

Cutting the Costs of International Trademark Protection

If you are filing for International Trademark Protection, you can file in a lot of countries quickly using the Madrid Protocol system which allows you to file an International Application in the U.S. to obtain registration for a mark in a number of countries quickly. This application is examined by each country under the Madrid system. The European Community Trademark is a similar process (but with more standardized procedures) which allows you to apply for a mark simultaneously in 27 European nations.

Will these processes save your company money? Hard to say.

The Madrid system and European Union system are very good options if your company needs to file many applications simultaneously and is positioned to enter the foreign markets immediately. However, for a company that is still exploring foreign marketing options, the Madrid system and European Community Trademark can accelerate costs and actually increase the expense if marks are not needed in all countries elected.

Once a company starts either of these processes there can be strong momentum to prosecute applications in many countries, since no one in a company wants the legal responsibility for abandoning an application in process even when there is little value in protecting a particular market. Companies are finding that these "streamlined" procedures can mushroom quickly.

For example, the European Union (CTM) process exposes a mark to searches and challenges in 27 member states, many of which a company may not even be targeting. A successful challenge in one remote country (e.g., Slovenia) could preclude the entire CTM registration for all 27 countries. For this reason, many companies file national applications in key countries to hedge the process, and don't end up saving money with a CTM filing. That said, if all goes smoothly, the CTM process can wind up saving a lot of money.

Our firm charges \$1,500 to file the International Application under the Madrid system and \$1,700 to file a CTM application. This fee is in addition to our fee for a regular U.S. "national" application which can also be used to claim priority (i.e., get an earlier filing date) in individual foreign jurisdictions for six months. The Madrid International Application must be filed within two months of the filing of the U.S. application, and is thus an imminent cost. Additionally, it will cost your company about \$700-800 in filing fees to "elect" each country in which it decides to pursue protection. The Madrid International Application would then be examined under the laws of the particular country.

If your company runs into issues in a foreign jurisdiction, it will have three options: (1) abandon the foreign designation if there is low market interest; (2) refile a separate national application which will correct the defects; or (3) have us hire and consult with foreign attorneys ("associates") to address issues that arise in each designated country. I would expect the cost of hiring foreign associates to be \$4,000-5,000, but we would need to obtain fee quotes if the need arises. Generally, foreign associates are helpful and economical, and you end up using them with a Madrid filing in at least some countries.

If your company is *primarily* interested in trademark protection in key Asian markets (e.g., China, Korea, Japan and Malaysia) you may save money by targeting those nations. For example, China requires a separate trademark application for each class. It may be best to hire foreign associates to initiate Chinese applications directly and prosecute them efficiently. If you

file these applications within six months of your U.S. applications, your company can claim priority to the U.S. filing date. We have worked with Chinese and other Asian firms in the past that are helpful and efficient. If your company wants to delay the filing date of Asian applications until the company is certain that it will enter particular Asian markets, the company can do so for up to six months and still claim the priority date of its U.S. application.

In summary, if your company it needs protection for a number of European and Asian countries all at once, the Madrid system and CTM marks are good options, This is precisely the scenario for which these processes were designed. Alternatively, if your company wants to defer costs, explore markets and target its protection, the company may end up with a later priority date. There may or may not be a cost savings with targeted filings, but with the passage of time the company will minimize the risk of paying to protect markets it can't profitably enter.