

quantitative scope of protection to be a positive value influencer.

Exact statements with respect to whether there are certain classes which hint at an especially valuable trade mark or brand cannot be made as this depends on the respective market intended to be covered. More realistically, the expert assessing the legal dimension will over time be able to discern essential classes for each industry branch, the lacking registration for which would have a negative impact on value, and non-essential ones.

## 5.4 Geographic Scope of Protection

### 5.4.1 The Law

Trade mark law is characterised by the principle of territoriality, which means that a trade mark is, in general, only valid in the countries for which it has been registered. The Community trade mark constitutes a peculiarity and alleviation in this connection as it covers all EU Member States with merely one registration (the downside being that it can be vitiated with effect for the complete EU territory by just one successful attack in one Member State).

The Madrid system of international trade mark registration is frequently utilised and shall therefore be briefly mentioned.<sup>713</sup> The Madrid Agreement Concerning the International Registration of Marks and the relating Protocol<sup>714</sup> have made it possible, once the proprietor holds a trade mark in one Contracting Party (including the EU), to register the same mark, via the International Bureau of *WIPO*, in one, several or all of the other Contracting Parties, by means of a single application in one language. Contrary to the European Community trade mark, the Madrid system does not give the proprietor one mark which is equally protected in all member countries but merely a unified application and registration system which facilitates simultaneous registration of a mark in several countries.<sup>715</sup> The international

713 More on registration of trade marks through the Madrid System below at 5.6.2.2. In addition, detailed information can for instance be found in *WIPO*, Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol and *Marx*, Deutsches, europäisches und internationales Markenrecht, no.5 1409 et seq.

714 Cf. fn. 118.

715 This process is similar to the Patent Cooperation Treaty (PCT) procedure with regard to patents.

registration obtained via the Madrid system is equal to a bundle of national registrations. This gives rise to potentially differing assessments of the same sign, despite certain harmonisation of substantive trade mark law on supra-national and international levels. The upside for the proprietor is that one opposition bears the power to merely annul the trade mark in one country.<sup>716</sup>

The point of geographic scope of protection nicely shows how legal and strategic issues can be intertwined, as the issue for which countries protection is sought should be addressed in accordance with the overall business strategy before implementation of the respective strategic decision by way of legal means. Like in the case of the quantitative scope of protection, such strategic considerations need to include a cost-benefit analysis for each respective territory envisaged. In consequence, the experts assessing the legal and the business strategic dimension of the SIM need to attend to not operationalising this same issue twice. A fact statement relating to whether the geographic scope of protection of the respective trade mark is adequate can only be included in either of these dimensions.

#### 5.4.2 Findings – Relation to Brand Value

Similar to the quantitative scope of protection, the general rule is that a trade mark is more valuable the more countries it covers. The more territories the proprietor enjoys freedom to operate in, the more markets he or she is able to serve. However, it is also essential with respect to the geographic scope of protection to balance benefit and cost, i.e. the estimated financial advantage from the number of countries in which protection is achieved and the cost of such protection.

Therefore, the most reasonable question to assess with respect to geographic scope of protection is whether the proprietor has registered the respective trade mark in all necessary territories (or, in case of mere applications, whether such registration can be reasonably expected). A country is necessary in this sense if the title holder has entered or reasonably plans to enter this geographic market with goods and/or services marked with a brand or brands containing the trade mark in question. For instance, a point score

716 An exception to this rule exists during the first five years from the date of the international registration, in which a central attack is still possible – with different consequences under the Madrid Agreement and Protocol.