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HOW TO MANAGE AN INTERNATIONAL TRADEMARK PORTFOLIO: CHOOSING,  
PROTECTING, MONITORING AND ENFORCING TRADEMARKS AND DOMAIN  
NAMES

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## How to Manage an International Trademark Portfolio: Choosing, Protecting, Monitoring and Enforcing Trademarks and Domain Names

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# How to manage a Trademark Portfolio: Choosing, Protecting, Monitoring and Enforcing Trademarks and Domain Names

## I Choosing a new trademark

### 1 Trademark strategies

#### 1.1 Housemark

Enterprises have different strategies on how to sell their products. They may systematically use a housemark, which is often the name of the company founder. Examples are Nestlé, Cadbury Schweppes, Kraft, Ford. They may even exclusively use such a housemark together with a descriptive denomination of the different products offered. Examples are MAGGI, LOUIS VUITTON, CARTIER, BALLY, MERCEDES.

Such policy is legally safe, however it is difficult to proliferate the new product. On the other hand, brand promotion of one item is to the benefit of all items sold under the same housemark.

#### 1.2 Product brand

The opposite strategy would be to sell products exclusively under product brands. A typical example for such policy is the British-Dutch based Unilever group. They sell numerous products under different well-known brands in the field of food products, detergents and cosmetics and it is hardly known to anybody that all these products belong to the Unilever group which is world-wide one of the largest companies in the consumer goods field.

#### 1.3 Combination of a housemark with a product brand

A good compromise between these two extreme strategies is to combine a house mark with additional product brands. This policy is generally followed e.g. by Nestlé, where trademarks such as NESQUIK, NESTEA, MILKMAID, MILO and many others are used to differentiate the products and the housemark NESTLE is added on the labels in order to indicate that the products belongs to the Nestlé family. An exception from this policy has traditionally been NESCAFE, which for that reason is not associated with Nestlé by many consumers.

#### 1.4 Variation of existing brand

When looking for a brand for a new product companies may, in order to save time and money, use an existing product brand, used for some similar product, and thus create a line extension. The product brand becomes a range brand, because it is now used for a range of products. This is generally difficult, if the new product is very different from the existing one. Still recent examples show that line extensions can go quite far. The Mars group has in many countries launched ice cream bars under their well known chocolate bar brands such as MARS, SNICKERS, MILKYWAY. Nestlé has launched chocolate bars under the NESQUIK and MILO brand, well established for cocoa-based powders for ready to make drinks, and recently also started using the same brands for ice cream bars, and NESCAFE for chocolate bars.

Another possibility is, not to use the same brand, but to create a new brand derived from an existing house mark or famous brand or having common syllables. Nestlé has many trademarks with the prefix NES (NESCAFE, NESTEA, NESQUIK, NESLAC, NESTOGEN, NESTUM). Other examples would be KODACHROME of Kodak or TOBLERONE of the former Tobler company.

## 2. Creation of a new brand

If it is not possible or for marketing reasons not indicated to use an existing house mark or product brand, or a brand variation, a new brand has to be created. This can be done by in-house brainstorming or with the help of professional search firms.

### 2.1 Types of trademarks (wordmarks)

#### 2.1.1 Descriptive terms

When looking for a new trademark, marketing people are mostly keen on finding a name which communicates product associations to consumers. Often they come up with more or less descriptive terms which in most countries cannot be protected as trademarks. They may be descriptive as to the nature of the good (RAPID RICE, LITE for beer, SOFTLINE for hygienic materials) or as to quality (TOP, PREMIUM, EXTRA), or as to origin (INDIA for carpets, MEKONG for silk, SWITZERLAND or SWISS for chocolate). Acceptable would be, however, ARCTIC, for motor oil or, depending on the product, ASIANDREAM instead of ASIA. Examples from the Boards of Appeal for the registration of a Community Trademark are EASY CASH for tellers and software for running them and DISPLAY WARE for computer display monitors (decisions confirming the refusal by the Examiner).

Descriptive terms should be avoided because every competitor will be able to use the same term for his product or service either as a product name or as advertising slogan. Only by taking the risk and by heavily using the term a company can achieve protection by acquiring distinctiveness through secondary meaning after a certain period of time.

#### 2.1.2 Meaningless trademarks

Clearly protectable are totally meaningless names, so-called coined trademarks that connote nothing about the trademark or its use. A famous example is KODAK. Also meaningful are common words of daily language that are arbitrary in connection with the product or service for which they are used. Examples for such trademarks are CAMEL for cigarettes, APPLE for computers. Such trademarks have the advantage of being more easily memorized by the average consumer than a fantasy word. Nevertheless, choosing a meaningless word as a trademark means high advertising investment to create consumer awareness and they transmit no message to the consumer.

#### 2.1.3 Suggestive trademarks

Marketing people therefore have a preference for trademarks, which create associations with the product without being descriptive. These are the so-called suggestive trademarks. They are likely to be more appealing to the consumer, more easily remembered and therefore easier to promote than coined words. Still they are not descriptive of the product or service and enjoy normal legal protection. Examples would be MILKYWAY and SWATCH. The Boards of Appeal accepted the following Community Trade Mark applications, which were refused

by the Examiner: INFO GATE and COMPUTER INTELLIGENCE (cl. 9) and CYBERSURFERformodems.

When creating a trademark, the problem very often arises, whether based on the law and on jurisprudence the created term will be regarded as suggestive and therefore protectable or as descriptive. This problem is of course much more difficult to solve if the trademark is to be used internationally. Even in countries with the same language or for words of the same language the results may be very difficult according to the practice of the local authorities and courts. Swiss and German authorities easily refuse words with English connotation as descriptive, because for them an important part of the population has sufficient knowledge of the English language in order to understand the descriptive meaning of the term. French courts, on the contrary, depart from the idea that English is a foreign language for French consumers and that terms with English connotations are meaningless. Whilst in Germany HOUSEBOY for carpet cleaners and HILL CLIMBERS for bicycles were refused registration such trademarks would no doubt be acceptable in France. QUICK FIX would not be registrable in many countries, however was accepted in the USA, where the practice as to descriptiveness is very narrow (as a consequence also the scope of protection of the registration).

It is even more important for marketing people, intending to market a product or service internationally, that the connotation about the product or service which they wish to communicate to the consumer with the suggestive or associative brand they have chosen, is understood not only in one or two countries (where people speak or at least understand the same language) but practically everywhere. This is of course a very difficult task, since a term that creates a clear association in one language may be pure fantasy in another. For this reason, marketing people generally use English-language-oriented terms if they wish to communicate to consumers product associations. Of course, English is not the spoken language in many countries, such as Germany, France, China, Japan, Thailand and the Arab countries, to mention just some. However, it is the most wide-spread language used for business and tourism worldwide, and since many years it has become the preferred marketing language all over the world (and the Tokyo High Court has for example refused registration of AIRBUS A 300B for airplanes as descriptive). The chance that the intended product associations will be understood by consumers in many countries is therefore higher for an English language term than for a term in any other language. Still there may be surprises. An international cosmetics company introduced a perfume under the brand MIST, which in German has the very unpleasant connotation of horses' or cows' droppings, which nobody would wish to use in order to promote a product, and in particular a perfume. Another possibility is to look for a term, which is close to a word existing identically or similarly in several or many of the important languages (these are in fact often terms of Latin origin which have found their way in many modern languages).

Also it may be difficult to pronounce a term in certain languages. Generally speaking it is important that a trademark be easy to read and to be pronounced. To achieve this task, is of course again much more difficult if a trademark is to be used in countries with different languages. Sometimes it is necessary to change the spelling of the trademark in certain countries adapting it to the foreign language requirements in order to achieve the correct or wanted or at least an easy pronunciation of the brand. Nestlé had for example to change the trademark CHOKITO in Italy into CIOCITO, the trademark PASTORELLA must in Spanish speaking countries be written with one single L, in order to avoid a change in pronunciation. However, if the pronunciation is locally different, but the brand causes to consumers no problem to speak it out, it is from a policy point of view preferable to have it written equally

everywhere and to live with different pronunciations (example: LEVI STRAUSS). If such pronunciation is too awkward it may sometimes still be better, instead of changing the pronunciation of the brand, to teach consumers through advertising in radios and television how the brand is to be pronounced correctly.

For all these considerations, if one intends to market a product in different countries where different languages are spoken, it is important to have a team of marketing people or to use a professional search company with people who speak or at least understand several of these languages.

To be complete may I add that the trademark must not be deceptive when used for the intended product (for example MOCHA for a coffee substitute). Not only can such a trademark not be registered, its use is in the interest of the consuming public forbidden.

## 2.2 Figurative trademarks and figurative elements of trademarks

### 2.2.1 Figurative trademarks

Each type of mark can be combined with figurative elements. It is even possible to choose a purely figurative mark to be used either as the sole trademark or additionally with a word mark. If the figurative mark is exclusively used there exists of course a problem to communicate it in spoken media and also for the consumer to name the product if he wants to buy it.

Figurative marks can as well as word marks be

- pure fantasy
- arbitrary (device of an apple for computers)
- suggestive (device of a "milkmaid" or an original "cow" device)
- descriptive (design of a corn on bread)
- deceptive (design of an alligator for non-alligator leather)

Sometimes, in particular in the case of words having a clear meaning, which are arbitrarily used as a trademark, companies use the word and a corresponding device together. I refer to the already mentioned examples of APPLE for computers and CAMEL for cigarettes. In certain cases the figurative mark is even at the origin and the word mark is only used to make it easy to communicate with the consumer. Examples from Nestlé are the traditional MILKMAID and BEAR BRAND trademarks. In both cases the trademark is the device of a milkmaid respectively the device of a bear, both used for milk products. For that reason Nestlé translated the word marks in different languages (Milchmädchen, la laitière, la lechera; Bärenmarke, marque à l'ours). This is another possibility to communicate and promote a trademark (and in the case of MILKMAID also certain product associations) to consumers speaking different languages.

## 2.2.2 Logos, visual properties

It is important to find a good trademark which fits to the product or service and which serves to identify it both in written and in oral communications. However, the importance of the visual impact of the brand should not be neglected. It is known from market research that consumers, when looking for a product, which they bought in the past and they want to buy again, mainly orient themselves by the colors of the respective label or package, secondly by its graphical presentation, and that they give only third priority to the product name, which is the word mark used. Most companies therefore, at least for the house mark and for important product brands, use special logotypes. Also the colors used are of course extremely important as well as other visual elements, which generally are used following strict guidelines established by the management. A typical example is the COCA COLA trademark which is always used in red and white coloring and in a typical script, which is combined with a graphic element of a wavy line.

The importance of these visual elements cannot be overestimated. All over the world, people seeing a script in the typical graphic manner as used by the Coca Cola Company, in the red and white colors and the word combined with the wavy line in the same colors, will associate this with COCA COLA, no matter which word is written and no matter whether the word is in Roman letters (as used in English but also in German, French, Italian and Spanish language) or in Thai or in Hindi script. The situation is similar for the MAGGI products which all over the world appear on the shelves in their typical yellow/red coloring.

## 2.3 Transliterations

### 2.3.1 Use of different scripts in different countries

All the aspects dealt with before are much more difficult to be taken into consideration if in one or the other of the countries considered for the sale of the new product the trademark written in the script of the home country of the company will be looked at by most people as being a figurative element only, because of a different national script. This problem is a current one in the Arab countries as well as in Asia, and it is apparent for a Japanese company intending to market its products internationally, but also for companies from China or Vietnam. In the Lebanon, exceptionally the situation is less difficult, since generally the population also is familiar with Latin script, as used for the English or French language that most people here understand. Also, if the company is based in a country using independently from the national language or languages at least Latin script (this is the majority of countries including all countries of English, French, German, Italian Portuguese or Spanish language) it will still have a considerable problem when a good deal of the population uses another script (such as Chinese people in Malaysia or the use of Sinhali and Tamil in Sri Lanka), or if a company wants to export in countries using Chinese characters, such as China, Singapore and Vietnam or to Japan (or to Greece in Europe). In that context the problems of transliteration are to be faced which are complicated and different in the different countries mentioned before. They are normally solved in Thailand and in Japan by literally transliterating into Thai script respectively Katakana following English pronunciation of the word in Latin script. These problems are even more difficult when trademarks must be transliterated into Chinese characters, since there exist about 40 000 different Chinese characters of which 5000 are in common use and each having a special meaning. I cannot go into details of the problems involved, but they are enormous.

### 2.3.2 Approach in practice

One possibility to avoid in practice all problems of transliteration is to simply maintain the original version of the trademark (for example in Latin script) despite the risk that most of the consumers will take this trademark as a device and not understand what it means. This approach generally is dangerous. Even if that is probably not the case in the Lebanon, there is certainly a problem in a good number of Arab speaking countries.

The registration and use of the mark in Latin characters does not normally give protection for a transliterated version which may be registered by a local competitor.

Consumers may themselves develop a “nickname” for the product because they need some means to identify it. This nickname may have negative connotations for the product. Also a local competitor may register it in his name, before the company discovers the habits of the consumers and tries itself to register the name.

Also it is of course much more difficult to market and advertise the product if it cannot be named in written communications. Oral communications in television or through the sales force may not be sufficient and not always be available.

It can therefore only be recommended to provide for a transliteration of the original trademark in the local script of a country, in which the original trademark cannot be understood by the consumers or by their majority. This transliteration should be registered and used on the labels or package. This does not mean that the original trademark in its original (e.g. Latin) version should necessarily be replaced. This is one possibility. Another recommended approach is to show on the labels or package and in advertising both the original version and the transliterated version of the brand. In order to educate the consumer, the transliteration of the original brand should in its graphic presentation or logo be as close to the original brand as possible.



### 2.3.3 Combination of translation and transliteration

Even if today trademarks that have a meaning in the language of the country where the company originates, generally are not translated but used in their identical form internationally, exceptions may still be found. Only recently Nestlé introduced a bottled water in Asia and Latin America and took the decision to translate the trademark PURE LIFE in the languages of the respective countries where they are marketed in order to assure that the brand should be clearly understood everywhere. The Spanish version is PUREZA VITAL, and in the Asian countries, where other characters than Latin script are used, the respective translated word is used and registered in its transliterated version.

### 2.4 Availability and protection of a new brand

Of course, it is not enough to find a new brand for a new product, which appeals to the consumer. The brand must legally be available and must be protected. This is very difficult for products to be marketed internationally. It is generally the task of the trademark department of the company to care for the necessary searches and for the registration of the new trademark in all countries of commercial interest. I will deal with these aspects under II (Trademark Protection).

### 2.5 International Marketing

The use of a protected trademark on the international scale may be restricted to sales of the products of the proprietor, manufactured at home and exported, through importers in the respective countries. As soon as a company decides to have the products, to be sold under the trademark, manufactured or assembled in foreign countries, the use of the trademark in these countries must legally be regulated. Generally the proprietor of the trademark will have to authorize another person or persons (which may be an affiliate or an independent company) in the respective countries, to use his trademark. Such authorization, which usually will be subject to certain conditions, such as exclusiveness, consideration, quality standards, the way in which the trademark may be used and advertised, territorial scope etc., is usually called "trademark license". I will deal in a separate presentation with trademark licenses, which are particularly important for the international marketing of products.

## II. International Trademark Protection

### 1. Organizational aspects

Trademark protection is a legal function. In small enterprises it is often one of the tasks of the Legal Department to also assure the protection of the company's trademarks. In larger enterprises the protection of trademarks is generally entrusted to a specific department, the Trademark Department. Since trademark protection is a legal function, the Trademark Department can best assume its role when it is integrated in the legal function of an enterprise. This is not always the case. Sometimes the Trademark Department is integrated in the Patent Department. Such organization may, in particular, be found in some pharmaceutical companies. It underestimates, however, the importance of trademarks for enterprise in a modern market economy and fails to realize that trademarks and patents have not much in common. It makes therefore more sense, and this is at present the trend (also in the States'

Offices competent for the protection of intellectual property rights), to create an Intellectual Property Department, in which patents and trademarks are on equal footing. Sometimes the Trademark Department is even integrated in the marketing unit of the company or directly under control of the top management. This creates no real problem, if the department is staffed with at least one lawyer.

In internationally active groups of companies the Trademark Department of the parent company must assume central responsibility for the whole group, since trademarks are vested in the parent company (at least this is generally recognized policy).

## **2. Tasks of a Trademark Department**

The principal task of a Trademark Department is to protect and administer the trademarks of the company, which may be registered in one country, in many countries or worldwide. For that purpose, the department needs a documentation, which today generally is integrated in a computerized system. It contains for each registration the essential details, such as the registration date and number, the country of registration, the list and classes of goods and services covered, and assures that the necessary actions, such as renewals, affidavits of use etc. are taken. The critical mass for companies to profit from a computerized database is probably less than 1000 trademark registrations.

Even if domain names are not intellectual property rights (a domain name is an address which may be used to provide for an access to a website etc.) they are in practice similar to trademarks and tradenames. Particularly, enterprises may have an interest to also use at least some of their trademarks as domain names for websites on which products or services are offered under the respective trademark. Also, competitors and cyber squatters may register domain names that are similar or even identical to the company's trademark. It makes therefore sense that the trademark department is also entrusted with the monitoring of the company's domain names and with conflicts arising from domain name registrations of third parties (dealt with under III, Enforcement).

Additionally the Trademark Department has an important task in advising the marketing function in the choice of new trademarks, whether they are available and protectable, and also in legal aspects of trademark policy.

Furthermore, the Trademark Department may also be entrusted with the task to manage the licensing of trademarks. Sometimes another section of the Legal Department or Intellectual Property Department is responsible for license agreements, particularly because licensing is often not restricted to trademarks but may also embrace the licensing of other intellectual property rights such as patents and of know-how.

### 3. Trademark and domain name registration

#### 3.1 Choice of a new trademark

Since a trademark is basically a marketing tool serving to promote the products or services of a company, its ultimate selection should be the responsibility of the marketing people. In view of the difficulties connected with the adoption of a new trademark, it is however of extreme importance that they act in close consultation with their legal trademark advisors. There is a tendency of marketing people to prefer trademarks, which create associations with the consumer's minds as to characteristics of the product to be launched on the market under the new brand. However, often the advisor from the Trademark Department must explain to the marketing people that the proposed brand is too descriptive in order to be registrable. The ideal is to combine the realities of commercial expediency with the necessities of law, i.e. the mark must serve to sell and be protectable.

Having found a trademark that seems neither descriptive nor deceptive, which is liked by the marketing people and accepted by consumers, does not mean that everything is fine. Now starts the real time consuming work of a Trademark Department.

#### 3.2 Legal clearance

##### 3.2.1 Investigations in trademark registers

There exist millions of trademarks all over the world. Far more than 1 million new registrations are every year recorded in around 200 jurisdictions where trademarks can be registered. Therefore, it becomes more and more difficult to find a new trademark that is not identical with or similar to an already existing trademark used for identical or similar goods by a competitor. Adopting a trademark, which is similar to an already existing brand in the competitive field, would not only mean creating confusion among consumers to the detriment of the competitor's brand. It would very often also mean loss of investment because you either advertise the competitor's brand instead of your own or in view of legal remedies taken by the competitor you have to cease using the brand for which you have highly invested.

Consequently, each and every brand, which is created, should get legal clearance before being finally adopted. Trademark investigations must be made in two areas:

- searches at the local registry in the country where the product is intended to be marketed. The search involves all existing applications and registrations concerning identical or similar marks for similar goods or services.
- In the market place to establish whether identical or similar marks are already used in respect of similar goods or services. If an enterprise is present in the market, this is an important advantage, since it can entrust this task on its sales force. Otherwise, specializing investigators must be asked.

In these days it is practically impossible that investigations would not reveal any similar earlier trademarks. The real test is, how seriously these earlier rights can be considered to be an obstacle for the new brand.

When the investigations show insurmountable difficulties the whole game starts from the outset. It is therefore advisable from the very beginning to work on two or several proposals for a new trademark, which can be tested on their chance to become protected. the

### 3.2.2 Investigations in domain name registers

However, searching trademark registers is not sufficient in these days. Another important task is to assure that the proposed trademark is not already used or at least registered as a domain name. Such domain name may be used as a trademark or as a trade name and thus be an obstacle for the proposed new trademark (which also may be earmarked to be used as a domain name for a website intended to promote the new product for which the new trademark is sought). Consequently searches must be made at least in the gTLDs (generic top level domains), such as .com, .net, .org, .info and .biz. However, also in the ccTLDs (country code top level domains) of countries of market potential such searches should be made.

### 3.2.3 Negotiations with competitors

Where the search results show that there are earlier rights to be considered, but there are chances to solve the problem, negotiations with the owners of these prior rights commence. In fact, trademarks which are registered but not used, may either be legally vulnerable or at least not any more of real commercial interest for their owner, who may be prepared to negotiate a coexistence agreement or to sell the trademark. Furthermore, trademarks are often registered for a scale of goods which is beyond the scope of the real commercial interest of their proprietor. Therefore the trademark department should try to overcome as much as possible legal obstacles resulting from investigations by starting to negotiate with competitors or by introducing cancellation actions because of non-use (e.g. for the goods or services of interest). If there are more than one or even many countries involved in the investigations, the legal clearance is of course much more complicated and may lead to the result that no trademark can be found in reasonable time which could be used in all the countries concerned. In such case the idea will be to use at least for closely connected economical regions, such as the European Union, the NAFTA countries, or the ASEAN or neighboring Arab countries, the same trademark for the same product. The reasons are manifold. There may be an overlapping of advertising, people are traveling and sometimes costs may be saved by using the same labels in different countries. r

Negotiations should also be considered with owners of identical or very similar domain names.

## 3.3 trademark applications

### 3.3.1 When and what to apply for registration

If searches have not revealed serious obstacles or the obstacles have been sorted out, the new trademark should be applied for registration. Often it is even recommendable, in order to gain time, to apply for registration in parallel to pending negotiations with competitors.

Depending on the results of the investigations it may be indicated to restrict the trademark application to a relatively small list of goods and services. Sometimes the result of negotiations leads to a restriction of the originally wider list.

Furthermore it must be decided what should be applied for registration. Often the new trademark will be used in the form of a special logotype or graphic presentation. It may be advisable to apply for registration of this particular graphic presentation, either in order to prevent competitors from using a similar logo or because the trademark department is afraid that the word or words contained in the mark would be too descriptive in order to be accepted as such for registration. However, registrations of pure word marks have also their advantages. They have a wider scope of protection against similar words and they may be used in any graphical presentation. Whenever the graphic presentation of the brand on a label or packaging changes, this does not affect the protection of the registered word mark. The most advisable means to proceed may therefore be to apply for registration of both a wordmark and a logo/graphic presentation of the mark in the form in which it is intended to be used.

### 3.3.2 International protection

If the intention is to launch the new product or service in several countries, applications for registration must be made in all countries of immediate commercial interest. However, also in countries of potential future interest protection should be sought in order to avoid a piracy problem or simply that the trademark becomes in one of these countries unavailable because of the registration of an intermediate similar trademark. In such case the company must in all foreign countries use a local representative for the trademark registration procedure. However, it is important that the trademark department coordinates the procedures in the different countries and assures that all actions are taken based on its clear instructions.

The international launch of a product may be made by exports from the home country but also by manufacturing the product locally in some or all of the countries of market potential. The parent company may license the use of its trademarks in foreign countries to local companies, which may be an independent company or an affiliate, a manufacturing or assembling unit or a distributor. Be it as it may, in order to be able to properly license the use of the trademarks in these countries the parent company must have protected them by registration in its own name. It is very important for the parent company not to allow local companies to apply for registration of the trademarks to be used under license in their name. Otherwise the parent is in danger in an emergency situation to lose the proprietorship to the local company. It may also have difficulties to prove to the appropriate authorities (which may be a government agency responsible for the transfer of technology or the inland revenue/fiscal authorities) that it is justified to request the license to pay royalties for the use of the trademarks.

More and more, international active companies will in the future have to consider which system to use for the protection of their new trademark. Traditionally in most countries this question did not arise, since the only means to achieve protection was to register the trademark in the national register of the country. This is generally speaking still true for the Arab region. However, since more than a hundred years there exists a possibility to apply for the international registration of a trademark at WIPO in Geneva which may be extended (by paying a designation fee) to over 70 countries. These countries were traditionally mainly in Europe, but certain North-African (such as Algeria, Egypt and Morocco) and Asian countries are also members of the respective Agreement, which is called the Madrid Agreement for the international registration of marks. This agreement is very cost-effective and saves a lot of administrative work for trademark departments. Nevertheless, its geographical coverage was always somehow restricted and the majority of the members of the Paris Convention, among the most important countries as the United Kingdom, The United States of America and Japan, have not become members of the Madrid Agreement and are unlikely to accede to it. This is

due to certain peculiarities of the system which do not fit with the trademark protection systems in these countries. Therefore a Protocol relating to the Madrid Agreement was adopted in 1989, which entered into force on December 1, 1995. The Protocol has had a great impact on many countries all over the world. In the context of this presentation I cannot go in any detail how this system for the international registration of marks will function, which is the topic of separate presentations.

### 3.4. Domain name registration

On the one hand as a marketing tool, and on the other hand as a matter of precaution in order to avoid future conflicts (see below III.4.2) it is also important to register the new trademark as domain name in the gTLDs and in the ccTLDs of the countries of present or potential commercial interest.

In that context it plays no role, whether the trademark is descriptive, suggestive, meaningless or a word of daily language that is proposed to be used arbitrarily. Every word may be registered as a domain name, based on the principle first to come first to serve. This principle makes it possible to register right away a new trademark in all domains where no identical sign has already been registered.

If it is intended to use translations of the (generally English -language oriented) trademark in non-English speaking countries, the original (English) version should be registered in the gTLDs of interest, and the translated versions in the respective ccTLDs (in parallel to the registrations of the translated trademarks). Since spring 2001, also signs other than English standard language signs, including other script than Latin script, may be registered, and it makes sense to register transliterations in the ccTLDs of the same countries where registrations of transliterated trademarks are envisaged.

Figurative marks or figurative elements, on the contrary, cannot be registered as domain names. If the intention is to register and use a new mark that consists of letters and/or numerals combined with graphic elements, the corresponding domain name registration can consist only of the combination of letters and/or numerals, contained in the trademark.

### 3.5. Trademark Registration and use without registration

Contrary to the simple, easy and cheap registration of a domain name, the trademark registration procedures are very different in different countries and may take from several weeks' to several years' time. They may also lead to refusal of the trademark application. If the refusal is due to the conflict with a prior right, cited by the registrar, or successful in opposition proceedings, the trademark can finally not be used. If the refusal is due to absolute grounds, such as descriptiveness, the trademark department must advise the management whether it may be considered to nevertheless use the trademark without immediate protection and to try to build up protection through use. This is of course dangerous because competitors may quickly start to use the same term either as a trademark or simply as a product denomination, thus making it impossible to achieve secondary meaning for the company. The safe way is therefore no doubt to use only duly registered trademarks.

## 4. Use of trademarks

### 4.1 Proper use to safeguard protection

It is not enough to achieve protection through trademark registration. The protection may get lost if the trademark is not being used properly. An enterprise must therefore assure that its own employees use the trademark properly. This is an important aspect of trademark management. Generally it is the task of the trademark department to establish the rules to be applied internally in order to avoid for the company's trademarks the fate of formerly famous brands such as FRIGIDAIRE, CELLOPHANE, LINOLEUM, and ASPIRIN in certain countries, and to watch that these rules are being respected. The most important principles, as they are generally recognized, are the following:

The trademark must always be exactly used as it is registered. If, for marketing reasons, a trademark is changing in appearance, it should be re-registered in the new version to be used.

Furthermore it must be made sure that the trademark does not lose its distinctiveness and thus becomes open for cancellation. In order to achieve this goal the following rules should be followed by everybody who is involved in advertising or any other kind of communications referring to trademarks:

- highlight the trademark (make it stand out from its surroundings)
- do not use the trademark as or instead of the product denomination
- never use the trademark as a noun. Use it as a proper adjective
- avoid the possessive "s"
- avoid the article
- avoid the plural
- identify your registered trademark by placing closely to it the ® or a corresponding registration statement.

Assuring proper use by the own employees is not enough. It must also be made sure that third parties, in particular competitors, and the public do not use a trademark of the company as or instead of a product or service description. In case of misuse the trademark department must intervene.

### 4.2 Use of trademarks on the Internet

Use of a trademark on the Internet is trademark use under the applicable legislation of those countries in which the use has a commercial effect. This is the case, for example, if goods or services are offered at the website to customers in the country and are available there. This means in practice that a trademark, which is being used exclusively for e-commerce, should not be cancelled based on an action for non-use during the user-grace period in the country concerned. This is also recognized by the WIPO Joint Recommendations concerning the use of signs on the Internet (see below III.4.1)

### III. Enforcement

Registration of trademarks is of course no purpose in itself. In order to safeguard the protection of the company's trademarks the trademark department has to prevent competitors from infringing them. This means in practice:

#### 1 Monitoring

##### 1.1 New trademark applications of competitors

Publications of new trademark applications of competitors must be followed in order to discover conflicting marks. In the old days collaborators of the trademark department and, in foreign countries, agents had to assume this task. Today specializing watching services are, with the help of computers, automatically searching new trademark applications, which are conflicting with the company's trademarks. This must be done in all countries of interest for the company, where it has registered its own marks. Some watching services offer worldwide surveillance.

##### 1.2 Conflicts in the market

Even more important is to be informed about the infringing use of similar trademarks or packages by competitors, because such infringement has a direct economic effect. It is again an important task of the sales force of the company in all countries where it is established to keep a constant watching eye on the market. This causes normally no problem. Salesmen are accustomed to watch what is going on with their competitors, since they must be aware of the activities of the competition. It is important however, to assure through appropriate instructions that the sales force informs the management or the legal department of the local company about the infringement and that in turn this information will be transmitted to the central trademark department of the parent. Where a company does not have an own subsidiary the task must be entrusted to the local representative or sales agent.

#### 2. Defense

##### 2.1 Conflicting trademark applications

If there is a conflicting trademark application, the trademark department must react in order to avoid future conflicts in the market. This can be done by requiring the applicant to withdraw the application or to restrict its list of goods and services, as the case may be, or by opposing the application or by combining both measures (in particular, if negotiations fail or are too slow). In countries, where no opposition procedure exists, a cancellation action must be introduced with the court.

Nevertheless, conflicts in the market cannot be totally avoided because sometimes competitors use a trademark similar to the company's mark without applying it for registration. Also, a competitor may launch a product under the trademark, applied for, without waiting for its registration.



## 2.2 Conflicting use

Also in case of a conflicting use of a competitive trademark normally the trademark department will try to solve the problem through negotiations, e.g. starting with a cease and desist letter. Whenever possible, a company will try to avoid costly and time-consuming legal proceedings. Only if negotiations fail will it be necessary to sue the competitor. It is important not to tolerate any infringement. First of all, confusion of consumers with negative consequences for the company's brand must be avoided. However, the company must also avoid the impression that it is prepared to tolerate to a certain extent the use of conflicting marks, because such attitude leads quickly to a situation with numerous imitations by competitors. This is especially true, if the owner of a leading or well-introduced brand believes that it may economically not be justified to sue a small infringer with local importance and insignificant sales. Finally, such attitude leads to an enormous restriction of the scope of protection of the company's valuable brands.

Furthermore, the defense of the company's brands is not restricted to the registered trademarks. Often, label and package imitations, the get-up imitations or trade dress imitations, are causing the real headache. These labels and packages are often not registered as a trademark, since it would be much too costly to systematically register all labels and trade dresses used by a company. The defense against such imitations must therefore be based on unfair competition and passing-off actions. Such an action is more difficult to take than an action based on the infringement of a registered trademark. For example, if the word mark used by the competitor is different from the one used by the company, judges are inclined to deny confusion, even if the trade dress of the competing products is nearly identical. Trademark departments should therefore recommend to their management to protect the important label get-ups respectively trade dresses, the visual properties of the company, by trademark registrations.

## 3. **Counterfeiting**

### 3.1 Measures to combat counterfeiting in the country

#### 3.1.1 Provisional measures

Contrary to "normal" trademark infringement cases, dealt with before, counterfeiting, which is the sale of a fake product under an identical trademark and practically identical product presentation, must be combated by taking fast legal action, without trying to solve the problem by negotiations. On the contrary, it is important to effectively stop counterfeiting before the counterfeiter is aware of any measures taken by the trademark owner. Therefore provisional legal measures are most important. A final decision is often handed down after years, and this is no incentive for counterfeiter to desist from the infringement.

Courts must therefore have the authority to order prompt and effective provisional measures (so-called interlocutory injunctions) to stop the offer of counterfeit goods immediately and to preserve relevant evidence in regard to the alleged infringement. In particular, courts must have the authority to order such procedures without hearing the other party (in audita altera parte) where appropriate, in particular, where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

### 3.1.2 Other remedies

Courts must have the authority to order, without compensation of any sort,

that counterfeit goods be disposed of outside the channels of commerce so as to avoid any harm to the rightholder or to be destroyed, and

that materials and implements the predominant use of which has been in the creation of the counterfeit goods, be disposed of.

The WTO -TRIPS Agreement obliges all countries, which are members of the World Trade Organisation, to provide for the respective measures.

### 3.2 Border measures

It is important to be able to stop infringements in the country. In the case of goods coming from outside the country, it is even better, if they can be prevented from entry into the market by having them confiscated at the border. Thus it can be avoided that such infringing goods freely circulate in the country where they may be offered for sale at many different places and by different persons. This is the purpose of special border measures. Again the TRIPS Agreement provides for obligatory measures with respect to counterfeit trademark or pirated copyright goods. However, members may apply the same provision to other infringements.

#### 3.2.1 Suspension of release by Customs authorities

If the rightholder has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, he can apply to the competent authorities for suspension by the customs authorities of the release into free circulation of such goods. This means, that the goods are, at least temporarily, prevented from being imported.

#### 3.2.2 Duration

If within maximum 10 days after the notice of suspension the customs authorities are not informed that proceedings leading to a decision on the merits of the case are initiated or that provisional measures prolonging the suspension of the goods are taken, the goods are released. In appropriate cases the time limit can be extended by another 10 days.

#### 3.2.3 Right of inspection

The right holder must be given sufficient opportunity to inspect any product detained by the customs authorities in order to substantiate his claims. Also the importer may be given the right of inspection.

#### 3.2.4 Remedies

Basically, they must be the same as provided for enforcement of intellectual property rights in the country (above 3.1). Additionally, the authorities may not allow counterfeit trademark goods to be re-exported in an unaltered state.

#### 4. Problems related to the Internet

In the context of the Internet, two different aspects must be distinguished: Infringing use of a trademark or another sign on the Internet and domain name conflicts.

##### 4.1 Infringing use

###### 4.1.1 General considerations

In the context of the Internet, the problem arises that use on the Internet is global by nature, whilst our legal systems are based on the principle of territoriality of rights. Therefore the use of trademarks or other signs can only infringe a trademark right, when that use takes place in the territory where the trademark right exists. Furthermore, a conflicting sign may also be protected in another jurisdiction. From these general considerations the following questions arise as concerns use on the Internet:

Must every use of a sign on the Internet be considered use in the sense of the above considerations? If that were true, nearly every use of a sign would amount to infringement of a protected right somewhere in the world

Can the courts prohibit any use of a conflicting sign on the Internet (should they be allowed to issue a global injunction)?

On the Internet, often identical or confusingly similar signs are used, which enjoy, in different jurisdiction, legal protection. Must this fact be taken into consideration? Should there be a coexistence of rights?

To try and solve these and other questions, the WIPO General Assembly and the Assembly of the Paris Union have in their Meetings from September 24 to October 3, 2001, adopted a Joint Recommendation Concerning the Protection of Marks and Other Industrial Property Rights in Signs on the Internet. I cannot deal with that Recommendation in detail; however, I will mention some of its cornerstones:

###### 4.1.2 The WIPO Recommendation

Use of a sign on the Internet constitutes use in a State for the purposes of the Recommendations only, if the use has a commercial effect in that Member State (Art. 2). Article 3 contains a list of factors for determining such commercial effect.

If the user of a sign on the Internet owns a right in that sign in a State other than the State where his use is alleged to be infringing a right in a trademark (or other industrial property right) he will not be held liable for such infringement until the owner of that trademark has notified him of the alleged infringement. The practical implication of this provision is that the owner of a right who, without prior notification, sues the user of a sign on the Internet, whose use has a commercial effect in the country of the owner of that right, must bear the costs of litigation, if the infringer owns a right in the sign, used on the Internet, in some other country. Furthermore, he cannot ask for damages relating to the infringing use before notification of infringement (Art. 9).

Art. 10 contains provisions how an alleged infringer may avoid liability after notification (he must in particular take measures which are effective to avoid a commercial effect in the State of the owner of a right, who issued the notification).

Another important part of the Recommendations relates to possible remedies which courts may impose against infringing use of a sign on the Internet. Such remedies must be proportionate to the commercial effect of the use (Art. 13) and shall be designed to avoid a commercial effect in the respective State and to avoid infringement of the right of the complainant (Art. 14). In particular, the measures imposed should avoid, wherever possible, imposing a remedy that would have the effect of prohibiting any future use of the sign on the Internet (Art. 15). Without clearly regulating so-called global injunctions the idea behind Art. 15 is that such global injunctions should in principle only be ordered in clear cases of bad faith of the user of the sign on the Internet (Art. 4 contains certain factors which should in particular be considered in determining whether a sign was used in bad faith or a right was acquired in bad faith).

#### 4.2 Domain name conflicts

As said before, a domain name may be used as a trademark and thus infringe a right in a trademark. Whether such infringement takes place, generally must be examined based on the principles of the applicable law and the circumstances of the concrete case. However, there exists a specific problem of registrations of domain names identical with or similar to well known marks in bad faith, the so-called domain name grabbing and cybersquatting.

Again, it is not possible to go into details of problems of domain name conflicts in general and domain name grabbing in particular. However, in clear cases of registration and use of a domain name in bad faith there exists a very important procedure for trademark owners to object to such registrations. This is the so-called Domain Name Dispute Resolution Service, which is based on the Uniform Dispute Resolution Policy (UDRP), which was adopted by ICANN (the Internet Corporation for Assigned Names and Numbers).

##### 4.2.1 Significance of the UDRP

This Policy must be applied by registry operators, which have been authorized by ICANN to register domain names in the generic top level domains. Therefore the Policy is: basically available for gTLDs, including the new .info and .biz gTLDs. It is also available for certain country code top level domains (ccTLDs, such as .tv; 30 out of far over 150). These are countries, which volunteered for the UDRP. A number of other countries/Registrars offer for their ccTLDs other, often similar, dispute resolution procedures

Any person, wishing to register a domain name in one of the gTLDs, is required to consent to the terms and conditions of this Policy and its Rules. Therefore, any person, having a right in a trademark, may file a domain name complaint concerning a .com., .net., .org., .biz, .info domain name, using the ICANN Administrative Procedure. The same is true for ccTLDs having adopted the Policy and incorporating it in the registration agreement with the registrant, such as Australia, Mexico, and the Philippines.

The domain name complaint must be filed with one of the dispute resolution service providers accredited by ICANN, one of which (and by far the most used) is the WIPO Arbitration and Mediation Center. With the complaint the Complainant requests the domain name to be cancelled or to be transferred to him

The UDRP is non-exclusive, i.e. it is available additionally to court proceedings, which may be initiated before or after a dispute resolution procedure

#### 4.2.2 Conditions for filing a successful complaint

The domain name is identical or confusingly similar with a trademark in which the Complainant has rights

The domain name registrant has no rights or legitimate interests in respect of the domain name in question

The domain name has been registered and is being used in bad faith

An often-applied test is whether a Respondent has attempted to sell the domain name for a sum in excess of his out-of-pocket expenses in registering the domain name

#### 4.2.3 Advantages and success of the UDRP

The procedure is cheap (1500 \$ for a single Panelist procedure) and fast (average of about 45 days; the Panelist has two weeks to render his decision).

Over 4500 complaints against gTLD domain name registrations have been filed with the WIPO Arbitration Center under the UDRP since the end of 1999. The complaints originated from over 80 countries. Most cases have been decided or settled. The transfer of the domain name has been ordered in 80% of the cases, cancellation in less than 1%. Only a small number of decisions are contested by the respondent, who may, within ten days after notification of the decision, commence court proceedings; if not, the registrar cancels or transfers the domain name.

#### 4.2.4 Significance for Arab countries

As mentioned before, since Spring 2001 domain names may be registered for other scripts than Latin. In fact, already 33 conflict cases have been decided at the WIPO Arbitration Center, mostly relating to registrations in Chinese script (until now none in Arab script).

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