

GLOBAL TRADEMARK PORTFOLIO MANAGEMENT: A PRIMER FOR INSIDE AND OUTSIDE COUNSEL

by **Peter S. Sloane**, Partner, *Leason Ellis LLP*

In the world of trademarks, there are few tasks for outside counsel that best the honor of managing a client's global trademark portfolio. Trademarks often represent a client's most important assets, especially in fields such as luxury goods and apparel. The house marks of the largest industrial and electronics clients also possess enormous goodwill and value as they drive product sales and stock prices. In a global marketplace, these brands must be registered almost wherever goods are sold, and even in some places where they are not to protect against piracy and counterfeiting. Fittingly, there is then a tremendous amount of work in managing a global trademark portfolio, ranging from conducting availability searches to filing applications to maintaining registrations in numerous countries throughout the world. Some clients are large enough to have the in-house capacity to manage the work on their own and some clients are not large enough to have a global portfolio to manage. For those companies in-between, outside counsel provides an attractive option to strategically and cost efficiently manage foreign and domestic filings. The following article will discuss some best practices for inside and outside counsel when dealing with global trademark portfolios.



PORTFOLIO INTAKE

Some global trademark portfolios accumulate with outside counsel organically over time, especially when the firm is entrusted with a client's trademarks at an early stage of its business. More often than not, outside counsel will take over responsibility from another law firm that either does not routinely handle foreign trademark work or has not satisfied client expectations for one reason or another. In such cases, it is critical for inside counsel to clearly communicate the change of responsibility to its prior counsel and ensure that the newly tasked firm is provided with a complete electronic docket report of the portfolio identifying at least upcoming due dates and foreign counsel. New counsel should enter the records into the firm's docketing system, notify foreign counsel of the change in responsibility, and arrange to file a revocation of power of attorney and change in correspondence address with the U.S. Patent and Trademark Office. The accuracy of information in the portfolio report and any deadlines should be assessed upon intake while the transfer of the actual files themselves, whether in physical or electronic form, may follow later. Even with a clean break in responsibility, it's helpful for companies to maintain cordial relations with prior counsel as their assistance will often be needed in forwarding any misdirected correspondence and answering any questions about the history of certain matters.

EVALUATION OF FOREIGN COUNSEL

Once a portfolio intake is complete, outside counsel should consult with the client about whether it has the latitude to decide whether to keep the existing counsel or transfer the work to preferred counsel. It's gratifying when the list of existing counsel includes names of foreign colleagues with whom one has worked in the past as this often facilitates a smooth transition in responsibility. It's also beneficial when the list includes recognizable names in jurisdictions where it may be difficult to find reliable counsel as it presents a new opportunity to establish relationships there. Where the name is

unknown, apart from reviewing their websites, it's worthwhile checking whether their association memberships and whether they are listed in the World Trademark Review (WTR) 1000. Unless it is apparent that the firm has no trademark bona fides, it's usually preferable to keep the work with existing counsel in the short run to see whether they can handle the work before deciding whether to transfer it to other counsel. Among other things, moving the work may entail administrative hassle, such as where the client is required to sign a new power of attorney and potential cost can easily be avoided if no change in representation is made.

TRADEMARK WATCHING

In addition to informing foreign counsel about the change in responsibility, new outside counsel should inquire into whether the client is using an outside service to watch its trademarks or domain names. If a watch service is in place, it should be instructed to send its notices to new counsel. If a client's marks are not being watched, it provides an excellent opportunity for outside counsel to inform the client about options (e.g., marks, classes, and jurisdictions) and to recommend a cost-effective approach. While some clients prefer for outside counsel handle the watching service entirely and notify them only when marks which may be worth opposing are published, others prefer to be copied on the notices sent by the watch service. Either way, it is important to have a clear understanding of when one's counterpart should be consulted so that potential action can be timely evaluated and opposition deadlines do not pass unintentionally.

SEARCHING AND FILING

Ideally, inside counsel should use forms with their internal marketing or other businesspeople to standardize trademark searching and filing instructions. Those forms would include key details such as the mark(s) to search/file, the goods/services of interest, relevant jurisdictions, anticipated launch date, and so forth. The forms can then be provided to outside counsel without much further explanation and provide a ready means to memorialize the history of the matter. Whether to have outside counsel handle searching in addition to filing depends on the bandwidth of the in-house trademark department. Outside counsel is often well situated to handle large searching projects or urgent searches as they can usually scale up or down as needed. Early in the relationship, companies and their outside counsel should confer to discuss expectations in searching as far as depth (e.g., preliminary v. comprehensive searching) and reporting style (e.g., chart or narrative) and filing as far as approach (e.g., national filings v. international registration). Outside counsel can also independently ascertain their client's approach by evaluating the portfolio on intake and suggesting any gaps in coverage to fill in where warranted. Any internal client matter reference numbers should be provided to outside counsel upon providing searching and/or filing instructions so that they can then be included in client correspondence and billing.

TRADEMARK MAINTENANCE

There may be a temptation to write to the client on a matter-by-matter basis soon after the intake of a portfolio, but when dealing with a large portfolio of marks, especially with numerous maintenance deadlines, it's often preferable for outside counsel to provide the client with a chart of deadlines on a periodic basis such as quarterly or monthly. This approach provides inside counsel with an overall view of due dates at a high level, the opportunity for them to communicate with the business more efficiently

rather than on a piecemeal basis, and the means to see patterns in the portfolio which bear understanding. For example, a chart of upcoming due dates may easily allow the client to see where a mark has been contemporaneously registered on a single-class basis in multiple classes so that a rational decision may be made to renew less than all the registrations to save on maintenance costs. In addition to the form and timing of such correspondence, outside counsel should develop a sense of when to follow up with inside counsel on upcoming deadlines which balances the need to remind without the risk of overwhelming with unnecessary correspondence.

NON-USE REQUIREMENTS

In most jurisdictions, trademark registrations more than three years old are vulnerable to cancellation for non-use. For trademark registrations vulnerable to non-use cancellation, where there is no use of the mark in that jurisdiction, it may make sense to file backup applications. Non-use deadlines should be identified in any docket reports provided by outside counsel to their clients. If clients are to be notified about non-use deadlines on a registration-to-registration basis, it should be done with a healthy understanding of the commercial reality. For example, if a registration covers a client's house mark for its core goods and services in a jurisdiction where it is obviously operating, it may not make sense for outside counsel to bother advising the client of the due date. Otherwise, the client may think that its outside counsel is not paying attention or operating on autopilot, an impression which should be scrupulously avoided.

CHANGES OF TITLE

The intake of a portfolio provides a valuable opportunity to assess whether the chain of title to pending applications and issued registrations merits updating. Recording updates with WIPO and the EUIPO is straightforward but recording changes on the national level can be administratively challenging and expensive. Some jurisdictions require signed, notarized, and legalized assignment or name change documents, powers of attorney, including with an apostille, and translations of various documents. Where the chain of title is not up to date, outside counsel should alert the client to the issue and propose whether to record changes proactively or wait until maintenance is due. Generally speaking, it is usually preferable to update gaps in the chain of title sooner rather than later as changes in company status and the turnover of personnel may create challenges as time passes. It could also end up being more expensive to update the chain of title on a piecemeal basis.

BILLING ISSUES

Early on in the attorney-client relationship, it's beneficial to set expectations about billing the work for managing a global portfolio. Any corporate budgetary limits should be conveyed to outside counsel and outside counsel should provide estimates of costs when requested or expected. This is part of an ongoing dialog that bears revisiting especially at the end of fiscal periods and when there is a potential for a significant legal spend such as with a foreign filing project or litigation. When it comes to the day-to-day running of the portfolio, outside counsel can either bill as they go or wait until work is completed and any associated bills from foreign counsel are received. The latter approach minimizes the number of bills issued to clients and makes those bills readily understandable as there should be a fee for the work undertaken (e.g., instructing the filing of a foreign application) and a corresponding cost for the out-of-pocket disbursement (e.g., foreign counsel fees and costs for filing a foreign application).

However, this approach may delay issuance of the bill for several months as it often takes time for foreign counsel to issue their bills and for law firms to process them once received. At the very least, outside counsel should understand the billing requirements for a particular client, especially ones with specific billing practices such as e-billing and budget forecasting.

LEGAL FEES

Although many trademark firms utilize flat fees for routine prosecution, such as filing applications and renewing registration, companies may want to explore whether outside counsel is amenable to agreeing to a statement of work which provides a flat fee which covers all prosecution over a given time period such as quarterly or yearly regardless of the actual number of filings made. For the company, this provides greater predictability on its legal spend. For the law firm, it provides guaranteed income plus potential upside for work not covered by the statement of work (e.g., contentious work). Where a statement of work is not in place, the company is within its rights to request a reasonable discount on legal fees commensurate with the volume of work and the timeliness of payment, especially where the work is handled by large firms with high rack rates. To the extent that the rationale of the discount is to reduce initial invoices as the firm gets up to speed and irons out the kinks, it can be sunsetted at the end of the first calendar year.

MISCELLANEOUS CONSIDERATIONS

The work in global trademark portfolio management is seemingly without end as it often entails more than just searching, filing, and maintenance, and may include Customs recordation (domestic and foreign), anti-counterfeiting, domain name registration (top level and country code), and licensing among a host of assorted issues. Outside counsel is typically readily situated to handle the broad panoply of work in the intellectual property space. It is well worth a conversation between inside and outside counsel to examine the client's needs and the law firm's capabilities. The remit can certainly expand or contract over time as the business develops in response to changing market conditions or the budget of the trademark department grows or contracts.

CONCLUSION

Trademark departments are constantly being asked to do more with less. In this environment, it makes eminent sense to lean on outside counsel as a trusted partner to help with the load and get the work done on time and within budget. Outside counsel often has the team to handle high volume and urgent work and the experience to understand the nuances of international trademark practice which cost-constrained companies may lack. By framing expectations early in the process, and communicating on an ongoing basis, inside and outside counsel can work smoothly together to make sure that the company's global trademark portfolio is managed smartly.