

TC's inside IP



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Madrid Protocol: Is It For You?

By Matthew J. Himich

The Madrid Protocol provides a centralized system for trademark filings. To date, over 80 nations and international organizations are members of the Madrid Protocol. The U.S. has been a signatory to the Madrid Protocol for over eight years, but the potential benefits and pitfalls are still unknown to many. While a U.S.-based trademark owner may use the Madrid Protocol and enjoy a cost-effective procedure to protect its mark and streamline its filings, there may be situations where filing separate trademark applications with national trademark offices makes more sense.

Using the Madrid Protocol, a U.S. company may extend protection for a trademark in one or more member countries by electronically filing with the U.S. Trademark Office an international application designating member countries where trade-

mark protection is sought. A U.S. company may base its international application on an existing U.S. registration or on a new U.S. application. Payment is made to the U.S. Trademark Office using U.S. currency, and no translations are needed.

The international application is then transmitted to the International Bureau ("IB"), examined by the IB and assigned a single number used to identify the application and registration throughout subsequent processing at the national level. Each designated member country's national trademark office then evaluates the application according to its national standards. If the national trademark office of a designated country does not raise an objection and a third party does not oppose the registration, the national trademark office will extend protection of the mark to the designated



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country. The single international registration usually will be valid for 10 years (it runs concurrently with the base registration). The U.S. company may subsequently renew the international registration for additional 10-year terms with a single filing at the IB. Thus, the system allows a trademark to be registered in all designated countries as of the filing date of the international application with the U.S. Trademark Office.

Using the Madrid Protocol often obviates the need for the U.S. company to retain separate local trademark counsel in each country in which it wishes to file a trademark application, unless the national trademark office issues a rejection or requires additional information. Similarly, under the Madrid Protocol, one need only file a single document to reflect a change of name or address, or title to or security interests in a registration. If there is a change to record ownership of several international registrations, the U.S. company may record a single document at the IB to reflect the change. Additionally, if the U.S. company later expands its business to other member countries, or protection is desired in a country that may be a future member of the Madrid Protocol, the U.S. company may subsequently designate (i.e., add) the country under the same international registration. Generally speaking, the filing and maintenance fees associated with the international registration are lower over time than maintaining several separate national registrations.

While the Madrid Protocol has some obvious advantages, there are some disadvantages that trademark owners should keep in mind. Under the Madrid Protocol, the description of goods or services in the international application must be the same as or narrower than the description of goods or services in the application or registration on which it is based. If a base U.S. application or registration has a relatively narrow description of goods or services, the corresponding international application must have the same or a narrower description of goods or services. This may ad-

versely affect foreign trademark litigation matters, as foreign trademark rights are often based upon registration. Generally, the U.S. Trademark Office does not allow one to register a mark with a broad description of goods and services. In contrast, foreign trademark offices tend to allow broader descriptions of goods and services. Thus, in certain circumstances, it may be advantageous to file a separate application directly in a national trademark office with a broader description of goods and services than ordinarily allowed in the US.

Also, under the Madrid Protocol the freedom to assign ownership of an international registration is generally restricted to entities residing in or having a connection with a Madrid Protocol member country. For example, the Madrid Protocol prohibits a U.S. company from transferring an international registration to an entity located in Canada, Mexico, Brazil, or other countries that are not members of the Madrid Protocol. An additional disadvantage is that the Madrid Protocol does not allow for alteration or modernization of the display of a design mark that is the subject of an international registration, and there are limited means to amend the description of goods or services in the international registration.

Additionally, for a period of five years from the date of its registration, an international registration is dependent on the base application or registration. If the base application is abandoned or the base registration is cancelled, the international registration will be cancelled. Consequently, extensions of protection in any designated countries will lapse if the international registration is not converted into separate national applications in the designated countries within a specified grace period. Often this conversion process is expensive as it requires the trademark owner to retain local trademark counsel and pay additional filing fees. Similarly, an international registration may be placed in jeopardy if a third party attacks the base application or registration through opposition or cancellation proceedings. This is of par-

ticular concern in the US, where oppositions and cancellations may be based upon common law rights.

In summary, the Madrid Protocol may be quick and inexpensive, but it is not for everyone. Generally speaking, U.S. trademark owners with incontestable registrations or registrations having broad

descriptions of goods and services are likely best suited for the Madrid Protocol. It may make sense to use the Madrid Protocol to avoid renewing older national registrations. Separate national trademark applications may be best where an entity has a significant commercial interest in a country, or where there is concern that there will be obstacles to registration before a national trademark office, for instance, where a mark is somewhat weak or



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Building a Foreign TM Portfolio

By Matthew J. Himich

In the United States, trademark rights arise from use. However, in most foreign countries, you must register your mark to create protectable trademark rights. Registering your marks in foreign countries is expensive, but there may be ways to formulate a strategy to manage expenses.

The following is a short list of things you may consider when deciding in which countries to pursue foreign registration or maintain an existing foreign trademark portfolio:

- In which countries do you currently have operations, or where will you soon be distributing goods or offering services?
- Which countries represent the biggest markets or potential markets for your goods or services?

- Where are your distributors, vendors, or suppliers located? Are you likely to encounter a rogue distributor or vendor, who may use ownership of a registration for your mark as ransom or a bargaining chip in negotiations?

- Which countries are particularly known to have trademark counterfeiting or pirating problems in your industry?

When introducing a new mark, new product or expanding into new countries, it is generally wise to commission a search. The trademark search and clearance of the trademark should be conducted on a country-by-country basis. The trademark search is usually conducted by reviewing the reg-

istry of the national trademark office to identify any conflicting marks. In addition, any clearance of a trademark should involve a review for unintended foreign language, cultural or slang meanings. If you are considering a couple of marks, selecting a mark that is coined or arbitrary is likely to provide greater cost efficiency in the registration process as opposed to other marks that may be refused registration on absolute grounds. Once the trademark is searched and cleared, you may consider using one or more of the following methods to obtain foreign protection.

At the outset, you may consider using the Paris Convention, if possible, to maintain a priority date for your trademark applications. Today, over 180 countries are signatories to the Paris Convention. Under the Paris Convention, if a foreign trademark application is filed in a member country within six months of the filing date of a corresponding U.S. application, the foreign application will be given an effective filing date that is the same as the U.S. application. So, this may provide you with some flexibility with the timing of the filing of new trademark applications. Depending upon the scope of the roll-out of the new trademark and/or the identified countries of interest, you may consider concurrent filing of trademark applications in many national trademark offices on a single specified or "trigger" date to establish the earliest possible priority date, especially if the roll-out is in a country that is not a member of the Paris Convention.

In a so-called traditional approach of seeking protection abroad, you may retain local counsel in a foreign country of interest and file an application with the national trademark office. The cost of preparing and filing such an application varies greatly depending upon governmental fees and exchange rates, but is usually less than \$2,000 per country. Sometimes translations are needed with the application, which could increase the cost. So, depending upon the number of identified countries of interest, this may be the most economi-

cal approach. To obtain trademark protection in Latin America, India, and Canada, as well as in a number of other smaller countries, this method is the only one currently available. If the country is a member of the Paris Convention, you may be able to maintain priority to any newly filed, corresponding U.S. trademark application. You may also consider whether filing a national application in a country will afford you rights throughout all territories or protectorates of the country, and thus dispense with the need to file directly in those smaller territories or protectorates.

As described in the other article in this newsletter, over 80 countries are members of the Madrid Protocol. So if you desire protection in one or more Madrid Protocol countries, you may consider filing an international application keeping in mind the guidelines described in the previous article. Your international application may be afforded priority to any earlier filed, corresponding U.S. trademark application under the Paris Convention. The cost for filing the international application will vary in part by the number of classes of goods and services included in the application, and the number of countries designated. Some countries, for instance, in Latin American and Canada, are not members, so this method may not be useful depending on the area of the world in which you seek protection. Also, not all members of the Madrid Protocol have enacted legislation to enable you to assert an international registration in the courts of the country. In these countries, primarily in Africa, you may consider filing national applications despite these countries being members of the Madrid Protocol. Even if you currently have national registrations, it may make sense to file an international application under the Madrid Protocol for the same mark because the international application (and registration) in some jurisdictions may be deemed to replace an existing national registration but with a date of priority of the national registration.

You may also consider filing an application with the European Union's trademark office to obtain trademark protection in one or more of the 27 current members of the European Union. The cost for preparing and filing a European Community trademark application will usually be less than \$5,000. The European Community may also be covered with an international application under the Madrid Protocol. Your European Community trademark application may be afforded priority to any earlier filed, corresponding U.S. trademark application under the Paris Convention. The European Community trademark registration affords you, as the trademark owner, rights throughout the European Union. So, the registration enables you to pursue infringements occurring in multiple European countries in one venue, and prevents the importation of counterfeit goods throughout the European Union. Also, your use of the trademark in only a limited number of European countries generally enables you to withstand actions for cancellation of the registration based upon non-use. Generally speaking, national registrations or extensions of protection under the Madrid Protocol are vulnerable to cancellation based upon non-use typically three to five years after the registration date. So, this is an advantage over the Madrid Protocol. That said, the European Community trademark registration system may not be useful in all cases. For instance, if a mark is descriptive in

the official language of a member country, or if a conflicting registration exists in any of the member countries, the mark may be refused registration.

The following provides an example in which all three methods may be used to obtain foreign protection. A company with operations in many countries is unveiling a major new mark for its business. Because of scope of the roll-out and the company's United States and European presence, trademark applications are concurrently filed on a "trigger date" in the United States, the European Community, and all other countries that are not members of the Madrid Protocol or the Paris Convention. To orchestrate this coordinated filing on the "trigger" date, all documents required for the filings are obtained in advance from foreign counsel and completed in advance of the specified or "trigger" date. Then, within six months after the "trigger" date, an international application claiming priority to the U.S. application is filed, designating all countries of interest, except the European Community, which was previously filed directly with the European Community trademark office on the "trigger" date. Also, within six months after the "trigger" date, any national applications are filed in countries that are members of the Paris Convention.



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Dilution Decisions Strengthen Protection for Famous Trademarks

By Hadi Al-Shathir

Federal dilution law provides owners of famous trademarks powerful protection against junior users of certain marks. While infringement law protects trademark owners against marks that are likely to lead to consumer confusion, dilution law protects the distinctiveness and reputation of famous marks. For example, the use of PEPSI in connection with construction equipment is not likely to confuse customers as to the source of that equipment. The unique association between PEPSI and soda, however, is likely impaired through the use of PEPSI in connection with other goods (known as dilution by blurring). If PEPSI were used in connection with adult entertainment products, the association between PEPSI and such products may harm the reputation of PEPSI (known as dilution by tarnishment). Federal dilution law aims to protect these unique and positive associations, even in the absence of consumer confusion. It marks a shift in trademark theory from protection against consumer confusion to protection from misappropriation.

In dilution by blurring claims, courts have historically required a showing that the famous mark and allegedly diluting mark are “identical or nearly identical.” Courts have treated substantial similarity—a judicially created standard—as a threshold showing in dilution by blurring claims. This threshold showing has posed a significant limitation on such claims and has made it easier for third parties to avoid liability by using marks that are similar, but not “identical or nearly identical” or “substantially similar,” to the famous mark. Courts have continued to apply the “identical or nearly identical” standard following passage of the Trademark Dilution Revision Act (“TDRA”) in 2006, which identifies a number of non-exhaustive factors to be assessed in determining dilution by blurring, including “degree of similarity.”

Earlier this year, the Ninth Circuit, in *Levi Straus & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158 (9th Cir. 2011), removed the “identical or nearly identical” standard from its dilution by blurring analysis, joining the Second Circuit (*Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97 (2nd Cir. 2009)) in holding that the standard did not survive Congress’s adoption of the TDRA in 2006. The Ninth Circuit held that among the list of statutory factors for assessing dilution by blurring is the “degree of similarity” between the marks. The plain language of the dilution statute, therefore, does not require a plaintiff to establish that the allegedly diluting mark is identical, nearly identical or substantially similar to the famous mark. Rather, a plaintiff must show, based on an analysis of all the statutory factors, including “degree of similarity,” that the junior mark is likely to impair the distinctiveness of the famous mark.

Recently, the United States Trademark Trial and Appeal Board—the chief venue for disputes over the registerability of trademarks—also abandoned the “identical or nearly identical” standard. Citing the Ninth Circuit’s decision in *Levi Strauss* and the Second Circuit’s decision in *Starbucks*, the TTAB also found that, based on the plain language of the dilution statute, the standard did not survive the passage of the TDRA in 2006. See *Nike, Inc. v. Maher*, 100 USPQ2d 1018 (TTAB 2011).

These decisions represent a significant change in federal dilution law (at least in the Second and Ninth Circuits, the TTAB, and likely other courts in the future) and should provide trademark owners greater protection for their famous trademarks. Third parties that use variations of famous marks cannot shield themselves from liability by using a mark that is similar, but not “identical or nearly

identical,” to the famous mark. Moreover, the “identical or nearly identical” standard no longer usurps the dilution statute’s multi-factor approach for assessing dilution by blurring claims. The shift

away from the “identical or nearly identical” standard should make it easier for owners of famous trademarks to pursue dilution by blurring claims against users of diluting marks.



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Acceptable Specimens are Key to Strong Trademark Protection

By Jennifer A. Visintine

One of the prerequisites to obtaining and renewing a federal trademark registration is alleging use of the mark in commerce and submitting an acceptable specimen to the United States Patent and Trademark Office as evidence of such use. Questions often arise, as to what types of specimens are acceptable, and whether a trademark owner’s actual use of its mark matches the mark covered in the application or registration.

What Types of Specimens are Acceptable?

For each class of goods and/or services covered in an application or registration, the Trademark Office requires evidence, i.e, a specimen, showing the mark is being used on or in connection with the goods, or in the sale or advertising of the services in commerce.

For goods, an acceptable trademark specimen

is a label, a tag, an instruction manual, a container for the goods, or a display associated with the goods. Regardless of the type of specimen, in each case, the trademark owner’s evidence of use of its mark must demonstrate that the relevant consumer will make an association between the mark and the relevant goods in the context of the sale of the goods.

Although many types of specimens are straightforward, the meaning of “a display associated with the goods” has evolved as both technology and the manner in which companies conduct business have changed. Displays include items such as point-of-sale banners and window displays, but also include certain catalogs and electronic displays that the Trademark Office views as analogous to point-of-sale materials used in connection with the sale and purchase of products in a retail store. Given this analogy, the Trademark Office

has for many years accepted catalogs or similar materials as specimens so long as they include an image of the relevant product and ordering information, and create an association between the mark and the relevant product. As trademark owners have expanded their use of the internet to promote and sell products, the Trademark Office applied similar reasoning to such specimens, finding that the web page is akin to a banner encouraging consumers to buy the product, and the online purchasing process is akin to bringing the product to a cashier.

As is the case with catalogs and other specimens, it is important that any internet or online evidence submitted as evidence to prove use show the mark in a manner that creates an association with the relevant goods. For example, a specimen generally creates this type of association when the mark is used in close proximity to an image of the product on an internet website. Although a visual depiction of a product is important to determine whether a specimen sufficiently associates a mark with a product, it is no longer a mandatory requirement.

Additionally, the internet or online evidence should contain ordering information that allows consumers to purchase the relevant goods. The mere fact that a website contains contact information for the trademark owner or links to online distributors is not necessarily sufficient. Rather, the website should contain some indication that the company is accepting offers to purchase its products or other content that makes clear that the site is intended to sell products and not just advertise such goods. For example, the Trademark Office is more likely to accept a website specimen if the relevant page provides ordering instructions, other information necessary to complete an order (e.g., a phone number identified for use in placing orders), and/or a means for customers to place an order online.

One important difference between the specimens

acceptable for goods and those acceptable for services relates to advertising materials. Mere advertising is not sufficient to show trademark use in connection with goods. Thus, material that is intended solely to provide consumers with information about a product is not acceptable. For example, items such as advertising circulars and brochures do not qualify as “displays” unless there is evidence that such advertising materials are part of a point of sale presentation. Similarly, web pages that merely provide information about a product are not acceptable unless they meet the other requirements described above. Other types of materials that do not typically qualify as acceptable specimens for goods include price lists, invoices, shipping documents, announcements, press releases, stationery and business cards. Because of the different requirements for goods and services, many of these specimens would be acceptable for services.

In some respects, it is thus easier to show use of a mark in connection with services than goods. Other types of specimens that are often acceptable to show use of a mark in connection with specimens include magazine and other advertisements, brochures, billboards, directmail leaflets, web pages, business cards and letterhead showing the relevant mark and providing information about the associated services. Specimens that do not refer to the relevant services may also be acceptable if the specimen shows use of the mark while performing the services.

In either case, it is important that the specimen show how the mark is used in commerce. Thus, a “printer’s proof” showing how a trademark owner plans to use its mark and other documents used purely for internal business purposes are not acceptable. Put simply, the specimen should show the mark just as consumers view the mark when purchasing the product in the marketplace, whether it be a copy of a label, a photograph of product packaging, or a screen shot of a web page.

What if I Changed How I Use My Mark?

Trademark owners often change how they use their marks before obtaining a registration, or modernize their mark over time after obtaining a registration. Such changes and modernization may affect a trademark owner's ability to obtain or renew a registration. Trademark law requires that the display of the mark in the evidence of use be a substantially exact representation of the mark shown in the drawing of a trademark application or registration. This determination is fact specific, depending on each particular mark and the differences in how it is displayed in the drawing and the specimen. So long as the mark as shown in the specimen is a substantially exact representation of the mark as shown in the drawing, the Trademark Office will accept the specimen of use.

If the drawing of the mark in a pending application is not a substantially exact representation of the mark as shown on the specimen, a trademark owner may amend its application if the amendment to the drawing of the mark is not a material alteration of the mark. A material alteration of the mark occurs if the old format of the mark and the

new format of the mark do not create the same general commercial impression. This determination is based on whether the amendment would require republication of the mark in order to present the mark fairly for opposition purposes. For example, the Trademark Office may permit changes such as adding or deleting a hyphen (e.g., amending ABC CO. to ABC-CO.) or changing the style of lettering or size of words (assuming, of course, that it does not create a different commercial impression).

Trademark renewals are treated slightly differently, as the Trademark Office will allow renewal on the basis of a label that presents the mark in a somewhat different form than that shown in the registration, if the specimen does not show a material alteration of the mark as registered. Under such circumstances, the Trademark Office will not require that the trademark owner amend its registration, though it is permitted to do so.



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