

of the Registration of Marks (hereafter: Nice Classification).<sup>710</sup> It is divided into 34 goods and 11 services classes.

### 5.3.2 Findings – Relation to Brand Value

In theory, a mark is more valuable the more classes it is registered for. The more goods or services the trade mark can be used for, the more markets can be served. This makes the scope of protection broader and by the same means blocks the sign's use by others for, in general, the same or similar goods and/or services. However, in order for the registered mark to be valid for all specified classes, it has to be used with respect to all these classes on expiry of the five-year grace period or else it will be subject to cancellation. Therefore, upon taking the decision how many classes the trade mark at hand shall be registered for, it is important to assess the likelihood of the mark *de facto* being genuinely used for all these classes.

In this context, the fact that registration and maintenance costs rise with an increasing number of specified classes also plays a role. For example, the total OHIM office fee payable to get an individual mark registered for only three classes is € 1600 in case of online filing.<sup>711</sup> The fee for each class of goods and services exceeding three, in case an individual mark is concerned, is € 150.<sup>712</sup> It follows that the more classes a CTM is registered for, the more costly it becomes if the number of classes exceeds three.

This must be weighed against potential revenue streams estimated to be derived from the use of the mark for all classes concerned. The sum of these incomes must be assessed to be larger than cost in order for the trade mark's

710 It is based on the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, an international multilateral treaty concluded in 1957 and administered by *WIPO*. The 9th edition has been in force since January 1st, 2007. The Nice Classification can be accessed on-line at <http://www.wipo.int/classifications/nice/en/index.html> (last accessed September 23, 2008.)

711 As of June 2008, filing a CTM application for a maximum of three classes costs € 900 and € 750 in case of online filing, Art. 1(1)(a) and (b) Commission Regulation (EC) No 1687/2005 of 14 October 2005 amending Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) with regard to adapting certain fees. In addition, the basic fee for the registration of an individual mark for three classes is € 850.

712 Art. 1(1)(c) Regulation 1687/2005, cf. fn. 697. Potential attorney's fees (attorney action is not mandatory for due registration of a CTM) and renewal fees will have to be added.

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. s 1409 et seq.

714 Cf. fn. 118.

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