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## The Madrid Protocol

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## Session VII: Developments with Regard to the Madrid Protocol on Trademarks

### The Madrid Protocol<sup>†</sup>

Carlisle E. Walters\*

I will begin by telling you the current status of the Madrid Protocol ("Madrid Protocol" or "Protocol").<sup>1</sup> The Protocol is not in effect; it was signed by a number of countries, but only Spain has ratified it.

The United States did not sign it; what we will do, if we become a member, is accede to it. Implementing legislation was introduced in the House during the last Congress.<sup>2</sup> When the new Congress started this year, that bill died. My understanding is that there will be bills introduced in both the Senate and the House within the next two weeks to implement the Madrid Protocol in the United States. There is a hearing planned for May 20, 1993, on the bill in the House Subcommittee on Intellectual Property and Judicial Administration.

That legislation is just one part of bringing the Protocol to the United States. Equally important is the request by the President to the Senate that we accede to the Treaty. That request has not been made yet. Our experience in the past is that Congress is not too interested in talking about a treaty until they see implementing

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1. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, June 27, 1989, WIPO Doc. MM/DC/27 Rev. (1989).

2. H.R. 6211, 102d Cong., 2d Sess. (1992) [hereinafter H.R. 6211].

legislation so they know exactly what the Treaty will do in the United States.

Over the last few years since the Protocol was signed, there has been a great deal of interest in the Protocol in the United States. The U.S. Patent and Trademark Office ("PTO") has moved ahead, prepared legislation, and started seriously talking about how we would implement the Protocol. Today I will talk about how the Protocol would work in the United States and how it would be implemented at the PTO.

Trademark owners find that filing trademark applications internationally is a very expensive process. Also, it can be extremely complicated. It can be complicated, once a trademark owner finally obtains a registration, to maintain that registration or to record assignments. The Protocol tries to address all of these situations.

The Protocol is an international trademark registration filing system.<sup>3</sup> It is not intended to be a harmonization treaty, and it is not intended to be a registration system.

Basically, under the Protocol, national laws will apply. All applications coming into the United States, including through the Protocol, would be examined like any application under U.S. law, pursuant to the same processes and procedures.

There are two basic aspects to the Protocol: (i) foreign requests for protection in the United States;<sup>4</sup> and (ii) U.S. requests for protection abroad.<sup>5</sup>

First, U.S. businesses who seek to register internationally through the Protocol only need a single filing at the PTO, with a single application and a single set of fees, and they can do it in English. These are all major benefits.

After the PTO confirms that the application is consistent in all respects with a filing of an application in the United States, the international application would then go on to the International Bureau of the World Intellectual Property Organization ("WIPO").

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3. *Id.*, Statement of Purpose and Need at 1.

4. *Id.* tit. XII, § 65.

5. *Id.* tit. XII, § 61.

Once the international application reaches WIPO, it will obtain, as a filing date for international registration, the date on which it was filed in the United States. That assumes that the PTO transmits the international application to WIPO within two months of the filing in the United States, which I think is a good assumption, and certainly not something that we would anticipate being a problem at all.

WIPO then issues an international registration. The international registration itself is meaningless; it has no territory of its own. The territoriality comes with the request for an "extension of protection"—which will be a term-of-art in our law—to a certain country. When you file an international application, you must have at least one request for an extension of protection to a country.

Another point to remember is that the international registration cannot extend back to the United States. If the application originates in the United States, the applicant cannot request extension of the international registration to the United States and therefore supplant the U.S. registration.

WIPO will publish the mark, which is the issuance of the international registration. At the same time, WIPO will send the requests for extension of protection to each of the countries requested. These requests will then be examined under national law in each requested country.

If there is a refusal, the country will notify WIPO. That notification will be sent to the holder of the international registration by WIPO. The holder will then have to obtain counsel or a representative in that country to further pursue the application in that country.

Once the holder of an international registration obtains an extension of protection in at least one country, the international registration is renewable every ten years from the registration date. The holder can request additional extensions of protection at any time during the life of the international registration. So, a trademark owner can have an international registration valid in, for example, ten countries, and during the fifth, sixth, seventh year—any period of time—that trademark owner can request extensions of protection

to additional countries. Those extensions of protection do not receive their own ten-year period. Thus, the international registration and all its extensions of protection, regardless of when they are obtained, are renewable every ten years from the date of the international registration. That renewal is obtained upon the payment of a fee to WIPO.

A significant point about a Madrid Protocol international registration is that, if the holder assigns the mark, the assignee can record that assignment with WIPO as to all the extensions of protection or as to some of the extensions of protection; they are separable.

Now I will talk about requests for extension of protection coming into the United States.

When a request for extension of protection of an international registration comes into the United States, it will come from WIPO. WIPO will regularly send the PTO, electronically, all the information about requests that they have received for extensions of protection to the United States.

The United States will accord these requests a filing date based on the international registration filing date, or, if it is a later request for extension of protection, the date of that filing.

The Paris Convention<sup>6</sup> right of priority also applies to Madrid Protocol international applications. That means if a trademark owner filed a national application in the United Kingdom, for example, and then subsequently, but within six months, filed an application for international registration, that applicant may make a Paris Convention right of priority claim and obtain as a filing date for the international application the date of the original filing in the United Kingdom.

The PTO intends to examine requests for extension of protection to the United States in the same manner as national applications. It will take them in the same order that it would take any application and subject them to the same degree and kind of scruti-

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6. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, *as last revised*, Stockholm, July 14, 1967, 21 U.S.T. 1583, 423 U.N.T.S. 305.

ny for all issues, including likelihood of confusion, descriptiveness, and distinctiveness. Assuming that the examination goes well, it will publish the mark for opposition, and the request for extension can be opposed.

There are certain time limits within which a country must notify WIPO about refusals. Under the Protocol, the United States would be required to notify WIPO of a refusal within eighteen months.<sup>7</sup> Actually, the period is twelve months, but a country may, upon accession, declare an eighteen-month refusal period, which is what the United States will definitely do.<sup>8</sup>

This means that within eighteen months, the United States will have to inform WIPO of all possible grounds for refusal. Assuming that pendency in the PTO is three months to first examination and about fifteen months to registration, as it is now, this period should not be a problem for the United States. This is true considering that only a comprehensive first examination is necessary to determine the nature and extent of any refusals.

There is an exception to the eighteen-month time limit, of course, for opposition.<sup>9</sup> If we have not had time to publish the mark within the eighteen-month period, the PTO will send to WIPO a notice of the possibility of opposition. That is sufficient notice under the Protocol, within that eighteen months, to preserve the right to make an opposition-based refusal.

There is another declaration under the Protocol that the United States will make in relation to the opposition process. Upon notification of the possibility of opposition, the refusal notification time limit stops running until the mark is published for opposition. Once publication occurs, the PTO has seven months to inform WIPO of the grounds of opposition, if any grounds are filed.

This will require a change in practice with respect to filing oppositions. Often, within seven months of the date of an opposition, the PTO does not know the grounds of opposition because no one has filed a notice of opposition; they have filed extension re-

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7. H.R. 6211, *supra* note 2; Statement of Purpose and Need, at 2.

8. H.R. 6211, *supra* note 2.

9. *Id.*

quests. In this situation, the potential opposer will be required, within a period of time—probably five months—to file the grounds for opposition. These will have to be comprehensive grounds as the potential opposer will not be able to amend the notice of opposition to assert additional grounds later.

To ensure that extensions of protection are consistent and comparable to U.S. registrations, affidavits of use will have to be filed by Madrid Protocol applicants.

Renewal of the international registration occurs upon the payment of a fee for renewal to WIPO. The holder can renew the international registration as to all the goods or less than all the goods and as to all the extensions of protection or less than all the extensions. Additionally, the United States will set its own time periods for filing affidavits of use. That's because we consider use to be a kingpin of the U.S. trademark registration system, so we want to be sure that these marks are being used in order to maintain the rights.

Now, section 8 of U.S. trademark law requires an affidavit of use and specimens between the fifth and sixth year.<sup>10</sup> Also, along with a registration renewal application, U.S. law requires an affidavit of use and specimens. Under the Protocol, holders of international registrations with extensions of protection to the United States will be required to file an affidavit of use and specimens under the same conditions as required under section 8. Every ten years we will also require an affidavit of use and specimens. We will simply call this filing the "tenth-year affidavit of use" rather than calling it "renewal."

Under the Protocol this is perfectly acceptable. There aren't that many use-based systems to look at. Portugal, under the Madrid Agreement,<sup>11</sup> has been requiring affidavits of use for years, and we have been assured that this is perfectly acceptable under the Protocol.

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10. Trademark (Lanham) Act of 1946, Pub. L. 79-489, § 8, 60 Stat. 427 (codified as amended at 15 U.S.C. § 1058 (1988)).

11. Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, *as last revised*, Stockholm, July 14, 1967, 828 U.N.T.S. 389.

Because our law considers use of a mark to be so important, we will require that requests for extension of protection of an international registration to the United States include a declaration of a bona fide intent to use the mark in commerce in the United States. This is consistent with the filing of a declaration of a bona fide intent to use a mark in commerce in a U.S. application. It is consistent, also, with requirements for applications filed in the United States under the Paris Convention or under section 44 of the Lanham Act.<sup>12</sup> Thus, all applicants will be required to make a statement of a bona fide intent to use a mark upon filing, and then, between the fifth and sixth years, and every ten years, the holder will be required to file a declaration of use. So, in all respects, use requirements for these marks will be completely consistent with current practice.

Like a Paris Convention application, under section 44, the holder will not have to use the mark before obtaining protection in the United States. Under existing law, the holder will have to use the mark within two years in order not to be subject to cancellation on the ground of abandonment, and the holder will have to use the mark before filing the required affidavits of use.

A second concern that has been often expressed with respect to examining these applications and the viability of the Protocol in the United States has to do with PTO examination requirements.

In particular, we have very stringent requirements with respect to identification of goods and services, much more stringent than most countries in the world. There are some countries where you can register a mark to cover an entire class of goods or you can register a mark using very broad specifications of goods or services. In the United States, the PTO is working on liberalizing these requirements. But, applicants will still be required to specify goods and services with reasonable certainty.

This requirement is important because, under U.S. law, a determination of likelihood of confusion in the courts, or before the Trademark Appeal Board, depends upon the specific goods and the

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12. 15 U.S.C. § 1126 (1988).



nature of the use of the conflicting marks. If we were to broaden our identification of goods requirements substantially, it would be extremely difficult to make a realistic evaluation of likelihood of confusion. Additionally, registrations could reserve an entire class of marks, which would be a real problem.

It is true that a U.S. applicant will be limited in the international registration to the goods and services specified in the application in the United States. However, it does not follow that the Protocol is, therefore, useless to U.S. trademark owners.

One important point about the Protocol is that it establishes an alternative system for international filing. It does not preclude going country-by-country to obtain protection. In some instances, a company may wish to file applications country-by-country. In some instances, a company may wish to, in relation to the same mark, file country-by-country in some countries and file through the Protocol for other countries.

Rather than being a valid argument against the United States becoming a member of the Protocol, the identification of goods issue points out that any trademark owner who is considering whether to use the Protocol or to file country-by-country is going to have to consider carefully the following: in what countries they are planning to sell goods; into what type of market they are going; and what is their intention in that market.

Today, smaller businesses are not able to file in many countries. Often, smaller companies will choose their major markets, register there first, and start a long-term program, over the years, to file in other countries.

One of the major problems with this approach is that many of these companies' marks are being stolen or counterfeited in these countries, in which the marks are not protected. U.S. trademark owners call us and say, "So-and-so registered my mark in their country. What can we do about this?" Unless they can show that their mark is a well-known mark, which is usually available to only the top-tier companies, they have little recourse. These U.S. trademark owners are forced to take a license from the owner in the foreign country, buy that person out, or not use their mark in that

market. The U.S. owner could, of course, change the mark, but this is both difficult and unfair if the U.S. trademark owner has a great deal of goodwill built up in the mark.

So, I believe that the Protocol will be extremely useful to all companies in a variety of circumstances—not all circumstances—and to smaller companies across the board.

Another issue of concern is the implementation by the PTO of the Protocol, and whether or not the PTO can handle all of these applications within a limited period of time. An additional concern is whether there is going to be a “proliferation” of foreign marks in the United States through the Protocol, taking up space on the Register and creating deadwood, when there is no intention to use the mark. I really don't think that is going to happen.

The United States is the major market for the world. I think that, even if most trademark owners register in only one or two of their major markets when they cannot afford to register worldwide, most companies doing business in the United States from abroad are registered in the United States. Therefore, under the Protocol, we are not going to receive numerous applications from businesses dying to obtain registration in the United States, but unable to do so without an international system.

I think we will find, however, that the people who are filing from abroad now—between fourteen and sixteen percent of all our filings each year are foreign filings; our biggest filers are Canada and the United Kingdom—will shift the basis of their filing in the same way they did when we implemented the intent-to-use legislation. People will no longer apply to register in the United States based on either use or intent-to-use; but, since they are seeking protection in a number of markets, they will apply through the Protocol, with a designation to the United States. Thus, we will have an increase in filings under the Protocol and a decrease in filings under other bases, but not a significant overall increase in filings.

Since the United States appears to be going into the Protocol on the ground floor, we will have a period of time where there will be fewer members, and, therefore, fewer applications, through the Protocol. This will, of course, increase over time. But, even once

there is "full membership" in the Protocol, I do not think that a floodgate of filings is going to be an issue.

In terms of meeting the deadlines for examination, it is significant that we will charge our national fees for filing and renewal. As a fee-funded organization, we should be able to keep up with any number of applications since the fees will support the system.

A final issue is "transformation." For five years, an international registration remains dependent upon the underlying home country application or registration. If, during the first five years of the international registration, there is action taken which results in the ultimate cancellation of the home country registration, or the abandonment of that application, then the international registration and all its attendant extensions of protection will be canceled.

In order to remedy the potential problem of having worldwide protection of a mark canceled, the Protocol, unlike the Madrid Agreement, provides for transformation.<sup>13</sup> This means that, upon the cancellation of an international registration, due to the cancellation or abandonment of the underlying application or registration, the holder is permitted to transform the extensions of protection in each country to national applications. While these applications may require re-examination, the filing date is the date of the international registration. Thus, since priority reaches all the way back to the date of the international registration, there should be no problem maintaining rights worldwide.

This concludes my discussion of significant issues in relation to the Protocol and its implementation in the United States.

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13. H.R. 6211, *supra* note 2, tit. XII, § 70(c).