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# **GLOBAL EXPANSION AND TERRITORIALITY: MANAGING INTERNATIONAL TRADEMARK RIGHTS FOR SCALING STARTUPS — CHALLENGES, COSTS, AND STRATEGIC USE OF THE MADRID SYSTEM**

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## **ABSTRACT**

Transnational trademark protection is an important for businesses establishing and expanding their brand globally. This research analyses the integration in global expansion and the legality of principle of territoriality, mainly on the challenges, costs, and gives strategies for startups. This research helps to the businesses and legal professionals who are facing the complexity in transnational trademark enrolment and enforceability. This study examines between territoriality, trademark rights within the jurisdiction. This paper analyses the procedural, financial, and operational challenges faced by startups in protecting and enforcing trademarks all over the world. It also focuses on the Madrid System, managed by the World Intellectual Property Organization (WIPO). The findings says that the Madrid System gives effective management and centralized management, startups must cautious in to local procedures, refusals, and enforcement issues after registration. The paper gives strategies for startups in their development and protection of trademarks globally. The protection of trademark world wide may give reach to their brand as the internationally recognisable.

**Keywords:** Trade Marks, Intellectual Property, International Registration of trademarks, Madrid System, The World Intellectual Property Organisation.

## **1) Introduction:**

In the new era of globalisation, the growth of startups in international markets was accelerated. Things like E-commerce platform, marketing channel through internet, investment in cross border activities and some others permits even early-stage companies to build their global customer base and set goals within a few years. This type of international scaling brings a parallel set of problems and challenges, particularly in trademark protection which establish the brand identity and customer trust. Trademarks are inherently territorial in nature, which means the rights granted in one jurisdiction or territory do not automatically extend to another territory. This principle of territoriality was a major issue or problem for startups which expands their border and it requires deliberate strategic planning.

The trademark in international level is further complicated by the difference in national laws, procedural complexities, examination standards, and the enforcement of that trademark. The idea of securing the rights in multiple countries is not only a simple and time consuming but also it requires more financial stability in order to get that protection. The World Intellectual Property Organisation's Madrid System offers a uniform process or route for filing of application and it simultaneously reduces the administrative costs and other burdens. The effectiveness is not uniform, applicants must track the refusals in other countries, should be ordinance with local laws in post-registration, and manage enforcement worldwide. This makes the Madrid System only as a tool not as a solution.

At last, the trademark protection is naturally connected with the territory or place of its registration, which shows that security or protection in one country does not give rights in other country. Trademark includes a wide range, including words, signs symbols, logos, or any other fusion of these things, which differentiate one business from other business. The main purpose of the trademark is to avoid confusion among customers and provide legal remedy for infringement of that unauthorised use.

For startups venturing into international markets, it is essential to obtain trademark protection in each country where they plan to conduct business. Absent this protection, the threat of brand erosion or unauthorized use by others is a clear and present danger, with the potential to inflict financial and reputational damage.

## **The Madrid Protocol and Other International Systems:**

Like the principle of territoriality in trademark law, there are other mechanisms designed to simplify the process for obtaining the international protection. The Madrid Protocol serves as a simplified pathway for the trademark owners to protect or secure their marks in various countries through single consolidated application. It has more than 100 nations as members. This allows the applicants to claim protection in any member nation by filing a one consolidated application through their own country trademark.

Additional international frameworks include the European Union Trademark, which confers protection across all EU member states with a single registration, and the African Regional Intellectual Property Organization, which supports trademark registrations among several African nations.

In the context of today's interconnected economy, startups and emerging companies are increasingly looking to expand into international markets to reach new customers, generate additional revenue, and forge strategic alliances. However, entering into global markets which have many of complicated legal and operational problems, specifically in protecting intangible assets like trademarks. Trademark rights are unique in each territory, that a trademark registered in one nation does not extend its protection to others automatically. The startups are new to issues like infringement, brand dilution, and disputes in the marketplace. The startups with limited resources, getting into trademark protection internationally is very costly and they struggle to grab it. The Madrid System, managed by the World Intellectual Property Organization, provides a united way to register trademarks worldwide in their member nations with a single application, by providing cost reductions and liberal management. but its benefits are less than its cons, the system comes with ineffective procedures, inefficiency in registrations from the home country, and inconsistent in recognition worldwide, specifically in non-traditional trademarks. This research analyses the territoriality, cost, and strategies in the protection of international trademark, focusing on effective use of the Madrid System by startups while finding the risks and limited resource. By examining the legality, procedures, and strategies, the study obtains to provide guidance on improving trademark protection globally.

The switch in growth of digital platform and international marketing has improved the brand protection before the infringement earlier. Startups improve their brand globally from the originated country by using digital platforms, social media, and supply chains before they

establish the legally and before they acquire the fund to protect the trademarks in all markets. This situation makes them vulnerable to trademark “squatting,” infringement conflicts, and expensive rebranding if competitors or opportunistic registrants secure rights ahead of them. Weighing these risks against limited budgets demands careful prioritization of countries, assessment of regional or international filing options, and a thorough understanding of the benefits and drawbacks of the Madrid System. In this context, the research investigates how strategic trademark planning can foster sustainable global growth while reducing financial and legal risks for resource-limited, rapidly growing businesses.

## **2) Research methodology:**

This research is based on the doctrinal method, which means the resources were collected through secondary information. This research involves analysing and examining the existing literature and other legal materials rather than collecting the primary data. The secondary data sources include books, research articles, journals, newspaper, e- libraries and other commentaries related to this research topic. The duration of this research was approximately one month and this research is confined to India and other countries.

## **3) Research questions:**

1. What are the legal and procedural challenges faced by startups in protecting their trademark internationally?
2. How important International Trademark Protection influence in Global Brand Expansion?
3. How the Madrid System compared and direct national filings for startups differ in cost efficiency with limitation in budgets?
4. What are strategies can be used by startups for trademark protection globally?
5. How the digital platforms (e.g., Amazon, Alibaba), have territorial challenges in trademark protection for startups?
6. What are the legal gaps are in existence in the Madrid System while protecting non-traditional marks (e.g., sound, motion, holograms) worldwide?

#### 4) Research Objectives:

1. To identify the issues and challenges involved in granting international trademark for startups.
2. To evaluate the comparison of the Madrid System and direct filings, in cost efficiency.
3. To examine modern tools, technologies, and strategies for startups which enhances their trademark management globally.
4. To analyse the territorial nature of trademark rights and its implications for global business expansion.
5. To implement policies and procedures for increasing affordability and efficiency in access for startups in registration of trademark globally.

#### 5) Review of Literature:

1. ***Fred rocafort, "The Madrid System for Trademarks: Powerful, But Not Always the Right Tool" (Harris-Sliwoski), Jun 2025<sup>1</sup>.***

This article looks at pros and cons to using Madrid in practice, which runs through cost-benefit calculations, risk of the "central attack" and much more besides. This is all highly relevant for startup decision making.

2. ***Bao tran, patent attorney, Is Madrid Protocol the Right Choice for Tech Startups? A Case Study Approach, Sep 2025<sup>2</sup>.***

Discusses how technology start-ups think about Madrid use on a local or national filing level and barriers faced. Helps to connect abstract theories with the practice of startups.

3. ***Motasem Abu Ghazaleh, Madrid System Vs. National Filing: The Good, The Bad***

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<sup>1</sup> Fred rocafort, "The Madrid System for Trademarks: Powerful, But Not Always the Right Tool" (Harris-Sliwoski), Jun 10 2025.

<sup>2</sup> Bao tran, patent attorney, Is Madrid Protocol the Right Choice for Tech Startups? A Case Study Approach, Sep 19 2025.

***and The Ugly, Oct 2022<sup>3</sup>.***

Analyses the expenses, duration, and risks associated with making individual national filings compared to utilizing the Madrid Protocol. This offers valuable insight into empirical cost trade-offs.

**6) Contents of research and findings:****a. The legal and procedural challenges faced by startups in protecting their trademark internationally**

Scaling startups destroys a mixing of legal and procedural challenges when pursuing international trademark protection. The trademark right is unique in every country and they also have different type of standards for registration procedures and its enforcement policies. Because one registration in one country doesn't extend to another country. By using the Madrid System, the brand can improve the filing process, but it also has some set of challenges that is the international registration on a home application for five years and it can be destroyed if the application in home country refused, with each designated country conducting its own examination, often necessitating local legal expertise to address refusals. From official fees, translations, attorney fees and future renewal costs can mount quickly and with unyielding filing deadlines to establish priority of date alone, timings can be tight further exacerbated by differing proof-of-use conditions. Registration is obtained; enforcement and brand protection still vary by country and can be costly. Together, these factors force startups to operate within a budget and navigate strategic choices when selecting markets and timing filings in order to obtain and retain international trademark protection.

**b. Importance International Trademark Protection influence in Global Brand Expansion:**

Trademark protection internationally is need for brand expansion globally as it protects a business identity legally worldwide where expansion is expected. A registered trademark gives the specific right to use the brand trademark, by allowing a startup to develop the business by creating static recognition, prevent infringement, and protect the reputation which gives trust to international consumers. If there is no proper protection, the competitors and opponents may

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<sup>3</sup> Motasem Abu Ghazaleh, *Madrid System Vs. National Filing: The Good, The Bad and The Ugly*, Oct 1 2022.

misuse the trademark by registering same mark before you and led the brand to a high risk and disputes, this may destroy the branding efforts and may lose the access in global market. If there is proper international trademark protection it improves the brand value and it leads to get investments. It also decreases the risk in international brand growth.

**c. The Madrid System compared and direct national filings for startups differ in cost efficiency with limitation in budgets:**

In those days, the Madrid System indicate to be more cost effective for the applications which cover the multiple countries. A single application in one language comprises several member countries with one same basic fee along with some designation charges for each country. For example, protecting one category of goods in five or six reasonably priced member states can often be accomplished for just a few thousand US dollars, in case of filing an individual application in each country it would lead to multiple and separate government fees.

Additionally, management is more straightforward and less costly: renewals and updates, such as address modifications, are processed through WIPO with a single renewal date, which minimizes local agent expenses and administrative tasks. Sometimes any unforeseen costs may also lead to reduce these savings. Each designated country still reviews the trademark according to its own regulations, meaning that refusals may require engaging local legal counsel and incurring additional fees. Furthermore, for the initial five years, the international registration relies on the original “basic” filing; if that mark is limited or annulled a situation referred to as a “central attack” the owner must transition to individual national applications and bear all related domestic fees.

**d. Strategies can be used by startups for trademark protection globally:**

Startups which are operating with the tight budgets may strategically give importance to the countries where the trademark protection is granted by coordinating their filings and also with their overall business ideas and plans. The starting level will typically involve the domestic markets along with other countries market where the product is ready to launch within the next 12 to 18 months.

Otherwise, where the manufacturing or distribution partners are present at the highest level of immediate risk of infringement. Then founders evaluate the growth level and commercial

relevance by considering the large number of populations, revenue expectations or any other interest from the strategic investors.

It is followed by targeting the high-risk locations which are vulnerable to the trademark squatting such as China and other first to file jurisdiction even though if the market entry is intended for a medium term.

They can also categorize countries through regional systems like the European Union Trade Mark or the Madrid Protocol to enhance efficiency in covering multiple markets, and adopt a phased approach by filing a primary set of trademarks initially, adding new regions as their expansion or funding permits. Startups frequently enhance this approach with monitoring services and robust contractual safeguards (such as NDAs and licensing agreements) to identify and deter infringers while delaying broader trademark filings.

This strategic, data-informed method effectively balances cost management with the necessity of securing brand rights where the potential for commercial exposure and enforcement risk is highest.

**e. The legal gaps are in existence in the Madrid System while protecting non-traditional marks (e.g., sound, motion, holograms) worldwide:**

The Madrid System allows applicants to submit a single international application for non-traditional trademarks such as sound, motion, or hologram marks; however, it does not standardize the underlying substantive laws, leading to considerable gaps. Each designated country independently determines whether these marks can be registered, with many still requiring conventional graphic representations or enforcing stricter technical criteria, which means that a mark accepted in the international application could be rejected locally.

The requirements for representation also vary some trademark offices necessitate musical notation for sound marks or sequential images for motion marks—resulting in expensive, country-specific modifications that detract from the efficiency of “one filing.” Since the Madrid Protocol lacks a consistent definition of a “mark,” legal ambiguity continues to exist, and enforcement is fragmented as courts have varying degrees of recognition for the infringement of sensory or dynamic components.

New formats like holograms or multimedia marks encounter even greater inconsistency,



compelling brand owners to often pursue simultaneous national filings and customized local guidance to obtain enforceable rights despite having secured an international registration.

## **SOMEMORE FINDINGS:**

### **I. Creating a global trademark strategy**

It is essential for any startup aiming for a presence in international markets. This strategy focuses not only on protecting the brand but also on maintaining the startup's identity across various markets without challenge. There is two important concepts that is finding most important markets which need to get trademark protection first and designing the strategies to go with trademark regulations in their local.

The first step for startups is to find which markets are beneficial to achieve their business goals. This process needs deep analysis of the market to assess their products and services, essential for their growth, and healthy competition. Factors such as economic aspects, behaviour of the consumer.

### **II. Identifying Key Markets for Trademark Protection**

The selection of appropriate market for the trademark protection is the important step for every startup which is entering into the global marketplace. This selection should combine the strategic business insights with accurate intellectual property considerations.

In order to initiate this work, conducting a brief or comprehensive market analysis is necessary to identify in which place the startups customer base is currently exists and where it may be expanded in future days. This way of exploring the startup industry, comprehensive landscape, and other market trends which helps to identify the locations where the brand is most likely to succeed in future. In economically the robust market can have the strong legal framework to provide more comfortable conditions for trademark investments.

It is equally important to identify the region where the brand may get affected or challenge such as counterfeiting or any form of threat of trademark squatting. Taking the proactive measures in those areas will help to prevent the significant future expenses and other operational disruptions.

Finally in order to balance the opportunities and reducing the risk then startups can create a rank list of those countries.

This list will take into account various factors, such as including the followings:

- Long term growth plan and business objectives
- Market demand and customers demographic trend information
- current and future market penetration
- The feasibility of enforcement of trademark rights and strengthen the legal system

Trademark agreements are connected with some international framework like Madrid Protocol which helps to facilitate the registration process of future market prospects should also be taken into account in this intellectual property strategies. But the immediate registration throughout the world is too costly for most early-stage companies. It also monitors the developing market to set the stage for timely trademark filings and protection as the business itself in progress.

It is wider for the startups to use the trademark monitoring service in the market from the beginning. This approach may help to identify the potential infringement or the conflict of claims early, which facilitates the smoother entry into the market.

The process of selecting or identifying the market for trademark protection should be align with the startups business ideas. The continuous reassessment ensures that the approach to intellectual property would serve as a inducing factor for the company's growth and development.

### **III. Adapting to Local Trademark Laws**

The startups which expanding the business operation internationally, it is important to adopt to the trademark laws in each country. Due to certain territorial nature of these laws, there is wide range of variation which requires the tailored approach for each country. The initial step for startups is mainly to understand deeper about the registration of trademarks and its enforcement in each country. This also includes the recognition of the details about what qualifies for trademark protection, and the treatment of descriptive and generic terms, and any other unique requirements for proving the use. But some countries require the evidence of use before allowing it for registration, others might grant rights over this solely based on the registration

itself.

By understanding the examination of process that the trademark applications should undergo is also imperative. The startups may face many difficulties in certain countries, which would lead to rejections, objections and oppositions. In order to address or overcome this problem the startups should be well equipped with standard arguments and other substantial evidence.

Another level of challenge can be raised from the classification of goods and services, which may differ from locations. It is the duty of the startups to ensure their trademark are categorised in a correct way and that provides a extensive coverage and other protection, which adapted to each countries classification system.

Apart from this cultural differences and other language issues are equally important. If the trademark is well equipped in one country might been a problem or issue or might affect the existing trademark in another country. Startups need to verify that their marks will are culturally suitable for every use. Additionally, the startups must be aware about the local usage of the validity of their trademark laws. In case of failure to fulfil the conditions then it will lead to the cancellation for startups proceedings and making it essential for every startup to utilise their own marks in commerce.

Finally, the startups should be diligent about legal deadline, including those for renewal and usage of declaration and application responses. Adjusting to the specific local trademark law requires the careful planning and understanding of the framework in each market. In order to achieve the success, the startups should follow the crafted plan and to strengthen their brand name in global presence is necessary.

#### **IV. Navigating International Trademark Registration**

start of the international trademark filing process requires planning and strategies. This process means more than just filing papers – it's about creating a game plan that ensures complete brand protection and use of resources if your startup is set on making an impact all over the world. This also helps in safeguarding the trade mark throughout the world.

#### **V. Engaging with Local Counsel**

Having connection with local experts, these experts have an in-depth understanding of local

regulatory landscapes and develop tailored approaches to address market-based challenges. They do more than just guide, mind you—these professionals will actually represent the startup with local trademark officials and fight on its behalf for any conflicts or objections.

While the central filing of an application is offered by Madrid System, this facilitation doesn't obscure the importance of local counsel when facing any intricacies that develop in national stages of securing a trade mark registration. They are important in dealing with potential roadblocks - such as office actions or third party "challenges" - so that a startup's path to registration is as frictionless as possible.

## **VI. Maintenance of International Trademarks**

The base for trademark protection gets when there is consistent maintenance. Startups need to manage post-registration obligations like renewals and use declarations to keep their trademarks valid. If it failed to own these responsibilities it may lead to lose the rights. Additionally, many jurisdictions require that the trademark be actively used in commerce, as non-use might result in cancellation. The recording evidence of using act as a defence for claims.

## **VII. Global Trademark Monitoring and Enforcement**

A trademark protection is a structure which need maintenance. Startups must also juggle a range of post-registration requirements such as renewals and use declarations in order to keep their trademarks live. The failure to address these key duties may lead to the waiving of rights. Also, there is the requirement of usage in commerce so that non-use can lead to cancellation. So, keeping tabs on proof of use is a tactical wall against potential claims of abandonment. By registering trademarks with these organizations, startups enable them to seize counterfeit products, significantly enhancing the defence against unauthorized reproductions of their goods. The continuous safeguarding and enforcement of international trademarks require a proactive approach, a dedication to consistency, and a deep understanding of the relevant legal systems. When handled effectively, these initiatives strengthen the startup's trademark portfolio, improving the brand's reputation and position in the global marketplace.

## **VIII. Addressing Common Challenges in International Trademark Protection**

Launching a brand expansion to take place from and for the entire world presents a whole new

set of obstacles that could test even the most durable startups. Recognising and addressing such potential barriers is key to ensuring that trademarks receive the full protection they need globally. this is to protect the trademark.

#### **IX. Responding to objections and refusal**

The main challenge during the process of registration is objections and denial from the trademark office. These stated objections frequently arise from when the trademark is lacking the distinctiveness or being similar to already registered trademarks. In those situations, it is important for a startup to merge with other local professionals who are specialized in navigating the intricacies of the objection process. This type of partnership may involve the formulation of legal arguments, engaging in discussion with the current trademark holder in order to resolve the conflict of interest or any other disputes.

For example, imagine a startup which faces the objection due to the similarity of already registered trademarks. By collaborating with local legal counsel, the startup may arrange a coexisting agreement which permits both to use their trademark within a mutually accepted form without any conflict. This type of resolution not only addresses the current objection but also helps to collaborate with other legal entities in the market.

#### **X. Effective Cost Management in International Registration:**

It is a very important component in international trademark registration, by considering the various expenses which are linked to the filings and other chances of legal disputes. By using this method startups can make a secured trademark protection in every market first, especially those with a large customer base or a high risk of infringement. Systems like Madrid System, which allows for the multiple country filings through a single form of application, can also act as a budget friendly approach. Therefore, it is important to allocate the funds for the potential objection from some specific countries that may require assistance from those local legal experts. There is also another way to control the expenses, by ensuring that initial filings are accurate and complete to prevent the need for the later corrections and other alterations. Furthermore, investing in trademark monitoring services can be a wide choice. Even though it increases the initial cost, it acts as a proactive measure to identify some potential infringement on this, which could save a considerable amount in the future enforcement efforts.

## **7) Strategies for Startups to Navigate International Trademark Issues**

### **1. Initial Filing in Markets:**

First file in the home country, and then in immediate target markets, and high-risk countries (such as China) to prevent trademark infringement earlier.

### **2. Step After Madrid Filing:**

First give priority to Madrid system and make sure that trademark is registered in multiple countries and then go to other countries which are not under Madrid system.

### **3. Be proper in the Basic Application:**

The startups should be proper in home or basic trademark before going to Madrid, this may decrease the chances from “central attack” which invalidate the international registration.

### **4. Direct Filings for Markets which requires:**

In Countries which have high rejections or unique requirements, go with direct national filings to protect the international application which faces challenges.

### **5. Effectively use the WIPO portals for Management:**

Use WIPO’s eMadrid platform for manage trademark and monitor renewals, track the deadlines for renew, and check infringements worldwide for claiming and protecting.

### **6. Local Legal Experts:**

Setup a local legal professional in every country to manage refusals, translations, enforcement related issues, and for negotiations, to be aware about local regulations.

### **7. Internal Coordination and Training**

Give Training to executives, marketing teams, and investors about the trademark strategies to protect brand name, tactics in entering into market, and brand messaging are in same line within the legality in protection.

**8) Suggestions:**

1. Develop online education portals or websites with guidance to increase awareness and training. This may help to improve the knowledge of the applicants.
2. Create a digitalised e-forms for all jurisdictions to simplify procedures. This gives an energy to the applicants to apply for trademark.
3. Giving cost reductions and subsidies for registration. This helps the startups which has limited resources and funds.
4. Setting up arbitration panels in every nation to resolve dispute faster to enhance the protection. This gives trust to the startups for getting protection and claims.
5. Provide multilingual legal support. Because of worldwide protection, all may not know every language. So, this helps to get greater support and communication.
6. Promote public private partnerships. This combination also improves funding and trust on customers and startups.
7. Helping in participation in international harmonisation treaties related to intellectual property to improve Trademark laws by harmonising.

**9) Conclusion:**

The international trademark rights were emerged as a determining factor in the global expansion of scaling of startups. This study finds that even though trademark serves as an important tool for brand recognition, customer faith, and other competitive differentiation it also inherently possesses some significant challenges for startups seeking cross border protection. The administrative difficulties, costs, and other legal variations across many jurisdictions may create the barriers particularly on startup companies.

The Madrid System only offers a pathway for securing international protection but the benefits are tempered by limitations in enforcement difficulties, procedural complexities in certain markets. Therefore, the startups should adopt a informed and strategic approaches to balance the legal protection with financial stability.

By merging the priority of jurisdiction, proactive monitoring scaling enterprises can enhance their intellectual property ideas and strategies. Ultimately, ensuring that trademark systems are more accessible, cost-efficient, and globally harmonised will not only empower startups but also foster innovation, fair competition, and sustainable international trade.



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