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In Focus: Intellectual Property
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U.S. SIGNS ON TO **MADRID PROTOCOL**

TREATY ALLOWS FOR SINGLE APPLICATION FOR MEMBER NATIONS.

Keith W. Medansky and Emily Sexton
Special to the National Law Journal

Keith W. Medansky is a partner in the intellectual property group in the Chicago office of Piper Rudnick. Emily Sexton is an associate in the firm's Washington, D.C., office.

AS AMERICAN COMPANIES increasingly market and sell their products on an international scale, effective international protection of their trademarks becomes of paramount importance. Americans seeking to register their marks outside of the United States must apply separately in each country or region where they are seeking protection. This process of filing multiple applications can be expensive, time-consuming and complicated. Often the burden of filing multiple applications causes businesses to forgo comprehensive worldwide protection of their marks.

In an effort to address this issue, the United States has recently joined the Protocol Relating to the International Registration of Marks. The Madrid Protocol, as it is known, provides an international system for simultaneously applying for trademark protection in multiple countries. On Nov. 2, 2002, President George W. Bush signed the legislation which implements the Madrid Protocol for the United States. [Public Law 107-273 at § 13403](#); 116 Stat. 1921. The Madrid Protocol implementing legislation was passed by the House of Representatives as H.R. 2215 on Sept. 26, 2002, and by the Senate on Oct. 3. On Oct. 17, the Senate gave its advice and consent to the Madrid Protocol treaty. The implementation bill that was signed into law on Nov. 2 provides at least one year before the protocol goes into effect in the United States.

It now falls to the U.S. Patent and Trademark Office (PTO) to develop the necessary regulations for administering protocol applications and the U.S. State Department to deposit the necessary documentation with the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations, which administers the treaty.

By signing on to the Madrid Protocol, the United States joins 56 other countries in offering applicants the ability to streamline the trademark application process in other member countries through an international registration process overseen by WIPO. Other protocol members include Antigua and Barbuda, Armenia, Australia, Austria, Belarus, Belgium, Bhutan, Bulgaria, China, Cuba, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Kenya, Latvia, Lesotho, Liechtenstein, Lithuania, Luxembourg, Monaco, Mongolia, Morocco, Mozambique, Netherlands, Norway, Poland, Portugal, Republic of Korea, Republic of

Moldova, Romania, Russian Federation, Sierra Leone, Singapore, Slovakia, Slovenia, Spain, Swaziland, Sweden, Switzerland, Turkey, Turkmenistan, Ukraine, United Kingdom, Yugoslavia and Zambia.

Once the protocol is fully implemented, U.S.-based applicants will be able to file a single application in the PTO that can, for a fee, be expanded to constitute an application in any other country that is a member of the protocol. Madrid Protocol, Art. 2(1) and Art. 3(1). Similarly, overseas trademark owners may easily expand protection of their marks in the United States by extending existing Madrid Protocol applications and international registrations to include the United States. *Id.*

To take advantage of the Madrid Protocol, an applicant must be domiciled or have a "real and effective industrial or commercial establishment" in a country that is a member of the protocol and must have a registered trademark or pending application in such a country. *Id.* at Art. 2(1). This application or registration can then serve as the basis for extension applications in any other country that is a member of the protocol. *Id.* at Art. 3 (ter).

Applicants filing new applications may also take advantage of Paris Convention priority with respect to extension applications. *Id.* at Art. 4(2). Under the Paris Convention, applications filed within six months of an application in the owner's home country will be considered to have been filed on the date that the home country application was filed.

The registration process

Once the application for international registration is filed, the application is sent to the international bureau of WIPO, where it is examined to confirm that the goods and services are correctly classified under the International Classification of Goods and Services. *Id.* at Art. 3(2). If there are conflicts between the classification required by the trademark office in the applicant's home country and WIPO, WIPO's interpretation will control. If the application is complete, it is then published in the WIPO Gazette of International Marks, and the individual national trademark offices are notified in each country where protection is sought. *Id.* at Art. 3(4).

Protection in each extended country is not guaranteed. Each national trademark office independently examines each international filing under the same standards applied to applications filed through the national office. *Id.* at Art. 3(4). Strictly speaking, the possible grounds for refusal are linked to those given under the Paris Convention for the Protection of Industrial Property. See *Id.* at Art. 5(1).

Some countries conduct little or no examination of the application. Therefore, it is still important that applicants consider the availability and viability of a mark in each country where protection is sought, which may include consulting local counsel to conduct trademark searches and to provide advice regarding strategies for avoiding conflicts and achieving protection. In addition, it may be necessary to retain local counsel to address any objections raised by the local trademark office.

International registrations are valid for 10 years from the date the applicant's home-country registration issues, and the registrations may be renewed for additional 10-year periods. Madrid Protocol, Art. 6(1) and Art. 7(1). Although owners of international registrations need file only one renewal document

through WIPO, each protocol member country may impose additional maintenance requirements in accordance with national trademark laws. For example, just as national registrants in the United States must file a Declaration of Continued Use between the fifth and sixth years of registration, international registrants must likewise file such a declaration. [15 U.S.C. 1058](#) and [1065](#).

The benefits

There are a number of reasons why U.S. trademark owners may want to file international registrations. For trademark applicants with sufficient interest in protecting their marks outside of their own countries, the initial filing procedure is typically cheaper than filing numerous applications through individual national offices. Rather than incurring the costs of individual foreign counsel, translations of documents and the like, protocol filings can be prepared by an applicant's home counsel and in a single language. (The Madrid Protocol permits applications for international trademarks to be filed in English or French. Each office has discretion, however, to choose to permit only French or English.) In addition, in many member countries, the filing fees for Madrid Protocol applications may be lower than those for national applications.

The trademark examination process may also be more efficient for international registrations. Under the Madrid Protocol, national trademark offices must act on protocol applications within 18 months, whereas it may take several years for national applications to be examined in some countries. Madrid Protocol, Art. 5(2).

Basic maintenance of the international registration is similarly streamlined under the protocol. If an international registration is assigned or if the registrant company changes its name or address, it is only necessary to file one recordal document for these changes with WIPO. *Id.* at Art. 9. Each of these provisions may save trademark owners substantial time and money.

The potential pitfalls

Despite the many potential benefits of filing for international registration under the Madrid Protocol, there are a number of potential drawbacks that trademark owners should consider as well.

From the earliest stages of the trademark selection and clearance process, applicants for international registration may lose the input of informed local counsel. Eliminating the need to consult local counsel to file applications may make it more difficult for an applicant to address potential problems in a given country before investing in filing fees. Though there is nothing to prohibit trademark owners from seeking the advice of local counsel prior to filing, doing so will increase the costs of protocol applications. Applicants may still be well advised to conduct trademark searches in each country in which they intend to seek protection or use the mark to minimize the risk of an objection to their application or an infringement claim against their use down the road.

One of the key drawbacks that surfaces during the application process is the fact that coverage of registrations issued under the protocol may not exceed the scope of the home country or other base registration that provides the basis for the international registration. Moreover, if the home country or other base application is refused by the applicant's national office, it will have the same effect on all extension applications in other countries. There are three principal problems that may arise:

First, applicants from countries that require highly specific identifications of goods and services, such as the United States, may find it desirable to obtain more comprehensive protection by filing national applications in countries that allow for broad identifications, or by filing a "home country" application in another country that provides a similar basis. Thus, U.S. applicants basing their Madrid application on a U.S. application may find themselves at a disadvantage vis-à-vis applicants from countries that permit applicants to cover broadly all the goods and services in an international class or in a way more general than coverage is permitted in the United States.

Second, if the home-country application is refused registration or is successfully opposed, it has the same effect on all of the extension applications. For five years after the international registration issues, an applicant's entire international registration is "dependent" on the home-country registration and vulnerable to "central attack" against the home-country mark. *Id.* at Art. 6(3). Thus, a successful cancellation action against the home-country registration will likewise result in the cancellation of the extension registrations. *Id.*

The protocol, however, provides that an application or international registration affected by a central attack may be converted to individual national filings within three months of the refusal of the home-country mark. *Id.* at Art. 9 (quinquies). Such a conversion, however, can be quite expensive and requires filings in, and payments to, each country in which the applicant desires protection.

Finally, international registrations can be assigned only to new owners that reside in a member country. Madrid Protocol, Art. 9. Assignment of international registrations registered under the protocol to owners in countries that are not signatories to the protocol is prohibited and such an assignment could invalidate the registration. *Id.* For example, a U.S. company that owns a Madrid-based registration cannot assign it to a Canadian company because Canada is not a party to the Madrid Protocol. This limitation could decrease the value of a portfolio that one day may be transferred to a new owner in a nonmember country, such as Canada and much of Latin America and parts of Asia.

Potential impact on PTO

It remains to be seen just how the Madrid Protocol will affect trademark owners in the United States. An influx of new applications will likely make the trademark register more crowded. It is likely that the PTO will institute regulations to accommodate Madrid Protocol filings that will affect all applicants, not just those filing under the protocol. Such changes may include additional electronic filing requirements and possible lags in examination time for national applications while trademark office examiners endeavor to ensure compliance with the protocol's 18-month examination requirement.

Opposition and cancellation procedures may also change, particularly with respect to opposition to protocol applications in the United States. In the meantime, it is important that trademark owners in the United States and elsewhere weigh the advantages and disadvantages of the Madrid Protocol and keep in mind the importance of local country counsel security in determining how best to protect their trademark rights throughout the world.

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