

Features

Forum Shopping in Europe and the United States

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A trademark practitioner charged with obtaining legal protection beyond national boundaries often is in a more comfortable situation than colleagues in many other fields of the law. A system of international treaties and organizations supports the practitioner in transferring the client's rights from its home jurisdiction to others and in enforcing such rights.

This support may, however, inspire a false sense of security and simplicity. Intellectual property rights may bear the same name across jurisdictions and yet have fundamentally different legal requirements, scopes of protection, and means and procedures for enforcement. These differences present both challenges in providing best practices advice and significant opportunities for obtaining favorable results by playing the different involved jurisdictions to one's advantage.

This article provides an overview of some issues to bear in mind when one is faced with a case potentially involving both Europe and the United States and how forum shopping can benefit the trademark owner.

What Is Forum Shopping?

Forum shopping refers to the practice of choosing the court or jurisdiction that has the most favorable rules or laws for the position being advocated. A party can forum shop when more than one court has jurisdiction over the dispute, choosing the court that gives it an advantage over the opposing party. The forum most favorable to the party's case is not always the forum that is most relevant to the dispute.

Parties forum shop for a variety of reasons. Often a plaintiff will choose to file in his home

jurisdiction because of reduced travel costs and the potential for the fact-finder to be sympathetic to a local plaintiff. Sometimes the laws, procedures or tendencies are more favorable in one jurisdiction than another, so a party will choose the jurisdiction that will apply the more favorable law or protocols to the case. Remedies differ between jurisdictions, so a party may choose a forum that offers the largest damage awards or the potential for injunctive relief or monetary damages, which, for example, are not available from the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office (USPTO). Courts also deal with their cases at varying speeds, and a plaintiff may prefer one court over another because cases proceed faster in that court, while a defendant may try the opposite tactic in order to stall proceedings.

Whatever the specific reason, the goal of forum shopping is always the same: to gain a perceived or actual advantage in litigation by benefiting from the differences in the laws, rules and tendencies of the courts with potential jurisdiction over the litigation.

The foundation for successful forum shopping in trademark matters, however, is laid long before litigation or opposition proceedings begin. It results from the limitation of trademark rights to territories in which protection has been obtained by formal registration or other means (for jurisdictions that do not require registration for trademark rights).

Laying the Foundation: Important Differences in Trademark Prosecution

The conglomerated nature of the European Union provides for significantly more routes for obtaining trademark protection than do the laws of more unitary territories, such as the United States.

The numerous different methods for obtaining the equivalent of a common law trademark within the European states are beyond the

scope of this overview. It is, nevertheless, worthwhile to note briefly the different sources of registered trademarks in Europe, namely national trademark registrations in individual European countries, Community trade mark (CTM) registrations valid for the entire EU and international extensions of existing trademarks via the Madrid System.

For entities based in the United States, by far the most common way of obtaining trademark protection in Europe is registering a CTM. This is in most cases a sensible choice, given that the associated costs are a fraction of those involved in obtaining individual national registrations in all European nations.

Registering a new CTM also provides the option of obtaining more extensive protection than extending an existing U.S. registration to Europe by way of the Madrid System. For one thing, the list of goods and services acceptable for CTMs and national trademarks in EU countries can include general terms that would likely be refused by the USPTO, such as "business consulting." In addition, European trademark law does not require a declaration of a "bona fide intent to use." Instead, the description of goods and services may be generously expanded to cover any products for which the applicant has even a remote interest.

Some situations can, however, make reliance on a CTM a less-than-optimal choice for trademark protection in Europe, because CTMs can be vulnerable. An opposition from even the smallest EU member state may stall the registration for years and possibly bring down the entire trademark for all of the Community, even if the older right has been registered or used only in a single EU country, such as Malta. In such cases, the CTM may be converted into individual national trademark applications in the other member states, but this is a costly and complex process.

Registering a national trademark in a European country in addition to an identical CTM is comparatively cheap and simple. While this may seem redundant, the advantages are

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clear: A national trademark may be opposed only based on rights valid in its country of registration, not just any EU country. Also, several national registers publish the trademark for opposition only after it has been fully registered and come into force. For instance, while a CTM enjoys no protection during opposition proceedings, a German national trademark is fully protected for all the years that an opposition proceeding may be pending.

In practice, this means that once a CTM applied for in conjunction with a German trademark is opposed, the applicant may analyze in which EU countries the opponent owns rights and extend the German trademark's protection to other countries, thereby achieving full protection for the duration of the opposition in at least some countries of interest. When weighing the added protection provided by an additional "backup" national registration against the expense of in-depth research and prosecution, the costs of applying for a backup national trademark are rather low, being regularly less than EUR 1,000.

Taking Action: Forum Shopping in Trademark Litigation

Most jurisdictions provide legal venue in the place in which a trademark right has been violated. As long as the trademark proprietor has properly prepared the playing field, this will regularly provide him with a choice of numerous jurisdictions.

Within the United States, the differences between the laws of the various states are comparably minor for trademark cases, but even this will not keep plaintiffs from seeking courts with a perceived or actual history of rulings in their favor. There are even specialized service providers that analyze the percentages by which individual judges in U.S. federal courts rule in favor of plaintiffs or defendants and rule in favor of or against efforts to obtain injunctive relief. Experienced trademark litigators may also have a sense of which judges are more likely to, for example, issue *ex parte* seizure orders and/or allow proceedings to be sealed for a limited time or purpose.

By comparison, procedural and material law differ much more significantly between individual EU member states, not to mention between EU countries and the United States.

In this context, it should be noted that while forum shopping is most commonly associated with the role of the plaintiff, defendants occasionally have the opportunity to forum shop

as well. Under U.S. law, defendants may under certain circumstances choose between a state court in which the plaintiff filed the action and a federal court to which the defendant has the option to remove the action. Would-be defendants that have received a cease and desist letter may also have the option of initiating a declaratory judgment action in a jurisdiction of their choosing.

Similar choices exist for defendants in certain EU countries. In Germany, for instance, a defendant sued before a general civil section of a Regional Court (Landgericht) may have the case removed to a section of the court that is competent to hear commercial matters. This is a particularly interesting option if the civil section has already expressed its legal opinion in favor of the plaintiff.

That is not the end of a defendant's options, however. Not only do certain European jurisdictions allow the recipient of a warning letter to sue the sender for a declaratory judgment, but the court chosen in such a declaratory action may indeed take precedence over the court chosen by the owner of the actual claim in the corresponding suit for forbearance, disclosure or damages.

This strategic move on the part of prospective defendants obtained infamy under the name "torpedo suit" or "Italian torpedo." The reference to Italy derives from the classic constellation in which a prospective defendant in a jurisdiction with comparatively swift relief (e.g., Germany) would file a suit for declaratory judgment in a jurisdiction with comparatively slow relief (e.g., Italy) to stall the proceedings against him and therefore extend the time in which to exploit the other party's intellectual property, sometimes by several years. The torpedo suit tactic has also been used in recent years by domain name owners that have lost UDRP proceedings and then initiated litigation in countries such as India for the apparent purpose of delaying implementation of the UDRP panel's order that the domain name(s) in question be transferred to the trademark owner.

These days, courts are increasingly aware of this issue, and adequate action on the part of the trademark owner may foil a defendant's torpedo suit. However, this requires the trademark owner to be aware of the issue, aware of the solution and able to make quick decisions.

The remedies issued by courts in different jurisdictions will vary substantially as well. For example, U.S. federal and state laws may provide for monetary damages awards in amounts

unthinkable in most European jurisdictions. At the same time, German law is unusual in providing automatic compensation for statutory attorneys' fees to the winning party in litigation and even for the preparation of a warning letter. French relief has an advantage over German relief in that where an existing injunction has been violated, the resulting fine may be ordered paid not to the state but to the plaintiff.

Thinking Outside the Box: Obtaining Relief Without Trademarks

Where trademark protection is lacking, good trademark counsel goes beyond trademark law and considers all types of intellectual property rights that may be involved in an opponent's actions and may lead to relief for the plaintiff, even more so as one country's law may provide for intellectual property rights that do not exist (or do not exist anymore) in another jurisdiction.

For example, works that are in the public domain according to U.S. copyright law may still be protected in many European jurisdictions. This includes, without limitation, works by U.S. government employees, as well as practically every movie in the public domain in the United States, ranging from Buster Keaton classics to the original *Dawn of the Dead*.

Other intellectual property rights do not merely face different term limitations but in fact simply may not exist in other jurisdictions. A well-known example is the unregistered Community design right, which may be used as a basis for claims in the EU in cases in which there is neither trademark nor registered design protection for a product shape.

Conclusion

While the involvement of attorneys from several jurisdictions may increase the cost of initial legal counsel, forum shopping often will provide strategic opportunities beyond what is possible in the trademark owner's home jurisdiction.

Whether the merits outweigh the costs of forum shopping must be assessed in each individual case. Given the potential for significant substantive and strategic advantages, as highlighted above, this is a question that needs to be asked in any case that may potentially involve several jurisdictions. ■