



International trademark law

Trademark protection in producer countries?

Frequently, western brand name producers and retail companies have their clothing articles manufactured in Asian producer countries etc. for price reasons. But do they also seek to protect the trademark rights in those countries where they do not wish to sell but to produce only? In the following, **textile** network highlights why trademark protection is also especially important in the producer countries.

China, beside Vietnam, Bangladesh, Cambodia, Thailand, Sri Lanka, the Philippines, Indonesia or Malaysia, is leading the list of favoured producer countries. The manufactured clothing wares are already frequently provided there with the brand name of the clothing supplier or retailer, respectively. And a lot of articles are already put into the final sales packaging – marked with the brand name of the foreign customer. By this point, the legal issue arises for him whether the protection of trademarks in the respective producer countries is reasonable.

Trademark rights are territorially limited

Many textile, clothing, and retail companies have their product trademarks comprehensively protected in all sales markets which are strategically important for them. It is overlooked in many cases, though, that it is of equal importance to sufficiently protect the trademarks also in the producer countries. Trademark pro-

tection and the associated challenge and defence rights in those countries should not be waived, especially by those companies that have their articles produced in the Far East or other emerging nations, since commercial protective rights as well as trademark rights are territorially limited. The protection of trademarks for a clothing label may generally be claimed and successfully enforced only in those markets where the trademark is registered.

"Notoriously" known trademarks

"Notoriously known trademarks" are protected in foreign countries without registration of the trademark only by way of exception, provided these countries abide by the Agreement Relating to the Paris Convention for the Protection of Industrial Property and have embodied the required instruments for the protection of notoriously known trademarks in their respective domestic law. Whether a trademark is to be re-

garded as "notoriously known" is assessed by the authoritative national bodies according to Section 6^{bis} of the Paris Convention. In China, for instance, a trademark is only considered to be "notoriously known" or "famous", respectively, if it is widely known throughout the affected Chinese population and enjoys a good reputation.

Only a few trademarks such as Coca Cola, Microsoft, IBM, McDonald's, Mercedes or Louis Vuitton enjoy such brand awareness and reputation. Therefore, clothing suppliers should by no means just rely on the high profile and good reputation of their fashion label in their home country, but should as well strive for having their trademark registered in the respective producer country. The protection of a clothing trademark, for example in Asian producer countries, is so important because it grants an exclusive right on the trademark according to national law to the trademark owner who produces or has produced on site. Any third parties



Illustration: Red Tiger Design, Daniela Breyer

can be prohibited to use, in commercial transactions, an identical or confusably similar trademark for identical or similar articles without the trademark owner's approval.

Export stop at the border

Consistent with the legal rules in both German and European law, the legal systems of most producer countries stipulate that using a brand on articles that is identical or similar to the registered trademark, its appearance or its packaging is to be classified as an infringement upon the trademark that may be barred by the trademark owner. This regularly applies also for the import and export of articles that are marked with the infringing label.

If the German trademark supplier XYZ has polo shirts produced in a clothing factory in Vietnam and marked with his XYZ fashion label, the hazard may arise that these garments are detained and seized by the Vietnamese customs during export at the initiative of a domestic trademark owner owning an older, colliding trademark. It will be elucidated by means customs or legal proceedings whether the export of the garments marked with XYZ infringes upon the rights of the domestic Vietnamese trademark owner. If positive, the trademark owner may, as a rule, lodge extensive related claims against the company exporting the infringing articles, such as disclosures, compensations, and even the annihilation of the illegally marked garments, if applicable.

Investigating trademark availability

Prior to clothing and retail companies initiating production abroad,

they should at first have a lawyer specialising in trademark law clarify if there are any third party trademark rights in the producer country of choice that might be opposed to the fabrication and export of textiles under the own trademark. Part of this is an investigation of the trademark availability for the respective country including professional evaluation. If there is a potentially similar clothing trademark "YZX" registered in the intended producer country, e.g. Vietnam, a lawyer might at first attempt, for example, to conclude on site a so called "agreement of delimitation and coexistence" with the owner of the potentially opposing Vietnamese trademark. Domestic trademark owners often readily agree to this for an "allowance for special expenditures" of 1,000 to 2,000 USD. As the case may be, the trademark may also be bought from its owner, or a license may be acquired for exporting own branded goods.

International registration

If no third party rights for the intended use of the "XYZ" trademark are infringed upon, e.g. in Vietnam, in particular for export purposes, the trademark should be protected for all goods to be produced in and exported from the producer country in question as directly as possible by lodging the trademark with the respective national trademark and patent offices (national trademark registration). International registration of a trademark according to the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement is more cost-effective and



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often more rapid. Both agreements are rooted in Section 19 of the Paris Convention. Trademark registration according to the Madrid Agreement and the Protocol Relating to the Madrid Agreement is administered by the World Intellectual Property Organisation (WIPO) in Geneva (CH).

78 countries plus EU

Currently, 78 countries as well as the European Community as a confederation are integrated in the Madrid system. Contracting parties to the Madrid Agreement and the Protocol Relating to the Madrid Agreement include China, Vietnam, Iran, South Korea, Cuba, and Uzbekistan. It is relatively inexpensive for western trademark owners to expand their existing national trademark registration or an EU mark as a "base mark" to those Madrid and Protocol Relating to Madrid countries that come into question as producer countries.

If, for example, the Germany-based company XYZ files its "XYZ" clothing label for "garments, headgears, and shoes" in class 25 with the German Patent and Trademark Office in Munich, it may, under the Madrid system, expand this national trademark to producer countries such as Uzbekistan, China or Vietnam under certain preconditions. In case the protection of a trademark under the Madrid system is out of the question because the desired producer country (e.g. Bangladesh, Cambodia, Thailand, the Philippines, Malaysia) has neither joined the Madrid Agreement nor the Protocol Relating to the Madrid Agreement, there is still the possibility to have the trademark registered on a national level in these countries. *Jens Steinberg*

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