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## *Protection of Patents and Trademarks Abroad*

Norman St. Landau\*

THIS ARTICLE IS INTENDED to point out succinctly some of the problems that the United States practitioner not versed in foreign practice may have to consider. Specific laws and specific manuals involving practice in various countries abroad, as well as many articles, have been presented frequently by others.<sup>1</sup> There are, however, a number of points in connection with protection of industrial property abroad which cannot be over-emphasized, but which we try to outline briefly.

### Timing

Timing is most important in protection abroad of industrial property, including both patents and trademarks. In fact, such timing is usually even more important abroad than it is in the United States.

*In connection with patents* the International Conventions<sup>2</sup> often give you one year delay for making the decision in those countries that are parties to these Conventions. Unfortunately countries of interest to you may not be parties to the Conventions, and reliance on the United States Statute giving you one year after first publication, sale or public use<sup>3</sup> may trap you if you are interested in protection abroad. For instance if you did not file any patent application until after the first publication occurred, you may have lost your rights abroad in countries where prior publication is a bar.<sup>4</sup> If you are interested in your foreign

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<sup>1</sup> Examples of some leading manuals: Moses, *Trademark Practice at the Patent Office* (1946); Fox, *The Canadian Law of Trademarks* (2 vls., 1956); Venkateswaran, *The Trademarks Act 1940* (1945); and the monumental German treatise: *Transpatent* (1949-to date).

<sup>2</sup> 119 U. S. P. Q. (7) II-XVII (Nov. 17, 1958); White & Ravenscroft, *Trademarks Throughout the World* 875 (Curr. ed.); Woodling, *Inventions and Their Protection* 202 (2d ed. 1954); Berle and de Camp, *Inventions, Patents and Their Management* 422 (1959).

<sup>3</sup> 35 U. S. C., § 102.

<sup>4</sup> Berle and de Camp, *supra* n. 2, at 423.

rights, make sure that patent applications are filed before anything takes place, here or abroad, that may be construed to be a public use, sale or publication. Also keep in mind that foreign countries may interpret something to be public use that our own authorities would never so interpret. Parenthetically we should also mention that you can file a patent application abroad too soon, namely before you have obtained an export license from the United States Patent Office for the invention, and that such filing under our laws may destroy your United States rights. The safe way to cover yourself is to file in the United States before publication, use or sale anywhere, and to file abroad promptly after obtaining the export license, which can be obtained promptly if you can demonstrate urgency to the Patent Office.

*In connection with trademarks*, the need for early protection abroad cannot be overemphasized. Foreign trademark rights are either based entirely on registration<sup>5</sup>, or at least some rights are obtained by early application for registration. If you are late in applying for registration you may either run afoul of many "trademark pirates" abroad, who read United States technical articles and advertisements in order to obtain "ideas" as to good trademarks to register and then graciously offer to surrender their rights upon your payment of some thousands of dollars. Or you may face a bona fide conflict with someone who happened to apply for registration of a similar trademark earlier than you did. If your trademark is used in countries having British-type trademark laws, keep in mind also that a license or "user" for a trademark that was not first applied for with the authorities, and which user was not registered with them, may invalidate your trademark rights. Early action accordingly is indicated.

### Where to Protect Yourself

This is largely a question of the amount of money available for a particular project and the amount that you may hope to obtain from it in the individual country for which you consider protection. United States protection constitutes a unique bargain in giving to you, for relatively little money, fairly complete protection in a market of 170 million *buying* consumers. Unfortunately, there is no area outside the United States that provides such a bargain. Abroad you often find that only a fraction of the population (and it may be a very small fraction

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<sup>5</sup> Beecher, 48 T. M. R. 797 (1958).

like 1-10%) are economically in a position to buy from you. Moreover, initial quotations, by your foreign associates, of the cost of protecting a particular invention in any given country only cover initial expenses. Your ultimate expense grows and grows with translation costs, costs of fighting opposition proceedings, and annual taxes, the total of which often greatly exceeds initial filing costs.

Some basic rules to follow in selection of countries are:

(1) Do not make your selection until you have to, which may be immediately in the case of items that are on the market or being publicized in the United States or anywhere in the world, but could be quite late if the item is not publicly used or publicized anywhere.

(2) Try to determine true market potentials from those knowing lines like your own in the countries concerned.

(3) If your item is not publicly known or publicized anywhere, be prepared to forego convention priority rather than sow your seeds to the wind.

*In connection with patents* too little attention is often paid to countries from which international competition emanates but which, because of such active competition, may not show themselves as important on your marketing charts. By all means consider such countries first in roughing out areas of protection. While costs of patent protection in Germany are quite high, it may pay you to protect your invention there (the United States has a treaty with the Federal Republic of Germany under which working of inventions is not required to maintain the patent) instead of seeking protection in a large number of small countries at a total cost greatly exceeding German patent expense and where your main competition would be German exports. When evaluating benefits from protection against effort and expense needed to obtain protection, give preference to countries that only offer basic patents over countries that give you a chance for "second-guessing" by offering "confirmation patents" as most Latin American countries, Belgium and Spain do. Confirmation patents are patents based on your patent elsewhere and extending the area of that patent to the country where you confirm. Canada and the large British commonwealth countries are often "best buys" for the American patentee.<sup>6</sup>

<sup>6</sup> See generally Fox, *The Canadian Law and Practice Relating to Letters Patent for Inventors* (1948).

*In connection with trademarks*, as distinguished from patents, consider first the countries where your main markets lie, and whether these are importing or producing countries, and protect first in those countries where rights are based upon registration. You often can afford to defer other countries, *provided that your trademark is actually used there*. Even the so-called "user" countries give you little or no protection if your trademark is neither used nor registered there. And even Common Law countries such as England and Canada give you some tactical protection based on early filing in the absence of registration or immediate use. (You have a six months period after allowance of your trademark registration within which to first use or advertise in Canada.)

### **International Planning**

Above all, and particularly when you are dealing with a series of inventions or trademarks related to each other, advance planning and sound programming are essentials for best results. Careful consideration should be given to countries presenting large markets in terms of actual consumption of items related to your invention or trademark, or providing active bases for competition with the product of your invention. Many companies have discovered that an invention protected in areas where they lack concrete means of profiting from the protection, turned out to be all expense and no profit. With few exceptions you should have definite ideas for exploiting patents and trademarks abroad. When embarking upon a venture you should avoid throwing good money after bad as soon as you discover that the plans are unlikely to develop into profits for your firm.

In connection with pharmaceutical and chemical protection particularly, you should consider that many countries abroad give only second class protection to pharmaceutical and some chemical inventions. Many Latin and some other countries require trademark applications or completed registration of trademarks for pharmaceuticals, cosmetics and foods before permitting manufacture or importation of the products.

Emergence of Common Market areas argues for protection in groups of countries rather than in individual countries.

### **Prosecuting Applications Abroad**

Patent and trademark attorneys outside the United States usually work directly with local patent and trademark attorneys or agents in other countries, while many United States attorneys

work through firms of international patent and trademark attorneys or agents. Whatever your preferred method of prosecution, you will find it important to follow the international prosecution closely. In many foreign countries the specification in a patent application is relatively more important and the claims relatively less important than in the United States.<sup>7</sup> United States legal opinion is divided as to whether what is said or done in the course of foreign prosecution may harm your United States case.<sup>8</sup> A foreign attorney or foreign or international patent agent, lacking your aid and your instructions may, in an effort to obtain the patent at all costs or as inexpensively as possible, disclaim parts of the invention that you would not wish disclaimed, or may otherwise tend to injure your protection. (In trademark cases<sup>9</sup> he may agree to limit your use or to give someone else a use to which you would object.) A disclaimer in the body of the specification of a patent in a country having but 1,000,000 potential users of your invention may present risks to your United States protection and to your worldwide protection in much larger markets, and thus prove to be a high price to pay for relatively little protection. In connection with valuable inventions it is often important to have at least the claims and also important statements of the specifications re-translated into English for your security. I recall one case where the foreign attorneys translated claims so as to transpose the wrapper of a device into its contents, and had substantial difficulties in attempting to correct this error after the United States attorney discovered it.

Regardless of how reputable and reliable your foreign attorney may prove to be, it is important for the domestic attorney to know what is going on abroad. Keep in mind also that examination abroad is often more thorough than in the United States, particularly examination in Holland. You should know what references were cited against the foreign cases, because the best art is often the art cited abroad.

### Contested Proceedings

In addition to the trademark oppositions to which you may be used in the United States, many important foreign countries

<sup>7</sup> For an extensive treatment of patent requirements in various foreign countries, see Berle and de Camp, *op. cit. supra* n. 2, at 418-446.

<sup>8</sup> Brown, 49 T. M. R. 515 (1959).

<sup>9</sup> Landau, Pearson & Watson, 48 T. M. R. 549-565 (1958).

also present oppositions in patent cases. Moreover, opposition abroad is much more frequent than in the United States,<sup>10</sup> particularly in Western Germany where some companies are reputed to oppose nearly every case originating with a competitor and where trademark applications facing ten or more oppositions are not unusual. The object of opposition proceeding is often to force you to make a deal with the opposers. Nevertheless, for United States firms, opposition in patent proceedings abroad is often inadvisable because such proceedings are expensive for the United States firm. In many cases such conflicts are not worth the trouble in view of the relatively small market involved, and most importantly of all because the short time limits often force you to bring opposition and cite art before all pertinent art is available to you. Under the circumstances a panel of representatives of leading United States firms engaged in patent and trademark management abroad agreed recently that bringing opposition in patent cases abroad is usually inadvisable for the United States firm.<sup>11</sup>

*In connection with trademarks*, on the other hand, opposition proceedings abroad are often worthwhile, and failure to take advantage of them may prejudice your client. The German and Swiss practitioners particularly are used to exact agreements that their clients' future trademarks either in Germany or elsewhere in the world will not be prejudiced because of failure to object to your trademark. Unless you obtain such assurances when the German or Swiss attorney is trying to register his client's trademark, you may find that his client will take advantage of your failure to object by taking action against the slightest variation or extension of your trademark.

Broadly speaking, however, in contested proceedings and litigations abroad you should keep in mind that the individual markets involved in any litigation are normally so much smaller than the United States market to which you are used, so that the possible profits from litigation are much smaller than in the United States, yet the costs of such litigation do not diminish proportionately. While we know of no statistics on this subject, individual inquiry in many countries has shown that the number

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<sup>10</sup> Federico, *Opposition and Revocation Proceedings in Patent Cases*, Senate Committee Study No. 4, pursuant to S. Resolution 167, 84th Cong. 2d Sess. (1957).

<sup>11</sup> Barton, Graham, Landau & Watson at a recent panel discussion of the N. J. Patent Law Association (1957).

of infringement cases abroad is much smaller, even in important countries, than it is in the United States.

### After You Have Obtained Protection Abroad

While United States, Canadian and Colombian patents, barring a finding of invalidity, normally remain valid throughout their respective lives, patents in most of the remaining countries, and trademarks in a few of them, require continued payment of annual fees providing revenue for both the foreign government and the foreign patent agents throughout the life of the patent. Annual fees in many of the important countries, including most British Commonwealth countries, Belgium, France, Holland, Ireland, India, Italy, Japan, Mexico, Spain, Scandinavia and Switzerland, increase with the age of the patent, reaching a climax in Germany where continuing a patent for the last years of its life may well prove more expensive than obtaining the patent in the first place. This means that foreign patents and also foreign trademarks require continued review to determine whether continued payment is still justified. While the French government has gone far in prolonging this agony of consideration and reconsideration by virtually forcing you at your own peril to make payments individually each year when they are due, attorneys and their clients have often found it to their advantage to devise systems of paying fees in other countries for several years at any time. This subject was raised interestingly and recently by Buckman.<sup>12</sup> In addition to taxes there are other steps often indicated to maintain the patent right. While some authors recommend various types of artificial working, *e. g.*, advertising the patent for license to get around the requirement that an invention be used to maintain the patent and preserve it from compulsory licenses, this writer takes a dim view of some of these artificial devices. It is true, however, that patents abroad are often more exposed than patents in the United States, because after a few years of grace the patent is exposed to compulsory licensing or in some instances even to cancellation when the invention is not in active use. Here again sound planning becomes important and foresighted patent owners frequently abandon the patent or patent application as soon as they are able to predict that they will not use the patent or find a licensee. *Trademark registrations*

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<sup>12</sup> Buckman, *How to Save on Foreign Patent Taxes*, 36 J. Pat. Off. Soc. 677 (1954).

*abroad*, once they are obtained, are in many cases considerably stronger than the corresponding United States registrations, and provide at times virtual monopolies and potent weapons. The main thing to watch, particularly in British countries, is to be sure that licensees are formally registered through so-called *registered users*. Here is another instance where close cooperation between client and attorney is paramount. Unless the attorney knows that the client's local subsidiary is manufacturing in a given British country or has found a manufacturing licensee, the attorney will be in no position to proceed with the registered user to protect his client.

In conclusion we again stress that foreign patents and trademarks are important assets and can become important liabilities, and that they must be watched carefully by all concerned during prosecution and even after they have been obtained.