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## Foreign Filing Strategies for U.S.-based Intellectual Assets

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FOREIGN FILING STRATEGIES FOR U.S.-BASED  
INTELLECTUAL ASSETS

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## I. INTRODUCTION

Much has been done in the last century to harmonize the process of obtaining intellectual property (IP) rights among the developed nations throughout the world. Several systems have been devised to ease the process for protecting copyrights, trademarks, and patents in foreign jurisdictions.<sup>1</sup> Despite these attempts at uniformity, each system, of course, has its own rules, fees, and affiliations.

As a result of the harmonization efforts, there exists a myriad of options for U.S. firms to extend their IP rights outside the United States, which vary in scope both geographically and in rights granted. One must take several factors into account when deciding where, when, and how to apply for IP rights abroad. Will the products incorporating the IP be produced and sold overseas, or will the finished products be imported for retail within the United States? Does filing any particular asset abroad increase the strength of the company's IP portfolio, or help in marketing the company's products or services? Are the company's existing means of manufacturing sufficient to meet the additional production required upon expansion into new markets? And if not, where will the new production take place? How likely are the company's rights to be challenged in countries of production, distribution, or first sale? What is each country's record for upholding the IP rights of foreign entities? What is the scope of IP rights granted by each jurisdiction? How do the registrations from each office tend to hold

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<sup>1</sup> See Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 1869 U.N.T.S. 299; Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Apr. 15, 1994, 1867 U.N.T.S. 154; Madrid Agreement Concerning the International Registration of Marks art. I, Apr. 14, 1891, 828 U.N.T.S. 391 (as last revised at Stockholm on July 14, 1967); Berne Convention for the Protection of Literary and Artistic Works art. I, Sept. 9, 1886, 1161 U.N.T.S. 8 (as last revised at Paris on July 24, 1971); Paris Convention for the Protection of Industrial Property art. I, Mar. 20, 1883, 828 U.N.T.S. 307.

up against validity challenges? And, importantly, how much money will it cost to acquire these foreign IP rights?

The purpose of this article is to provide information that can help a business derive its own methods for exporting its intellectual assets, according to its answers to these and other questions, by outlining several basic strategies for exploiting the unique advantages of the various options afforded by international IP agreements.

## II. UTILITY PATENTS

### *A. Overview of Foreign Patent Filing*

The Patent Cooperation Treaty (PCT) is administered by the International Bureau of the World Intellectual Property Organization (WIPO), headquartered in Geneva, Switzerland.<sup>2</sup> The PCT entered into force in 1978<sup>3</sup> with the goal of providing protection for inventions in all of the PCT Member States by permitting the filing of a single international patent application, rather than requiring the filing of a patent application in each of the separate states.<sup>4</sup> Several other agreements have established regional affiliations, such as the European Patent Convention (EPC), the Eurasian Patent Convention, the African Regional Intellectual Property Organization, and the African Intellectual Property Organization.<sup>5</sup> These regional organizations, which are party to the PCT, provide for patent protection across the participating states based on the rights granted by the International Bureau without having to apply for those rights in each individual Member State.<sup>6</sup>

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<sup>2</sup> WORLD INTELL. PROP. ORG. [WIPO], PATENT COOPERATION TREATY APPLICANT'S GUIDE-INTERNATIONAL PHASE § 2.001 (2013), *available at* <http://www.wipo.int/pct/guide/en/gdvol1/pdf/gdvol1.pdf> [hereinafter WIPO GUIDE].

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* § 2.002.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

There are two phases of the PCT procedure: the international phase and the national phase.<sup>7</sup> The international phase involves the filing of an international application, the issuing of an international search report (ISR) and written opinion by an International Searching Authority (ISA), and the publishing of the application and ISR.<sup>8</sup> Completion of the international phase does not result in the grant of any patent rights. There is no “international patent”; rather, the ISR provides information about the invention and prior art to the jurisdiction in which the national application is filed. Upon completion of the international phase, the national phase begins. The national phase involves prosecution before a national patent office, culminating in the grant or denial of patent rights within that jurisdiction.<sup>9</sup>

The international phase must be completed within the allotted time<sup>10</sup> following the priority date,<sup>11</sup> wherein the patentee pays fees to the appropriate national or regional offices to register the patent locally.<sup>12</sup> The international phase begins when the patentee submits the international application and requisite fees to the Receiving Office, where the application undergoes a formality check and is

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<sup>7</sup> *Id.* § 3.001.

<sup>8</sup> Completion of the international phase does not result in the grant of any patent rights. There is no “international patent”; rather, the search report provides information about the invention and prior art to the jurisdiction in which the national application is filed.

<sup>9</sup> WIPO GUIDE, *supra* note 2 § 3.001.

<sup>10</sup> Patent Cooperation Treaty art. 22(1), June 19, 1970, 28 U.S.T. 7645, available at [http://www.wipo.int/pct/en/texts/articles/a22.htm#\\_22](http://www.wipo.int/pct/en/texts/articles/a22.htm#_22) (noting that the allotted time is generally thirty months; however, the time limit is not compatible with the patent laws of several jurisdictions, which means there are exceptions to the 30-month rule established by Article 22 of the PCT).

<sup>11</sup> The priority date is the filing date of the initial regional or national patent application from which priority is claimed, or, if no priority is claimed locally, the filing date of the international application. See Patent Cooperation Treaty art. 2, 8, June 19, 1970, 28 U.S.T. 7645, available at <http://www.wipo.int/export/sites/www/pct/en/texts/pdf/pct.pdf>.

<sup>12</sup> WIPO GUIDE, *supra* note 2, §§ 3.001-3.004.

accorded an international filing date.<sup>13</sup> From there, the application goes to the International Bureau, specifically to the ISA, which conducts an international search for prior art, prepares an international search report, and establishes a written opinion.<sup>14</sup> The International Bureau publishes these findings, which are used in the national phase by the local patent office where the applicant has sought patent rights.<sup>15</sup>

### *B. Concerns, Cautions, and Considerations*

The primary consideration in determining where and how to file a foreign patent application is, of course, where the company needs or desires protection. To that end, it is important to note that despite the great strides made in facilitating the process, some PCT Member States also party to other regional agreements have closed the national route, allowing only the regional patent.<sup>16</sup> Examples include France, Belgium, Ireland, and Italy in the EPC, and every Member State of the African Intellectual Property Organization.<sup>17</sup> One must also recognize that regional patent agreement memberships are not necessarily congruent with other political alliances. Switzerland, Iceland, and Turkey, for instance, are not members of the European Union,<sup>18</sup> but are members of the EPC.<sup>19</sup>

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<sup>13</sup> *Id.* § 6.001(i)–(iv).

<sup>14</sup> *Id.* §§ 6.001(v), 7.001(i).

<sup>15</sup> *Id.* §§ 3.001–3.004.

<sup>16</sup> For example, “if France is designated in a PCT application, the only means of obtaining protection in France by virtue of that PCT designation is via the European phase of the PCT; i.e., it is not possible to convert a PCT designation of France into a *national* patent application, such as for Germany or the UK.” *The French Patent System*, CABINET BEAU DE LOMÉNIE (2010), [http://www.bdl-ip.com/upload/Etudes/uk/bdl\\_the-french-patent-system.pdf](http://www.bdl-ip.com/upload/Etudes/uk/bdl_the-french-patent-system.pdf).

<sup>17</sup> *PCT Contracting States for Which a Regional Patent can be Obtained via the PCT*, WIPO, [http://www.wipo.int/pct/en/texts/reg\\_des.html](http://www.wipo.int/pct/en/texts/reg_des.html) (last updated June 24, 2013).

<sup>18</sup> Though, Iceland and Turkey are “on the road to EU membership.” *On the Road to EU Membership*, EUROPA.EU, [http://europa.eu/about-eu/countries/on-the-road-to-eu-membership/index\\_en.htm](http://europa.eu/about-eu/countries/on-the-road-to-eu-membership/index_en.htm) (last visited Dec. 22, 2013); *See also*

Finally, regional agreements exist outside the PCT, such as the Gulf Cooperation Council (comprising Bahrain, Saudi Arabia, United Arab Emirates, Oman, Qatar, and Kuwait).<sup>20</sup>

In addition to territoriality, one must consider the costs associated with the different PCT Receiving Offices and other national and regional patent offices. For example, some Receiving Offices offer fee reductions for electronic filing.<sup>21</sup> In 2012, 90.5% of all PCT applications were filed in a fully electronic medium.<sup>22</sup>

Further, one must consider the possibility that a PCT Receiving Office and desired ISA, or a national or regional patent office, will not accept applications in English.<sup>23</sup> There may be times when the price of obtaining a translation exceeds the cost of pursuing an alternate filing route. However, the cost of translation is sometimes outweighed by the benefits of filing in certain offices.<sup>24</sup>

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*Countries*, EUROPA.EU, <http://europa.eu/about-eu/countries> (last visited Sept. 22, 2013).

<sup>19</sup> *Member States of the European Patent Organisation*, EUROPEAN PATENT OFFICE, <http://www.epo.org/about-us/organisation/member-states.html> (last updated Apr. 22, 2013).

<sup>20</sup> *About GCC Patent Office*, PATENT OFFICE OF THE COOPERATION COUNCIL FOR THE ARAB GULF STATES, <http://www.gccpo.org/AboutUSEn.aspx> (last visited Nov. 27, 2013).

<sup>21</sup> The fee reduction for electronic filing is often roughly 7.5%. See *Patent Cooperation Treaty Fee Tables*, WIPO (Nov. 1, 2013), <http://www.wipo.int/export/sites/www/pct/en/fees.pdf>.

<sup>22</sup> Bruno Le Feuvre et al., *2013 PCT Yearly Review*, WIPO ECON. & STAT. SERIES 55 (2013), [http://www.wipo.int/export/sites/www/freepublications/en/patents/901/wipo\\_pub\\_901\\_2013.pdf](http://www.wipo.int/export/sites/www/freepublications/en/patents/901/wipo_pub_901_2013.pdf).

<sup>23</sup> If the application is filed in English, the office can require a translation to the designated language within a month of receipt of the application. *PCT Receiving Office Guidelines*, WIPO ¶ 67 (Apr. 2, 2002), [http://www.wipo.int/pct/en/texts/ro/ro66\\_71.html](http://www.wipo.int/pct/en/texts/ro/ro66_71.html).

<sup>24</sup> See *infra* Part II.C.

ISAs include both national and regional offices.<sup>25</sup> The national offices of Australia, Austria, Brazil, Canada, China, Egypt, Finland, India, Israel, Japan, Republic of Korea, Russian Federation, Spain, Sweden, and the United States can each act as an ISA.<sup>26</sup> The eligible regional offices are the European Patent Office (EPO) and the Nordic Patent Institute (established between Denmark, Iceland, and Norway).<sup>27</sup> Fees for international search reports from these offices can range from as little as \$200 to as much as \$2400.<sup>28</sup>

Often, executing a European patent application prepared in the United States is challenging due to the different prosecution and drafting practices among nations demanding different acceptable claim language.<sup>29</sup> A company's U.S. representation (depending on the company's IP strategy) should expend its efforts in the international phase to achieve an allowable set of claims under U.S., European, and Japanese conventions, consulting local attorneys from each region at a very early stage. To that end, it may be worthwhile to invest some time and money in an international preliminary examination.<sup>30</sup> An international preliminary examination "gives a preliminary non-binding opinion on whether the claimed invention appears to be novel, to involve inventive step and to be industrially applicable."<sup>31</sup> One might negotiate flat fees with local counsel for prosecution in each jurisdiction during the national phase, based on the fact that the claims are presumably valid and likely require only minor modifications to comply with local regulations.

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<sup>25</sup> *ISA and IPEA Agreements*, WIPO, [http://www.wipo.int/pct/en/access/isa\\_ipea\\_agreements.html](http://www.wipo.int/pct/en/access/isa_ipea_agreements.html) (last visited Nov. 27, 2013).

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *See Patent Cooperation Treaty Fee Tables*, *supra* note 21.

<sup>29</sup> *See Drafting Patents for Europe*, DEHNS, [http://www.dehns.com/cms/document/drafting\\_patents\\_for\\_europe.pdf](http://www.dehns.com/cms/document/drafting_patents_for_europe.pdf) (last visited Nov. 27, 2013).

<sup>30</sup> WIPO GUIDE, *supra* note 2, § 4.004.

<sup>31</sup> *Id.*

Fees for preliminary examinations vary greatly, but are typically much lower than fees for ISRs.<sup>32</sup> The patent offices in Sweden, Switzerland, Austria and Norway charge reasonable fees<sup>33</sup> for preliminary searches using the EPO database. These searches generally take only one to two days and are likely more comprehensive than those offered by private firms.

### *C. Filing Strategies*

#### 1. Cost Leadership

A company seeking to gain an edge in the market by undercutting competitors in price, or to increase its profit margin in relation to its competitors, may do so by improving process efficiencies, outsourcing certain processes, vertically integrating, or gaining unique access to large sources of low-cost materials.<sup>34</sup> Companies executing these strategies often possess sufficient capital for investment in production assets, as well as highly efficient distribution channels.<sup>35</sup> They seek methods of product design that lead to more efficient manufacturing and strive for expertise in manufacturing process engineering.<sup>36</sup> And, of course, they attempt to avoid unnecessary costs whenever possible.

Businesses seeking to increase profit margins or to increase market share by undercutting their competitors in price may employ a cost-efficient method of filing for foreign patent rights to

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<sup>32</sup> Preliminary examination fees for the EPO are nearly the same as the ISR fees. See *Patent Cooperation Treaty Fee Tables*, *supra* note 21, at Table I(a). However, Rospatent charges twice as much for an ISR as for a preliminary examination. *Id.* The United States Patent and Trademark Office (USPTO) charges \$2080 for an ISR, but as little as \$600 for a preliminary examination, provided it is also used for the international search. *Id.*

<sup>33</sup> *Id.* (noting the cost is usually around \$2000).

<sup>34</sup> *How can firms acquire advantages through generic strategies?*, STRATEGY-TRAIN, <http://www.strategy-train.eu/index.php?id=50> (last visited Nov. 27, 2013).

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

help achieve those goals. The wide range in search fees among the different ISAs provides opportunities to realize significant cost savings.

*i. Search Fee Optimization*

a. Luxembourg Model

The Luxembourg Model involves a priority filing in Luxembourg, followed by a PCT or EPO application. The Luxembourg Intellectual Property Office requires a filing fee of only €20 (about \$27).<sup>37</sup> Luxembourg's patent searches are conducted by the EPO for only €250 (about \$338)—a fraction of the cost of a standard regional or PCT search.<sup>38</sup> The Luxembourg Intellectual Property Office's search results will be reused in any subsequent EPO proceedings,<sup>39</sup> which means the fees for those searches may be refunded in part or in full.<sup>40</sup> A full refund is only available when no additional subject matter is claimed and no

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<sup>37</sup> *Les Brevets d'Invention Le Guide du Deposant*, MINISTÈRE DE L'ÉCONOMIE ET DU COMMERCE EXTÉRIEUR OFFICE DE LA PROPRIÉTÉ INTELLECTUELLE (Apr. 2013), [http://www.eco.public.lu/attributions/dg7/d\\_propriete\\_intellectuelle/publications/Guide\\_du\\_deposant.pdf](http://www.eco.public.lu/attributions/dg7/d_propriete_intellectuelle/publications/Guide_du_deposant.pdf).

<sup>38</sup> When the EPO is used as an ISA for a PCT application, the fee is €1875 (about \$2419). *See Patent Cooperation Treaty Fee Tables*, *supra* note 21, at Table I(a). Put simply, Luxembourg is too small to justify its own full patent office, so it contracts with the EPO for searches. Cypress has a similar agreement with the EPO; however, patent claims submitted to Cypress's patent office must be translated into Greek, which adds unnecessary costs to the process for U.S.-based firms.

<sup>39</sup> In other words, EP direct, EURO-PCT, and any PCT application using EPO as the ISA.

<sup>40</sup> "The search fee is refunded fully or in part where the supplementary European search report is based on an earlier search report prepared by the Office." WIPO, CT APPLICANT'S GUIDE – NATIONAL PHASE – EP § 5 (2013), available at <http://www.wipo.int/pct/guide/en/gdvol2/annexes/ep.pdf>. Fees are refunded 84% for PCT searches, 100% for EPC searches. *See European Patent Office, Refundable Amounts*, OFFICIAL J. EPO 96–98 (2009), available at [http://archive.epo.org/epo/pubs/oj009/02\\_09/02\\_0969.pdf](http://archive.epo.org/epo/pubs/oj009/02_09/02_0969.pdf).

material changes are made to the claim wording.<sup>41</sup> Partial refunds may be available when claims have been restricted.<sup>42</sup>

When using the Luxembourg Model, claims may be filed in English, German, or French; however, English claims must be translated into German or French.<sup>43</sup> One additional benefit of the Luxembourg system is that there is no additional fee for multiple dependent claims;<sup>44</sup> however, unity of invention issues should be scrupulously avoided to prevent needless office actions requesting filing of divisional applications that can add to the cost of the process.

The applicant would need to know within four to six months of filing in the United States whether that patent should also be filed in Europe so that the Luxembourg filing can be included in the priority claims.<sup>45</sup> Often, the search process for a Luxembourg patent is completed within six to eight months and the same patent examiner is assigned to search the EPO or PCT patent application. The EPO refund is dependent on obviating the need for a complete review of the patent application a second time, which means search results from the Luxembourg filing must be available before submission of a PCT or EPO application.

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<sup>41</sup> See European Patent Office, *Decision of the President of the European Patent Office*, OFFICIAL J. EPO 341–2 (2010), available at [http://archive.epo.org/epo/pubs/oj010/05\\_10/05\\_3410.pdf](http://archive.epo.org/epo/pubs/oj010/05_10/05_3410.pdf); see also European Patent Office, *Notice from the European Patent Office*, OFFICIAL J. EPO 99–100 (2009), available at [http://archive.epo.org/epo/pubs/oj009/02\\_09/02\\_0999.pdf](http://archive.epo.org/epo/pubs/oj009/02_09/02_0999.pdf).

<sup>42</sup> See European Patent Office, *Notice from the European Patent Office*, OFFICIAL J. EPO 99–100 (2009), available at [http://archive.epo.org/epo/pubs/oj009/02\\_09/02\\_0999.pdf](http://archive.epo.org/epo/pubs/oj009/02_09/02_0999.pdf).

<sup>43</sup> MINISTÈRE DE L'ÉCONOMIE ET DU COMMERCE EXTÉRIEUR OFFICE DE LA PROPRIÉTÉ INTELLECTUELLE, HOW TO FILE A PATENT IN LUXEMBOURG: AN APPLICANT'S GUIDE § 4.4 (2013), available at [http://www.eco.public.lu/attributions/dg7/d\\_propriete\\_intellectuelle/publications/Guide\\_du\\_deposant\\_EN.pdf](http://www.eco.public.lu/attributions/dg7/d_propriete_intellectuelle/publications/Guide_du_deposant_EN.pdf).

<sup>44</sup> *Id.* at Appendix 1.

<sup>45</sup> *Id.* § 4.7

### b. Russian Model

The Russian Federal Service for Intellectual Property (Rospatent) is available as an ISA for PCT applications filed with the United States Patent and Trademark Office (USPTO) as the Receiving Office.<sup>46</sup> With search fees of roughly \$217, Rospatent is by far the least expensive ISA available for PCT applications.<sup>47</sup> Rospatent searches most subject matter, including mathematical and scientific theories, plant and animal varieties, business methods and games, presentation of information, and computer programs.<sup>48</sup> Korea will search computer programs, but none of the other areas.<sup>49</sup> The USPTO, EPO, and Australia do not search any of those fields.<sup>50</sup> Currently, the major disadvantage of the Russian

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<sup>46</sup> *USPTO and Rospatent Sign Agreement for Rospatent to Serve as an International Searching Authority and International Preliminary Examining Authority under the Patent Cooperation Treaty*, U.S. PATENT AND TRADEMARK OFFICE [USPTO] (Sept. 22, 2010), [http://www.uspto.gov/news/pr/2010/10\\_44.jsp](http://www.uspto.gov/news/pr/2010/10_44.jsp).

<sup>47</sup> In comparison, the EPO charges \$2419, the Australian Patent Office charges \$2282, and the Korean Patent Office charges \$1167 for English searches and \$404 for Korean searches. *See Patent Cooperation Treaty Fee Tables, supra* note 21, at Table I(b).

<sup>48</sup> In other words, all subject matter specified in PCT Rule 39, with the exception of item (iv) (methods of surgery/therapy and diagnostics). *PCT Applicant's Guide—International Phase—Annex D*, WIPO 1 (Jan. 9, 2014), [http://www.wipo.int/pct/guide/en/gdvoll/annexes/annexd/ax\\_d\\_ru.pdf](http://www.wipo.int/pct/guide/en/gdvoll/annexes/annexd/ax_d_ru.pdf). Note: not all subject matter searched by ROSPAT is patentable in Russia. The Civil Code of the Russian Federation excludes from patent protection: discoveries; scientific theories and mathematical methods; proposals concerning solely the outward appearance of manufactured articles and intended to satisfy aesthetic requirements; rules and methods of games and for intellectual or business activity; computer programs; and ideas on presentation of information. GRAZHDANSKII KODEKS ROSSIYSKOI FERATISII [GK RF] [Civil Code] § IV, art. 1350(6) (Russ.).

<sup>49</sup> *Russian Patent Office (Rospatent) Now Providing ISRs for U.S. Inventors at Low Cost*, SMITH & HOPEN, P.A. (Feb. 12, 2012), [http://www.smithhopen.com/patents\\_foreign\\_rosipatent.aspx](http://www.smithhopen.com/patents_foreign_rosipatent.aspx).

<sup>50</sup> *Id.*

model is that the Patent Prosecution Highway (PPH) is still in the pilot phase for PCT applications electing Rospatent as the ISA.<sup>51</sup>

*ii. Country Selection*

Cost savings may be realized by entering the national phase in select countries that charge low official and translation fees, such as United Kingdom (UK)<sup>52</sup> and Germany.<sup>53</sup> One may often reuse the prosecution results from one country when applying for a patent grant from another. Conforming to European law, the same outside counsel may be used for patent representation in both jurisdictions.<sup>54</sup> These savings likely outweigh the costs of translating claims, for example from English into German,<sup>55</sup> which can be obtained for approximately €12 per 100 words. Often, the prior art searches from the two patent offices will yield similar

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<sup>51</sup> *Continuation of Patent Prosecution Highway (PPH) 2.0 Pilot Program*, USPTO (Feb. 28, 2013), <http://www.uspto.gov/web/offices/com/sol/og/2013/week13/TOC.htm#ref12>.

<sup>52</sup> Fees for a UK patent application range from £230 to £280 (about \$371 to \$452), with significant savings for electronic filing. *How Much Does it Cost to Apply for a U.K. Patent?*, U.K. INTELL. PROP. OFFICE, <http://www.ipo.gov.uk/types/patent/p-applying/p-cost.htm> (last visited Dec. 9, 2013).

<sup>53</sup> German patent filing fees are as low as €40 for electronically filed application with ten or fewer claims, and examination fees start at €150 (€190 total, or about \$257). *Information for Patent Applicants*, DPMA 6 (2012), [http://www.dpma.de/docs/service/formulare\\_eng/patent\\_eng/p2791\\_1.pdf](http://www.dpma.de/docs/service/formulare_eng/patent_eng/p2791_1.pdf). Fees for a UK patent application range from £230 to £280 (approximately \$371 to \$452), with significant savings for electronic filing. *Types of IP*, INTELL. PROP. OFFICE (2013), <http://www.ipo.gov.uk/types/patent/p-applying/p-cost>.

<sup>54</sup> Convention on the Grant of European Patents art. 134, Oct. 5, 1973, 1065 U.N.T.S. 199.

<sup>55</sup> For direct applications to the German patent office, “[a]pplications can also be filed in a language other than German. In that case, however, a German translation must be submitted within a period of three months after filing.” But for applications filed in the national phase based on a favorable international search report, the German translation must be submitted within the normal 30-month time limit. *Information for Utility Model Applicants*, GERMAN PATENT AND TRADEMARK OFFICE 4 (2013), [http://www.dpma.de/docs/service/formulare\\_eng/gebrauchsmuster\\_eng/g6181\\_1.pdf](http://www.dpma.de/docs/service/formulare_eng/gebrauchsmuster_eng/g6181_1.pdf).

results. Therefore, selecting an English-speaking German attorney may help avoid paying for separately-drafted responses to similar office actions.

Employing this strategy may result in patent grants in UK and Germany for as little \$500 in official fees—a great value compared with the normal EPO route, in which official fees may be as much as \$4000.<sup>56</sup> While saving money for the patentee, this strategy also increases the cost of third party opposition by decentralizing the process, requiring each patent to be opposed separately in each country.

## 2. Differentiation

Companies like Apple have cultivated an image of high quality through added value, allowing them to charge a premium price for their products and to pass along high marketing costs and any increased supplier costs to their customers without relinquishing their share of the market. These companies are often on the cutting edge of technology, which becomes obsolete at an increasing pace. For a business attempting to set itself apart from the competition, early market entry can be the key to success. A drawn-out patent filing process may delay implementation of that marketing plan, but there are filing strategies that can help to expedite the examination process.

As explained by the USPTO:

Under the Patent Prosecution Highway (PPH), an applicant receiving a ruling from the Office of First Filing (OFF) that at least one claim in an application filed in the OFF is patentable may request that the Office of Second Filing (OSF) fast track the examination of corresponding claims in

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<sup>56</sup> See *Schedule of Fees*, EUROPEAN PATENT OFFICE, <http://www.epoline.org/portal/portal/default/epoline.scheduleoffees> (last visited Dec. 9, 2013).

corresponding applications filed in the OSF.<sup>57</sup>

The USPTO has PPH agreements with several foreign patent offices under a program called PPH 2.0 (or MOTTAINAI<sup>58</sup>), including Australia, Canada, Finland, Japan, Russia, Spain and the UK.<sup>59</sup> To be eligible for the PPH 2.0 program, the applicant must have at least one allowed claim from a participating patent office, and the claims in the U.S. application must “sufficiently correspond” to one or more of those allowed claims.<sup>60</sup>

The Australian patent application process provides for the potential to maximize the advantages of the PPH because it allows for expedited examinations at no additional cost.

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<sup>57</sup> *Patents*, USPTO (May 16, 2013, 10:59:07 AM), <http://www.uspto.gov/patents/>. “As of May 25, 2010, the USPTO has eliminated the fee for the petition to make special under the PPH programs.” *Patent Prosecution Highway (PPH); The Fast Track Examination of Applications*, USPTO, [http://www.uspto.gov/patents/init\\_events/pph/pph\\_dkpto.jsp](http://www.uspto.gov/patents/init_events/pph/pph_dkpto.jsp) (last visited Sept. 29, 2013).

<sup>58</sup> “Under MOTTAINAI, participation in the PPH may be requested on the basis of search and examination results from any patent family application from any participating office, regardless of whether the participating office was the office of first filing.” *Revised Requirements for the Patent Prosecution Highway (PPH) Program to Implement PPH 2.0 with Participating Offices*, USPTO (Mar. 6, 2012), <http://www.uspto.gov/web/offices/com/sol/og/2012/week10/TOC.htm#ref15>. “Mottainai” is a “Japanese term meaning ‘a sense of regret concerning waste when the intrinsic value of an object or resource is not properly utilized.’” *PPH MOTTAINAI Pilot Set to Launch*, PATENT PROSECUTION HIGHWAY PORTAL SITE, <http://www.jpo.go.jp/pph-portal/mottainai.htm> (last visited Sept. 29, 2013).

<sup>59</sup> Courtenay Brinckerhoff, *The Patent Prosecution Highway Pothole for Pharmaceutical Patents*, PHARMAPATENTS (Jan. 17, 2013), <http://www.pharmapatentsblog.com/2013/01/17/the-patent-prosecution-highway-pitfall-for-pharmaceutical-patents>.

<sup>60</sup> *Id.* The “pothole” mentioned in the title of the article references the fact that therapeutic method claims are permitted only in the United States, Australia, and Russia, while other countries permit “medical use” claims. The USPTO considers “therapeutic methods” and “medical use” to be in different claims categories (thus, the claims may not be considered to “sufficiently correspond” if first approved in a country with different subject matter criteria).

After a patent application has been filed, a request for expedited examination can be made reasoning the necessity for the faster application processing. Eligibility for expedited examination will depend on the circumstances of the case in question. One reason deemed to be suitable is if the application is considered to be in the field of ‘green technology.’<sup>61</sup>

An expedited examination can result in a patent grant six to eight months prior to publication of the application. Positive results in Australia may make accelerated grants in South Africa and Singapore possible.<sup>62</sup>

A U.S. firm using Australia as the OFF, and availing itself of the PPH, has an excellent opportunity to achieve an early market advantage. The firm could also gain a competitive position where similar firms rely on traditional (and more protracted) avenues of patent examination.

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<sup>61</sup> *Expedited and Modified Examination for Standard Patents*, IP AUSTRALIA (Feb. 9, 2013), <http://www.ipaustralia.gov.au/get-the-right-ip/patents/patent-application-process/expedited-and-modified-examination-for-standard-patents>.

<sup>62</sup> *Singapore – from filing to grant*, FREEHILLS PATENT ATTORNEYS, <http://www.freehillspatents.com/singapore-%E2%80%93-from-filing-to-grant> (last visited Oct. 5, 2013) (“Foreign patent offices that conduct searching and examination on behalf of the Singaporean patent office include the Australian patent office, the Austrian patent office, and the Danish patent and trademark office.”); See also Joe Mok, *Accelerate Your Patent Grant in South East Asia*, JDSUPRA (Sept. 20, 2013), [http://www.jdsupra.com/legalnews/accelerate-your-patent-grant-in-south-ea-87191/?utm\\_source=LU\\_Emails](http://www.jdsupra.com/legalnews/accelerate-your-patent-grant-in-south-ea-87191/?utm_source=LU_Emails) (explaining that the ASEAN (Association of Southeast Asian Nations) Patent Examination Co-operation can also help expedite the process for obtaining patents in manufacturing bases like Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam).

### 3. Enforceable Protection

For a business that relies heavily on patents within a concentrated segment of technology, it is important that the foundational patent claims are of high quality to ensure effective enforceability and protection against validity challenges. Companies like Sennheiser, which specializes in producing only microphones and headphones, focus a broad range of product development into a very narrow market segment in an effort to, presumably, cultivate a high degree of customer loyalty.<sup>63</sup> The difficulty of luring away members of the market leader's devoted customer base discourages new competition from attempting to gain market entry. Proper utilization and coordination of several searching authorities can result in high quality patents needed for protection and enforcement in a niche market.

In addition to filing in the United States, these specialized firms must identify countries where competition exists and operates, whether in the form of production, distribution channels, or actual marketing and sales. One must also recognize important introductory markets where immediate entry is crucial to retaining or gaining market share. Finally, practical enforcement measures must be considered. For instance, filing in Luxembourg provides a firm with the ability to avail itself of strong customs enforcement at a common entry point for products being imported into Europe.

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<sup>63</sup> "We believe that customers will be loyal to our brand if they are authentically convinced about the benefits that our products provide to them. We are not an aggressive marketing company. Our approach is to listen to our customers and respond with the right solution. We invest much into consulting, service and knowledge transfer—a fairly straightforward and honest approach. Our experience shows that this creates satisfied customers, strong peer-to-peer recommendation and ultimately, loyalty." *Interview with John Falcone of Sennheiser*, SERVICE UNTITLED (June 24, 2010), <http://www.serviceuntitled.com/interview-with-john-falcone-of-sennheiser/2010/06/24>.

One possible method is to combine the first filing in the United States with the Australian<sup>64</sup> and Russian models<sup>65</sup> described above. The patent applicant benefits from the early receipt of search reports prepared by examiners using widely varied sets of criteria.<sup>66</sup> Another method is to combine the USPTO filing with the Luxembourg model,<sup>67</sup> which provides an early search report prepared by the EPO.<sup>68</sup> Claim amendments based on the prior art revealed and opinions issued by the different search offices will be better informed and more comprehensive, which will likely increase the enforceability of the final patent.

#### 4. German Utility Model (The ‘Secret Weapon’)

The patent application process may be too expensive and time-consuming to justify seeking such protection for certain inventions. At the same time, it may prove difficult to rely on trade secret law for protection. Companies seeking protection for technical inventions in Germany have the option to register for enforceable protection of the invention in a fast and low-cost procedure under the German Patent and Trademark Office (DPMA) utility model—“the ‘little brother’ of the patent.”<sup>69</sup> The registration process takes only a few months, and the rights (exclusivity in using, making, and selling the invention) become effective immediately upon registration.<sup>70</sup>

The utility model differs from a patent in three important ways. First, the utility model is an “unexamined IP right,” meaning the

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<sup>64</sup> See *supra* Part II.C.2.

<sup>65</sup> See *supra* Part II.C.1.a.ii.

<sup>66</sup> See *supra* Parts II.C.1.a.ii, II.C.2.

<sup>67</sup> See *supra* Part I.C.1.a.i.

<sup>68</sup> See *supra* Part II.C.1 (discussing the additional financial and procedural benefits of the Luxembourg model).

<sup>69</sup> *Utility Model*, DPMA 4, [http://www.dpma.de/docs/service/veroeffentlichungen/broschueren\\_en/utilitymodels\\_engl.pdf](http://www.dpma.de/docs/service/veroeffentlichungen/broschueren_en/utilitymodels_engl.pdf) (last visited Sept. 9, 2013) (showing registration can be obtained for as little as €40).

<sup>70</sup> *Id.* at 4.

substantive patent criteria (novelty, inventive achievement, and industrial applicability) are not reviewed.<sup>71</sup> This model relies on the inventor to conduct the search for prior art, but provides the dpma.de database free of charge for that purpose.<sup>72</sup> One may also commission a search by DPMA experts to receive all the relevant publications for consideration in the protectability assessment of the utility model application.<sup>73</sup> Second, the registration and protection last only for ten years, or half of the length of protection under the normal U.S. patent model.<sup>74</sup> Finally, the utility model covers physical inventions only—that is to say, it protects products not processes.<sup>75</sup>

The DPMA utility model should not be relied on as an alternative to patent, but rather as a bridge to provide protection between the application and the patent grant. Utility model registration can be “split off” from any pending patent application with effect for Germany (i.e., European patent application, PCT application, or German patent application), with that registration effective as of the filing date of the patent application.<sup>76</sup> Additionally, a PCT application may be nationalized as a utility model application in Germany.<sup>77</sup> The invention is fully protected

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<sup>71</sup> *Id.* at 5.

<sup>72</sup> *Id.* at 6.

<sup>73</sup> *Id.* at 6.

<sup>74</sup> *Id.* at 6; *How Long Does Patent Protection Last?*, USPTO, <http://www.uspto.gov/main/faq/p120013.htm> (last visited Nov. 29, 2013). However, some companies are realizing that the cost of maintaining patent rights beyond ten to twelve years may exceed the benefits of exclusivity for that period. Dennis Crouch, *IBM's Patent Abandonment Strategy*, PATENTLY-O (Mar. 1, 2012), <http://www.patentlyo.com/patent/2012/03/ibms-patent-abandonment-strategy.html>.

<sup>75</sup> See *Utility Model*, *supra* note 69, at 6.

<sup>76</sup> *Id.* at 7.

<sup>77</sup> WIPO, *German Patent and Trade Mark Office as Designated (or Elected) Office*, PCT Applicant's Guide—National Phase—DE 6 (Nov. 14, 2013), <http://www.wipo.int/pct/guide/en/gdvol2/annexes/de.pdf> (“If the applicant wishes to obtain utility model registration in Germany on the basis of an international application (i) instead of a patent or (ii) in addition to a patent, the applicant,

upon registration (meaning the inventor may litigate to obtain injunctive relief and damages), regardless of whether the patent application results in a grant.<sup>78</sup> Review of protectability only occurs during cancellation proceedings, which can be requested by any party upon remittance of a €300 (about \$406) fee and submission of a statement of reasons.<sup>79</sup> The losing party incurs the entire cost of the proceedings, including costs incurred by the opponent.<sup>80</sup>

Similar to the PCT system, the utility model provides for priority rights for registrants who file in other participating Member States within twelve months of filing the German utility model application.<sup>81</sup> Thus, a U.S. firm may achieve enforceable protection throughout much of Europe, Africa, Asia, and South America without the cost and time involved in filing for patents in each individual regional or national jurisdiction.

### III. TRADEMARKS AND DESIGNS

#### A. Overview

In the United States, courts are generally careful to avoid any overlap in rights under the trademark, copyright and patent laws, for fear of extending the author or inventor's monopoly beyond

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when performing the acts referred to in PCT Article 22 or 39(1), shall so indicate to the designated Office. Where no special acts are required for entry into the national phase, because the Office is both the receiving office and designated office, *and* the application was filed in the German language, the applicant shall nonetheless be responsible for the timely execution of his right of choice under PCT Rule 49*bis*.1.”)

<sup>78</sup> *Id.* at 7.

<sup>79</sup> *Id.* at 10.

<sup>80</sup> *Id.*

<sup>81</sup> *Id.* at 9; *Where can Utility Models be Acquired?*, WIPO, [http://www.wipo.int/sme/en/ip\\_business/utility\\_models/where.htm](http://www.wipo.int/sme/en/ip_business/utility_models/where.htm) (last visited Sept. 29, 2013) (“Currently, a small but significant number of countries and regions provide utility model protection.”).

what Congress intended.<sup>82</sup> Allowing the extension of such a monopoly prevents the public domain from being enriched by the expiration of that limited monopoly.<sup>83</sup> However, “[e]xistence of a design patent, ‘rather than detracting from a claim of trademark, may support such a claim’ because ‘it may be presumptive evidence of non-functionality,’ necessary to obtain trade dress protection.”<sup>84</sup> Thus, such designs may be eligible for protection as trade dress upon acquiring secondary meaning. It is perhaps fitting, then, that many countries across Europe and elsewhere employ a system of industrial design registration<sup>85</sup> distinguished from patents, and often administered alongside trademark.

There are two important routes by which to register trademarks in multiple foreign nations through a centralized office: the Madrid System and the Office for the Harmonization in the Internal

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<sup>82</sup> *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003) (“Thus, in construing the Lanham Act, we have been careful to caution against misuse or over-extension of trademark and related protections into areas traditionally occupied by patent or copyright.”).

<sup>83</sup> *Id.* at 34.

<sup>84</sup> Julia Anne Matheson, *Combine and Conquer: How the Synthesis of Design Patent and Trade Dress Achieve Maximum Protection for Your Product Design*, FINNEGAN (May, 2009), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=74f843be-c63a-40cc-8ae0-007bc50fdd99> (quoting Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:91 (4th ed. 2008)).

<sup>85</sup> *What is a design?*, EUROPEAN IPR HELPDESK, <http://www.iprhelpdesk.eu/node/1851http://www.iprhelpdesk.eu/taxonomy/term/158> (last visited Dec. 9, 2013) (“A design is the outward appearance of a product or part thereof resulting, in particular, from the characteristics of the lines, contours, colours, shape, surface, structure and/or materials of the product itself and/or its ornamentation.”); *See also Guide to Industrial Design*, TMWEB.COM, [http://www.tmweb.com/industrial\\_design.asp#Section\\_A](http://www.tmweb.com/industrial_design.asp#Section_A) (last visited Oct. 5, 2013) (“An industrial design is the shape, pattern or ornamentation applied to a useful article that is mass produced. It may be the shape of a table, the ornamentation on the handle of a spoon, and it may be made by hand, tool or machine. The design has features intended for visual appeal. However, merits of those features are not part of the application.”).

Market (OHIM).<sup>86</sup> OHIM also registers designs.<sup>87</sup> Several other regional offices exist, including the Benelux Office of Intellectual Property (also a Madrid Common Office), African Regional Intellectual Property Organization, and the African Intellectual Property Organization, with registrations given effect to the Member States.<sup>88</sup>

Member nations of the Paris Convention are also eligible to join either the Madrid Agreement or the Madrid Protocol, which are the treaties governing the Madrid System for the international registration of marks.<sup>89</sup> The contracting parties under the Madrid Protocol include Australia and New Zealand, as well as several nations in Europe, Asia, Africa, and South America.<sup>90</sup> A major advantage of the Madrid System is that it only requires a single application in one language (English, French, or Spanish), with fees payable only to the International Bureau (IB).<sup>91</sup> Additionally, all changes to the registration (such as assignment, address changes, or limitations on the list of goods and services for which

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<sup>86</sup> *Who We Are*, OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET, <https://oami.europa.eu/ohimportal/en/who-we-are> (last updated Nov. 22, 2013).

<sup>87</sup> *Route to Registration*, OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET, <https://oami.europa.eu/ohimportal/en/rcd-route-to-registration> (last updated Dec. 2, 2013).

<sup>88</sup> *Fact Sheets: International Trademark Rights*, INT'L TRADEMARK ASS'N, <http://www.inta.org/TrademarkBasics/FactSheets/Pages/InternationalTrademarkRightsFactSheet.aspx> (last visited Dec 2, 2013).

<sup>89</sup> WIPO, OBJECTIVES, MAIN FEATURES, ADVANTAGES OF THE MADRID SYSTEM 4 (2012), available at [http://www.wipo.int/export/sites/www/freepublications/en/marks/418/wipo\\_pub\\_418.pdf](http://www.wipo.int/export/sites/www/freepublications/en/marks/418/wipo_pub_418.pdf).

<sup>90</sup> See Madrid Agreement Concerning the International Registration of Marks art. I, Apr. 14, 1891, 828 U.N.T.S. 391 (as last revised at Stockholm on July 14, 1967); Paris Convention for the Protection of Industrial Property art. I, Mar. 20, 1883 828 U.N.T.S. 307, available at [http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid\\_marks.pdf](http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf) (explaining that as of July 16, 2013, Algeria is the only party to the Madrid Agreement that has not also joined the Madrid Protocol).

<sup>91</sup> See generally Madrid Agreement Concerning the International Registration of Marks, *supra* note 1.

the mark is used) are recorded through the IB in a single procedure and with a single fee.<sup>92</sup>

OHIM administers Community trademarks and registered Community designs for the EU.<sup>93</sup> While the effect of an OHIM registration is considerably less expansive than that of the Madrid system, it is also significantly less expensive.<sup>94</sup> OHIM also offers discounts for electronic filing.<sup>95</sup>

### *B. Strategies for Trademark Protection Abroad*

A U.S.-based firm seeking cost efficient protection in Europe still needs to weigh the costs of filing with the OHIM or Madrid systems based on the number of classes claimed, where protection is needed, planned length of use, perceived risks, and whether, and how often, changes to the registration will be required. For narrowly focused foreign target markets, or centrally located

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<sup>92</sup> *See Id.*

<sup>93</sup> *About OHIM*, OFFICE FOR HARMONIZATION IN THE INT'L MKT., <https://oami.europa.eu/ohimportal/en/about-ohim> (last updated Nov. 22, 2013).

<sup>94</sup> OHIM registration costs as little as €900 for up to three classes of goods and services, compared to more than 20,000 Swiss francs (or €16,000) for registration in all contracting parties to the Madrid System in two or more classes of goods and services. *See Trade marks in the European Union*, OFFICE FOR HARMONIZATION IN THE INT'L MKT., <https://oami.europa.eu/ohimportal/en/web/guest/trade-marks-in-the-european-union> (last updated Nov. 25, 2013); *Madrid System, International Registration of Marks Fee Calculation*, WIPO, <http://www.wipo.int/madrid/en/fees/calculator.jsp> (last visited Oct. 5, 2013) (providing a calculator fees). Even registration in just some countries that are members of the European Union under the Madrid System can cost twice as much as under OHIM. *Madrid System, International Registration of Marks Fee Calculation*, WIPO, <http://www.wipo.int/madrid/en/fees/calculator.jsp> (last visited Oct. 5, 2013) (providing a calculator fees). The base fee for a Madrid System is roughly €870, but that does not include national registration in Member States. *Id.* Fees for the Madrid System were calculated using the USPTO as the office of origin.

<sup>95</sup> *Id.*; UK INTELL. PROP. OFFICE, HOW TO APPLY FOR AN INTERNATIONAL TRADE MARK, 7–8 (2011), *available at* <http://www.ipo.gov.uk/applymadrid.pdf> (showing the Madrid System currently accepts applications by mail or fax only).

overseas manufacturing and distribution, where there is little perceived risk of counterfeiting or infringement, filing in a select few individual countries may provide greater value.<sup>96</sup>

For one whose market share is based on differentiation from the competition, or whose broad technology base is focused on leading the industry in a narrowly focused field, protecting the mark globally will likely be of utmost importance. For that reason, it is important to recognize that much of the world uses a registration-only system, without requiring a showing of prior use. Several U.S. firms have sought to enter new foreign markets only to find a local entity has already registered the firm's famous marks.<sup>97</sup> The U.S. firm may be completely stymied, or it may receive offers to purchase those rights for several thousand dollars.<sup>98</sup> One must weigh the cost of registering marks in

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<sup>96</sup> Filing is as little as €200 to €300 in some countries or regions in Europe. See *Fees trademarks*, THE BENELUX OFFICE FOR INTELL. PROP., <https://www.boip.int/wps/portal/site/contact/tarieven/tarifstrademarks> (last visited Oct. 6, 2013); see also *Fees*, DEUTSCHES PATENT-UND MARKENAMT, [http://www.dpma.de/english/trade\\_marks/fees/index.html](http://www.dpma.de/english/trade_marks/fees/index.html) (last visited Oct. 6, 2013). Filing can be as little as \$32 in low-wage countries. See *First Schedule Fee for Trade Marks*, DEPT. OF PATENTS, DESIGNS AND TRADEMARKS, [www.dpd.gov.bd/TM\\_form\\_download.html](http://www.dpd.gov.bd/TM_form_download.html) (last visited Oct. 6, 2013).

<sup>97</sup> Evan M. Kent, *Importance of Early Foreign Trademark Protection*, LEXOLOGY (Feb. 27, 2013), <http://www.lexology.com/library/detail.aspx?g=ced000d7-cae5-4824-8485-96d6e1fbecce> (noting one such example being Apple's "iPhone" mark, which was registered in Brazil by a local entity, leaving Apple open to infringement claims if it were to use its famous U.S.-based mark for cellular phones anywhere in Brazil).

<sup>98</sup> This practice is often referred to as trademark squatting. "Trademark squatting is when one party intentionally files a trademark application for a second party's registered trademark in a country where the second party does not currently hold a trademark registration." Scott Baldwin, *Don't Sit and Wait: Stopping Trademark Squatters*, INVENTORSEYE (Feb. 2013), [http://www.uspto.gov/inventors/independent/eye/201302/TM\\_Squatting.jsp](http://www.uspto.gov/inventors/independent/eye/201302/TM_Squatting.jsp). Though, more often the "squatters" (especially in China) seek to capitalize on the recognizable name, even sometimes for completely unrelated products, such as Eminem for liquor distribution or Lady Gaga for walking sticks and sausage casings. David Pierson, *Trademark Squatting in China Doesn't Sit Well With*

territories where the products may or may not enter versus the risk of potentially spending more fighting a local company for the marks or having to build and manage an entirely new brand specific to that territory.

Specialized and differentiated U.S. firms that already enjoy widespread use of certain marks have a unique advantage in that their recognizable marks pave the way for new and related marks.<sup>99</sup> However, widely used and expensive products are ripe for counterfeit, and new marks associated with those existing products may be targets for “squatters.” For such situations where the risk far outweighs the cost, one may use the OHIM and Madrid systems with individual preemptory filings in other non-member states that have displayed tolerance for squatting through weak enforcement on behalf of foreign entities. OHIM provides a single point of contact for the entire European Union at a fairly low price, and the Madrid System may fill in gaps in European coverage while providing a centralized method for reaching certain Asian and South American markets.

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*U.S. Retailers*, L.A. TIMES (Mar. 28, 2012), <http://articles.latimes.com/2012/mar/28/business/la-fi-china-trademark-squatting-20120328>. Some local firms pursue the more traditional route of passing off their goods as genuine, like Qiaodan (pronounced chow-dan) used in conjunction with the globally recognizable Air Jordan logos. *Id.*

<sup>99</sup> Consider Apple’s acquisition of Siri, Inc. on April 28, 2010. Robert Scoble, *Breaking News: Siri bought by Apple*, SCOBLEIZER (Apr. 28, 2010), <http://scobleizer.com/2010/04/28/breaking-news-siri-bought-by-apple>; *see also Transaction Granted, Early Termination*, FEDERAL TRADE COMM’N (Apr. 28, 2010), <http://www.ftc.gov/bc/earlyterm/2010/04/et100427.pdf>. At that time, Apple likely already had fifty million iPhones in use around the globe. Horace Dediu, *Nearly 75% of iPhones are in use Outside the U.S.*, ASYMCO (Jan. 8, 2011, 11:25 AM), <http://www.asymco.com/2011/01/08/nearly-75-of-iphones-are-in-use-outside-the-us>.

The Uniform Domain Name Dispute Resolution Policy provides some protection for large and small firms alike.<sup>100</sup> Where large firms may be exposed to the risk of counterfeiting or squatting, small and medium sized entities in the United States may find their less famous marks adopted in good faith by other relative unknowns in other countries while their brands are still being cultivated in the United States. Thus, having the foresight to register domain names in potential foreign markets may discourage those small foreign firms from adopting a mark, where prior use of that mark and domain can be discovered in a simple Web search. One may wish to research similar marks in a jurisdiction before registering a domain name under that territory's top-level domain to avoid the risk of being found to have registered the domain name in bad faith. Notably, the presumption of good faith is difficult for the complainant to overcome when a U.S. firm registers a foreign domain name incorporating its existing mark and the U.S. firm has potential to expand into that foreign territory.<sup>101</sup>

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<sup>100</sup> UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (Internet Corp. For Assigned Names and Numbers 1999), *available at* <http://www.icann.org/en/help/dndr/udrp/policy>.

<sup>101</sup> The Internet Corporation for Assigned Names and Numbers (ICANN) provides four criteria for determining bad faith on the part of a domain name registrant: (1) the domain name was acquired for the purpose of selling it to the complainant owner of the implicated mark at a profit; (2) the domain was registered to prevent the owner of the mark from obtaining the name and the respondent has engaged in a pattern of such conduct; (3) the respondent registered the domain primarily to disrupt a competitor's business, or; (4) the respondent has used the domain intentionally to attract, for commercial gain, users by creating a likelihood of confusion with the complainant's mark, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (Internet Corp. For Assigned Names and Numbers 1999), *available at* <http://www.icann.org/en/help/dndr/udrp/policy>. Absent evidence showing that the site was registered and used in bad faith, the dispute resolution provider will not transfer the URL from the respondent to the complainant. See *Atlantic, Société Française de Développement Thermique v. Dowd, Kevin*, WIPO Case No. D2007-1063 (2007).

### *C. Cautions and Considerations*

Several changes will soon take place at OHIM with regard to eligibility and registration of trademarks. First, the designation Community Trademark will be changed to European Trademark (ETM), and OHIM will be renamed European Union Trade Marks and Designs Agency (EUTMDA).<sup>102</sup>

The subject matter will be expanded with the abolition of the graphic representation requirement, allowing, for example, sounds and smells to be registered in addition to words and symbols.<sup>103</sup> However, word marks incorporating foreign terms may be subject to a higher standard of distinctiveness. Marks which are descriptive when translated into an official language of the Member States will likely be refused.<sup>104</sup> Additionally, “[u]se of class headings will be interpreted as including all goods or services clearly covered by the literal meaning of the term.”<sup>105</sup> Fees will be reduced due to the proposed one-class-per-fee system.<sup>106</sup> The cost of defending a

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<sup>102</sup> OSKAR TUŁODZIECKI, MICHAŁ ZIÓLKOWSKI & BRITT L. ANDERSON, EUROPEAN COMMISSION PROPOSES FIRST SIGNIFICANT CHANGES TO COMMUNITY TRADEMARK SYSTEM IN OVER 15 YEARS 2 (2013), *available at* [http://www.klgates.com/files/Publication/885ca5ea-dbb3-4c3e-a679-06088a8e1599/Presentation/PublicationAttachment/0a935de9-f51a-4226-a727-20be3d97a209/IP\\_Procurement\\_Alert\\_06032013.pdf](http://www.klgates.com/files/Publication/885ca5ea-dbb3-4c3e-a679-06088a8e1599/Presentation/PublicationAttachment/0a935de9-f51a-4226-a727-20be3d97a209/IP_Procurement_Alert_06032013.pdf).

<sup>103</sup> *Id.* at 1.

<sup>104</sup> TAYLOR WESSING, THE LATEST ON EUROPEAN PROPOSALS TO MODERNISE TRADE MARK LAW AND PROCEDURE (2013), *available at* <http://www.taylorwessing.com/fileadmin/files/docs/EU-proposals-to-modernise-TM-law.pdf>. It is not yet known whether this applies only to modern foreign languages (i.e., official languages of countries in Asia, Africa, Australia, North and South America, and other languages spoken in non-member European countries), or if it also applies to Native American and Aboriginal languages and “dead” languages like Sanskrit or Latin.

<sup>105</sup> *Id.* at 1.

<sup>106</sup> Currently, the base fee covers up to three classes. The new lower base fee will cover only one class, with small fees for additional classes. Tomás Lorenzo Eichenberg, *Revision of the European Trade Mark system*, 32nd ECTA Annual Conference Bucharest (June 21, 2013), [http://bucharest2013.ecta.org/IMG/pdf/1\\_eichenberg\\_-\\_ecta\\_annual\\_conference\\_21\\_june\\_2013.pdf](http://bucharest2013.ecta.org/IMG/pdf/1_eichenberg_-_ecta_annual_conference_21_june_2013.pdf).

mark may also be lowered with a change from court proceedings to an administrative procedure before national offices for revocation and invalidity actions.<sup>107</sup>

#### IV. COPYRIGHT STRATEGIES

There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries offer protection to foreign works under certain conditions that have been greatly simplified by international copyright treaties and conventions.<sup>108</sup>

Despite the lack of a formal system for international copyright registration, treaties like the Berne Convention and the Universal Copyright Convention offer protection in other Member States to U.S. authors publishing or distributing their works abroad.<sup>109</sup> It is not enough to know a nation’s laws regarding protection of foreign authors, though. In preparation for publishing or distributing works in a foreign country, one should research the actual application of those laws, the level and types of piracy pervasive in the target country, and the options a foreign author has for asserting her rights in that country. Although it may be difficult to prevent piracy in a foreign market regardless of whether one has introduced her product there, knowing the lay of the land prior to market entry allows one to take proactive measures to protect against piracy. One can use a combination of strategies like

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<sup>107</sup> *Id.*

<sup>108</sup> *Factsheet FL-100: International Copyright*, U.S. COPYRIGHT OFFICE (2009), <http://www.copyright.gov/fls/fl100.html>.

<sup>109</sup> For a complete list of nations and relevant agreements, see *International Copyright Relations of the United States*, U.S. COPYRIGHT OFFICE CIRCULAR, Jan. 2014, at 2, available at <http://www.copyright.gov/circs/circ38a.pdf>.

competitive pricing schemes to encourage purchases or digital rights management to drive up the cost of piracy.

Assessing piracy levels is not a simple task, as piracy takes several forms and is, by its very nature, intended to evade detection. Especially with the advent of file-sharing websites, torrent applications, and traditional peer-to-peer file sharing, piracy is an increasingly international issue, with individual nations at times scrambling to establish jurisdiction over the alleged contributory infringers.<sup>110</sup> Traditional textbook forms of piracy still pose problems in developed and emerging countries, though, as the relatively high price of much U.S. produced media is prohibitive for many in poor communities.<sup>111</sup> Any place where demand is high, purchasing power is low, and protection is lax, counterfeit goods such as burned CDs and DVDs may be sold on the street or through online auction or resale sites. Additionally, methods may be developed to circumvent digital rights management, and end-user license agreements may be routinely violated by individuals

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<sup>110</sup> See Nick Perry, *Popular file-sharing website Megaupload shut down*, USA TODAY, Jan. 20, 2012, <http://usatoday30.usatoday.com/tech/news/story/2012-01-19/megaupload-feds-shutdown/52678528/1> (consider: the U.S. government shutdown of Hong Kong-based megaupload.com, based on illegal content allegedly being stored on servers in Virginia, and New Zealand's subsequent arrest of German-born site owner Kim Dotcom.); see also Hunter Stuart, *The Pirate Bay Moves To Icelandic Domain After Being Hosted In Greenland, Sweden*, HUFFINGTON POST, Apr. 24, 2013, [http://www.huffingtonpost.com/2013/04/25/pirate-bay-iceland\\_n\\_3156218.html](http://www.huffingtonpost.com/2013/04/25/pirate-bay-iceland_n_3156218.html) (the Pirate Bay, which moved its site to a Swedish domain (.se) in 2012 (then to Greenland briefly, then to Iceland) out of fear that the U.S. government would seize its original .org domain name).

<sup>111</sup> NATASHA PRIMO & LIBBY LLOYD, MEDIA PIRACY IN EMERGING ECONOMIES 99, 100 (Joe Karaganis ed., 2011), available at <http://piracy.americanassembly.org/wp-content/uploads/2011/06/MPEE-PDF-1.0.4.pdf> ("The high prices and underdeveloped retail sector for these goods, however, meant that existing grey- and black-market practices for acquiring, copying, and circulating media retained their place in South African life—especially in poor communities.").

and businesses alike.<sup>112</sup> Adding to this problem is the uncertainty regarding price discrimination and foreign production brought about by the Supreme Court's decision regarding the first sale doctrine in *Kirtsaeng v. John Wiley & Sons*,<sup>113</sup> which may have the effect of discouraging content providers from attempting to make available less expensive versions of their products to those markets.<sup>114</sup>

One of the easiest ways to obtain information on piracy levels in any market is to look to trade organizations that continually gather and compile such data.<sup>115</sup> The International Intellectual Property Alliance publishes country specific reports that detail piracy and copyright issues in several nations.<sup>116</sup> The International Federation of the Phonographic Industry offers its *Copyright and Security Guide for Companies* online.<sup>117</sup> The Business Software Alliance, the Motion Picture Association of America, and the

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<sup>112</sup> Maria Strong, *Copyright Enforcement: Basic Considerations and Strategies to Protect Copyrights Abroad*, in INTERNATIONAL TRADEMARKS AND COPYRIGHTS: ENFORCEMENT AND MANAGEMENT 61, 62–63 (John T. Masterson, Jr. ed., 2004).

<sup>113</sup> *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1358 (2013) (holding that the first sale doctrine, as codified in the Copyright Act, applies to copies of copyrighted works lawfully made abroad. Lawfully made means made “in accordance with” or “in compliance with” the Copyright Act and is not restricted by geography).

<sup>114</sup> See Daniel Castro, *Price Discrimination for Copyrighted Works Post-Kirtsaeng*, THE INNOVATION FILES (Mar. 22, 2013), <http://www.innovationfiles.org/price-discrimination-for-copyrighted-works-post-kirtsaeng>.

<sup>115</sup> See John T. Masterson, Jr., *Enforcement of Trademarks and Copyrights Under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights*, in INTERNATIONAL TRADEMARKS AND COPYRIGHTS: ENFORCEMENT AND MANAGEMENT 1, 4–5 (John T. Masterson, Jr. ed., 2004).

<sup>116</sup> *Country Reports*, INT'L INTELL. PROP. ALLIANCE, available at <http://www.iipa.com/countryreports.html> (last visited Sept. 22, 2013).

<sup>117</sup> *Copyright and Security Guide for Companies*, INT'L FED'N OF THE PHONOGRAPHIC INDUSTRY, available at [http://www.ifpi.org/content/section\\_resources/copyright-guide-2005.html](http://www.ifpi.org/content/section_resources/copyright-guide-2005.html) (last visited Sept. 22, 2013).

Association of American Publishers also provide information on global piracy issues.<sup>118</sup>

The best strategy may be a comprehensive approach. Businesses are finding ways to enforce their rights by recruiting allies and forming coalitions, such as the industry alliances mentioned above.<sup>119</sup> Smaller U.S. businesses may find it helpful to establish contacts with similarly situated companies based in the target country, even if U.S.-based companies are not eligible to formally join local coalitions.<sup>120</sup> One may consult the local U.S. embassy for information when considering an enforcement action to discuss options with an economic or commercial officer, or customs or FBI attaché.<sup>121</sup> Obtaining local legal counsel can help to gain more familiarity with the civil, criminal and administrative procedures that may not necessarily be spelled out in the country's statutes.<sup>122</sup> Lastly, one must recognize that, although some industry organizations may offer enforcement training seminars to help local government authorities identify pirated materials and develop investigation techniques for criminal infringement matters, the responsibility for building a civil infringement case usually falls on the copyright owner. Developing and relying on U.S. government contacts may help to escalate issues of vulnerability and unchecked piracy to the attention of the local government.<sup>123</sup>

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<sup>118</sup> See generally, BUSINESS SOFTWARE ALLIANCE, [http://www.bsa.org/~media/Files/Research%20Papers/GlobalStudy/2011/2011\\_BSA\\_Piracy\\_Study%20Standard.pdf](http://www.bsa.org/~media/Files/Research%20Papers/GlobalStudy/2011/2011_BSA_Piracy_Study%20Standard.pdf) (last visited Sept. 22, 2013); *Why We Care About Copyright*, MOTION PICTURE ASS'N OF AM., <http://www.mpa.org/contentprotection/copyright-info> (last visited Sept. 22, 2013); *Resources for Creators*, COPYRIGHT ALLIANCE, [http://copyrightalliance.org/creators\\_resources](http://copyrightalliance.org/creators_resources) (last visited Sept. 22, 2013); *Piracy*, ASS'N OF AM. PUBLISHERS, <http://www.publishers.org/issues/1/10/> (last visited Sept. 22, 2013).

<sup>119</sup> See Strong, *supra* note 111, at 66.

<sup>120</sup> *Id.* at 66–67.

<sup>121</sup> *Id.* at 67.

<sup>122</sup> *Id.*

<sup>123</sup> See *id.* at 68–69.

## V. TRADE SECRET PROTECTION IN THE EUROPEAN UNION

Protecting trade secrets and confidential business information in the European Union is challenging due to the lack of a uniform regime.<sup>124</sup> “European Commission and industry stakeholders have been working towards a draft legislative proposal to introduce a uniform system of trade secrets protection in the European Union.”<sup>125</sup> Until that harmonization is accomplished, a business is forced to cope with the varied remedies and requirements currently set forth by the laws of each country.<sup>126</sup> Companies such as DuPont, Michelin, and American Superconductors have reported “less than satisfactory experiences with the current law and . . . losses . . . suffered through inadequate protection in some jurisdictions.”<sup>127</sup>

There do exist some common principles among most of the Member States, with a few outliers. Generally, for information to qualify as trade secret, a Member State requires that:

- (i) it is technical or commercial information related to the business;

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<sup>124</sup> BAKER & MCKENZIE, *STUDY ON TRADE SECRETS AND CONFIDENTIAL BUSINESS INFORMATION IN THE INTERNAL MARKET 3* (2013), available at [http://ec.europa.eu/internal\\_market/iprenforcement/docs/trade-secrets/130711\\_final-study\\_en.pdf](http://ec.europa.eu/internal_market/iprenforcement/docs/trade-secrets/130711_final-study_en.pdf).

<sup>125</sup> Jack Ellis, *Doubts Raised over Benefits of EU's Trade Secret Harmonisation Plans*, INT'L ASSET MAG., Oct. 4, 2013, <http://www.iam-magazine.com/blog/Detail.aspx?g=7712877f-1c40-4f20-8383-e0ebb029f43b>.

<sup>126</sup> Some jurisdictions offer protection under civil law, others under criminal law, but most do so without specific legislation defining “trade secret.” Sweden is “the only Member State to have adopted a formal statutory definition of the term,” whereas the UK uses “the common law rules on confidentiality.” Nick Mathys & Oliver Nell, *Trade Secrets within the EU: European Commission study published*, LEXOLOGY (Aug. 2, 2013), <http://www.lexology.com/library/detail.aspx?g=ac076312-4fb1-4440-affa-e73578d7c825>.

<sup>127</sup> Sarah Turner, *European Commission addresses growing problem of trade secrets misuse*, LEXOLOGY (July 20, 2012), <http://www.lexology.com/library/detail.aspx?g=d3abd0b9-b9e0-4f00-b9c7-1130906403dd>.

- (ii) it is secret in the sense that it is not generally known or easily accessible;
- (iii) it has economic value consisting of conferring a competitive advantage to its owner; and
- (iv) it is subject to reasonable steps to keep it secret.<sup>128</sup>

Upon establishing that the information is protectable, the complaining party must also prove infringement of that knowledge and “the unlawful misappropriation or use by the defendant.”<sup>129</sup> However, it varies from Member State to Member State whether misappropriation or improper disclosure of a trade secret is a criminal matter or a civil matter (i.e., contract law or unfair competition law).<sup>130</sup>

As it stands, remedies vary greatly among the Member States, with some allowing for the seizure or destruction of offending goods in addition to restraint orders, injunctive relief, penalties and damages, while others tend to award only injunctions and damages.<sup>131</sup> However, the more extreme remedies are rarely granted; most courts apply injunctions and damages.<sup>132</sup>

Enforcement is impaired not only due to the lack of a common definition of a trade secret or uniform remedies, but also due to the procedural difficulties in effectively litigating trade secret claims.<sup>133</sup> Many cases are likely not pursued “because typically the plaintiff must substantiate its claim by disclosing the allegedly

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<sup>128</sup> BAKER & MCKENZIE, *supra* note 124, at 5.

<sup>129</sup> *Id.* at 27.

<sup>130</sup> Anna Yotova, *Roadmap for Intellectual Property Protection in Europe: Trade Secrets Protection in Europe*, EU-CHINA IPR2 17 (Feb. 2011), [http://www.ipr2.org/storage/EU-Trade\\_Secrets\\_in\\_Europe-EN1003.pdf](http://www.ipr2.org/storage/EU-Trade_Secrets_in_Europe-EN1003.pdf).

<sup>131</sup> BAKER & MCKENZIE, *supra* note 123, at 6.

<sup>132</sup> *Id.* at 6.

<sup>133</sup> *Id.*

infringed trade secret in public records, with Hungary and the UK being the only two Member States to have implemented procedures to avoid public disclosure of trade secrets during civil trials.<sup>134</sup> There is often a high standard of proof for the infringement of the trade secret and the bad faith of the defendant.<sup>135</sup> Plaintiffs also may experience “difficulties in proving damages suffered by virtue of the trade secret violation” and courts have a “reluctance . . . to award substantial damages.”<sup>136</sup>

Of course, the best protection for trade secrets is a set of internal policies designed to prevent unauthorized access to the information and to discourage authorized employees from revealing that information purposefully or inadvertently.<sup>137</sup> As noted by Richard North of Rolls-Royce:

I think we all realize that trade secrets are very difficult to enforce. Remedies may appear relevant from a legal context, but from a business perspective, once the secret is out you can't put it back. . . . We don't want to have to rely on the law. . . . Having a harmonized regime would be very helpful for us to design our compliance regimes around. But it cannot necessarily put right all the malicious or careless acts. Therefore, business has to take the responsibility for protecting its trade secrets.<sup>138</sup>

In that regard, there are some proactive steps a company can take to protect its trade secrets in addition to establishing effective internal policies. First, the Benelux Office of Intellectual Property allows authors and inventors to register their ideas and creations at

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<sup>134</sup> *Id.* at 6–7.

<sup>135</sup> *Id.* at 7.

<sup>136</sup> *Id.* at 38.

<sup>137</sup> *See id.* at 2–3.

<sup>138</sup> Ellis, *supra* note 112 (quoting North, who was a panelist at the 2013 Chartered Institute of Patent Attorneys Congress in London on Oct. 3, 2013).

an i-DEPOT to establish priority in time against other authors and inventors attempting to copyright or patent the same work.<sup>139</sup> Before deciding to register the information, a company should weigh the likelihood of disclosure against the possibility of a competitor or other entity pursuing a patent on the same. Second, in addition to limiting access to the information to only authorized employees, a company may consider centralizing the process implicating the trade secret to also limit the locations where that trade secret is practiced. This allows for greater control over the information and simplifies the problem of restricting access by reducing the possibility of accidental exposure. Finally, incorporating trade secrets and patents reduces the likelihood that either will be infringed. Maintaining a trade secret on one or more processes or technologies necessary to make or use a patented invention discourages infringement of the patent because infringers would likely not be able to compete in terms of cost and/or quality.

## VI. CONCLUSION

The foregoing tips and strategies are intended to provide general guidelines to companies seeking protection for intellectual assets in Europe and other areas of the world. Each company has specific business needs, and the strategies presented here likely require modification to best serve those needs. Such modifications may require the assistance of local counsel, who can explain how the rights are granted and enforced in his or her jurisdiction. A company that develops the unique strategies that best suit its needs is poised to capitalize on the efficiency of its predetermined foreign filing options. Considering these strategies while classifying or categorizing a company's new intellectual assets will assist that company in achieving some predictability regarding the cost or timing of obtaining patents and trademarks. This may help

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<sup>139</sup> See *When an i-DEPOT?*, BENELUX OFFICE FOR INTELL. PROP., <https://www.boip.int/wps/portal/site/ideas/what/when-useful> (last visited Oct. 27, 2013).

expedite the decision making process when it comes to determining where and when to file.