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Panel Commentaries

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PANEL COMMENTARIES[†]

Robert J. Eck*

My commentary will be from the viewpoint of a large multinational company. Philip Morris and its affiliated companies have about 60,000 registrations worldwide. With those numbers, any international treaty that purports to simplify filing and maintenance at less cost is something that catches our attention.

Will my company use it? The answer is yes, but selectively, for reasons that I will get into later, some of the reasons that Ms. Walters has already stated.

One of the most lauded benefits of the Madrid Protocol is its simplicity: in filing, in maintenance, and in paperwork. All a U.S. applicant will have to do is to file one application in its home office, pay one fee in U.S. dollars, and designate the number of countries to which he wishes the international registration to extend. That's all that he has to do to get on file—no certified copies, no legalizations, no foreign powers of attorney.

As you know, now we have to file separate applications in each individual country, with foreign powers of attorney, which sometimes requires legalization; and, if you're filing under the Paris Union, you have to file a certified copy of the U.S. application. Under the Protocol that won't be necessary.

The maintenance—which I refer to as renewals, assignment records, change of name and address—is also simplified. All you would have to do is file one document with the International Bureau of WIPO and your job is done. I think this is probably the biggest benefit under the Madrid Protocol for acquisitions, mergers, reorganizations and so on, because you can do it with just one

[†] The following two panel commentaries were presented at the Fordham Conference on International Intellectual Property Law and Policy held at Fordham University School of Law on April 15-16, 1993.

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document.

The other benefit—there are more benefits, but I'm just going to talk about two which are important to me—is cost reduction. In filing and maintaining registration under the Protocol, all you have to pay is the statutory fees of each designated country. You don't have to pay any foreign agents for filing your application because you don't need them.

The cost reduction stops, however, if the designated country rejects your application, in which case you have to hire a foreign agent; or if someone opposes your application—the same thing—you have to hire a foreign agent. Whether the foreign agents will increase their fees because of the loss of filing work, no one knows, but I think that is probably something that could be expected in the future.

Now, let's consider a couple of detriments. My major concern—the one that Ms. Walters has referred to—is the United States Patent and Trademark Office's practice of restricting goods in a specification to the precise goods for which an applicant is using the mark or intends to use the mark. In foreign countries, you can get broader protection; you can get coverage in an entire class. And in some countries, for a small additional fee, you can get multi-class protection; we could conceivably protect all possible collaterally related goods by filing foreign national applications.

If you have a client that is in a business where his class of goods covers a wide range of goods, you have to think very seriously as to whether you want to file national applications, or whether you want to file under the Protocol, or do a combination: file in some countries under the Protocol, file in other countries for national applications.

I should say that even if you file under the Protocol, I believe you can still file for national trademark protection for the full range of goods in addition to international registration.

The Protocol states that if the same owner owns an international registration and a national registration, the international registration will be deemed to replace the national registration without prejudice. So, if you have a national registration that has broader

coverage or priority, you could still rely on that. That is something to think about.

The other detriment that I see is "central attack," which is a term-of-art which you won't find in the text of the Madrid Agreement or the Madrid Protocol. It refers to the dependency of the international registration on your basic application or basic registration. Within the five-year term, if your basic application is rejected or your basic registration is canceled, all the attendant extensions fall as well.

So, if you have a client that has a propensity for filing highly descriptive, laudatory, geographical, and other marginal marks—as I do at times—you have to consider whether you are going to file through national applications directly, because the offices of foreign countries allow registration a lot more easily than the very stiff prosecution practice of the United States Patent and Trademark Office.

The other thing that a U.S. applicant has to be concerned about is the stringent use requirement of the United States—bona fide use in the ordinary course of trade, made not merely to reserve the right to a mark. Judicial decisions haven't fully developed what that constitutes, but the legislative history suggests that you have to have real commercial use in order to defend a non-use attack.

So, if you have adopted a mark, filed under the Protocol, and engaged in a test market—which is good commercial use—and obtained registration, but a few years later you no longer are using the mark in the United States, but the mark is still of commercial importance to you abroad, you are vulnerable to a non-use attack. If it occurs, your international registration will fall.

Another concern for U.S. applicants is the substantive grounds that can be raised in a cancellation attack or an opposition, and that is, common law use and concurrent user rights. We all know of people, whether it has happened to ourselves or somebody we know, who do a complete search of a mark, clear the mark, start to use it, and there's some small guy somewhere out in the hinterlands who is using the same or similar mark on the same or similar goods and you have a problem. So this is one of the things that

you have to balance in considering whether to apply under the Madrid Protocol or to file national applications directly.

On balance, I think that the Protocol is a good thing and I support it. I think that American companies will use the Protocol, but they will use it selectively.

There is one other point I want to say—and then I will give the floor to Professor Hoffmann—on the remarks on transformation, which Ms. Walters explained to you.

With transformation, there is no loss of priority—which is a benefit—but you do lose two things. One is, you have to pay additional fees. When you file for transformed national applications, you have to retain a foreign agent. The other thing that you lose—which I think is more important—is the registration right between the dates that your international registration is canceled and the date that your transformed national application matures to a registration. During that window, an infringer can infringe your mark without retribution. There are some potential actions you can bring in various countries, but for the most part that is not the case.

Thomas J. Hoffmann*

I am going to say a few introductory remarks. While I'm doing that, in the materials that were handed out there is a copy of the Protocol, I would like you all to read Article 4^{bis}, which was referred to by Bob Eck.

Wow! This is an exciting time to be in the area of international intellectual property. This has been a very good program, and I have to commend Professor Hansen for putting it together and assembling a group of people who are really creative in their thinking and looking at problems. We all represent clients who are creative and we must rise to that standard and be creative in our thinking also.

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I think we have heard the issues addressed by people who are clearly thinking outside the lines. We're not hearing the standard, doctrinaire things; we're hearing from people who are questioning, coming up with new solutions to newer problems that are arising all the time. That is very, very exciting.

I think it's particularly appropriate for the students who are here today. I have been on the faculty of John Marshall Law School since 1971. In our conferences, one of the joys is being able to have the students come and participate, so I'm glad to see so many students are taking advantage of this expanded faculty who have come to address you. On behalf of Dean Howard Markey of John Marshall Law School, I also want to extend our congratulations to Fordham University School of Law for this fine program.

Carlisle, Lynn Beresford, and Jeff Samuels have done a fantastic job with the Madrid Protocol and the implementing legislation. At our first meeting of the advisory committee, we started out with "Where is Madrid?" and went from there. They have done an exceptional job of getting into the international trademark area, understanding the problems of the Bob Ecks of the world, our smaller clients, and the profession.

There are so many things to say. The two presentations today have really given you an outline of what is going on with the Madrid Protocol. There are many creative minds here. Until now, those of us who have been working on the Madrid Protocol have been talking to ourselves, and we have not had the cross-fertilization from people who have gone through the Patent Cooperation Treaty, gone through the design legislation, and other experiences.

Thinking a little outside the lines, I would like to open my time to questions. I hope that you will have questions that we can all respond to or that I will respond to, and in response to those questions I will try to get into some of the points that I would like to make.