

Minneapolis / St. Paul Business Journal - May 28, 2007

<http://twincities.bizjournals.com/twincities/stories/2007/05/28/smallb2.html>

BUSINESS PULSE SURVEY: [Legislative: A wrap or a wreck?](#)

Strategies

Protecting brands overseas: Consider translation, legal issues

Minneapolis / St. Paul Business Journal - May 25, 2007 by [Christopher Schulte](#)

Editor's note: To inquire about submitting a Strategies column, contact Managing Editor Mark Reilly at (612) 288-2110 or mreilly@bizjournals.com.

United States companies continue to sell goods and services overseas at a record pace. The U.S. Census Bureau reported a 12.8 percent increase in U.S. exports from 2005 to 2006. The total value of exported goods in 2006 was \$1.4 trillion.

Much of the goods and services sold overseas are branded. They carry a name that helps consumers in other countries recognize that they derive from one source. Thus, hungry and thirsty consumers from London to Shanghai recognize that when they eat at a McDonald's restaurant or drink a Coca-Cola soda they are receiving the same quality and experience as do other customers around the world (subject to minor local menu variations of course).

This franchising and global distribution of U.S.-branded products and services has made them some of the most valuable assets in the world. The Coca-Cola brand was deemed the most valuable brand in the world in 2006 by Interbrand, coming in at \$67 billion; McDonald's was No. 9 at \$27.5 billion. The United States is fertile ground for launching brands, as Interbrand reports that in 2006 51 percent of the 100 most valuable brands originate here.

Branding overseas, however, requires some extra thought in order to be sure that the effort is not wasted. A brand, or name of a good or service (even a slogan), is considered under the law to be a trademark. Trademarks are protectable in other countries but various issues must be considered when using a brand overseas.

Translation issues and dead ancestors

One must consider how an English brand name may be translated into another language. The most famous example of this is Chevy's NOVA brand, which in Mexico translated to "doesn't go." Kentucky Fried Chicken's "Finger Lickin' Good" slogan entered the Chinese market translated to "Eat Your Fingers Off." Similarly, Pepsi's "Come Alive with the Pepsi Generation" translated in Taiwan as "Pepsi Will Bring Your Ancestors Back from the Dead."

Troublesome branding shortcuts

The United States is somewhat unique in international trademark law in that trademarks that are not "inherently distinctive" can nevertheless be protected. A "distinctive" trademark is most easily protected everywhere -- so a brand that is a coined term like Xerox for photocopiers or is arbitrary like Apple for computers will be highly protectable worldwide. Trademarks that are more descriptive because consumers immediately understand the nature of the goods they represent (Coaster-Cards for direct-mailing coasters, for example) are therefore less distinctive and harder to protect, especially overseas. The best bet is to try and employ a trademark that is distinctive.

As with any new brand, a new trademark to be used overseas should be checked for availability. Companies can review a "knock-out" search to see if there are any other identical trademarks registered elsewhere in the world, but in order to interpret such results and seek an opinion, trademark lawyers in the relevant countries at issue must be retained. This can be very expensive, but necessary if a company wants to avoid litigation in other countries over the use of a new brand name.

All contents of this site © American City Business Journals Inc. All rights reserved.

Cover the bases, quickly

The United States, again, is different than most of the countries around the world in that it provides "common law" protection for trademarks that have been used in commerce but not registered with the United States Patent and Trademark Office. Most countries are different, though, in that they require a trademark to be registered before any benefit can flow to the owner. As such, filing overseas before rolling out a new brand is the best practice.

Protect the trademark in both languages

Language can be a consideration with respect to how the trademark should be protected overseas. The best approach is to file in English and in the local language as some countries, unlike the United States, do not consider the foreign-language trademark the equivalent of the English version.

The most famous example of countries that have provided for a system of filing centrally but obtaining protection in several countries is the European Union. The EU now comprises 27 countries, and one filing of an application in Alicante, Spain, for a "Community Trademark" application can render protection in all of those countries. This has turned out to be a tremendous cost savings for U.S. companies for new filings -- as much as \$20,000 per trademark.

U.S. firms often overlook the possibilities of protecting their non-functional but distinctive product shape or packaging under other countries' "Industrial Design" laws. This law protects any use of the design on any good or service, not just those considered confusingly similar.

Christopher Schulte is an attorney with Merchant & Gould, Minneapolis, and can be reached at (612) 332-5300.

[Contact the Editor](#)[Need Assistance?](#)[More Latest News →](#)[Subscribe or renew online](#)
