



# Harmonisation in practice:

## a dialogue about foreign trademarks

Creating a resilient global filing strategy requires a nuanced understanding of local rules and requirements. Industry experts from the United States, the European Union and China outline the key considerations for those looking to expand their portfolios internationally

**As more and more businesses** – particularly smaller, more cost-conscious ones – expand to international markets, trademark attorneys find themselves advising clients on how to protect their rights abroad. It is thus necessary to have at least a basic comprehension of how trademark laws and procedures can vary between countries and to understand the potential upsides and downsides to various cost-saving vehicles.

US trademark law, for example, is different from that of most other countries. Rights are obtained through use of a mark in commerce, rather than through registration only. For that reason, those seeking to clear marks for use in the United States should consider not only previously registered marks, but also common law uses. Further, foreign clients are often surprised to learn that the USPTO requires proof of use at various intervals to secure and maintain registrations. The scope of US registrations is often narrower than foreign clients

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expect as the USPTO requires that applicants identify the goods and services to be covered by their marks with greater specificity than many other jurisdictions.

To highlight additional examples of how trademark practices may differ from country to country, a panel comprising a US attorney (Michelle Levin, associate at Leason Ellis), an EU expert (Malte Nentwig, attorney at law at Boehmert & Boehmert) and Chinese IP counsel (Mango Peng of Jiaquang IP Law) discussed some key questions and compared approaches.

**What are your general recommendations on advising clients if and when to file outside of their home country? How do you choose those countries?**

**Michelle Levin (United States):** We recommend filing in countries where a client manufactures goods or expects

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to earn significant revenue. For those clients with internet or software-based businesses, where sales are everywhere, it can be difficult to limit that list. Ultimately, we often ask clients to consider whether the costs of registration may outweigh revenue and to prioritise countries where counterfeits may be an issue.

**Malte Nentwig (European Union):** I agree – we also advise our clients to file in those territories in which they manufacture and distribute goods and services, and ask which territories are of potential interest in the future.

**Mango Peng (China):** In terms of domestic clients, we advise them to file outside of China when they have plans to sell their products and services overseas. Generally, we suggest that clients file in the major markets for their primary trademarks covering their important products and services. If a client has not yet carried out business outside of China, we suggest filing in those countries in which they would like to do business, where there may be bad-faith filers or where there it may take a long time to obtain registration.

### When do you recommend using the Madrid System versus national, direct filing?

**ML:** If the home-country application has recently been filed, we recommend waiting until it has at least been examined to make this decision. In the United States, this usually occurs well within the six-month priority period – usually in approximately three to four months. Because applications are examined for prior rights, we prefer to ensure that no unforeseen refusals are issued which could jeopardise a filing on which an international registration is based. If the US home-country application has been refused, or if a client is uncertain as to whether it may be able to fulfil the use requirements in a US application, we may also advise against using the Madrid System.

Having said that, we do often recommend using the Madrid System. It is both cost and time efficient, even for only one country, and can avoid the need for formalities such as certified priority documents and powers of attorney. Further, in many countries, a registration need not involve local counsel. Clients of all sizes appreciate cost savings, but many of our smaller clients probably could not file as extensively without the Madrid System.

We sometimes recommend national filings in countries such as China, where it is recommended to file for a mark in the exact form in which it is used (and where this form may not have been filed for in the United States), where a strict sub-class and classification accepted list of goods and services is used and where it can be advantageous to file for goods and services in other sub-classes.

Another consideration when deciding to file directly is whether a client would like to protect both a word

mark and logo abroad. In the United States, because of the pre and post-registration use requirements, filing for word and design marks separately can provide greater flexibility. However, this requires twice as many applications. Sometimes it is more cost-efficient to file one combined mark directly, rather than separate filings using the Madrid System.

**MN:** The Madrid System is generally more cost-efficient compared to national, direct filings. In particular, if a relatively high number of countries is to be covered, the Madrid System is often a good starting point. However, we believe that national, direct filings also have their advantages. First, direct filings are typically the quicker way to obtain registration, in part because local counsel can advise on the formalities before filing to avoid unnecessary objections. For core markets and large territories (including the United States, China and the European Union), we often opt for national, direct filings.

National filings offer the ability to use appeal procedures, which are not available at WIPO. While WIPO makes only formal checks and decisions, it can still substantially affect the validity of a trademark. For example, if a renewal is wrongly denied by the International Bureau or a limitation to the specification is wrongly entered into the register, the owner may lose its rights without the chance to appeal.

Therefore, we typically use a mix of the Madrid System (to cover a high number of countries, due to cost) and national filings, which are quicker, provide more legal certainty and tend to come with better advice from local counsel.

**MP:** To save on cost, if clients intend to seek trademark protection in several countries, we advise them to use the Madrid System. Alternatively, if a client plans to target a single country directly, we advise a national, direct filing.

For extensions of protection filed through the Madrid System in China, these applications are often examined less strictly with respect to goods and services. For this reason, we recommend using the Madrid System in China if a client wants a particular specification that would not otherwise be accepted in the Chinese classification system.

### Regarding the European Union, when do you recommend filing national rather than EUIPO filings? Do you ever recommend both?

**MN:** We nearly always recommend EUIPO rather than national filings, with the following exceptions:

- An EU application may be defeated if a word mark is potentially descriptive in only one language. However, it may be possible to obtain national registrations outside of the country in which the word is considered descriptive.
- Use of a mark locally and in one country only may not be sufficient to qualify as 'genuine use' in the European Union. Therefore, if a client is operating

in only one EU country, it may be better to opt for a national rather than an EU filing.

- Sometimes third-party marks exist in only a few EU countries and such trademarks may block an EUIPO application. In such cases, it may be best to file nationally in the EU countries of interest, except for those in which the third-party mark exists. However, in most cases it is possible to obtain an EU trademark from the EUIPO by negotiating a suitable coexistence agreement.

### When do you consider filing for a logo or stylisation of a mark and when is it unnecessary? Do you recommend filing for a logo and word mark separately or combining them?

**ML:** We mostly recommend filing for a word mark first, as this provides the broadest protection in the United States. If there are plans for a logo or a stylised version of a mark, we usually recommend protecting these as additional marks. It can be advantageous to file for a word mark and design elements separately (to the extent that they are separable) due to the use requirements in the United States. Before obtaining registration, proof of use must be submitted in the exact form in which a mark was filed. Therefore, an example of use showing a design element next to a literal element, where it was applied for underneath, could cause an objection – such objections can usually be overcome, but not always. Proof of use is also required between the fifth and sixth year of registration. If a logo is discontinued, a word mark registration could be maintained, whereas a registration combining both elements could not.

**MN:** Recommendations always depend on the specific case. The genuine use requirement (starting five years after registration) must be kept in mind. Generally, a trademark must be used as registered. However, it should also constitute genuine use if the mark is used with other elements that do not alter the distinctive character of the registered mark.

Therefore, a good starting point is to file in the form as used, unless any design or stylised elements add no distinctive character to the mark. In addition, filing for a mark that combines both figurative and literal elements is a good way to obtain protection for all elements in one filing.

From a tactical perspective, a word mark typically provides a slightly broader scope of protection and may provide for more flexibility if any figurative elements are changed. Therefore, if a trademark contains relevant figurative elements, filing both a figurative trademark (ie, logo) and a word mark may be a good option.

**MP:** According to Chinese trademark law, the trademark in the application should be the one which is used. Therefore, we suggest that clients file in the form for which the mark will be used.

With regard to obtaining registration, filing for a combined mark can create a higher risk of rejection

because both the word and design elements will be examined separately and as a whole.

With regard to filing outside China, most clients prefer filing a combined mark to save costs, because trademark applications outside China are relatively expensive. If the budget permits, we recommend filing for a logo and word mark separately.

### When should you file broadly and include goods and services that may not be sold, and when should you file narrowly (even where broader wording would be accepted)?

**ML:** In the United States, there must be a *bona fide* intent to use a mark on all goods and services included in an application. Including goods and services for which there is no *bona fide* intent to use can leave the application or resulting registration vulnerable to attack by third parties. Further, it is advisable to include only those goods and services that will be sold within the foreseeable future, as proof of use must be submitted within three years from the date on which the application is allowed. It is often not worth covering additional classes of goods or services for which a mark may not be used within five years. We also generally recommend avoiding filing for an overly broad list of goods. For many clients, an application that includes more than three or four classes of goods and services is not usually necessary. Including an overly long list of goods can increase the chance of an objection and seldom provides meaningful benefits.



**It can be difficult to understand the need to include broadly worded goods and services that appear only to increase the risk of objections by third parties**

**MN:** Since there is no intent-to-use requirement in the European Union, it is possible to claim broadly worded goods and services in the classes that are covered. It is always important to weigh up the advantages and disadvantages of a broad specification of goods and services.

Advantages include a larger scope of protection and more flexibility regarding the goods and services for which the trademark can be used. This can be particularly helpful if it is not yet clear for which specific goods the trademark will be used (eg, filing to protect potential merchandising opportunities for a television series or movie before its release). Filing a trademark with a broad specification may be a good option for potential licensing deals for merchandising goods and the trademark may be used against potential infringers.



Disadvantages include an increased risk of unnecessarily conflict. Third parties may file oppositions, which leads to higher costs.

Therefore, if a client's interests are confined to a very specific area and it wants to minimise costs, a precise specification is often recommended.

**MP:** We usually advise clients to file broadly and to include goods and services that may not be sold, unless we are aware of a potential conflict with a prior application or registration.

As for filings outside China, we generally advise according to the trademark practice of the targeted country. For example, if the country has strict rules regarding trademarks (eg, the United States), we will suggest that clients file only for their actual use. Otherwise, we usually suggest filing as broadly as possible.

### What is the biggest challenge in counselling clients for the United States, European Union and China and in working with local counsel to overcome any legal differences?

**ML:** For the European Union, it can be difficult to understand the need to include broadly worded goods and services that appear only to increase the risk of objections by third parties. For example, it would seem to be advantageous to specify the function of software (eg, "software for tracking fitness activity", rather than just "software"); even though this provides broader protection, it could invite objection by a financial services company that would otherwise not be a problem.

For China, a completely different approach is needed. First, goods and services are statutorily considered to be related, so it can be frustrating to exclude such arguments in an appeal where a cited mark is clearly used in an unrelated field. The concept of defensive filings and the need to file in additional sub-classes must also be considered. Further, the relatively inexpensive procedure and practice of filing non-use cancellation actions differ to those of the United States. In addition, the laws on trademark use for goods manufactured in China solely for export are complex and always evolving.

**MN:** For the United States, the first big difference is the intent-to-use requirement; it is always necessary to discuss this issue with clients when entering the US market. We must also be careful to discuss which entity is using a trademark in the United States, as use by a sister or parent company could create issues.

For China, many EU companies which manufacture in China will market the products in the European Union only. It appears necessary to obtain trademark protection in China, even if the goods are only manufactured and labelled in China, and are not distributed or sold there.

**MP:** We find cost to be one of the biggest challenges for our clients. Trademark services in foreign countries,

especially the United States and EU member states, are much higher than in China. Further, trademark procedures in China are less complicated.

### What is your general approach to foreign searching?

**ML:** Comprehensive foreign searching can be cost prohibitive for many clients. In some countries, it is less expensive to simply file an application than to engage local counsel to conduct a search. In addition, clients often search for and adopt a mark in the United States – obtaining protection abroad can be a secondary consideration.

While engaging local counsel is the best practice, it is not an option for some clients. At a minimum, we can conduct limited searches for direct obstacles in foreign jurisdictions to try to anticipate serious obstacles.



## Clients often forgo searches because of the high costs involved

**MN:** It is always important to discuss the options for foreign clearance searching and to weigh up the respective risks and costs. Typically, we do 'knock-out searches' for international trademark projects ourselves in important territories and, if necessary, ask local attorneys to carry out full availability searches.

For the European Union, it is important to search not only the EUIPO register, but also the respective national registers of the national offices within the European Union, as well as all respective designations under the Madrid System. Again, an EU-wide knock-out search should be a good first step and additional full availability searches may be advisable – particularly in core markets. Since languages (and therefore word pronunciation) differ within the European Union, the assessment of a likelihood of confusion can be different from country to country.

**MP:** We recommend that clients use local counsel to conduct searches. However, clients often forgo searches because of the high costs involved.

It is interesting and perhaps comforting that the answers from the different attorneys do not differ tremendously. While the laws in each of these jurisdictions can be drastically different, trademark practitioners are aware of these variations and counsel clients accordingly. Ultimately, advocating for clients' best interests and finding the most efficient way to protect their marks remain the primary objective. **WR**



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