

Costs, Likelihood of Success, and Timing for a Trademark's International Branding

Bruce Margulies.¹

I. INTRODUCTION

A benefit of the international treaties and laws regulating trademark registrations is the flexibility they provide. In the same vein, it may be hard for a non expert to determine which of the filing alternatives are best suited for their business objectives in terms of timing, likelihood of obtaining trademark registrations, and cost. I provide below an example of the decisional parameters and process based upon some hypothetical trademarks for a hypothetical product.

Assume you want to brand a new animal food product in one goods classification. You have a set of countries in which you hope to do business, and some tentative choices for the trademark for the new product. The target countries, are: U.S., Mexico, Argentina, Chile, Brazil, Ecuador, Venezuela, Columbia Italy, Spain, Greece, Germany China, India, Taiwan, Thailand, Malaysia, and Singapore. The tentative trademark is one or more of the following: AnimalFood, Bird2Eat and ChuppK.

First note that AnimalFood, Bird2Eat and ChuppK range from merely descriptive of the product ("AnimalFood") to arbitrary ("ChuppK"). Generally speaking, the chance of obtaining a registered trademark for an arbitrary mark is much higher than for a merely descriptive mark.

II. ALTERNATIVE FILING MECHANISMS

As to the filing mechanisms, the options include direct national filings, Paris Convention priority, Madrid Protocol, and Community TradeMark (CTM) for European countries.

I would not file under the Madrid Protocol for two main reasons. First, eleven of the eighteen countries are not members of the Madrid Protocol. Second, for the first five years after filing an international registration (aka Madrid), the international registration is dependent on the basic application (filed, for example, in the U.S.). This means that, during the first five years of the life of the international registration, if the U.S. basic application or registration is refused, withdrawn, cancelled or restricted, in whole or in part, then the international application will be restricted or cancelled to the same extent as the basic application. Of course, whether to use

Madrid depends in part on the likelihood of problems with the basic application. In addition, following publication of the basic application, there may be a third party challenge, adding uncertainty of obtaining foreign registration based upon the basic U.S. application. In our example, it is very likely that AnimalFood would not issue in the US, there is a chance that Bird2Eat, would not issue in the U.S., and there is a lesser chance that ChuppK would not issue in the U.S.

I would file a U.S. application, and then claim the Paris priority right to that application in subsequent foreign filings for the same mark. Paris provides for a priority claim without being dependent upon issuance of the U.S. application. It would also defer filing the foreign marks by six months from the date of the U.S. filing, which would provide for six additional months to decide the other countries in which to file the mark, and for which mark or marks to file. Another option would be further deferring filings in certain countries beyond six months from the U.S. filing date, thereby abandoning the Paris priority, until finally deciding in which countries the new product is to be sold.

In most filing scenarios, I would file a CTM application instead of a national application for the several desired European countries. The benefit of the CTM is that it covers all EU countries for a cost not more than that of prosecuting 3 or 4 national trademark applications. In this example, a CTM application would cover Italy, Spain, Greece, and Germany as well as all other EU countries (at an approximate cost \$6000 for filing, prosecution, and issuance).

III. ESTIMATES OF SUCCESS, COSTS

As to likelihood of success, costs, and timing, here are my estimates for each mark and each country, as of this year, 2007.

AnimalFood

In the U.S., I would estimate the likelihood of success as being less than 20 percent (because the mark would be rejected as merely descriptive). The estimated U.S. cost for prosecution is \$2500: \$275 USPTO charges, \$500 firm docketing fees (add \$400 if mark not in use at time of filing); miscellaneous processing fees mostly due to responding to office actions roughly \$1500 due to anticipated office actions. This assumes no appeal and no third party challenge. The estimated prosecution time is 1-2 years, depending primarily on the promptness

of responses to USPTO communications.

The chance of success in non English language countries would be higher for "AnimalFood" since that concatenation of English words may not be as descriptive of the product in the foreign language; this issue depends in part upon how prevalent English is in any particular country.

Foreign national trademark applications take about 1-3 years to prosecute to issuance. Total costs (which includes costs for government fees, attorney fees, and our foreign agent's fees) including issuance run \$2000-\$4000 per country, again assuming no adverse decisions, appeals, or third party challenges.

Thus, the total costs for prosecuting "AnimalFood" in the U.S. and the 17 listed foreign countries, over the next 3 years, would be about \$50,000, which includes a lower cost per application for the European marks due to the CTM filing and assumes no appeal or third party challenge. For budgeting purposes, assume half of those costs will be incurred in the first few months of filing due to the docketing and filing costs and fees.

Keep in mind that a registered U.S. trademark requires post-issuance action to maintain the mark's rights. These include filings showing actual use in commerce and an optional filing of an affidavit of incontestability five years after registration; and filings showing use in commerce every 10 years thereafter. The costs for each such filing in today's dollars is about \$500. In addition, I would anticipate maintenance fees every 10 years to be roughly \$500-\$1000 in each foreign country.

Bird2Eat

In the U.S., I would estimate the likelihood of success as being roughly 50-75 percent (somewhat descriptive, but depending on circumstances surrounding mark, may be lower due to added significance of the number 2 - for example, if there are 2 key ingredients or benefits to the product). The estimated U.S. cost for prosecution is \$2500: \$275 USPTO charges, \$500 firm docketing fees (add \$400 if mark not in use at time of filing); miscellaneous processing fees mostly due to responding to office actions roughly \$1000 due to anticipated office actions. This assumes no appeal or third party challenge. The estimated prosecution time is 1-1.5 years, depending on promptness of responses to requests for instruction.

The chance of success in non English language countries would be about 75 percent since "Bird2Eat" would not be a merely descriptive term.

ChuppK

In the U.S., I would estimate the likelihood of success as being roughly 75-90 percent (arbitrary; and a brief search found no confusingly similar marks). The estimated U.S. cost for prosecution is \$1500: \$275 USPTO charges, \$500 firm docketing fees (add \$400 if mark not in use at time of filing); miscellaneous processing fees mostly due to responding to office actions roughly \$500 due to anticipated office actions. This assumes no appeal or third party challenge. The estimated prosecution time is 1-1.5 years, depending on promptness of responses to requests for instruction.

The chance of success in non English language countries would also be roughly 75-90 percent since "ChuppK" is arbitrary and also is unlikely to be contested.

In summary, trademark filing involves weighing numerous financial and legal options and there are several filing strategies one can take. These strategies can change based on an examiner's adverse ruling or on a client's budget shortfall or windfall. Each proposed international branding campaign should be reviewed up front for chance of success, costs, and timing to ensure that your client can make an informed business decision.

1. I can be reached via my contact information on www.Neifeld.com or via telephone at 703-415-0012.

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