fields, where cheap imitations are sold as name-brand goods. Combating piracy can involve a variety of different efforts, including registering trademarks with U.S. Customs to stop imports into the United States or litigation or administrative actions in the pirate's country.

Clients should work closely with their Gordon & Rees attorney on all aspects of a foreign trademark program to benefit from our extensive expertise in trademark acquisition, registration, exploitation and enforcement throughout the world.

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