

# Managing Intellectual Property™

## ROUNDTABLE: A guide to global brand strategies

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# A guide to global brand strategies

MIP, in association with **Finnegan Henderson**, invited three brand owners as well as lawyers from the US, China and Germany to discuss how to protect and manage brands internationally. Topics covered included famous marks, new types of marks, the Madrid Protocol, transliterations and other means of protecting brands

**JN:** Could you tell us a bit about your approach to trade mark protection internationally?



**LH:** At Harley-Davidson our entire portfolio is now just over 5,000 trade mark applications and registrations worldwide. Our key marks obviously are HARLEY-DAVIDSON, HARLEY, HOG and what we refer to as the Bar and Shield design, which I am sure you would recognize – basically a shield design with a bar through the centre of it. The US is our most important market. We sell lots of motorcycles here and generate most of our revenues here. The fame of the brand sort of goes without saying in the US, so it's clearly our most important market. Other important markets outside the US include Canada, Japan and the various countries in Europe.



**KM:** At Caterpillar we have a portfolio of about 7,000 registrations and applications worldwide, and we have what we consider a group of four core marks – Cat, Caterpillar and then our Cat and design mark that has the triangle and then the Caterpillar and design mark that also has a triangle in it. We also have a portfolio of numerous other brands that belong to subsidiaries of Caterpillar that are all managed out of our office, such as the FG Wilson marks and the Solar Turbines marks. And, depending on the subsidiary etc, it differs as to what is the most important market. Talking about the Cat marks, it is obviously the US but almost half of our revenue for Caterpillar comes from outside the US, so we are also very focused on Asia Pacific and Europe.



**JQ:** I have just been here at Nike since August, but I think worldwide we have a portfolio of about 1,500 active applications and registrations. As you might expect, Nike and the Swoosh design mark are the two most important marks and that's what we spend most our time on. It's probably a lot easier to knock off our product, so that's obviously a huge issue for us and we have a whole group of folks who just work on counterfeiting. As for the market, it really depends on what sports we are looking at. Obviously football is huge

for us in Europe and the Americas, and we have a house mark there consisting of 90 in a circle that you will see a lot and so we take a more aggressive posture with that and in those areas, whereas in the US no one's looking to really get in our way on that one. Basketball is huge in the US but not necessarily big for us internationally, except with respect to counterfeiting in China. That's where all of the counterfeit basketball shoes are being made – and all the real ones for the most part as well. So that's obviously one of our big challenges. The other thing we have done recently is really make a concerted effort to look for the right opportunity to get famous mark status wherever we can. So that's been a big push internationally.

## The price of fame

**JN:** How important is it to get famous mark status where it's available?



**JQ:** It's one of the things we spend some time doing because in some places it's "well-known" and others it's "famous" or it's "notorious" or something else so we are trying to sort that out and it takes some time. We basically keep our eyes out for oppositions or for other sorts of actions that we think are going to help make us successful in getting that designation in that country. I would say in the last year we have become a lot pickier about where we are going to get involved in conflicts.



**LH:** And can you tell me which are the jurisdictions where you have found it easier or less resource consuming to achieve that status?



**JQ:** That's a good question. We just got it in Taiwan, which was huge for us, but I think that was somewhere around a four-year process. That started well before I was here. We've had good luck in some of the European countries and we are really trying to concentrate on some of these emerging markets where that protection is available. It may be that you get famous mark status in somewhere like Kosovo and then all that stuff then gets submitted next time we are trying to get it.

We gain as our list grows and so our strategy is to get a good head of steam going, and say: "Get on board because these are the other countries that have seen the light." I think we have had varying success in different countries.



**DK:** One comment I would make on the whole fame question is for some clients there is a lot of enforcement work in both the US and internationally. One of the things we do is we keep enforcement databases: we have a special designation for any decision that recognizes the mark as famous – whether it's a civil action, an opposition or UDRP decision – so that all those decisions finding fame are in one separate document already that can easily be sent to counsel outside the US for any kind of fame declaration or just for any contested proceedings.

**JN: And is that normally persuasive?**



**DK:** Yes it is. US lawyers sometimes have a reputation of being more aggressive than other counsel and we find sometimes it's just putting a very thorough and detailed affidavit or declaration outlining the history and putting in as many impressive statistics whether it's sales figures, advertising expenditures, number of visitors to websites, advertising impressions on the internet or in print publications, how many tens of millions of people have these ads reached, the amount of unsolicited publicity and awards. And I find in a lot of cases, some clients are not doing that. But it really pays to do this and, if you haven't done it before, the first time collecting evidence might be a painful process taking a lot of time and it might seem like it's costing more money than you want to spend. But the benefit of this is, once you have done one, then usually the client will keep it updated themselves and then you'll have this document and you will use it many times over. So I think that's an important thing. If corporate clients have not done that, you can have a sort of master affidavit, which you could build on and use and adjust to each separate country. We have mostly done this in the context of enforcement actions as opposed to fame applications, but we have found it a very important part of a successful enforcement programme and generally we have that master declaration or affidavit and then, for a particular country, we have added some country-specific information along the same lines of sales and advertising figures, web statistics, etc. We have found this to be a very, very important tool in helping achieve fame and a higher success rate in enforcement actions.



**KM:** We do something very similar. We have gathered all that information and try to maintain it, and then, if in the country we can get information on an individualized country basis, we provide that information also. But that can sometimes be very difficult to obtain.



**JQ:** Our enforcement team believes it's very important to get well-known trade mark status where we can, so I think that's what's been driving it on our part. We mostly get these different data, we get decisions that have statements in them or declara-

tions about the status of the mark and we add those to the growing affidavit. It's sort of our template for going after the next person. In terms of my area of work, it's not all that important – but for the counterfeiting and enforcement guys it's huge.

**JN: What kind of protection is available in China?**



**JH:** China is a signatory to the Paris Convention. So in theory if you have unregistered well-known marks you could gain protection in China but the hurdle is very high. Recently we had a case in Shenzhen court in China. The court asked us for a

**Participants**



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*Note: The discussion took place via telephone on March 16 2007. Joseph Fesenmair was interviewed separately and his comments were added later.*

ranking, in particular subclasses, for example in software and computing, worldwide and in China, and they asked us to supply third-party proof of that. So it could be a big hurdle if you are not registered in China, if you want to rely on the Paris Convention. We once tried to do that because we were working on a Google domain name cybersquatting case and we tried to argue Paris Convention, and we were having a hard time with the CNDRP, which is very similar to UDRP for Chinese domain names in China.

The most important thing is China's register is a first-to-file system and it's very important to file your mark first in

**I think the less traditional the trade mark, the more likely you will encounter obstacles to getting it registered or protected in the jurisdiction**

China. But there are two ways to get a well-known trade mark. One is through the court, the other is through the Trade Marks Office, the administrative facility. In the court over the past few years there has been some irregularity because there were people saying you could go to a particular court, there might be some interesting things happening down there. But at the end of last year, the Supreme Court of China issued a guideline basically requiring all the lower courts to report their recognition of the well-known trade mark within a certain time period to the Supreme Court. And that actually kind of reinforced the strict recognition standard among all the courts. For example, the Shenzhen court just told us that, because of the Supreme Court notice, they are required to get approval from the Guangdong high court (because Shenzhen is a city within Guangdong province) in order to recognize a well-known trade mark. So I think the court is trying to have consistency on recognizing well-known trade marks because we have so many court cases, 4000 a year, in China. But the hurdle is pretty high. So you would need to think about your sales figures, your advertising dollars, your ranking in China and particularly a lot of evidence, which must be notarized and legalized.



**LH:** I think it's worth noting whether you are trying to achieve famous mark status or not, it's critical to have all this information pulled together or to be able to get it pulled together fairly quickly – the sales volume, advertising dollars, awards, the history and all the other stuff. You are trying to demonstrate that you have invested heavily in your mark and the public recognizes it, whether or not you are trying to achieve famous mark status in a particular jurisdiction.

I think the less traditional the trade mark, the more likely you will encounter obstacles to getting it registered or protected in the jurisdiction. We have had for example trade dress, an orange stripe design on garments, and we got our first registration in the US and then tried to go outside the US to other markets, to try to get protection elsewhere. It's sort of interesting: our US registration shows the drawing, which

is actually a dotted-line drawing of a jacket with the orange stripe design across it showing where the stripe appears on the garment and we tried to use that drawing in some other jurisdictions. Interestingly in some places we were told "well no that's ridiculous; you can't protect that orange stripe on the garment, just submit a design of an orange stripe on a black background" and that's what has been registered. So it was ironic: we obtained broader protection in some jurisdictions because they wouldn't allow us to go in showing where the orange stripe actually appears on a garment.



**KM:** At Caterpillar we are moving to a new trade dress for our machines, and we have been filing applications worldwide for the dress. We have been finding that these applications are not very different, as it sounds like the Harley-Davidson orange stripe on the jacket may have been. We haven't really been having too many difficulties.

We have had some offices coming back asking for specificity in colours; in some offices they want Pantone colours. But other than that, the offices seem to be accepting it.



**JQ:** We are just really getting started on some of that stuff. So for instance on our latest line of golf clubs we are using a consistent yellow sole colour on the bottom of the clubs, and so we are in the process of getting that declared distinctive in different countries. And our Air Force One basketball shoe, which is probably our most counterfeited shoe, is a very well-known and recognized design. So it looks like we are going to get that protection in the US and I think that will help us internationally. But we are in various places all over the world just in terms of what's required to show that these things are now distinctive. So, we are probably a little behind Harley-Davidson on that. The other one is the yellow band that you might see on all the Lance Armstrong-related clothing. We are in the process in the US and then internationally of getting that recognized as distinctive. We are little bit late to the party, but it's definitely part of our strategy.



**JF:** Of course all trade mark owners should try to get this status in their specific market. It not only makes the trade mark more valuable but also extends the area of protection and, in an infringement proceeding, a well-known trade mark is in most cases assumed to have a larger/broader distinctiveness than a normal trade mark. However, in most cases in Germany for example a trade mark is recognized as being a famous trade mark during an infringement proceeding. It is not possible to register this status but it is considered a legal question whether the trade mark can be considered to be a famous trade mark. Therefore the trade mark owner has to provide the court or office with all information they think is important for showing the famous character of the trade mark. This can be specific opinion polls (*rechtsdemoskopische Gutachten*) but also the revenues gained by using the trade mark and the position in the specific market.

**Electronic filing**

**JN: Are people using electronic filing?**

**JF:** Yes, of course we use the new tool, but while using it we always act with caution because we had the experience that it sometimes happens that electronic files do disappear. For that reason we wait for a specific term and we call the office if we did not receive an acknowledgement of receipt by that time.

**JQ:** At Nike we use it whenever it's possible. And on day-to-day operations, we are moving more and more towards having as paperless a practice as we can. We are really committed to it and I've got the document management systems and things that we're getting in place, but the amount of paper people hold on to is amazing. Now that we've been just doing it for two or three months, the move towards paperless is really amazing.

**JM:** The two big benefits are the speed and the accuracy: you've got immediate validation that your filing requirements are met, you've got 24/7 filing availability. We are located in

Washington, but we don't need to worry about having PTO runners take applications over to the Office, which of course was something that used to be an important part of our practice. You've got an instant filing receipt with the serial number, the office actions are sent out electronically, you can pull everything up on the PTO system. Of course there are still bugs that the PTO is working with the trade mark community to fix, but for us it's something that we use almost exclusively. There are certainly some situations where we don't but I would say they are fewer and fewer as the days progress.

**LH:** And at Harley we also use it whenever we can and for all the same reasons that have been talked about. I wish I could say that we are moving to a paperless office.

**KM:** We do almost all electronic filing. And we are in our initial steps for a paperless office. If we have larger filing projects, we don't open paper files on those, so we think it will take us some

time but over the years we should go paperless.

**JN: What's the position in China?**

**JH:** We only have electronic filing for patents, that just started probably two years ago. They are working on that for trade marks, but with the current explosive growth in applications and in cases I think they really have their work cut out.

**JGA:** At WIPO, we are a paperless office, and we are trying to promote the use of electronic communications for the processing of international applications. Now we have six trade mark offices with whom we transmit everything electronically, and this accounts for about 33% of all the applications we received last year but we send notification electronically to another 43 trade mark offices; there are only about 27 that we are sent by paper. And we also just introduced last year a new online international trade mark renewal service, and just over 20% of the renewals have been made electronically since April last year.

**Pushing the boundaries**



**JM:** In terms of types of marks, I guess that the most interesting thing we have dealt with recently was for a US client who was trying to register a two-note jingle, both in the US and overseas, for example using the CTM. And what we discovered is in the US the strategy was to initially file for the jingle in combination with the word mark that was actually announced with the jingle and then after that was registered to follow up separately to try and get the jingle itself registered. In the US, the two-note jingle was registrable and what we discovered is in Europe that is not the case, and apparently depending upon the country we need to have a minimum of three notes in order for a sound mark to be considered distinctive.



**DK:** One recent case from the US that I think is interesting is somebody tried to register a taste. They tried to register an orange flavour for a prescription medicine. And the TTAB held that that's functional and not protectable because orange is one of the primary flavours for medicine. I think probably lots of people outside the US are typically shocked at the types of things that the US allows for registration – such as smell marks, where there are registrations for cherry and strawberry for engine additives and motor oils.



**JM:** And plumeria blossoms for yarn.



**DK:** And a new thing we are seeing too is animation as a trade mark. The Trademark Office has accepted a few of those for registration. So in the US, almost anything goes.

**JN: I know that particular taste mark case wasn't accepted, but do you think if it's the right case a taste could be accepted?**



**DK:** I think it would probably be difficult because, if it's something that you are going to take either to eat as a medicine or as a drink, then I think you probably would have some very high hurdles to overcome. Maybe if it's something you do not ingest the taste could be a trade mark.

**JN: Linda, am I right in believing that you have a registration for the sound of the exhaust of a Harley-Davidson?**



**LH:** We do not. Several years ago we sought protection for the exhaust sound of our motorcycles. And we submitted a lot of consumer affidavits and unsolicited consumer statements to show that consumers recognize this sound as the sound of a Harley-Davidson motorcycle in use. The application was met with a number of oppositions, I think it was nine in all, and the company had been doing battle with all of these opposers for a number of years and ultimately decided that it wasn't the best use of our resources. Our motorcycles pretty much speak

for themselves and so we ended up abandoning the pursuit of that registration in the US.



**JF:** I think new kinds of trade marks are very important and we have found that the trade mark and corporate identity systems of our clients more and more tend to use not only specific word marks and logos to distinguish their products and services from those of other companies, but also other signs of origin like colours, music and smells. Especially with regard to pure colour trade marks, we advise more and more clients in gaining and maintaining their protection and in defending their pure colour trade marks against third parties. Since the introduction of the European Community trade mark directive and the Community trade mark system, those new kinds of trade marks have become more and more common and not only OHIM in Alicante but also various national offices recognize protection for colours, music and even scents.



**JH:** In some ways registration in China is more limited – I don't think you would register a sound or taste or something like that. Usually when you have a three-dimensional object, I think you could register that as a trade mark. For example Coca-Cola filed for a three-dimensional trade mark for one of their bottles and finally through an appeal they got it. For a three-dimensional object you could also file for a design, but my advice is, if you could get a trade mark, probably you want to get a trade mark, because designs are only good for 10 years and you cannot extend that. And then also for three-dimensional marks, if there is something copyrightable, I always like to have a copyright registration. When you get into a dispute there is always a question of who created it first, when did you create that, when did you start using that? So a registration with the copyright office in Beijing is *prima facie* evidence for your ownership and in future for any dispute it is always useful to have that. If a client has a device that is copyrightable that is two-dimensional we might do that and also file for a trade mark later. We are looking at some interesting cases – including for example iPhone where you have the touch screen and you have little buttons in the interfaces – to decide whether we should go ahead with filing copyright protection for the interfaces and on each of the boxes.

**JN:** You mentioned that China is more restrictive on some of these things like sounds. Is there any pressure to relax the rules in China?



**JH:** I think so: in lots of fields it is being harmonized. For example, the three-dimensional mark was not permissible until 2001 and you have to remember the IP system in China is pretty young – it probably just has 20 years' history. So they are moving toward harmonization and in some of the areas they either look to Europe or to the US for amendment to the law. Interestingly both the trade mark law and the copyright law are going through the process of amendment and I expect that that will last another one or two years. I think the government authority in China is listening to international opinion and

there will be people pushing for broadening the rights which can be registered in China.

**JN:** Joe, what's been your experience of getting trade mark protection in China both in terms of what is registered, and also in terms of the actual procedures?



**JQ:** It's obviously a really important market for us for business purposes but also for anti-counterfeiting and then also because of the upcoming Olympics. So there is a huge push and we have had a pretty satisfactory experience so far at least in terms of getting stuff on file and getting some good help and going after some sort of lingering problems that are there, especially with respect to our Jordan mark. I was at Disney before this and there is a certain amount of throwing up your hands in the entertainment industry with respect to counterfeit DVDs and that sort of issue, whereas here, I have found that we had decent success and we were able to make some progress. And I think things are improving there [China] so it's just a market we can't afford to not stay on top of.

### Making the most of Madrid

**JN:** Jose, can you give us an indication of the sort of interest in China through the Madrid systems?



**JGA:** In 2005 and again in 2006 China was the most designated country. It had been Switzerland for many years under the Madrid system. But in the last two years China has taken the lead in terms of being the most designated country by applicants in the Madrid Protocol. It was designated about 13,000 thousand times last year. It is also in the top 10 countries in terms of applications originating from China.

**JN:** Does the Madrid Protocol play a part in your international strategies?



**DK:** We probably have not filed that many Madrid Protocol applications. A lot of our larger clients have in-house counsel and they do all the filings. But we found the biggest obstacle to our clients wanting to pursue Madrid Protocol protection is the description of goods having to be the same as in the ultimate US registration. And the US, unlike a lot of countries, requires the description of goods and services to be very narrow and very specific – no class headings, no broad descriptions like “computer software” or “online services”. So what we find is, where clients have strong, unique marks, they want to get broader protection overseas or maybe they have a mark that covers just one product that's sold in the US but they want to broaden the protection overseas, we've just found that clients in those situations have found the Madrid Protocol to be too limiting.

Now sometimes these bigger clients own what could be a famous brand or a pretty well-known brand and they have a decent-sized portfolio overseas, maybe in 30, 40, 50 or even 70, 80, 90 countries but the brand is continuing to

grow, we've found that the Madrid Protocol offers a fairly inexpensive avenue to get protection in a lot of countries at a reasonable price that the clients ordinarily would not have done – some of the African countries, some of the smaller Asian countries. Those seem to be the situations where it's worked the best. And the other situation is, if the mark is a relatively weak mark and there are lots of similar marks out there, maybe as part of your strategy you want to file more narrowly in terms of those goods and services in order to minimize the chance of getting a refusal or an opposition. If you have decided that's the way your strategy will be overseas, then the Madrid Protocol would be a very good tool in that situation.

**JN: How much are your clients using the Madrid system Joseph?**



**JF:** This mostly depends on the size of the client and also where their headquarters are geographically located. We have noticed that many of our Asian clients like the Madrid Protocol. Some of our US clients on the other hand do not use it but use the CTM and the national systems. The Madrid system is an advantage for multinational clients. It can bring a positive cost effect and it covers many relevant countries.



**KM:** We've talked off and on over the past couple of years about using the Madrid Protocol, and we have determined that it doesn't really work for Caterpillar simply for the reasons that David has been laying out, with the description of goods etc.



**LH:** I have to say that's been our experience at Harley as well: we took a look at Madrid a few years ago and ultimately decided that for the most part it didn't really get us where we wanted to go or what we needed and so Madrid hasn't really been an active part of our filing strategy.



**JQ:** I haven't seen it here; I don't know that we have any applications filed under the Madrid Protocol.

**JN: Would the Madrid Protocol be more attractive if there were more members or is that really not the main issue here?**



**JGA:** We now have 80 members including every European country except Malta and there are 13 countries in Africa, in Asia the situation is getting better, the major players are already in with some important exceptions. India has officially announced it will be joining soon. Where the situation is really not good is in Latin America where, except Cuba and Antigua-Barbuda in the Caribbean, no other country is yet party to the Madrid system but the day that changes I think maybe it's going to be attractive for you guys.

**JN: Do you think we'll see some Latin American members before too long?**



**JGA:** Well in Latin America I think things are moving forward in some countries like Colombia and Brazil. In Colombia there was a bilateral agreement with the US in which they had the obligation to join before the end of 2008. In Brazil it looks quite interesting because the government established a working group to discuss the possibility of joining the Madrid system. The working group decided in favour, this was submitted to a

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council of seven ministers dealing with exports and they approved it unanimously. From what I understand now it is with the presidency of the republic and then they will send a Bill to the parliament. That's the normal procedure there when the government proposes something they will go through the presidency and it's expected to be going to parliament very soon, so there is a good indication that the government will do that. And the main opposition party is in favour, because that party is the party that was in power until 2002 and in 2002 they had decided to join the Protocol, so that's not new for them. So now we have a situation that the current government plus the opposition that was in power before they were both support it. But we expect to see some kind of lobby being made against the accession by the agents.



**KM:** I had forgotten that, with one of our subsidiaries in the UK, we have been using the Madrid Protocol for a filing programme, because the marks are owned by that subsidiary. And it's been seamless.



**JGA:** I know that it's a problem for US companies. But today they are the fourth largest users.



**DK:** I think it would very interesting to see statistics on those companies; I suspect that probably a good percentage of them are smaller or middle-sized companies. Do you have a breakdown?



**JGA:** I don't have that particularly for the US, but it's a good question. It's true in general that for companies using the Madrid Protocol, or the Madrid system, the vast majority are small and medium-sized. Of course the big companies, they use it a lot. We have 150,000 trade mark owners and only 21 have more than 500 marks. But if you take companies that have one to three trade marks, it's about 80% of the trade mark owners. So that shows that that big companies use the Madrid system, but the vast majority are the SMEs.

**Overcrowded classes**

**JN:** Is there a problem in getting the trade marks that you want as a result of the registries, particularly in some classes more than others, being overcrowded?



**DK:** From my perspective, sometimes we will do clearance work for clients and their first choice, second choice, third choice, fourth choice and so on are not available and that's when you hear people saying "there are no trade marks available, what am I supposed to do?". It is harder and harder, there are more

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applications filed and more marks registered, and there are more common law marks. And I think one of the things we see in terms of searching is that the internet expands the searching tools you have and you may find more marks through internet searching that would preclude a proposed mark than you would have before the internet and so it is harder and harder to clear them. You're seeing more clients going to made-up or coined words, and you're seeing some clients go to situations where they may have a philosophy of "we want to have our house mark and then we will just use generic terms" so they don't have to worry about searching or registering. And then you see sort of a middle ground where some clients believe they are better off picking marks that have a component term that maybe dozens or hundreds or thousands of people are using. Although the scope of protection is very narrow, as long as the ending word or beginning word is not identical or very close to the third party marks, the mark may be clear.

So in some cases picking a weaker mark is easier to clear; you may receive a search of 500 or 800 pages but it may actually be easier to clear. The other part of the equation, at least in the US, between the fifth and sixth anniversary of the first 10-year term of the registration, registrants have to file evidence of use of the mark in the US to maintain the registration. And that's the case even if you obtain your US registration based on a foreign registration without ever having used the mark in the US. So in the US there is a way to get rid of what we call the deadwood, and then every 10 years you have to file evidence of use to renew it. I think some people would like to see that 10-year period be shortened to every five years just for the deadwood purpose, but not for the expense and time it takes to file to the declarations of use.

**JN:** Which classes are worst?



**DK:** I think we see the overcrowded problem most in class 9 probably with computer products, computer hardware and software and telecom equipment, in class 38 with internet services and telecommunications services, clothing and

footwear in class 25, and toys and games and sporting goods in class 28.



**JF:** From my experience classes 35 and 42 are of course very popular and therefore crowded classes. In various cases those classes are used if one does not know exactly in which class to put the respective services. For example in Germany, for the basic price of €300 one can ask for protection in three classes, so many applicants who wish to use their specific trade mark for certain goods tend to use this possibility to gain protection in two other classes and those are in many cases classes 35 and 42. On the other hand this significantly increases the risk of an opposition, since they are not the only ones using those classes.



**LH:** I think every brand owner has experienced that it's gotten more and more difficult to clear trade marks and you have more and more

unhappy marketing people on your hands, because they get down to their seventh or eighth choice and they hate this trade mark and they think that they will never sell any product if this is what they have to call it. What we try to do at Harley when we are introducing a new motorcycle model and the marketing folks are coming up with a new name for this model, we will try to clear the name for the model in class 12, that is the class for motorcycles, and if we can't clear it worldwide then we will move down to the next choice of mark. If we can clear it for motorcycles, then we move to the next category of product. As you may know and as a lot of brand owners do, we not only put our motorcycle model names on motorcycles, we put them on a lot of collateral goods as well – parts and accessories and clothing and other things – so we end up in these crazy situations where we are giving advice to the marketing people saying well, good news – we can call this new motorcycle the ABC, but you can't sell ABC T-shirts in Germany or Japan or Canada and you can't sell ABC posters or calendars in the UK etc etc. And you get this kind of crazy quilt of advice about where you can use the trade mark on what products; it makes it difficult for the marketing people, it's not a very palatable response, but I would echo everything that David said: it's getting really difficult to clear a trade mark worldwide on a wide variety of goods.



**JQ:** The other thing we find is, once you approve something even when you give recommendations or restrictions, it's always hard to control and enforce those internally, because what's told internally is "this is cleared by legal"; it's never "yes, but not in class 25 ...". Marketing folks just don't drill down to that level, because all they hear is "yes it's approved" and then whatever the restrictions are. I am not saying they don't care but they have got their own pressures and so we often approve things with restrictions. But I am curious when you are trying to clear something internationally and you have cleared it in every country except, say,

**Tips for success**

**KM:** When you're in-house, your resources are so limited that it's almost impossible to fully manage an international portfolio unless you have great counsel in those countries.

**JN: And how do you get those people?**

**KM:** It's networking and asking others but also getting out yourself on the ground and getting around.

**JQ:** You've got to get good outside counsel and it's an ongoing battle because there are always areas where you have problems and sometimes, especially in-house, you can inherit some of those relationships that exist because someone 10 years ahead of you is or was close with the partners

there and you are in this arranged marriage and you have to figure out, are you getting good advice? Is there something odd about the local situation? You just have to be really engaged and figure that out and you have to be willing to make some changes. It's really difficult because it's the last thing you want to spend your time doing, getting that stuff moved, but you can't afford not to do it either, because there is a cost associated with it. And the business is looking at you and saying: we know this issue is clear and how did we end up going for \$2,000? And maybe you can get out of that one time, because it wasn't the account that you chose. But now you are on the hook, and now you are on notice that it may not be one of the

best people for you to be dealing with, so you've got to stand on top of that all the time. That's almost a full-time job in itself.

**DK:** Even if your US applications cover just one or maybe one or two classes, look at the additional cost of extra classes when you are going overseas, and a lot of times it's nominal. It may be only \$100 or \$150. Think about where this product may go, or this brand may go. Will there be more products? Also think defensively if it's a well-known brand – is it likely to be ripped off? Sometimes the additional incremental cost of adding extra classes is very small so it's something to think about when you are initiating a programme.

Spain, is there a cost-benefit analysis to say: "Well, what are our sales in Spain or where does Spain rank in terms of the importance to the business? Therefore we won't let that hold up something that the marketing group just absolutely is in love with."



**LH:** We would look at all the factors and that's the kind of decision where we would pull together not only legal but the marketing team and the communications team and the platform managers and everybody who has a role in this and really make sure that everybody is going into it with their eyes open so that, if we perceive that there is real risk there, people understand the risk and the downsides.



**KM:** At Caterpillar we do have group called Corporate Identity that officially manages the Cat brand, and they've actually made it easier on Legal. Caterpillar does have a stated direction to use our core mark for our products and then use generic terms after that, and that direction comes from the Corporate Identity group, and they usually take the brunt of the displeasure.

**JN: Is there any possibility that some of the Nice classes might be divided in the future?**



**JQ:** I would love to see footwear split off from clothing. Class 28 is a huge problem for Nike just because especially in places like Japan, where you get class headings and really there's just no likelihood of confusion, because the issue is between golf clubs and surfboards, they are such completely different markets. But we are stuck and so that's really tough for our folks here at least: we are trying to explain to them why they can't use the mark in Japan because of something they just can't believe is actually an obstacle.



**JGA:** I think classes 9 and 5 and also 25 and 29 pose problems. There is a working group discussing this and a committee discussing the development of the Nice classification. That meets twice a year in Geneva and then this is discussed with the participation of the IP offices of about 50 countries.

**Chinese characters**

**JN: Protecting their mark using the Chinese characters is something a lot of brand owners have to consider in China. Are clients interested in that?**



**JH:** If you are targeting the Chinese market, for example if you're in the mobile phone or the pharmaceutical business, people should work closely with their local staff or their marketing people on the ground. Recently, I saw a report about Sony Ericsson, who have a joint venture. Sony Ericsson may be written in Chinese as five characters, but nobody calls it that way, because Chinese people like to shorten things. So actually they take the first character of Sony which is So and the first character of Ericsson which is E, so everybody refers to SE, but I think the Sony Ericsson people didn't bother to register that, so someone actually registered that back in 2003 and China is a first-to-file system so they are facing an uphill battle getting back the name.

Another example is Viagra. People have been referring to it in two Chinese characters called Great Brother and someone registered that and there were court cases. Pfizer is also facing an uphill battle because everybody began referring to that in Chinese. So if you are doing business in China first of all have your people on the ground say, hey, how are people calling our products in the country? Probably you want to secure that, and another thing is you want to do local characters if there are some. There was a prominent client of mine, they tried to hire a high-price Hong Kong translation agency, but the problem is that the language and everything else is different in Hong Kong from here in China so they came up with some

suggestions which weren't popular. And they were heavily criticized by the market and got a very bad name, and so it's very important to get local people. Probably the best person to work with might be your rep office or JV people and then work with your professional team and your agency people and work with outside counsel to get a good name. I think that's a very important thing to do.



**JF:** Many of our clients are interested in filing their word marks in different languages/characters. This does not only relate to Asia but also for the Russian market. In Russia and other former parts

## If you are doing business in China first of all have your people on the ground say, hey, how are people calling our products in the country?

of the former USSR we advise our clients to also file their word marks in Cyrillic script.



**KM:** At Caterpillar we have filed applications for transliterations which sound like Ka te and Ka te bi le. We have pending trade mark applications but unfortunately there are some trade mark applications which are very similar that were filed prior to ours.



**LH:** At Harley, we do something similar to what you do. Particularly in China we have transliterations of our core trade marks and model names all registered in China and we have domain names with Chinese characters. We do that in Japan as well. I'm curious whether your transliterated registrations are more for defensive or offensive purposes and whether you are actually using the trade marks in the local languages in those jurisdictions or how that is working for you?



**KM:** We actually did file for defensive purposes. I don't believe we've done transliterations elsewhere. We work with our marketing people on developing the transliterations.



**JQ:** We've done very little of that. Nike is a fairly simple mark and not necessarily prone to a lot of issues with the local language and we are pretty consistent in our branding: we don't ever translate the mark and we've only done some transliteration applications for defensive purposes. That being said we run into interesting issues. For instance we are involved with something in Israel right now, where there are a tremendous amount of immigrants from Russia that are moving to Israel and in the Russian alphabet H and N are basically the same letter so we are running into folks who are registering Hike and then slanting the text to make it look a little bit more like Nike, and we are fighting that stuff. So every time you think you figured out exactly all those things you need to be careful of, then something else

comes along. And so that's something that we are looking at and then going after because I think a year ago we didn't realize that was even an issue.



**DK:** Let's assume we have a situation where a brand owner registered a transliteration in China, but doesn't generally use it itself. I have two questions for that hypothetical: one is let's assume the public uses the transliteration, but the trade mark owner doesn't, will the use of the transliteration by the public to identify the trade mark owner's products constitute sufficient use of the mark to prevent a challenge for non-use for whatever period of years it is under Chinese law? Second, assuming that use by the public doesn't exist or it's not sufficient to satisfy the use requirement for challenges, what's the minimum amount of use that the trade mark owner can make to put itself in the position to best defend against the challenge for non-use?



**JH:** Those are good questions. For example, Harley-Davidson I think in China and in Taiwan we refer to it as Harley (only the first word) so basically people refer to that all the time, but I don't know what your registration is in the Chinese transliteration. But that reference – whether it's in a movie or in newspaper or in an article – probably won't be evidence of use if somebody files a non-use cancellation against your Chinese trade marks in China if you are not using them at all. If you use the Chinese name for example on your people's name cards or letterhead I think even those can be counted as use of your trade mark and you could use those as evidence against a cancellation application. So the use requirement is not stringent: you are not required to put them on your product – on your shoes or your equipment or your motorcycle – as long as you're using them in terms of events, activities, newspaper ads, or even in your name cards that could qualify.

### Better by design?

**JN:** Does anyone have experience of the Community design system?



**JF:** In our experience the Community design is a very important tool for broadening IP protection in the EU. We have had very positive experiences not only with the registered Community design but also with the unregistered Community design, which gives protection for three years.

The advantage of a design is that it not only gives an exclusive right for specific goods and services but for all goods and services and that it is a very easy registration process. The downside of course is that it is a non-inspected IP right, which can show its enforceability only during an infringement proceeding. However, the European design regime did not build up high walls in order to gain protection. Therefore, for new designs we always advise our clients to have them registered at the OHIM.



**KM:** At Caterpillar, we have filed some Community designs but more in relation to our machines and ornamentation or designs of our machines, so not really related to logos etc. But the registration process seems to be pretty straightforward. Now comes the question of enforcing it. We have not looked at the Community design for logos. We are not continually coming out with new products for which we are getting new trade mark registrations so perhaps it's more relevant for consumer goods or a company that comes out with new model names very frequently.



**JH:** The design in China is administrated by the Patent Office and, in the past – for example in 2006 – there were 200,000 product designs filed and above 50% of that was two-dimensional designs. The latest proposed amendment to the patent law will have a strict requirement that it has to be three-dimensional in the future. So basically, if the current draft of the patent law is passed, probably starting from the end of next year, you won't be able to file two-dimensional designs with the Chinese Patent Office any more. I think the legislature was thinking two-dimensional works probably should be copyright and three-dimensional should be a design. Probably that was in their mind when they were proposing this amendment.

**JN: Do you see copyright as valuable for protecting your brands?**



**JQ:** We have recently just used copyright in terms of some aggressive advertising by a competitor in the UK, Australia and New Zealand where they actually took the Swoosh design and they were running a series of ads for some sport garments with a tagline saying “we don't pay athletes to wear our products, they pay us”, which wasn't in fact true. What they were doing

is they took the Nike Swoosh design and put that on a mouth upside down to make it look like a frown or a scowl. We went after them for advertising claims that weren't truthful. In that situation we would throw in a copyright claim because there is unfair competition but we wanted to punish them because of the way they were using it and we could get more in terms of damages. The flipside of that always of course is: is it something that's going to be considered copyright in the jurisdictions where you are asserting it? And there fame doesn't really help you. There has been some question about whether things are too simple to be considered capable of copyright protection, but we had some success using it. I think that case is probably going to settle in the UK and it is still pending in Australia.



**DK:** From a copyright perspective, the US Copyright Office standard for registration of logos is fairly strict and we need to have some sort of pictorial or graphic element that's sufficient to meet the minimum threshold requirements. But the other big thing in the US particularly for older logos is that any work published before March 1 1989 (when the US joined the Berne Convention) has to have the copyright notice used with it or it enters the public domain. A lot of logos are older than March 1 1989. I think most brand owners did not use copyright notices with their logos and so there is a question whether under US law you can even protect the logos that were in use before then. Maybe there is some updating or modernization that would be enough to create a derivative work that's protectable.

*The full, unabridged, transcript of the discussion is available at [www.managingip.com](http://www.managingip.com). Other topics covered included parallel imports, the further expansion of the Madrid Protocol and its impact on practitioners, issues with the USPTO, trade mark hijacking and the Community trade mark.*

# WHAT'S THE MARK OF A WORLD-CLASS TRADEMARK PRACTICE?

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*The Legal 500, 2007*

#1 or #2 U.S. Law Firm for Trademark Litigation  
*Managing Intellectual Property, 2002-2007*

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*Managing Intellectual Property, 2007*

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