

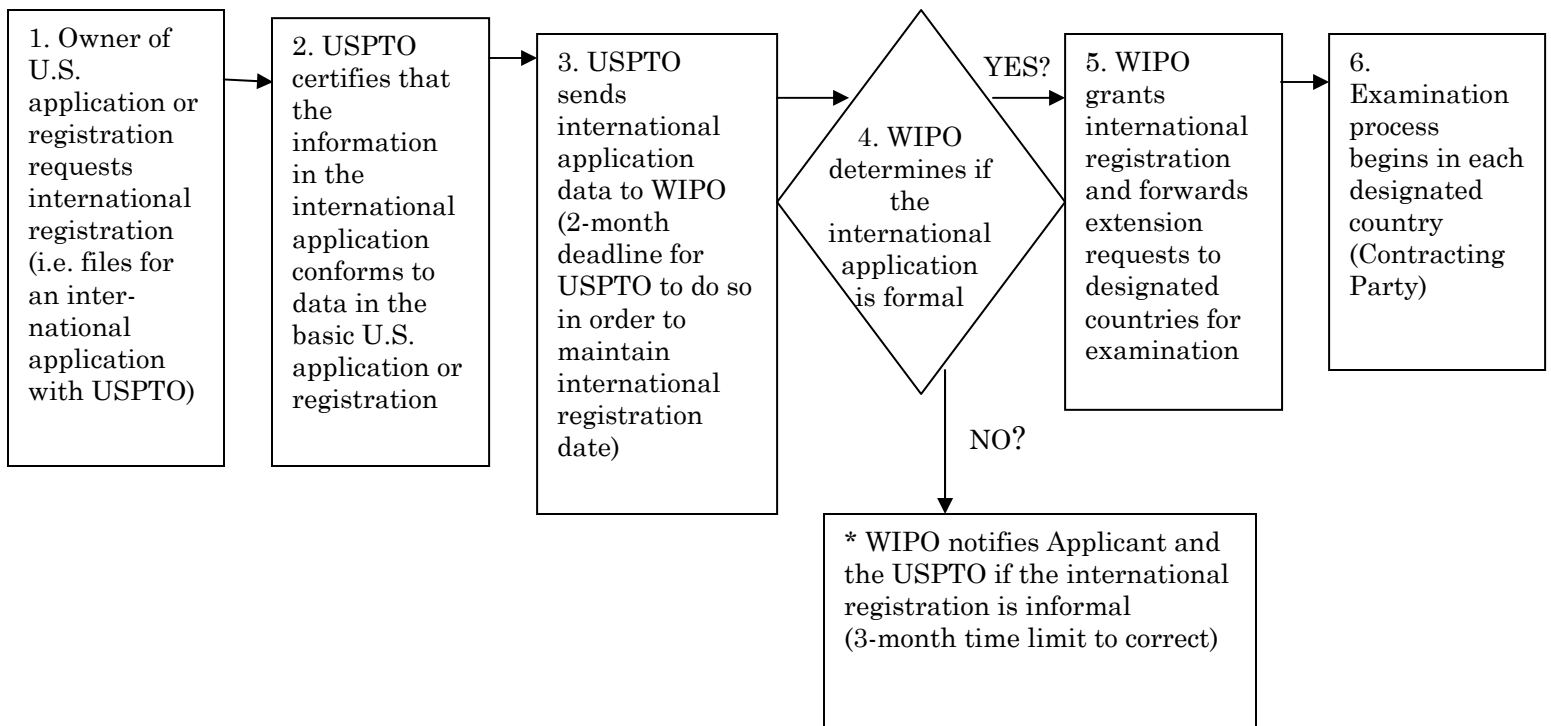
## The Madrid Protocol - Sea Change or Tempest in a Teapot?

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The Madrid Protocol ("Protocol")<sup>1</sup> has been held out as a way for trademark owners to extend protection to almost 60<sup>2</sup> nations in a cost-effective one-stop process. Since it is likely that U.S. regulations implementing the Protocol will go into effect on November 2, 2003,<sup>3</sup> trademark owners will shortly have the option of using this device to extend their protection abroad.

Ideally, the procedure under the Protocol is for a trademark owner to file an application<sup>4</sup> in its home country<sup>5</sup> and then ask that the application be sent to the International Bureau (at the World Intellectual Property Organization - "WIPO")<sup>6</sup> for international registration and subsequent "extension" to some or all of the nations that have implemented the Protocol.

In a flow chart format<sup>7</sup>, the Madrid Protocol process from the perspective of U.S. applicants would look like this:



If effective, the Protocol will produce substantial cost savings over the current system, which consists of filing "national" applications in each nation or group of

nations (such as the European Community) where protection is desired. However, the Protocol may not always be the best way to obtain international trademark protection and poses some significant risks for trademark owners, and these risks are not generally featured in the promotional materials from WIPO or the U.S. Patent and Trademark Office.

Before embarking on a critique of the pitfalls of the Madrid Protocol, it is useful to appreciate the nomenclature that comes with it:

1. "Basic application": This is the home-country application that must be filed before the applicant can take advantage of the Madrid Protocol system.<sup>8</sup> In the U.S. this will be either the garden variety "use" or "intent to use" application provided for under the current Trademark Act.<sup>9</sup>

2. "Basic registration": This is the home-country registration.<sup>10</sup> Under the Madrid Agreement<sup>11</sup>, someone who wishes to take advantage of the system needed a "basic registration." Under the Madrid Protocol, one may rely upon either a basic application or a basic registration.<sup>12</sup>

3. "International application": This is the application filed with the home-country trademark office requesting that particulars regarding one's basic application or basic registration in the home-country be used as the basis for filing with WIPO and for requesting that WIPO issue an international registration (defined below).<sup>13</sup> As currently envisioned by the USPTO draft regulations, all international applications emanating from the United States will need to be filed electronically through the Trademark Electronic Application System ("TEAS").<sup>14</sup>

4. "International registration": When WIPO receives the international application, WIPO ensures that all formalities are met (there is no substantive examination by WIPO for things such as conflicts with existing international registrations), and WIPO then notifies those Madrid Protocol member nations where protection is desired that extension protection is requested by the applicant.<sup>15</sup>

5. "Extension protection": This is the protection one receives in each nation after successful examination under its laws and regulations. Therefore, each nation in which extension protection is desired will receive an extension request from WIPO, with particulars of the international registration, and each nation will then decide if the mark is eligible for protection in that country.<sup>16</sup> It is not really a "registration" under the local laws and regulations of the individual countries since protection of the mark claimed continues to depend on the existence of the international registration.<sup>17</sup>

## **I. Some Possible Pitfalls**

Although the Madrid Protocol system may work well and save costs for many trademark owners, there are pitfalls that should be taken into consideration in making the decision whether to pursue a series of national or regional applications or use the Protocol process.

### **A. The Description of Goods and Services Pitfall**

In the U.S., the goods or services in a trademark or service mark application must often be described in almost painful detail. In most instances, changes in the description of goods or services in the U.S. application will result in identical changes to every "extension" application filed through the Protocol mechanism.<sup>18</sup> However, if "national" applications are filed instead, a number of nations will accept very broad claims of goods and services, thus giving the trademark owner greater protection in those countries.

### **B. The Central Attack and Dependency Pitfalls**

All of the extension filings under the Protocol remain dependent upon the continued existence of the "home country" filing for five (5) years.<sup>19</sup> If the home country application does not attain registration or the home-country registration is cancelled or successfully challenged (so-called "central-attack") by an opposition or cancellation proceeding filed within the five (5) year term, all of the "extension" filings are nullified.<sup>20</sup>

Under the Protocol, there is the possibility of transforming the extension filings to new national applications.<sup>21</sup> This conversion or transformation process will incur additional costs that eliminate any savings the trademark owner reaped under the Protocol.<sup>22</sup>

If the transformation application is filed within three months of the date on which the international (WIPO) registration was canceled, the transformation applicant will receive the benefit of the international (WIPO) registration date or the date of recordal of the request for extension of protection with WIPO. Otherwise, the applicant begins the registration process anew.<sup>23</sup>

### **C. The Continued Validity of the International Registration Pitfall**

Any extension protection obtained through the Protocol is completely dependent upon the international registration (at the International Bureau of WIPO) remaining in force.<sup>24</sup> This has nothing to do with a "central attack" or the rule regarding five-year dependency of the international registration on the continued validity of the home-country registration, discussed above.

If the trademark owner, through an unintentional oversight, fails to renew its international registration, **ALL** of its extension protection will terminate. By contrast, the risk of this occurring with a series of national registrations is minimized by the fact that a domestic filing agent will be used in each country and that agent will generally remind the applicant or its outside counsel when maintenance of the national registration is required. This additional "failsafe," as well as "grace periods" in most nations, will generally prevent the loss of rights.

In addition, even if errors are made in maintaining one in a series of national trademark filings, the most that the trademark owner will stand to lose is a single registration in one nation - - not a cascading "domino effect" of all of its extension filings being cancelled through inadvertent failure to maintain its international registration.

### **D. The Supplemental Register Pitfall**

If the trademark is arguably descriptive, a surname or a geographical reference, there is a risk that it might end up being registered on the U.S. Supplemental Register.<sup>25</sup> Such marks may not be entitled to extension protection under the Protocol<sup>26</sup>, but might have a chance for national registration if filed directly.

### **E. The "Form of the Mark" Pitfall**

Under the Madrid Protocol, the form in which a mark is filed in the applicant's "home country" dictates the form in which it will be extended to all other nations, and the wrong choice can be fatal.<sup>27</sup> For example, the U.S. is fairly liberal in allowing registration of marks consisting of a single letter or a double-letter combination (for example the simple typed letter "V" has been registered by different parties for "periodical magazines," "protective gloves," "dietary and nutritional supplements," and "chemicals").<sup>28</sup>

However, many nations will not register single or double-letter marks unless they are in color or part of a logo or some other device. Therefore, filing a single letter mark in the U.S. and seeking to extend that filing under the Madrid Protocol may result in refusals of registration by numerous nations.

This problem can often be avoided by making national filings under the rules of each nation's practice (e.g. if a nation will register a single letter mark only if it is in color, a national application can be filed in color there and in black-and-white in the United States).

#### **F. The Domestic Representative Pitfall**

If a Protocol extension filing is being handled by outside counsel, there is a risk that communications (including various national refusals of registration) may be directed to the applicant, not its outside counsel.<sup>29</sup> This can lead to loss of rights if official communications are misplaced by the trademark owner or not promptly forwarded to the trademark owner's outside counsel.

#### **G. The Updated-Mark Pitfall**

Amendments to the form of internationally registered marks is prohibited.<sup>30</sup> However, under the practice in a number of nations, including the United States, amendments of national registrations may be permitted under certain circumstances. Therefore, if your mark (such as a logo) may go through "updating" over time, it may be best to use the national filing systems rather than the Protocol.

## **II. Beyond the Pitfalls**

There are other practice and cautionary notes that may not qualify as pitfalls of the Madrid Protocol system, but nevertheless deserve consideration.

### **A. National Substantive Examination Rules**

The substantive examination rules of each member nation apply to Madrid Protocol filings.<sup>31</sup> Therefore, simply because an applicant has secured an international registration from WIPO does not mean that all requests for extension protection will be accepted by national trademark offices.

## **B. "Use" Rules**

In nations such as the United States that require use of marks within certain prescribed periods of time after registration, those rules will continue to apply to marks granted extension protection.<sup>32</sup> Although all extension protection theoretically has a duration corresponding to that of the international registration, the time periods for proving use may arise from dates corresponding to national extension protection, not the date of the international registration.<sup>33</sup> Thus docketing will take on new complexity for those who choose to rely upon the Madrid Protocol system.

## **C. Time Periods for Examination and Opposition**

The USPTO will have only 18 months after the date on which WIPO transmits an extension request to: (a) notify WIPO of a refusal of registration; or (b) notify WIPO of the filing of an opposition or the possibility that an opposition may be filed after the end of the 18 month period.<sup>34</sup> All grounds for opposition must be submitted within seven months after the beginning of the opposition period or within one month after the end of the opposition period, whichever is earlier.<sup>35</sup>

## **D. Paris Convention Priority May Be Claimed**

Applicants using the Madrid Protocol system may rely upon Paris Convention priority.<sup>36</sup>

## **E. Central Maintenance of International Registrations and Extensions**

All renewals of international registrations and extension protection will be made directly with WIPO, not through national trademark offices.<sup>37</sup> WIPO will also be the central filing authority for most assignments and security interests that apply to international registrations and extension filings.<sup>38</sup>

## **F. Timing Extension Applications**

U.S. applicants may decide not to file for extension under the Protocol immediately upon filing the basic application in the USPTO. It may be prudent to await at least the first action in the USPTO to ensure that the basic application will be accepted for registration on the Principal Register. Since Paris Convention priority may be used under the Protocol system<sup>39</sup>, applicants will have 6 months

from filing at the USPTO to extend their applications and benefit from Paris Convention priority.

## **G. Additional Extension Requests May Be Made**

Not all nations to which extension is desired need to be listed in the first extension request to the USPTO.<sup>40</sup> There are provisions in the draft regulations for "subsequent designation" of extension countries.<sup>41</sup> However, the applicant should consider issues such as filing priority (Paris Convention priority) and the possibility of intervening national rights in determining the list of extension nations to be included in the original extension application.

## **H. Fee Calculation**

Since each nation may set its own fees for extension applications, the math involved can be tricky. Failure to properly calculate fees can lead to loss of rights. For example, in the United States, all fees will need to be paid at the time the international application is requested.<sup>42</sup> Fortunately, WIPO maintains a fee calculator on its website at: <http://www.wipo.int/madrid>.

## **I. Electronic Filing With the USPTO**

As previously indicated, under the current draft of the U.S. regulations implementing the Protocol, all requests for international applications must be filed with the USPTO through its TEAS (electronic) system.<sup>43</sup> In addition, under the proposed rules, all extensions of time to oppose and oppositions against extension applications filed in the United States must also be made through the USPTO electronic system (ESTTA).<sup>44</sup> Cancellation petitions can apparently still be filed on paper. It should also be noted that under the rules proposed by the USPTO, failure to pay the required fees through ESTTA for all opposers or petitioners in relation to all classes of goods or services challenged will result in no proceeding being instituted.<sup>45</sup> However, for oppositions or cancellations filed on paper, failure to pay sufficient fees will result in the proceeding being instituted only as to the number of classes for which a fee was paid and those classes will be selected by the USPTO in "ascending numerical order."<sup>46</sup>

In view of the foregoing, very careful consideration should be given by trademark owners as to whether to file under the Madrid Protocol rather than through national registration systems.

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<sup>1</sup> Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, (June 27, 1989).

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<sup>2</sup> Currently, there are 57 members of the Madrid Protocol. The only existing members in the Western Hemisphere as of this writing are Cuba and Antigua and Barbuda. As of June, 2003, the United States had not submitted its accession document. The European Union is not a member of the Protocol as of this writing, although a number of individual member nations of the EU are Protocol members.

<sup>3</sup> The United States will become a member of the Madrid Protocol either on November 2, 2003 (one year after the effective date of the 21<sup>st</sup> Century Department of Justice Appropriations Authorization Act, H.R. 2215ENR, 107<sup>th</sup> Congress, 2<sup>nd</sup> Session (2002), to which the Madrid Protocol amendments to the Lanham Act were attached, commonly referred to as the "Madrid Protocol Implementation Act of 2002" (hereinafter "MPIA"), or the date on which the Madrid Protocol treaty enters into force with respect to the United States, which will be three months from the date on which the U.S. accession document is deposited with the World Intellectual Property Organization. H.R. 2215, §13403 and Madrid Protocol, art. 14(4)(a).

<sup>4</sup> The Madrid Protocol international application (the application sent to WIPO by the USPTO which results in WIPO issuing an international registration which is then extend to other Madrid Protocol Members) may also be based on the USPTO trademark or service mark registration. Madrid Protocol, art. 2(2) and MPIA §61.

<sup>5</sup> The U.S. applicant for an extension application must specify that the applicant is a national of, is domiciled in, or has a real and effective commercial establishment in the United States. See, MPIA §61(b) and Rules of Practice for Trademark Related Filings Under the Madrid Protocol Implementation Act; Notice of Proposed Rulemaking; Notice of Hearing, 68 Fed. Reg. 15119 - 15138 (March 28, 2003), (to be codified at 37 C.F.R. §7.11(a)(10))(hereinafter, "Proposed 37 C.F.R. § \_\_\_").

<sup>6</sup> Madrid Protocol, art. 2 and MPIA §60(9).

<sup>7</sup> Derived from: "The Madrid Protocol, The U.S. Perspective," Lynne Greene Beresford, Deputy Commissioner for Trademark Examination Policy, USPTO (March 5, 2003).

<sup>8</sup> Madrid Protocol, art. 2(1) and MPIA §60(1). This article uses "home-country" as a shorthand for the requirement that an applicant must be a national of, or domiciled in, or have a real and effective commercial establishment in the country in which the basic application is filed in order to take advantage of the Madrid Protocol system. MPIA §61.

<sup>9</sup> 15 U.S.C. §1051.

<sup>10</sup> Madrid Protocol, art. 2(1) and MPIA §60(2).

<sup>11</sup> Arrangement of Madrid for the International Registration of Marks (April 14, 1891). The Madrid Agreement has many of the same features as the Madrid Protocol. However, the United States has refused to join the Madrid Agreement since a home-country registration (as opposed to only an application) is required to apply for extension protection under the Madrid Agreement, only 12 months (as opposed to 18 months under the Madrid Protocol) are allowed to national trademark offices to process extension requests, national offices cannot charge their own fees to process extension requests and all international application are required to be in French. In addition, there are no provisions in the Madrid Agreement for membership by regional offices (e.g. the Benelux and the EU).

<sup>12</sup> Madrid Protocol, art. 2(1).

<sup>13</sup> Madrid Protocol, art. 2(2) and MPIA §60(8).

<sup>14</sup> Proposed 37 C.F.R. §7.11(a).

<sup>15</sup> Madrid Protocol, art. 2(1) and MPIA §60(11).

<sup>16</sup> MPIA §60(6).

<sup>17</sup> See, MPIA §70(a) and (b).

<sup>18</sup> Madrid Protocol, art. 9*bis*(iii) and MPIA §63. This section provides that if at anytime within five years after international registration by WIPO "the basic application or basic registration which is the basis for the international application has been restricted, abandoned, or canceled, or has expired, with respect to some or all of the goods and services listed in the international registration" the USPTO shall so notify WIPO. This provision also applies to changes made in the basic



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application or basic registration that arise from actions instituted before the expiration of the five year period (e.g. a cancellation begun four years and 364 days after U.S. registration).

<sup>19</sup> *Id.* and Madrid Protocol, art. 6(2) and (3).

<sup>20</sup> *Id.*

<sup>21</sup> Madrid Protocol, art. 9*quinquies*; MPIA §70(c) and Proposed 37 C.F.R. §7.31.

<sup>22</sup> Proposed 37 C.F.R. §7.31(b)(3).

<sup>23</sup> Madrid Protocol, art. 9*quinquies* and MPIA §70(c).

<sup>24</sup> MPIA §70(b).

<sup>25</sup> 15 U.S.C. §1091.

<sup>26</sup> See e.g., MPIA §68(a)(4) and Proposed 37 C.F.R. §2.47(c).

<sup>27</sup> See, Proposed 37 C.F.R. §7.11(a)(3), (4) and (5).

<sup>28</sup> See, USPTO Registration Nos. 2,385,133; 2,471,036; 2,320,934; and 2,569,790.

<sup>29</sup> See, MPIA §68(d); Proposed 37 C.F.R. §§2.18(d), 2.105 and 2:113; and current 37 C.F.R. §§2.24 and 2.119 (published in 67 Fed. Reg., 79520-79523 (December 30, 2002)).

<sup>30</sup> Madrid Protocol, art. 9*bis*. See, "Protecting Your Trademark Abroad: Twenty Questions About the Madrid Protocol," p 14 (WIPO, 2001).

<sup>31</sup> Madrid Protocol, art. 5 and MPIA §68.

<sup>32</sup> MPIA §71(a).

<sup>33</sup> *Id.*

<sup>34</sup> Madrid Protocol, art. 5(b) and (c) and MPIA §68(c)(1).

<sup>35</sup> MPIA §68(c)(2).

<sup>36</sup> Madrid Protocol, art. 4(2); MPIA §67 and Proposed 37 C.F.R. §7.27.

<sup>37</sup> Madrid Protocol, art. 7 and Proposed 37 C.F.R. §7.41.

<sup>38</sup> Madrid Protocol, art. 9 and art. 9*bis* and Proposed 37 C.F.R. §§7.22. Exception to this rule are set forth in Proposed 37 C.F.R. §§7.23 and 7.24.

<sup>39</sup> Ftn. 35, *supra*.

<sup>40</sup> MPIA, §64.

<sup>41</sup> Proposed 37 C.F.R. §7.21.

<sup>42</sup> Proposed 37 C.F.R. §7.11(a)(9).

<sup>43</sup> Proposed 37 C.F.R. §7.11(a).

<sup>44</sup> Proposed 37 C.F.R. §§2.101(b)(2) and 2:102.

<sup>45</sup> Proposed 37 C.F.R. §§2.101(d)(2) and 2.111(c)(2).

<sup>46</sup> Proposed 37 C.F.R. §§2:101(d)(3)(ii) and 2:111(c)(3)(ii).