

International

Managing an international trademark portfolio

Trademark law is frequently considered to be one of the more exotic areas of law. The legal protection of trademarks, particularly at international level, requires a high degree of specialisation in the field. It also requires an understanding of the laws of numerous jurisdictions. When the trademarks are in the pharmaceutical sector, things become even more complex.

Brand creation

Before dealing with trademark issues, a fundamental strategic decision needs to be taken as to whether the marks are to be created in-house or by a specialist agency. Employees of the company will be familiar with its products, but may not have the necessary branding experience, while a naming agency may lack background in the particular sector. Therefore, if a company picks the second option, care must be taken in selecting the agency. If the marks are to be created in-house, time and resources must be set aside for the process.

The particular requirements of a particular sector, such as for example the pharmaceutical industry, are such that experience in other sectors of industry or commerce may not be sufficient to create trademarks for those products. Thus, if an agency is used, it is important to include as many industry-specific aspects as possible in the early stages of communication and briefing. Apart from understanding the basic strategy considerations (eg, national, regional or international branding), the agency must demonstrate familiarity with the legal and regulatory requirements surrounding trademarks. In the pharmaceutical industry this means that legal availability searches must extend beyond the usual search of the trademark registers. Instead, searches must include databases covering, for example, international non-proprietary names, names of pharmaceuticals currently on the market, names of medical devices and even names of clinical trials.

As far as regulatory requirements are concerned, the agency must show and preferably demonstrate that it is familiar with name safety testing requirements.

Regulatory authorities such as the US Food and Drug Administration and the European Medicines Agency refuse around 50 per cent of the invented names proposed by pharmaceutical companies due to health concerns resulting from, for example, potential prescription errors. Having said that, this does not – as one would sometimes be given to understand – justify pricing levels for name creation projects far above market average.

The pharmaceutical company must enter into an agreement with the agency concerned, preferably before work begins. The key issues to be covered in such agreements include not only the services to be performed, but also issues such as ownership of the invented names, rights of first refusal, the right to registration and the right to newly created names. If all the relevant issues are covered, the agency has clear instructions and experienced trademark lawyers and marketing colleagues are involved in the process, the resulting cooperation can be very fruitful.

Trademark filing

Following creation, trademarks must be filed in order to be protected. Again, the question is whether trademark filing and prosecution around the world should be dealt with in-house or externally.

To some extent, the question is moot since in many countries, local agents will be required to file and prosecute national trademarks. Therefore, the more international a trademark portfolio becomes, the larger the number of law firms involved in the project. Nevertheless, it is frequently possible for in-house counsel to file and prosecute national applications in the country in which the legal department is located. For example, in the European Union, in-house counsel can prosecute Community trademarks and file international registrations before the World Intellectual Property Organisation in Geneva.

However, the question remains of whether in-house counsel should coordinate these law firms or whether

external assistance should be sought. Whether all other applications are also coordinated by in-house counsel is basically a question of costs and size. The more trademarks included in a portfolio, the more viable it is to employ specialised in-house counsel for trademark prosecution and administration.

Regardless of who is handling applications and prosecutions around the world, national representatives should be chosen carefully. Due to the large volume of work usually involved, invoicing is an issue of its own. It is not uncommon to receive several hundred invoices for relatively small amounts from various firms in a single month. Of course, these need monitoring in order to avoid, for example, inadvertent double payments. A solution which could be considered for firms where there has been a positive history of cooperation and a long-term arrangement would be entering into an agreement concerning fees and services with the representatives, making invoicing more transparent and costs easier to calculate. The work carried out by these law firms should be closely monitored. Due to the volatility of trademark requirements in many cases (eg, the 'sudden' launch of new products, the abrupt termination of already existing projects), it is vital that the current status of the names involved in such changes be known and communicated to national representatives. This is the only way to avoid costly prosecutions of names which are no longer required or to prevent losing rights in names which suddenly become important to colleagues in marketing.

Strategic issues

Numerous strategic issues surrounding the creation and expansion of a trademark portfolio must be considered at very early stages. While it is not always possible to find a conclusive answer to such questions, as solid an information basis as possible should be put in place for the planning, creation and protection of the name concerned.

One of the first issues to be dealt with is geographic extent. For obvious linguistic reasons, an early decision must be made about where a mark is intended to be used. Obviously it is less complex and time consuming to create and protect a mark to be used in only a handful of countries than to meet the same challenge on a larger scale (eg, for all the EU member states or a global brand).

While this decision can be made internally, in many cases the issue of umbrella branding is subject to the limitations posed by national regulatory requirements. Such umbrellas are understandably popular with marketing departments. Nevertheless, they can become problematic in the pharmaceutical industry where regulatory authorities fear prescription errors and

subsequent consequences to patient safety if such umbrellas are used to market the same substance for different indications or even completely different substances. In this regard, pharmaceutical trademarks are quite different from other consumer goods.

The next question is whether registrations should be filed in the name of one company (eg, the corporate parent or an IP holding company), in the names of various owners or even in the names of national subsidiaries.

In the author's experience, filing in the name of one company is the most efficient and cost-effective alternative. If possible, the registered owner of the trademarks contained in a portfolio should be an IP holding company. There are numerous reasons for this recommendation and many multinationals follow this course. Frequently there will be changes to the names or legal nature of companies within a group for tax and other reasons, without this having any real impact on the effective ownership of a trademark portfolio. However, since in many jurisdictions only the registered owner of a trademark may take action against third parties, entire portfolios must be assigned again and again from one company to another simply to make it possible to defend the trademarks later if necessary. Such assignments become increasingly difficult the more changes take place. In some cases it can become impossible to document an assignment legally if there are no signatories entitled to sign for a company long dissolved.

However, if changes of name or ownership are not recorded because there is no active use of the marks at the time of the change, numerous jurisdictions raise objections to new applications in the names of different owners. These must then be dealt with by both in-house lawyers and national representatives, and lead to substantial costs which could be avoided had all the marks been registered in the name of one owner. If this is not being done from the beginning, the task of unifying all registrations in the name of one holder may become daunting and costly. Setting aside considerations of taxation, which need to be examined separately, there is a relatively simple solution to this problem which can be applied within a relatively short timeframe.

Since most trademarks must be renewed after 10 years, this provides an opportunity to record the transfer of those names which the company needs to renew. In countries where it is not possible to have different owners for identical or similar marks, the transfer of the portfolio would be recorded earlier. Following this approach, the entire portfolio of registered trademarks could be concentrated in the hands of one registered owner within the space of 10 years without creating

undue additional costs. On the contrary, it would mean substantial savings in time and costs, both within the company and in communications between in-house lawyers and the national representatives and their submissions to local offices.

A further key issue is the claiming of convention priority. The Paris Convention for the Protection of Industrial Property of 1883 makes it possible to secure the filing date of the first national trademark application for all other countries which are signatories to the convention where the subsequent filing takes place within six months of the first filing. This is particularly relevant when combining first filings and legal availability searches in numerous countries. The six-month period can be used to carry out the searches and pursue only those names which have been legally cleared, rather than filing all names broadly before the clearance process has been concluded.

The next question is whether to file national applications, applications for international registration or Community trademark applications. While the latter can be included in the international application, which would therefore automatically cover the entire European Union, in many countries national registrations cannot be avoided. There are also countries which are signatories to the Madrid Agreement or Madrid Protocol, but where filing a national application could still be considered a viable alternative for reasons of economy. In such countries, the national trademark offices regularly raise objections to applications filed via the international route, making it necessary to involve national representatives. In these cases it can be more economical to instruct the national representatives to file the applications directly.

In addition, the filing of variations of names or defensive registrations must be considered to ensure effective availability and protection of those trademarks actually destined for use with the product or service in question.

Another key issue surrounding both the size and cost of a trademark portfolio is the question of maintaining a stock of marks. This can be important where a particular trademark is not available in all required countries or a new product needs to be launched quickly. However, the key questions concerning such stocks of trademarks are as follows:

- How many marks are required?
- How long should they be kept in the portfolio?
- What is the purpose of keeping them in the portfolio?
- What should be done with marks that are no longer required?

The answer to all these questions may vary from company to company and portfolio to portfolio. They should be answered keeping the costs of administering and maintaining inflated portfolios in mind.

Clinical trials

Increasingly, pharmaceutical companies are filing trademark applications to register names for conducting clinical trials. The question is whether such registrations are justified. Although many large pharmaceutical companies carry out clinical trials, they do not conduct these trials for third parties as would be required under trademark law. These services are frequently not offered to third parties, thus making it almost impossible to show in trademark proceedings that such a mark is being used if evidence of use were required. Due to the duration of the trials and the development of pharmaceutical products before they reach the market, the (three or five-year) grace period during which a mark can be defended despite non-use will frequently be over by the time the results of the trial can actually be used as a marketing instrument. At the same time, it is questionable whether working titles of clinical trials and other experiments actually qualify as names and trademarks in their classical function. However, while neither the judiciary nor the legislature has given a definitive answer to this question, pharmaceutical companies should be cautious in their approach to the protection of names of clinical trials and the development of filing strategies for effective protection.

Shapes and colours

With the dawn of the three-dimensional trademark, many companies sought to obtain trademark protection for the external appearance of their goods. This protection was refused for all basic geometric shapes and ordinary colour combinations in nearly all countries. However, if shapes and colours, or combination thereof, are imaginative enough to be recognised and identified by consumers, protection may well be obtained. Whether this must be done through trademark registration or whether alternative routes such as design registration can be followed depends on the shapes and colours involved. With proper strategic planning and advice during both the development stage and filing, a reasonable degree of protection can be achieved.

Technical requirements

To maintain a global trademark portfolio it is essential to have access to proper trademark administration software. Such software can be used for numerous tasks,

including the calculation of time limits for renewals to enter terms for responding to office actions, and so on. Information about, for example, conflicts with third parties and the nature of the product or service concerned, limitations as to the list of goods as well as responsible national representatives, internal counsel and paralegals should all be included in the software to make the administration of the portfolio as efficient as possible.

There are substantial differences in both the quality and the mode of operation of the programs available on the market. Therefore, if the acquisition of new trademark administration software is planned, proper trials must be conducted in circumstances that are as realistic as possible. In addition, it could be useful to seek the advice of independent experts as to whether particular software is suitable for the needs of the company. If possible, such software should include features such as electronic filing and other modes of electronic communication with other offices, as well as external access to selected partners for entering new data (eg, filing and registration dates) in the database, if necessary and desired.

Partners for cooperation

One issue which is raised in many companies is whether the outsourcing of the management and administration of a trademark portfolio is a viable alternative. The larger

a portfolio becomes, the more cost effective it is to have specialised in-house counsel for the task. However, there can be good reasons to outsource some or all of the work. In particular, the number of projects requiring new trademarks can fluctuate dramatically at short notice. While it is difficult to adapt in-house staff levels rapidly in order to keep up with sudden changes in demand, outsourcing particular projects or particular regions to specialised law firms can work well. In addition, particular tasks related to a trademark portfolio (eg, renewals or assignments) can be outsourced to specialised partners on a case-by-case basis. While keeping staff overheads low and constant, this approach makes it possible to meet increased demand when necessary and to save costs once the peaks have passed.

Conclusion

The points touched on above are part of the many issues surrounding the lifecycles of trademarks, from creation to final demise. While there are differences between different branches of industry and commerce, some of these considerations apply to all trademarks. Others must be adapted to the field of activity in general, and the company concerned in particular. This is why dealing with trademark issues is both challenging and rewarding, and at the same time affords considerable benefits to companies which are serious about the professional management of their trademark portfolio.



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