HOW TO PROTECT YOUR BRAND IN FOREIGN COUNTRIES

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HOW TO PROTECT YOUR BRAND IN FOREIGN COUNTRIES

For any franchisor considering international expansion, it is important to understand (and hire professionals who understand) the importance and process of trademark registrations in foreign nations, and the results and/or consequences associated with a franchisor’s delay or failure to protect its intellectual property abroad. This paper addresses the process of trademark registration, the protections afforded by registered trademark rights, issues related to the enforcement of these rights and the issues that can arise in a franchising context. To the extent applicable, this paper also addresses trends, enforcement and protection issues in a variety of regions, including Africa, Asia, the Americas and Europe.¹

I. INTRODUCTION TO TRADEMARKS

There are three elements typically associated with the definition of a franchise:

- the license of trademarks;
- the payment of money; and
- A prescribed marketing plan.

Trademarks are arguably the most significant element. The intellectual property (“IP”) rights of a franchisor are an essential part of any franchise operation. It is vital that IP rights are properly considered early in the planning process, and dealt with long before an agreement is entered into by the parties.

The franchisor’s ability, through the ownership of IP rights, to prevent unauthorized third parties from reproducing aspects of the franchise business model legitimizes its goodwill and right to require and collect royalty payments from franchisees. Without the necessary IP rights, there is very little that a franchisor can offer to a potential franchisee. IP rights include trademarks, patents, trade secrets, confidential information or know-how, copyrights and designs. This paper will primarily focus on those issues presented by trademarks.

A. What is a Trademark?

A trademark is a recognizable insignia, phrase or symbol that denotes a specific product or service and that legally differentiates it from all other products. One of the most valuable assets of a franchised business is often the goodwill associated with its trademark. Trademark registration is the embodiment of this goodwill in a tangible asset and provides the franchisor with a monopoly right to use a name and/or design in relation to the goods and services covered by the registration. This also protects the franchisor’s right to prevent unauthorized use of the name or a confusingly similar name by potential competitors.

In addition to the brand name and logo traditionally associated with a business, there are other aspects of a company’s trade dress or layout that may be protected through trademark registration. The definition of a trademark in many countries has been extended to include other potentially distinctive elements of a brand such as colors, shapes, sounds, animated marks and

¹ The authors would like to thank the following individuals for their invaluable assistance in the preparation of this paper: Christine Danos, Aaron Hetherington, Mark Holah, Allan Poulter, and Robert Williams of Bird & Bird LLP and Nia Newton of Nixon Peabody LLP.
even smells, holograms and the trade dress of retail outlets. The exact scope of what can be protected varies between countries so advice from local counsel will be necessary when considering which trademarks to protect.

In addition to trademark laws, brand owners may also register design rights to protect their brand. A design right protects the outward appearance of the whole or part of a product. Although less common, trademarks, including word marks, may be included on the surface of a product and so could also be protected by design law. For example, in 2007, Apple Inc. filed an application to register its iPhone logo as depicted below, which is Registered Community Design no. 000754098-0001. The design is registered as a logo/graphic symbol:

![iPhone Logo](https://example.com/iphone-logo.png)

In the United States, a brand owner could also protect its brand through a trade dress or even a service mark. A trade dress registration protects a design symbol, or trademark associated with a brand. A registered trade dress can be used to prevent a third-party from creating and using designs similar to that of the brand owner. A trade dress consists of several functional and non-functional elements that are unique to the trademark owner and cannot be confused with the designs of other brands. A non-functional element in a trade dress could be a distinctive shape or ornamental design. Registration is premised on the applicant’s claim that the “total image” of its goods or services provided is distinctive to the brand. The key difference between trade dress and trademark is that trademark typically includes the logo and name, while trade dress covers the image and design. For example, in 2013, Apple Inc. protected the design of its stores based on their distinctive features. Brands that invest in the design of its stores and/or the packaging of its products should also investigate whether they can protect its trade dress, if the concept of trade dress is within the scope of what can be protected in the target country.

A service mark differs from a trademark in that a service mark advertises a service instead of a product. There is generally no “package” on which to place the mark, which is the customary practice for trademarks. For example, a private carrier can place its service mark on its vehicles. If the service deals with some form of communication, the brand owner can use a service mark consisting of a sound (a sound trademark) in the process of delivering the service. This has been done in the case of AT&T, which uses a tone sound followed by a woman saying the company’s name to identify its long distance service or Metro-Goldwyn Mayer, MGM, which uses the sound of a lion’s roar.

**B. National Rights**

Registered trademark rights are territorial, and a registration in one country does not necessarily grant rights to the use of that name or trade dress in another country. Indeed, the mere fact of having secured a registered trademark in one country provides no guarantee that the same trademark will be available for use or registration in any other country.

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A prospective franchisee considering entering into a franchise agreement with the franchisor is likely to require confirmation that the franchisor owns and has the right to use the trademarks associated with the franchise business. In some cases, a prospective franchisee may request additional warranties and indemnities from the franchisor. Therefore, where international expansion is anticipated, it is essential for a franchisor to conduct initial clearance searches to identify any potential infringement risks and, if available, apply for the appropriate trademark registration to cover that territory.

Although trademark rights are strictly territorial, regional trademark systems exist that allow trademark protection to be gained in multiple countries by filing one application. In addition to reducing the administrative burden of owning separate registrations, these systems provide a more cost-effective way of gaining trademark protections in a greater number of countries for franchisees intending to expand into multiple territories.

C. **Trademark Registers**

Most countries of the world have a national trademark register.³ Proprietary rights in a trademark may be established through actual use in the marketplace, or through registration of the mark with the trademarks office or “trademarks registry” of a particular jurisdiction. In some jurisdictions, trademark rights can be established through either or both means. As noted, there are also multilateral arrangements for the registration of trademarks, where it is possible to file one application for registration in multiple territories.

1. **Multilateral arrangements — European Union**

The European Intellectual Property Office (“EUIPO”), for example, administers a unified trademark registration system where a franchisor’s single application and registration provides protection in all member states of the European Union.⁴ Following the United Kingdom’s decision to leave the European Union (“Brexit”), a franchisor must consider securing registration at the Intellectual Property Office of the United Kingdom, in addition to a registration with the EUIPO.

2. **Multilateral arrangements — Africa**

Similar registration mechanisms are used in certain African states. The Organisation Africaine de la Propriété Intellectuelle (“OAPI”) covers trademark registration in 17 African nations. The African Regional Intellectual Property Organisation (“ARIPO”) covers the trademark registration in 19 African countries.⁵ OAPI system member states have no independent intellectual

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³ There are exceptions, however. It is not possible to register trademarks in the following African jurisdictions: Comoro Islands, Eritrea, Reunion, Somalia and Somaliland. See Spoor Fisher, Africa — Practical Aspects of Trademark Protection and Enforcement, September 2011. Moreover, service marks are widely registrable in Africa but still not in Malawi, Sierra Leone and Zambia. Id.

⁴ European Union member states include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and as of the date of this article, the United Kingdom. See also https://europa.eu/ohimportal/en/about-euipo.

property legislation. Each OAPI member state is a signatory to the Bangui Accord, which provides
the framework and a centralized intellectual property registry. Under the Bangui Accord,
proceedings may be brought before the national court of a member state in which the issues arise.
In theory, a final decision from the court of one state is binding on the courts of the other members.
In practice, however, there is a shortage of specialist expertise among practitioners and judiciaries
in the member states and there is minimal consistent case law.6

The ARIPO trademark registration system is governed by the Lusaka Agreement 1976
and Banjul Protocol. Unlike the OAPI, ARIPO member states have their own legislation and
trademarks offices. When filing an ARIPO application, an applicant must designate the member
state in which it wishes the ARIPO to be effective. Unless refused by any designated state, in
theory, the Banjul Protocol provides that ARIPO trademark registration has the same effect in
each designated state as a national registration. Practically, ARIPO trademarks are reliably
enforceable only in Botswana and Zimbabwe. Only Botswana and Zimbabwe have laws that make
specific provisions for the recognition of rights flowing from the ARIPO trademark registration. In
the other member states, it is doubtful whether there would be any recognition of the ARIPO
trademark registration in domestic legislation. As a result, ARIPO has not been as well received
as its counterparts, and trademark owners are usually advised to continue to protect their
trademarks by national registrations in the remaining jurisdictions of the ARIPO trademark
registration system.

3. Multilateral arrangements — Madrid Protocol

The Protocol relating to the Madrid Agreement Concerning the International Registration
of Marks (the “Madrid Protocol” or “Protocol”)7 provides a cost-effective and efficient method for
franchisors to file a single application to seek protection in multiple countries that are signatories
to the Madrid Agreement and Protocol, though the rights obtained are still granted on a territory
by territory basis.8

There are currently over 100 countries that are signatories to the Protocol (known as
“contracting parties”) including the European Union, the United States, Mexico, Russia, China,
India, Japan, Singapore, South Korea, Thailand, Australia and New Zealand. Some notable
exceptions include Hong Kong and the United Arab Emirates. Hong Kong is not a sovereign state,
which could explain why it has not adopted the Madrid Protocol. However, it has begun to take
steps to adopt the Protocol, although its participation will be limited to reflect its political status.
For example, it will be treated as the same contracting party as China.9 The political status of

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7 Its legal basis is the multilateral treaty Madrid Agreement Concerning the International Registration of Marks of 1891, as well as

8 The Madrid Protocol currently has 101 members covering 117 countries. These members represent more than 80% of world trade,
and are attached to this as Appendix B.

Taiwan and Macau could also explain their absence from the international registration system. Canada is expected to become a contracting party in 2019.

The Madrid Protocol offers a streamlined method of filing international trademark applications. Rather than filing separate trademark applications in each territory, trademark applicants can file a single application with the World Intellectual Property Office ("WIPO") which liaises with the trademarks registry in each country to have the applications examined and registered in each jurisdiction.

To be eligible to file an application under the Madrid Protocol, franchisors must have a connection with a contracting party to the Protocol. This will be satisfied where the franchisor is a national of or is domiciled in the contracting party. It will also be satisfied where the franchisor has a business in the contracting party or where it can show it has a “real and effective industrial or commercial establishment”\(^\text{10}\) in the contracting party.

The filing fees for a Madrid Protocol application include the first 10 years of registration of the trademark (once registration is achieved) and there is only a single fee payable to WIPO to renew the trademark at the end of the 10-year registration period, which is calculated depending on the countries and the number of classes in which the trademark is renewed.

A great benefit of the Madrid Protocol is that it is possible to add additional countries/regions to a registrant’s existing international trademark registration at a later date. A request to undergo such a procedure is called a “subsequent designation” application.\(^\text{11}\) The fees payable for the subsequent designation application depend on the number of countries and the number of classes included in the application.

Despite the substantial number of African members of the Madrid Protocol, there are doubts about their efficacy in several of them. It appears, for example, that international registrations are clearly recognized only in Algeria, Kenya, Madagascar, Morocco, Mozambique and São Tome and Principe. In the remaining countries on the African continent, it is unclear whether a party would have success in enforcing an international registration in domestic courts. This is particularly the case in the common law jurisdictions of Botswana, Ghana, Lesotho, Sierra Leone, Swaziland and Zambia.

\(^{10}\) Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (as amended on November 12, 2007, art 2(1)).

\(^{11}\) See [http://www.wipo.int/madrid/en/how_to/manage/designation.html](http://www.wipo.int/madrid/en/how_to/manage/designation.html). Depending on the date of your international registration under the Madrid Protocol, a franchisor may not be permitted to expand its geographical scope of protection in certain countries. For example, if an international registration was recorded in the International Register of the Madrid System before the date indicated below, a registrant will not be permitted to expand its geographical scope of protection in the following countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>November 18, 1998</td>
</tr>
<tr>
<td>India</td>
<td>July 8, 2013</td>
</tr>
<tr>
<td>Namibia</td>
<td>June 30, 2004</td>
</tr>
<tr>
<td>Philippines</td>
<td>July 25, 2012</td>
</tr>
<tr>
<td>Turkey</td>
<td>January 1, 1999</td>
</tr>
</tbody>
</table>

In those cases where subsequent designation is not an option, a registrant may either: (a) file a domestic trademark application directly in the country/region of interest, or (b) file a new international application designating that country/region.

D. Nice Classification

As mentioned above, trademarks are registered for specific goods and services. The Nice Classification\(^{12}\) is used by the majority of countries around the world as a way of identifying the goods and services that a trademark registration covers. See Appendix D. The Nice Classification is split into 45 classes, the first 34 of which are for goods, while the remaining 11 classes are for services.\(^{13}\) When filing a trademark application, franchisors should consider protecting their brands in all of the classes that they will, or may, use their brand. This will ensure that franchisors are appropriately protected to enforce their rights against third parties who infringe a trademark by using an identical or similar mark in relation to identical or similar goods or services. For example, a motor vehicle manufacturer would register its brand in class 12 for vehicles. However, it may also intend to use the mark for other goods and services. For example, badges applied to the vehicle are often a source of counterfeit products and therefore a motor vehicle manufacturer may consider expanding the scope of its protection for the house brand to include relevant goods or services (such as motor vehicle repair services), which are separately classified under the Nice Classification. The service classes should not be overlooked. Brand owners often register their marks in class 35 since it protects traders for the retail and wholesale of their goods.

E. Clearance Searches

Before launching a brand, it is imperative that trademark clearance searches are conducted. These searches, depending on the jurisdictions, may involve reviewing common law trademarks, pending and abandoned trademark applications and existing and expired trademarks in the national trademark registries in the target countries. Assessing the availability of a trademark may also involve searching and analyzing trademark use and registration data from a variety of other sources, including business name records, websites, domain name records and commercial usage.

The internet provides a number of easily accessible tools for analyzing the availability of a proposed new trademark. When commencing a search, informal searches with search engines such as Bing or Google may reveal prior uses of the proposed new trademark or a similar trademark that could be potentially problematic. For more formal international searching, trademark owners rely on:

- subscription databases, such as Trademarkscan or Saegis. These services have websites that maintain a list of the countries and organizations in its database;
- when and where available, online records of national trademark offices;
- consolidated international screening searches offered by commercial search vendors that include:
  - Country Identical Screening Search (KISS), which searches for identical marks in

\(^{12}\) The Nice Classification is an international classification system used to classify goods and services for the purposes of the registration of marks. The Nice Agreement is the World Intellectual Property Organization (WIPO)-administered multilateral treaty that establishes the Nice Classification. It was signed in Nice, on June 15, 1957, and entered into force on April 8, 1961. It was revised in Stockholm on July 14, 1967, and in Geneva on May 13, 1977, and modified on September 28, 1979. See the WIPO website for additional background on the Nice Classification. [http://www.wipo.int/classifications/nice/en/faq.html](http://www.wipo.int/classifications/nice/en/faq.html)

\(^{13}\) Id.
any target market;

- Regional Identical Screening Search (RISS), which searches for identical marks in certain geographic regions or a “custom” region;

- Worldwide Identical Screening Search (WISS), which searches for identical marks in more than 200 available target markets and trademark offices; and

- in-depth availability opinions from local counsel in relevant foreign countries.14

The objective is to identify potential roadblocks to an individual or entity’s successful registration of a trademark. In some cases, when a franchisor with an established brand in Country A makes the decision to expand its operation into Country B, the clearance searches will help to identify local registrations that could be relied upon by their owners to prevent the franchisor’s proposed use of that trademark or name in Country B.

In the event this occurs, the franchisor will either look for ways of overcoming the local registration (which could be by way of attacking the validity of the registration, acquiring the registration or agreeing to some form of co-existence with the owner of the conflicting right). Attentively, the franchisor could consider adopting a new brand name for that particular country, although this is certainly not the preferable option.

Regardless of the option selected, it is essential that businesses consult with and retain local counsel in the target countries to conduct local trademark searches. Such local counsel will advise on local customs and laws, and any potential impediments surrounding the use and registration of the proposed mark in the specific territory.

F. Unregistered Trademark Rights

In some countries, it is possible to acquire enforceable rights in a name even in the absence of a trademark registration. However, relying upon unregistered rights should not be seen as a viable substitute for securing trademark registrations where available. It is generally more expensive and difficult to establish an infringement of an unregistered right than it is to succeed in an infringement action based on a registered trademark. Furthermore, the existence of the trademark registration itself can prove to be a deterrent to a third party’s use of the same or similar name assuming, of course, that the third party bothered to conduct clearance searches before adopting the name.

When conducting clearance searches in countries that recognize unregistered rights, it is important, in addition to conducting searches of the trademark registers, to conduct further research to ascertain whether the name is being used in relation to relevant goods and services. This will generally involve internet searches and searches of local domain names and company registers and directories.

G. Importance and Advantage of Registering Trademarks

A trademark registration is a monopoly right. The owner can prevent anyone else from

using that trademark in the territory in which it is protected in relation to the goods and/or services covered by the trademark registration. Moreover, this prohibition is irrespective of the infringer’s knowledge or motivation. In some circumstances, the rights given by a registration can extend beyond the trademark registered. It can be used to prevent the use of confusingly similar trademarks. The rights provided by a registration can also extend beyond the goods and/or services covered by the registration. For example, it can be used to prevent use of the protected trademark in relation to similar goods and/or services and, in some circumstances, where the trademark has a well-known reputation, in relation to any goods and/or services. For instance, the General Court of the EU allowed an opposition by the owner of the mark VIAGRA against an application for the mark STYRIAGRA, notwithstanding that the goods were dissimilar. STYRIAGRA covered goods such as dried fruits in class 29, while VIAGRA was registered in class 5 for pharmaceutical preparations. The opposition succeeded due to the significant reputation of VIAGRA throughout the EU.

Franchisors should file applications to register their trademarks as early as possible because the first person to file an application to register a trademark gets the strongest rights in many territories. Early registration prevents a third party from trying to file applications for a franchisor’s relevant trademarks once they discover the franchise business is interested in entering the relevant territory. In short, it ensures the franchisor’s ability to grow and thrive without the risk of copycat institutions or other IP infringements.

It can, however, be costly to file trademark applications that the brand owner does not ultimately use. In addition, trademarks become vulnerable to cancellation actions for non-use by third parties after three or five years depending on the jurisdiction. Attempts to preserve these rights could bring the rights owner into proceedings before a trademarks office, which can result in high costs. However, this can often be counteracted by filing fresh applications to replace those registrations that become vulnerable to claims of non-use by third parties. If this course of action is pursued, the cancellation actions do not need to be defended, which would save the rights owner the cost of litigation.

II. PROCESS OF REGISTERING A TRADEMARK

A. Trademark Applications Generally

The standard process of a trademark application in any country typically begins with filing the trademark application at the national trademarks office in the target country. Usually, trademark applicants must have an intention to use the mark for the goods and services claimed in the application. Each territory approaches this question differently.

When filing a trademark application, the applicant must identify the specific goods and services to be covered by the registration, and identify the classes within which such goods and services fall. Most countries have adopted the Nice Classification System, which divides the register into 45 classes. However, the way that the different territories deal with the classes, and the description of the goods and/or services between them, can vary enormously. For instance, China has its own sub-classes within each Nice class, and trademarks can coexist within the

10 T-662/16 Gall Pharma GmbH v EUIPO; Pfizer Inc.

16 A list of the 45 classes are attached to this paper as Appendix D.
same class if the goods or services belong to different subclasses.

The degree of detail and specification needed in a description will also depend on the jurisdiction. In the European Union, a franchisor could designate its product as “downloadable software” and nothing more. In the United States, the same franchisor would be required to indicate what its software is for. That could result in an extensive list, if the franchisor produces different types of software.

The relevant classes of goods and services for franchisors depends on the scope of the franchisor’s business. As noted above, an important class to consider for all franchise operations is class 35, which covers retail and wholesale services and advisory services relating to franchising. In considering the relevant classes, the services of a local advisor can prove to be invaluable as she or he will be able to prepare a detailed specification of goods and services that protects the franchisor’s mark, taking into account local law.

Once the proper class has been identified and the trademark application has been filed, the process before it becomes registered also varies between countries. However, in virtually every country, there are two grounds for rejecting a trademark application (or cancellation of a registration), which are:

1. The trademark is not inherently capable of registration. Often, this grounds for rejection is used because the trademark is not distinctive or is descriptive. This is sometimes referred to as “absolute grounds” for refusal of the application. It is typically raised by the local IP office in the relevant territory. It assesses whether the mark applied for satisfies the criteria for registration within that territory as part of the application process; and

2. The trademark conflicts with earlier rights. Typically, this grounds for rejection is used because there are existing earlier trademark rights. It is sometimes referred to as “relative grounds” for refusal of the application. This grounds will be identified by the local IP office as part of the examination process, but it is typically raised as a result of the owner of the earlier right filing an opposition against the application.

If an examiner in any of these territories raises an objection, the trademark applicant must overcome these objections before the trademark is registered.

Once the examiner has accepted the trademark for registration, the mark will usually be advertised in the target country’s official journal of trademarks. This typically commences an opposition period of usually two or three months, whereby third parties can seek to prevent the registration of the trademark in that country, if they have an earlier conflicting right or if there is some other basis on which the registration should be refused. If no oppositions are filed, the trademark will be registered in the specific territory.

One of the key values of a trademark registration is that potentially the rights can last in perpetuity, although the registration might need to be renewed periodically. In virtually every territory, the renewal period is 10 years. In addition, in most territories, it is necessary for the trademark to continue to be used, otherwise it can be removed from the register. The non-use period is either three years or five years. This varies between territories. Also, in some territories, it is not possible to maintain a registration without filing a declaration and proof of use periodically,
normally at the time of renewal. For example, there is a requirement in the U.S. to file evidence of use, or justifiable non-use, of the trademark between the fifth and the sixth year of the first registration term, as well as within the year leading up to the trademark renewal. If these requirements are not met, the registration is cancelled automatically.  

B. **Nuances in the Trademark Registration Process Internationally**

Each target market presents distinct challenges to a franchisor in its quest to register its intellectual property. For example, upon filing a trademark application in Australia, it is implied that the trademark owner is using, or intends to use the trademark for the relevant goods and services claimed in the application. However, in the United States of America, applicants must have either actual use or an intention to use the mark.

Under the Nice Classification System, China operates a sub-class system that further divides the 45 classes. Trademark applicants must be aware of filing their applications in the right sub-class and seek local advice as to the best sub-classes for the franchisor’s goods and services. A further example is Canada, which historically did not adopt a classification system to define the goods and services in an application. This changed on January 1, 2017, and the Canadian Intellectual Property Office now applies the Nice Classification System. With this change, Canada falls into line with many territories around the world.

Each trademarks office will also approach ‘relative grounds’ and ‘absolute grounds’ for refusal of registration differently. In places like the United Kingdom, Germany and France, trademarks offices have done away with relative examinations and will only assess an application for registration of a trademark on absolute grounds.  

This is in contrast to the position in other territories such as Australia, New Zealand, the United States, Japan, Canada, China, South Africa and Hong Kong where trademark applications are examined on both absolute and relative grounds.

C. **Trademarks in the Franchise Context**

There are a number of matters to be considered by an expanding franchisor when dealing with trademarks in an international franchising context. In addition to trademark registration, a franchisor must protect its trademark rights by ensuring that it has clear and enforceable agreements with franchisees that cover franchisees’ use of, and rights to, the trademarks. Franchisors may have to determine whether the trademark license can be incorporated in the franchise agreement, or whether it should be documented separately; or whether the franchise agreement or a trademark license needs to be recorded with the national trademarks office in the particular country. Franchisors may also have to determine the rights of the franchisee to bring actions for infringement; and among other things, the administrative factors associated with registration in a particular country, such as the duration of the registration process, likelihood of receiving comments from the trademarks office or being required to modify the trademark

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19 *Id.*
application, and associated costs.

Generally speaking, trademark licenses can be incorporated as part of a franchise agreement. There is no requirement for two separate agreements; franchise agreements do not need to be recorded with national trademarks offices. The right of the licensee to sue third parties for infringement is determined by the terms of the license agreement, although some powers are granted to licensees in the absence of terms in the license. In Hong Kong, an exclusive licensee can bring proceedings unless the licence agreement states otherwise. Non-exclusive licensees can request that the licensor initiate proceedings on their behalf. If the licensor refuses, the non-exclusive licensee can initiate proceedings in their name, but must join the licensor. Ultimately however, it is absolutely imperative that the franchisor is aware that each territory may have their own distinct requirements and procedures. Some of these distinctions are explored in Appendix B to this paper below.

III. RESULTS AND/OR CONSEQUENCES ASSOCIATED WITH DELAYING OR FAILING TO REGISTER TRADEMARKS

A franchisor’s failure to register its trademarks in the countries where it intends to expand, or its delay in initiating trademark registration in those countries, may have debilitating consequences. The failure by a franchisor to timely and properly register its trademarks could result in the unauthorized use of the trademarks by third parties, and make it more difficult for a franchisor to bring a claim of infringement. There is also the possibility that the franchisor’s use of its own trademark may be legally prohibited if a local registrant already has ownership rights to such trademarks. As it relates to international expansion, some of the most common consequences relate to “trademark squatters.”

Trademark squatters are a nightmare for any brand owners and global business entities. Trademark squatters in foreign countries register other people’s marks as their own to gain benefits from the original marks or real trademark owners. One of the most notorious countries known for this conduct is China.

A. Personal Brands and Trademark Squatting in China

China is ripe for trademark squatters to take advantage of popular global brands. China is a first to file jurisdiction, which means that the person who secures a registration for a trademark in China first is the person that is entitled to use it. This is in contrast with many jurisdictions around the world where consideration is given to the rights of the person that is the first user of the mark in a specific territory. China’s use of the sub-class system to classify goods and services also results in narrower protection for trademark owners. English marks also have Chinese language equivalents, meaning squatters can register both the English and Chinese variation, as well as transliterations, to prevent the use of the brand in any form.

Trademark protection in China is therefore much narrower than other countries. Trademark squatters can file applications for marks that they know are in use in China or elsewhere but have not yet been applied for or registered with the China Trademarks Office (“CTMO”). They usually operate by identifying brands that are gaining recognition and take steps to register the brands in China, including by filing its Chinese equivalents and transliterations.

20 https://uk.practicallaw.thomsonreuters.com/w-011-8315?transitionType=Default&contextData=(sc.Default)
These third parties then typically 'squat' on the registered trademarks until the emerging business decides that it wants to expand into the Chinese market. The business will then find itself unable to use its brand in China due to the squatter’s registered trademark. The squatter can then hold the business hostage by offering to sell the mark for a significant amount of money.

Generally, within the CTMO framework, franchisors typically adopt one of three approaches to deal with pirated trademarks:

1) file an opposition or invalidation action against the infringing trademark;
2) file a non-use cancellation action (available if the pirated trademark has been registered for more than three years); and/or
3) purchase the trademark from the squatter if the price is reasonable

**Option 1: Filing Opposition/Invalidation Action Against the Pirated Trademark**

A notice of opposition must be filed with the CTMO within three months after the trademark application is published for opposition. If the CTMO dismisses the opposition proceeding, there is no administrative appeal available for the opponent against the decision and the pirated mark will be approved for registration shortly thereafter.

An invalidation is an action against a registered trademark to remove the registration from the Chinese Trademarks Register. Theoretically, the invalidation action can be filed at any time after the registration of the infringing trademark. However, if a mark has been registered for more than five years, the owner must prove that its mark is a well-known trademark and the registrant registered the mark in bad faith. Accordingly, if an invalidation action is filed against a registration that has been registered for longer than five years, the legal basis for invalidation is limited and the evidentiary burden required to succeed substantially increases.

Under the Chinese trademark law, the opposition/invalidation action could be filed on the following legal basis:

a. Prior trademark rights: The brand owner owns a prior trademark application/registration that is similar to the pirated trademark for identical/similar goods/services;

b. Prior copyright (if the trademark consists of copyright elements such as logos or stylized fonts): The brand owner owns a prior copyright in elements of the pirated trademark. A copyright registration is strongly recommended, along with other supporting evidence to establish this claim;

c. Prior use and reputation of goods/services identical or similar to those covered by the pirated trademark: Prior to the application date of the pirated trademark, the brand owner used the trademark commercially in China and established the reputation of the trademark on the goods/services covered by the pirated trademark. Further, infringer filed the pirated trademark in bad faith as a pre-emptive registration of the brand owner’s trademark. To succeed on this ground, a significant amount of evidence of

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use in China is required to prove the trademark’s fame;

d. **Well-known trademark recognition**: The brand owner’s trademark has reached well-known status before the application date of the pirated trademark and thus cross-class protection should be granted. The threshold for establishing a well-known claim in China is very high and requires evidence of long-term and substantial use in China;

e. **Prior business dealings**: The agent or representative (including those parties with prior business dealings with the brand owner), without the authorization of the principal, registered the pirated trademark in the agent’s name; and/or

f. **Constant bad faith in trademark squatting**: The pirated trademark owner holds a large number (usually at least in the hundreds) of trademark registrations which are imitations of other parties’ famous trademarks.

**Option 2: Filing Non-use Cancellation Action Once the Mark is Registered for Three Years**

If the pirated trademark has been registered for more than three years, it may be vulnerable to non-use cancellation. The burden of proof is on the trademark registrant to show evidence of genuine commercial use on the designated goods/services in China. Considering that most trademark squatters aim to make a profit by selling the pirated trademarks to the brand owners, these pirate trademarks are usually not put into actual commercial use. Accordingly, non-use cancellation is a preferred action for those vulnerable pirated registrations. The drawback is that the brand owner would have to wait for the 3-year registration period, which might delay the client’s use and promotion of its own mark in China.

**Option 3: Purchasing the Trademark from the Squatter**

If the brand owner has very limited prior rights in China but would like to obtain the trademark rights in China as soon as possible, it may consider purchasing the pirated trademark from the squatter. Compared with the other options mentioned, this option is often the quickest way to obtain the pirated mark with the least amount of legal uncertainty. However, the difficulty with this option is negotiating a price that satisfies both the buyer and seller.

Well-known brands have fallen victim to trademark squatters, and this can lead to lengthy and costly disputes. Michael Jordan won a partial victory in a Supreme Court case in China against Qiaodan Sports, which was using the Chinese language equivalent of Jordan’s name, Qiaodan, to sell footwear that mimicked the “Air Jordan” brand. Although Qiaodan Sports was ordered not to use the Chinese variation of Jordan “乔丹,” they could continue to use a Romanised version “Qiaodan.” The Court held that there was an established link and association in the minds of consumers between Michael Jordan and “乔丹,” since the Chinese characters were a translation of the English name “Jordan.” Qiaodan was found to have acted with malicious intent in registering the mark knowing of the connection it had to Michael Jordan. The registration of the mark was accordingly cancelled. However, the verdict differed on the “Qiaodan” mark, which was an English transliteration of the Chinese sign. Since Michael Jordan had never used “Qiaodan” itself, the Court held that consumers would not associate a link between the two. Qiaodan Sports
could therefore continue to use “Qiaodan,” pronounced “Chee-ow-dahn.” Photographs of the Jordan copies as well as some of the cases outlined below are set out in Appendix A to this paper.

Tesla has reportedly been involved in a dispute with a trademark squatter, who registered the TESLA mark in China prior to Tesla. Tesla offered the squatter $326,000 for the mark, although he reportedly demanded a significantly higher sum totalling millions of dollars. Tesla finally settled in 2016 after a lengthy dispute, with the squatter agreeing to cancel his trademark and transfer his domain names, giving Tesla the ability to use and register the TESLA mark in China. The financial costs involved have not been disclosed, although undoubtedly they were significantly higher than if Tesla had filed its trademark applications in China at the inception of its business, or before taking any other steps to license the brand.

Giorgio Armani also fell victim to trademark squatters with the Chinese character version of the name registered by a third party for use on cosmetics and other products. The dispute lasted over a decade, and Armani had to spend time and money collecting evidence of its fame. Ultimately, the Court held that the Chinese character equivalent was associated solely with Armani, in the same way the Court did in the Jordans case.

Kate Moss has also succeeded in having Chinese trademarks for KATE MOSS in both English and Chinese characters cancelled from the trademarks register in China. While the dispute took over five years in lengthy legal proceedings, the Court held that the Chinese registrant was unfairly using the marks, and infringed Kate Moss’ name rights. The registrant could not explain why their use of the mark was legitimate. They were also operating in the clothing industry and should have been aware of who Kate Moss was.

B. IKEA

There have also been reports of a copycat IKEA store in Kunming, China, operated under the 11 Furniture brand (“11 Furniture”). The layout and trade dress of IKEA stores was replicated by 11 Furniture, although the name “IKEA” was not used.

11 Furniture copied the colors, layout and design of IKEA’s stores. The iconic blue and yellow colors that IKEA uses extensively in its branding, were followed so closely that 11 Furniture replicated even the serving of a signature dish. While IKEA serves Swedish meatballs, 11 Furniture serves Chinese-style braised minced pork and eggs. 11 Furniture also mimicked the IKEA logo, shopping bags and store model.

To date, IKEA has not taken action against this “fake IKEA” and 11 Furniture is still...
operating using the same trade dress. One option available to IKEA to combat this problem may be to register trademarks for the layout of their stores.

C. Apple

A number of “fake” Apple stores have opened in Kunming, China, selling genuine Apple products under the guise of “real” and authorized stores.

These stores copy Apple stores in many ways. The layout of the stores is identical, with the staff wearing dark blue shirts with the Apple logo printed on the back. The stores use the name “Apple store,” although Apple does not use any words on the front of its stores, but simply uses the famous Apple logo to indicate its presence to consumers. Reportedly, the copying was so extensive that some staff members in the copycat stores believed that they were employed by an authorised Apple store.28

Following widespread publicity about the fake stores, Chinese authorities closed two stores on the grounds that they lacked a suitable business license. However, many stores still remain in operation, including one store that received international media attention.

Apple has been unable to take action in China, but, it seems to have learned from its experience in China. It has begun to register trademarks for the layout of its stores in other countries, recognizing the value of different forms of protection. Apple has since obtained trademark protection in the U.S. for the design and layout of its stores.29 This highlights the importance of seeking trademark protection for new and innovative types of marks to protect against unauthorized copycat operations.

D. Burger King

The above mentioned examples demonstrate the issue many popular brands may have with trademark squatters in China. However, popular brands have also had their fair share of similar issues due to coincidental third-party ownership of their principal trademarks. Burger King, for example, was famously unable to use the “Burger King” brand in Australia since a small restaurant already owned a trademark for the name. Burger King therefore gave its franchisee, Jack Cowin, a number of options as alternatives. He chose "Hungry Jacks," which is still in use throughout Australia today.30 Earlier prior registered rights, which in this case was a result of coincidence, prevented Burger King from using its brand abroad. This highlights the importance for franchisors to identify key territories early so that clearance searches can be conducted to ensure the brand is available for use.

These cases all highlight the importance of considering filing Chinese trademark applications from the outset of starting a brand, and any other territories franchisors may wish to expand into in the future. Brand owners could file a trademark application if they believe there is a possibility they may expand into the Chinese market in the future so as to not fall foul of the

28 https://www.albright-ip.co.uk/2013/06/apple-trade-mark-protection-for-store-design-and-layout/
30 https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1667&context=njilb
first-to-file system. By doing this, they will own the rights to their brand in China and they will be able to assert their rights against third parties and prevent lengthy and costly litigation proceedings. The form of protection is also a key consideration here, since the English and Chinese variation of a word mark should be applied for, as well as any transliterations. Once those rights have been secured, right owners should put in place a trademark watching service through their local lawyers to ensure that third parties are not attempting to register an identical or similar mark for identical or similar goods and services.

IV. ENFORCEMENT OF RIGHTS

Once the brand owner encounters an infringer of its trademark and determines that the recourse provided by the trademarks office does not offer a viable solution, often consideration is given to legal recourse and other enforcement alternatives in the target country. Ideally, the brand owner would have already done due diligence in the target country prior to the infringing act to determine what remedies may be available.

Perform Takedowns on Websites

In China, and in several other countries, once a brand owner has registered its IP, it can perform takedowns of infringing products from Chinese websites. All of the major Chinese websites have established takedown procedures including Alibaba,31 (www.alibaba.com), Taobao (a website similar to eBay)32 and Baidu (a popular search engine).33 Takedown procedures generally involve first submitting to the website identification and proof of IP ownership (e.g., a copy of the trademark) and information on the infringing products (e.g., URLs for infringing product listings). Some websites allow the infringer to immediately challenge the takedown while others (e.g., Taobao) will perform the takedown, but allow the seller the opportunity to appeal the takedown decision afterwards. Often, takedowns can be completed within a week.34

Register with Customs

Another enforcement option is to register with the customs agency in the target country to shut down the international trade and shipment of infringing products. For example, Chinese Customs will block both the import and export of infringing products into and from China. A brand owner may find it useful to block the export at the source, instead of (or in addition to) registering in each individual country that imports a brand owner’s products. Although any type of IP can be registered with Chinese Customs, a brand owner may have the most success enforcing trademarks and design patents, because it is easier for Chinese Customs agents to identify infringement. Providing Chinese Customs with relevant information, such as the names of the

31 Alibaba is a Chinese multinational e-commerce, retail, Internet, AI and technology conglomerate founded in 1999 that provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web portals, as well as electronic payment services, shopping search engines and cloud computing services. It owns and operates a diverse array of businesses around the world in numerous sectors. See www.alibaba.com

32 Taobao is a Chinese online shopping website, headquartered in Hangzhou, China, and is a subsidiary of Alibaba Group. It is the world’s biggest e-commerce website, as well as the ninth most visited website in the world according to Alexa. See www.taobao.com

33 Baidu is a Chinese multinational technology company specializing in Internet-related services and products, and artificial intelligence, headquartered in Beijing. It is one of the largest artificial intelligence and internet companies in the world. Baidu is currently ranked 4th overall in the Alexa Internet rankings. See www.baidu.com

local manufacturers and/or ports of export or import will improve the likelihood of success.\textsuperscript{35}

Legal Recourse

Increasingly, developing countries are making strides to strengthen legal frameworks for the protection of intellectual property. For example, Cameroon has made it clear that it will not tolerate IP infringement. Recently, the Cameroon government amended its penal code to create a number of new criminal offenses related to the infringement of trademarks, patents, designs and copyright.\textsuperscript{36} Forging a registered trademark is a criminal offense as well as concealing, selling, exporting, importing or using any object that constitutes an infringement of a registered trademark. Penalties are severe and may include fines and prison terms of up to two years.\textsuperscript{37}

A local court in Cameroon is granted a broad range of powers. It can order confiscation and delivery-up\textsuperscript{38} of infringing goods and equipment used in the infringement. It can also demand that its judgment is published in any media that it deems appropriate and demand that the offender pay for the publication. It can disqualify the offender from membership at a Chamber of Commerce for a period of 10 years. Whether these laws will be enforced and whether other OAPI member countries or other African or developing countries will follow the lead of Cameroon, remains to be seen.\textsuperscript{39} Although African countries have a number of laws that protect IP, often these laws are not tested. In fact, there are only a small number of judges and lawyers well versed in intellectual property issues.\textsuperscript{40}

These problems are not, however, unique to the African continent. Many developing countries are challenged by establishing an appropriate legal and institutional framework, creating awareness of the importance of IP rights and enforcing those rights. When a brand owner considers where to expand, it would be prudent to considering whether the target country has the following brand protections in place to enforce its IP rights:

a. A system of civil judicial procedures and remedies. This would include injunctions for a party to desist from an infringement, the attribution of adequate damages and expenses, destruction or removal of infringing goods from the channels of commerce, materials or machinery used in the production of such goods and the closure of facilities where production or trade of infringing goods take place. Brand owners should seek guidance from local counsel to determine if these remedies are available, and, if so, whether they are expensive to obtain and/or easily-circumvented.

\textsuperscript{35} Id.

\textsuperscript{36} Law No 2016/007 of July 12, 2016.

\textsuperscript{37} Id.

\textsuperscript{38} “Delivery-up” is the act of giving something back to someone, especially so that it can be destroyed. Examples include counterfeit or infringing goods produced in breach of intellectual property.


\textsuperscript{40} Id.
b. A system of provisional or temporary protective measures to prevent the infringement of an intellectual property right from occurring and/or to preserve relevant evidence in regard to an infringement (such as raids, seizures, suspensions of release into trade channels, provisional closing of facilities, etc.), including, in urgent cases, measures issued *ex parte*.

c. A system of criminal procedures, leading to the imposition of deterrent penalties such as fines or imprisonment terms, seizure, forfeiture and destruction of the infringing goods and the machinery or materials used in the production of such goods, closing of retails or outlets, etc.

d. A system of penalties for infringements, piracy and counterfeiting.

e. A transparency in the enforcement system, which means that rights holders understand the process and what has occurred in connection with ongoing investigations and cases.

f. A public awareness of intellectual property laws in the target country.

g. Finally, a review of the IP legal enforcement framework of the target country should also consider whether there are adequate funds, computer facilities and manpower, as well as an adequate understanding and appreciation among regulatory officials, distributor networks and consumers of the benefit of IP rights.41

An analysis of each of these points will inform the brand owner of potential next steps and remedies that are viable when faced with an infringement.

V. BEST PRACTICE TIPS FOR FRANCHISORS

Trademark registration is a personal property right with value in itself. Owning a trademark registration is taken as proof that the franchisor is entitled to the rights given by the registration, so no additional evidence of ownership needs to be provided. Registered trademark rights will undoubtedly be a stronger deterrent to unauthorized use than unregistered trademark rights, and will help to prevent infringements. Franchisors looking to expand their franchise operations internationally should be aware of, and hire local counsel to assist in navigating, each territory’s trademark registration process.

When a franchisor determines that it is time to expand its operations internationally, it is best for the franchisor to:

1. Seek and hire local lawyers to help navigate the trademark registration process;

2. Conduct clearance searches for its mark as soon as possible;

3. File as soon as possible to secure the earliest possible filing date—especially important in first-to-file jurisdictions like China;

4. Consider the best form of protection for its mark—word mark, device, slogan, shape, color, sound, scent, store layout can all be protected;

5. Consider which territories the franchisor will file its trademark in and the most effective means of securing registration—whether by filing national applications or a Madrid Protocol application designating a number of territories;

6. Find out if it is necessary to register the license agreement in the specific territory (particularly relevant for China, Hong Kong and the United Kingdom);

7. Consider what enforcement mechanisms and legal remedies are available in the target country in the event of an infringement;

8. Consider physical protection mechanisms. For example, splitting up manufacturing at different Original Equipment Manufacturers (OEM) with final assembly in the United States will ensure that no single OEM will know the full manufacturing process. Further, visitors who access facilities in the target markets should not be allowed to bring in mobile phones, USB sticks, computers, etc. Similarly, any access to source code, customer lists, etc. that may be granted to employees in foreign target market should be limited to a need-to-know basis only;

9. Consider engaging a brand monitoring service, such as BrandProtect,\(^{42}\) to monitor the internet for infringing products. In some cases, a brand monitoring service can assist in takedowns, and;

10. Decide on the process for reporting infringing conduct and designate in the franchise contracts and agreements the individual who will be responsible for taking action to police against infringing use.

VI. Conclusion

Protecting your brand in foreign countries is an essential element of any plan for the international expansion of a franchise system. This process often begins with considering how to protect the system’s trademarks in foreign markets. Conducting a clearance search, considering whether and how to register the mark and investigating options to stop infringers are the everyday questions that arise. The overview and guidance in this paper should provide some insights and best practices to successfully protect a franchise brand in foreign countries.

\(^{42}\) See https://brandprotect.com/
APPENDIX A
Photos

Case Study 1 — Air Jordans

<table>
<thead>
<tr>
<th>Air Jordans</th>
<th>Qiaodan Sports</th>
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43 https://asphaltgold.de/media/catalog/product/cache/1/image/930x669/0f396e8a55728e79b48334e699243c07/n/l/nike-air-jordan-xxxii-low-win-like-96-university-red-university-red-black-aa1256-603-1.jpg

44 http://images.china.cn/attachement/jpg/site1007/20170721/f44d307d91061adbab1709.jpg

45 Both logos from https://hypb.imgix.net/image/2017/07/michael-jordan-portrait-logos.jpg?q=90&w=1090&fit=max&auto=compress%2Cformat
## Case Study 2 — IKEA

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<td><img src="https://www.ikea.com/gb/en/products/chairs-stools-benches/" alt="IKEA Chairs" /></td>
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47 http://www.11jiaju.com/
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<th>IKEA</th>
<th>11 Furniture (Copycat)</th>
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50. [https://amp.businessinsider.com/images/59cd1eb5351ccf0b158b532f-750-562.jpg](https://amp.businessinsider.com/images/59cd1eb5351ccf0b158b532f-750-562.jpg)
IKEA

11 Furniture (Copycat)

[Images of IKEA stores and furniture]

54 https://media-cdn.tripadvisor.com/media/photo-s/0a/d6/6d/d4/ikea-restaurant.jpg
## Case Study 3 — Apple stores

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### APPENDIX B
Trademark License Agreement

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<th>Region/Country</th>
<th>Does a trademark license need to be recorded with the Intellectual Property Office?</th>
<th>Can a licensee enforce the trademark?</th>
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<tr>
<td>Asia</td>
<td>The terms of a license agreement must set out the rights of the licensee. While it is generally unnecessary to record the license agreement for it to have legal effect, in some territories, notably China and Hong Kong, the license agreement must be recorded if the licensee wishes to benefit from the full extent of their rights. Article 43 of China’s Trade Mark Law establishes that an unregistered license agreement cannot be used against a bona fide third party. Non-recordal of the license agreement means that the licensee can rely on their rights against the licensor only.</td>
<td>As it relates to franchisee’s right to enforce the trademarks or bring actions for infringements of the trademarks, a licensee in China, can issue infringement proceedings against third parties without the consent of the licensor under an exclusive license, but can be contractually prohibited from doing so under a non-exclusive license. In Hong Kong, an exclusive licensee can bring proceedings unless the license agreement states otherwise. Non-exclusive licensees can request that the licensor issues proceedings on their behalf. If the licensor refuses, the non-exclusive licensee can issue proceedings in their name but must join the licensor.</td>
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61 http://www.worldtrademarkreview.com/Magazine/Issue/73/Country-Correspondents/Key-tips-for-trademark-licensing-in-China

62 https://uk.practicallaw.thomsonreuters.com/w-010-4924?transitionType=Default&contextData=(sc.Default)&firstPage=true

63 https://gettingthedeealthrough.com/area/19/jurisdiction/27/licensing-china/

64 https://uk.practicallaw.thomsonreuters.com/w-011-8315?transitionType=Default&contextData=(sc.Default)
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<td>UK</td>
<td>The UK also requires that the license agreement be recorded if the licensee wishes to benefit from the full extent of their rights. In the UK, section 25 of the Trade Marks Act 1994 (UK) provides that a trademark license is a registrable transaction, which will be ineffective “as against a person acquiring a conflicting interest in or under the registered trademark in ignorance of it” and will not give the licensee rights and remedies in relation to infringement. These statutory rights, however, can be excluded in the terms of a license agreement.</td>
<td>Regardless of whether the license is exclusive or non-exclusive, if the terms of the license permit it, a licensee can take action against a third party for infringement. If the agreement is silent on this, the licensee can request the licensor to issue proceedings. If the licensor refuses or does not do so within two months, the licensee can bring proceedings itself, joining the licensor as a party. Non-exclusive licenses also have the right to ask the licensor to bring proceedings and issue in their own name if the licensor does not do so within two months.</td>
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<tr>
<td>EU</td>
<td>Things differ in territories such as the European Union,⁶⁶ where registration of the license agreement is unnecessary.</td>
<td>In the EU, an exclusive or non-exclusive licensee is permitted to bring infringement proceedings with the consent of the licensor. Only an exclusive licensee can do so in their own name if the licensor does not bring proceedings after a formal notice period.</td>
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⁶⁶ Youssef Hassan v. Breiding Vertriebsgesellschaft mbH Case C-163/15 (4 February 2016)
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<td><strong>Australia and Pacific Islands</strong></td>
<td>Registration of the license agreement is unnecessary in Australia; and the option to register the license agreement in New Zealand has been eliminated entirely.</td>
<td>In Australia, unless the terms of the license agreement state otherwise, “authorised users” of trademarks can bring infringement proceedings against third parties; however, the licensee must join the licensor as a party to the proceedings. This is irrespective of whether the license is an exclusive or non-exclusive license. In New Zealand, exclusive or non-exclusive licensees must ask the licensor to bring proceedings. If they do not do so within two months of the request, the licensee can commence proceedings in their own name, with the licensor joined as a defendant.</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>It is not necessary to register any license agreements in Canada.</td>
<td>In Canada, regardless of whether the license is exclusive or non-exclusive, if the terms of the license permit it, a licensee can take action against a third party for infringement. If the agreement is silent on this, the licensee can request the licensor to issue proceedings. If the licensor refuses or does not do so within two months, the licensee can bring proceedings itself, joining the licensor as a party. Non-exclusive licensees do not have status to sue.</td>
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67 [https://uk.practicallaw.thomsonreuters.com/w-010-4406?transitionType=Default&contextData=(sc.Default)](https://uk.practicallaw.thomsonreuters.com/w-010-4406?transitionType=Default&contextData=(sc.Default))


70 [https://uk.practicallaw.thomsonreuters.com/w-010-8439?transitionType=Default&contextData=(sc.Default)](https://uk.practicallaw.thomsonreuters.com/w-010-8439?transitionType=Default&contextData=(sc.Default))

71 [https://gettingthedealthrough.com/area/19/jurisdiction/7/licensing-canada/](https://gettingthedealthrough.com/area/19/jurisdiction/7/licensing-canada/)
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<td>USA</td>
<td>Registration of the license agreement is unnecessary in the USA.</td>
<td>In the U.S.,(^72) an exclusive or non-exclusive licensee can bring proceedings if they have an interest in the alleged infringement.</td>
</tr>
<tr>
<td>Africa</td>
<td>Registration of the license agreement is unnecessary in South Africa.</td>
<td>In South Africa,(^73) exclusive or non-exclusive licensees can bring proceedings provided that the licensor is joined to the proceedings.</td>
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</table>

\(^72\) https://uk.practicallaw.thomsonreuters.com/w-009-7807?transitionType=Default&contextData=(sc.Default)

\(^73\) https://uk.practicallaw.thomsonreuters.com/Document/I0ed43637b4b811e79bef99c0ee06c731/View/FullText.html?navigationPath=Search%2Fv1%2Fresults%2Fnavigation%2Fi0ad604ac00000163888ce7557e61c75b%3FNav%3DKNOWHOW_TOPIC_UK%26fragmentIdentifier%3DI0ed43637b4b811e79bef99c0ee06c731%26startIndex%3DI0ed43637b43%20%25%20%26transitionType%3DSearchItem&listSource=Search&listPageSource=9661baca499169fbdc1b4cf7526b35f&list=KNOWHOW_TOPIC_UK&rank=81&sessionScopeId=a79fca45900073f6e7c90b02223d22f65e0e9f3fa83af9203db2d96727722202ca0ef&originationContext=Search+Result&transitionType=SearchItem&contextData=%28sc.Default%29%20%26navId%3D25EC237FB639005E2CFED97AE00B223&com p=pluk
APPENDIX C
Madrid Protocol

Madrid Agreement Concerning the International Registration of Marks
Madrid Agreement (Marks) (1891), revised at Brussels (1900), at Washington (1911),
at The Hague (1925), at London (1934), Nice (1957) and at Stockholm (1967), and amended
in 1979

and

Protocol Relating to the Madrid Agreement Concerning the International Registration
of Marks
(Madrid Union)¹

Status on July 13, 2018

<table>
<thead>
<tr>
<th>State/IGO</th>
<th>Date on which State became party to the Madrid Agreement²</th>
<th>Date on which State/IGO became party to the Madrid Protocol (1989)</th>
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<td>Afghanistan</td>
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<td>Antigua and Barbuda</td>
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<td>Australia</td>
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<td>Total: (101)</td>
<td>(55)</td>
<td>(101)</td>
</tr>
</tbody>
</table>

1. The Madrid Union is composed of the States party to the Madrid Agreement and the Contracting Parties to the Madrid Protocol.

2. All the States party to the Madrid Agreement have declared, under Article 3bis of the Nice or Stockholm Act, that the protection arising from international registration shall not extend to them unless the proprietor of the mark so requests.

3. The territories of Belgium, Luxembourg and the Kingdom of the Netherlands in Europe are to be deemed a single country, for the application of the Madrid Agreement as from January 1, 1971, and for the application of the Protocol as from April 1, 1998.

4. Not applicable to either Hong Kong, China or Macao, China.

5. In accordance with Article 5(2)(b) and (c) of the Protocol, this Contracting Party has declared that the time limit to notify a refusal of protection shall be 18 months and that, where a refusal of protection results from an opposition to the granting of protection, such refusal may be notified after the expiry of the 18–month time limit.
6. In accordance with Article 8(7)(a) of the Protocol, this Contracting Party has declared that, in connection with each request for territorial extension to it of the protection of an international registration and the renewal of any such international registration, it wants to receive an individual fee, instead of a share in the revenue produced by the supplementary and complementary fees.


8. In accordance with Article 14(5) of the Protocol, this Contracting Party has declared that the protection resulting from any international registration effected under this Protocol before the date of entry into force of this Protocol with respect to it cannot be extended to it.

9. Including all Overseas Departments and Territories.

10. In accordance with Article 5(2)(b) of the Protocol, this Contracting Party has declared that the time limit to notify a refusal of protection shall be 18 months.

11. The instrument of ratification of the Stockholm Act and the instrument of acceptance of the Protocol were deposited for the Kingdom in Europe. The Netherlands extended the application of the Madrid Protocol to the Netherlands Antilles with effect from April 28, 2003. The Netherlands Antilles ceased to exist on October 10, 2010. As from that date, the Protocol continues to apply to Curaçao and Sint Maarten. The Protocol also continues to apply to the islands of Bonaire, Sint Eustatius and Saba which, with effect from October 10, 2010, have become part of the territory of the Kingdom of the Netherlands in Europe.

12. With a declaration that this accession shall not extend to Tokelau unless and until a declaration to this effect is lodged by the Government of New Zealand with the depositary on the basis of appropriate consultation with that territory.


14. Serbia is the continuing State from Serbia and Montenegro as from June 3, 2006.

15. Ratification in respect of the United Kingdom and the Isle of Man.
APPENDIX D

Nice Classification System of Goods and Services

The classification of goods and services, under the Nice Agreement ("Nice Classification"), is according to the International Classification of Goods and Services ("ICGS") For the registration of a trademark, a registration applicant is required to state the exact class number and appropriate specification according to the Nice Classification. The class headings of the Nice Classification give general information about the types of goods and services that belong to each class. A specification indicating the class heading does not amount to a claim for all the goods or services in that class. This list is not exhaustive and serves as a quick reference.

Class Headings for Nice Classification, 11th edition, Version 2018 (For applications filed from 1 January 2018 to 31 December 2018)

Class 1 Chemicals for use in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; fire extinguishing and fire prevention compositions; tempering and soldering preparations; substances for tanning animal skins and hides; adhesives for use in industry; putties and other paste fillers; compost, manures, fertilizers; biological preparations for use in industry and science.

Class 2 Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants, dyes; inks for printing, marking and engraving; raw natural resins; metals in foil and powder form for use in painting, decorating, printing and art.

Class 3 Non-medicated cosmetics and toiletty preparations; non-medicated dentifrices; perfumery, essential oils; bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations.

Class 4 Industrial oils and greases, wax; lubricants; dust absorbing, wetting and binding compositions; fuels and illuminants; candles and wicks for lighting.

Class 5 Pharmaceuticals, medical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

Class 6 Common metals and their alloys, ores; metal materials for building and construction; transportable buildings of metal; non-electric cables and wires of common metal; small items of metal hardware; metal containers for storage or transport; safes.

Class 7 Machines, machine tools, power-operated tools; motors and engines, except for land vehicles; machine coupling and transmission components, except for land vehicles; agricultural implements, other than hand-operated hand tools; incubators for eggs; automatic vending machines.

Class 8 Hand tools and implements, hand-operated; cutlery; side arms, except firearms; razors.
Class 9  Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus.

Class 10  Surgical, medical, dental and veterinary apparatus and instruments; artificial limbs, eyes and teeth; orthopaedic articles; suture materials; therapeutic and assistive devices adapted for the disabled; massage apparatus; apparatus, devices and articles for nursing infants; sexual activity apparatus, devices and articles.

Class 11  Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.

Class 12  Vehicles; apparatus for locomotion by land, air or water.

Class 13  Firearms; ammunition and projectiles; explosives; fireworks.

Class 14  Precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments.

Class 15  Musical instruments

Class 16  Paper and cardboard; printed matter; bookbinding material; photographs; stationery and office requisites, except furniture; adhesives for stationery or household purposes; drawing materials and materials for artists; paintbrushes; instructional and teaching materials; plastic sheets, films and bags for wrapping and packaging; printers’ type, printing blocks.

Class 17  Unprocessed and semi-processed rubber, gutta-percha, gum, asbestos, mica and substitutes for all these materials; plastics and resins in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, tubes and hoses, not of metal.

Class 18  Leather and imitations of leather; animal skins and hides; luggage and carrying bags; umbrellas and parasols; walking sticks; whips, harness and saddlery; collars, leashes and clothing for animals

Class 19  Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.

Class 20  Furniture, mirrors, picture frames; containers, not of metal, for storage or transport; unworked or semi-worked bone, horn, whalebone or mother-of-pearl; shells; meerschaum; yellow amber.
Class 21  Household or kitchen utensils and containers; cookware and tableware, except forks, knives and spoons; combs and sponges; brushes, except paintbrushes; brush-making materials; articles for cleaning purposes; unworked or semi-worked glass, except building glass; glassware, porcelain and earthenware.

Class 22  Ropes and string; nets; tents and tarpaulins; awnings of textile or synthetic materials; sails; sacks for the transport and storage of materials in bulk; padding, cushioning and stuffing materials, except of paper, cardboard, rubber or plastics; raw fibrous textile materials and substitutes therefor.

Class 23  Yarns and threads, for textile use.

Class 24  Textiles and substitutes for textiles; household linen; curtains of textile or plastic.

Class 25  Clothing, footwear, headgear.

Class 26  Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers; hair decorations; false hair.

Class 27  Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).

Class 28  Games, toys and playthings; video game apparatus; gymnastic and sporting articles; decorations for Christmas trees.

Class 29  Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs; milk and milk products; oils and fats for food.

Class 30  Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt; mustard; vinegar, sauces (condiments); spices; ice (frozen water).

Class 31  Raw and unprocessed agricultural, aquacultural, horticultural and forestry products; raw and unprocessed grains and seeds; fresh fruits and vegetables, fresh herbs; natural plants and flowers; bulbs, seedlings and seeds for planting; live animals; foodstuffs and beverages for animals; malt.

Class 32  Beers; mineral and aerated waters and other non-alcoholic beverages; fruit beverages and fruit juices; syrups and other preparations for making beverages.

Class 33  Alcoholic beverages (except beers).

Class 34  Tobacco; smokers’ articles; matches.

Class 35  Advertising; business management; business administration; office functions.

Class 36  Insurance; financial affairs; monetary affairs; real estate affairs.
Class 37 Building construction; repair; installation services.

Class 38 Telecommunications.

Class 39 Transport; packaging and storage of goods; travel arrangement.

Class 40 Treatment of materials.

Class 41 Education; providing of training; entertainment; sporting and cultural activities.

Class 42 Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

Class 43 Services for providing food and drink; temporary accommodation.

Class 44 Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

Class 45 Legal services; security services for the physical protection of tangible property and individuals; personal and social services rendered by others to meet the needs of individuals.
Biographies of Authors

Kendal Tyre
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Kendal is a partner in the Washington, D.C. office of Nixon Peabody LLP. He handles domestic and cross-border transactions, including mergers and acquisitions, joint ventures, strategic alliances as well as licensing, distribution and franchise matters.

With over 25 years of experience, Kendal counsels companies expanding through master franchising, area development franchising, international franchising, management contracts, joint venture agreements, licensing agreements and product distribution arrangements throughout the world. He also has extensive experience structuring, negotiating and enforcing domestic and international franchise, license, distribution and acquisition agreements. His client base spans the United States and foreign countries, including South Africa, Kenya and the United Kingdom.

Kendal is a frequent contributor to franchise publications and a frequent speaker at franchise programs held by the American Bar Association’s Forum on Franchising and the International Franchise Association.

Kendal is the executive director of the LexNoir Foundation and serves as an editor and author for the “Franchising In” international book series published by LexNoir Foundation.

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Mark is the global head of Bird & Bird LLP’s Franchising, Licensing and Multi-Channel Strategies team and head of both its Retail and Consumer Sector and International Education team. He is based in London.

Over the last 34 years, he has constantly advised a wide range of household names, particularly in the retail, food and beverage, education and health care sectors, on the development and implementation of their international expansion strategies and the corresponding re-engineering of their business.

Mark has published more than 500 articles in a wide variety of publications and journals. He is also the author of nine books, including European Franchising — Law and Practice in the European Community, The International Franchise Option, The Franchise Option — A Legal Guide, Franchising in India, Alternative Corporate Re-Engineering and The Law and Regulation of Franchising in the EU. He is the co-author of the CBBC Guide to Establishing Foreign Schools in China and the WIPO publication on franchising and currently edits the Butterworth’s Encyclopaedia of Forms and Precedents volume on Franchising, Distribution and Agency law, a standard text of the UK’s legal profession. He is also the author of the European Parliament’s Internal Market and Consumer Protection Committee’s report “Legal Perspective of the Regulatory Framework and Challenges for Franchising in the EU.”