THE MADRID PROTOCOL:

FILING STRATEGIES FOR U.S. TRADEMARK OWNERS

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Madrid Protocol: Filing Strategies for U.S. Trademark Owners

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This paper analyzes how the features of the Madrid Protocol interrelate with the features of the U.S. trademark system and the impact this will have on the utility of the Madrid Protocol for U.S. trademark owners. It also discusses strategies for minimizing the risks and maximizing the benefits of obtaining an International Registration (IR) based on U.S. trademark applications and registrations. While this is a multi-faceted discussion, we will cover the following five key topics:

1. A Comparison between the Madrid Protocol and the CTM System
2. Article 6 of Madrid Protocol: Dependence of the International Registration
3. Use Requirements for Maintenance of Basic U.S. Registrations and International Registrations
4. Strategic Considerations for Surviving the Dependency Period
5. New Filing Opportunities for U.S. Trademark Owners

1. A Comparison between the Madrid Protocol and the CTM System

Fifteen European countries comprising thirteen trademark jurisdictions are members of the European Union (the "Member States").[1] Both the Madrid Protocol and the European Union's Community Trademark (CTM) Regulation became operational on the same date, namely April 1, 1996. Ever since that time, these two complementary registration systems have offered two distinct choices for securing trademark protection in Europe.

By way of background, it should be noted that several EU Member States had implemented the Madrid Agreement early on and were satisfactorily using this system when the CTM system became effective in 1996. See Appendices "A" and "B". It is for this reason that the Madrid Protocol itself included a safeguard clause, Article 9 sexies, which provides that if a country has joined both the Madrid Agreement and the Madrid Protocol, then the provisions of the Madrid Protocol shall have no effect in that country vis-à-vis any extensions of protection that are derived from IRs whose basic applications or registrations come from those countries that also belong to both the Madrid Agreement and the Madrid Protocol; in other words, for those countries that belong to both the Agreement and the Protocol, the rules of the Agreement trump the rules of the Protocol and it is the Agreement's provisions that will be followed.

[1] The trademark jurisdictions are Austria, Benelux (comprising the countries of Belgium, Netherlands, Luxembourg), Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom.

The EU Member States that belong to the **Madrid Agreement** are: Austria, Benelux (Belgium, Netherlands, Luxembourg), France, Germany, Italy, Portugal and Spain, and all of these countries have now also acceded to and implemented the Madrid Protocol. The remaining EU Member States have joined only the **Madrid Protocol**: Denmark, Finland, Greece, Ireland, Sweden and the U.K. Neither Switzerland nor Norway are Member States of the EU, but they do participate in the Madrid Union, with Switzerland having joined both the Madrid Agreement and the Madrid Protocol and Norway having joined the Madrid Protocol only. See Appendix "C".

One further point to note is that the Office for Harmonization in the Internal Market (OHIM), the EU entity that supervises the CTM Registration system, is negotiating with WIPO the terms of the EU's accession to the Madrid Protocol. The draft proposal for accession is posted on their web site (www.oami.eu.int). At the present time, the accession of the EU itself to the Madrid Protocol is the subject of much debate among the EU Member States, primarily over language issues, and it is difficult to say how long it will take to successfully resolve these issues. For purposes of our discussion, it should be understood that the EU has not yet acceded to the Madrid Protocol and therefore (1) a CTM registration or application cannot be relied upon as the basis for requesting an international registration, and (2) an International Registration cannot be extended to the EU itself (as opposed to its Member States individually).

Once the U.S. implements the Madrid Protocol, U.S. companies will have three choices for securing trademark protection in the Member States of the EU:

A. Filing national applications in each of the EU Member States
B. Filing a CTM application with OHIM that covers all EU Member States
C. Filing an international application under the Madrid Protocol with requests for extension of protection to all 13 EU Member States.

A. Filing national applications in each of the EU Member States

The Madrid Protocol offers significant advantages over filing national applications in each of the EU Member States. Using the Madrid Protocol, U.S. entities can file an international application with the U.S. trademark office , based on U.S. application(s) or registration(s), in English, pay a single fee to the U.S. trademark office, and obtain an international registration, with one renewal date, that extends to all 13 EU Member States. This is clearly easier and less expensive than filing and prosecuting separate national applications in all 13 EU Member States. Further, since there are strict time limits as to when the extensions of protection requested through an IR must be issued by the examining trademark offices, such extensions are less likely to prompt objections; in fact, extensions under the Madrid system are examined less rigorously than national filings in some countries.[2] Further, if the IR is later assigned or the owner of the IR later

[2] This is a generalization based on experiences with all Madrid Union countries, not just the EU members, and may be more true outside the EU. Some factors that may produce this result are that (1) IRs issue in French and English, which may not be the working languages of the trademark office staff in a particular country, and (2) a particular country's trademark office may not have the resources necessary to fully examine a request for extension of protection of an IR unless that country has elected to collect individual fees for such requests, as the complementary fees are typically lower than the individual fees.

merges with another entity or changes its name or address, WIPO charges a nominal fee for recording such changes and then takes upon itself the responsibility of notifying the local trademark offices in the extension countries. By contrast, a separate deed of assignment or merger or change of name/address certificate for each country is usually required to assign a national application or registration and changes must be filed separately through local counsel in each jurisdiction as well, which can be considerably more expensive.

The primary disadvantage of this approach is that the IR will remain dependent upon the validity of the basic application or registration for the first five years from the registration date of the IR. If for any reason the basic application or registration is cancelled, withdrawn or abandoned within the five-year time period, then the IR will be revoked as well. Madrid Protocol, Article 6(3). This five-year term is often referred to as the "dependency period." Fortunately, the Protocol offers the option under these circumstances to transform the extensions of protection that had been secured through the invalidated IR into national applications in each of the relevant jurisdictions while retaining the priority filing date of the invalidated IR. Protocol, art. 9 quinquies. However, the full cost of such national filings would then be incurred, thereby eliminating whatever cost savings had been achieved by obtaining the IR in the first place. Further, since there will be a gap in time (from the effective date of the invalidation of the IR to the effective date that the refiled national applications proceed to registration) during which the trademark owner will not have a registration in the relevant jurisdictions, this could cause considerable harm if oppositions or infringement actions had already been commenced in reliance on the protection afforded by the now invalidated IR in a given country. In such circumstances, the trademark owner would be prevented from filing such a claim until the transformed national applications proceed to registration (which can take several months or longer in most EU countries).

B. Filing a CTM application with OHIM that covers all EU Member States

For those U.S. entities that want to secure international protection for their trademarks only in the EU, there are considerable advantages to using the CTM system rather than the Madrid Protocol. An IR secured through the Madrid Protocol is essentially a bundle of national registrations that is dependent upon the validity of the basic application or registration for the first five years of its issuance. By contrast, a CTM registration is a unitary right that affords the owner a trademark registration throughout the entire European Union. The owner of an IR that extends to all 13 EU Member States faces the prospect that its extensions of protection will be examined by the 13 trademark offices and that provisional or final refusals could be issued in one or more countries based either on so-called absolute grounds (i.e. lack of distinctiveness, contrary to public policy or morality, deceptiveness and the like) or relative grounds, specifically prior third party marks, which is still included in the examination process of trademark offices in almost half of the EU Member States (including the U.K., Ireland, Greece, Sweden, Finland, Portugal); in essence, 13 separate applications may have to be prosecuted. By contrast, the owner of a CTM application files one application with the OHIM that undergoes examination once by the OHIM, which can then issue a refusal based on absolute grounds only.[3] Given the

[3] The OHIM does not examine for relative grounds of refusal, but rather shifts the burden to the owners of any prior third-party rights to file opposition or cancellation actions.

more limited scope of its examination, the OHIM tends to raise objections less frequently than the trademark offices in some of the EU Member States, which is a clear advantage.

A further important advantage of securing protection through a CTM rather than an IR for the EU involves the use requirements. Since an IR is essentially a bundle of national registrations, its owner must be able to show use in each of the EU Member Countries to which its IR extends once the five-year use term expires or face the risk that its extension of protection could be cancelled for non-use in that jurisdiction. Use requirements are discussed further below. By contrast, it is the common understanding that in order to satisfy the use requirement for a CTM registration, use in a single EU Member State will suffice, which is clearly an easier standard to satisfy.

By the same token though, a CTM application or registration can be effectively opposed or cancelled based on a prior third-party right arising in a single Member State. If that happens, the owner of the CTM application/registration has the right to convert its CTM registration into national applications in all of the EU Member States (except in the EU Member State(s) where the prior national right that defeated the CTM right is based) while retaining the priority afforded by the invalidated CTM application/registration. This is comparable to the right to transform an invalidated IR into national applications in each of the jurisdictions to which the IR had been extended, while retaining the priority date of the invalidated IR, so in this respect, the two systems of protection are roughly equivalent.

With regard to housekeeping requirements such as assignments, a CTM registration can be freely assigned to any individual or entity as long as its nationality, its domicile or its real and effective commercial establishment is located in a Paris Convention or WTO Member State. By contrast, an IR obtained pursuant to the Madrid Protocol can be assigned only to an individual or entity whose domicile, nationality or real and effective commercial establishment is located in a Madrid Protocol Member State, which is a much more limited list of countries.

With regard to infringement remedies, a CTM registration affords its owner the remedy of securing an EU-wide injunction as decisions by CTM courts are enforceable throughout the EU. This eliminates the expense of suing an infringer in each of the EU Member States, which is how one must proceed if one were to instead rely upon an IR that extends to all 13 EU Member States.

With respect to the fees, at the present time, the cost of securing a CTM registration in up to three classes, including the initial filing fees and the registration fees charged by OHIM, is approximately U.S. $2250, while the WIPO fees for securing an IR in three classes based on a U.S. registration that would cover all 13 EU Member States is approximately U.S. $3200.[4] This does not include the associate fees that would be charged by either the EU counsel that would file the CTM application or the U.S. counsel who would file the application for the IR with the U.S. PTO; however, recent surveys suggest that the average charge in both instances is approximately U.S. $600. As one can see, it appears that the $2250 cost of filing a CTM

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[4] WIPO's official fee is 3,920 Swiss francs (roughly $2,900) and the US PTO's official fee for certifying a 3-class registration is proposed to be $300.

application is approximately 30% less than the cost of filing an IR. However, since one must spend the additional U.S. $600 to hire EU counsel for the CTM application, while U.S. companies could file the application for the IR directly with the U.S. PTO (with or without U.S. counsel), the overall cost to U.S. companies for filing either type of application is likely to be roughly equivalent in these circumstances. Further, since several additional countries are scheduled to join the EU effective May 1, 2004 (namely Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta & Gozo, Poland, Slovenia, Slovakia) it is anticipated that the fees for securing a CTM registration will soon increase, which could make the CTM system slightly more expensive than the Madrid Protocol system for filing applications that cover the entire EU.

C. Filing an international application under the Madrid Protocol with requests for extension of protection to all 13 EU Member States

For the reasons outlined above, for U.S. entities that are only interested in securing protection in the EU Member States, a CTM registration will in most instances provide more reliable and advantageous protection than an IR that extends to all 13 EU Member States. However, it is important to bear in mind that certain countries, most notably Norway and Switzerland, are not members of the EU and therefore a CTM registration does not offer protection in those jurisdictions. To secure protection in these jurisdictions, the two options are to file national applications or to obtain an IR with extension of protection to these countries. Also, if a prior search were to disclose a prior right in a given EU Member States that could be relied upon to defeat a CTM application, then it would be appropriate to file an IR requesting extensions of protection to all of the remaining EU Member States. Further, if one is interested in securing protection in only a few of the EU Member States, then an IR with extensions of protection to those few jurisdictions may be less expensive, although the other disadvantages discussed above would still apply (i.e. examination by each trademark office, requirement to use the mark in each country, and limitations in enforcement remedies).

2. Article 6 of Madrid Protocol: Dependence of the International Registration

The IR is dependent on the basic application/registration during the first five years of its existence, as provided under Article 6 (3) of the Madrid Protocol.[5] If, during the dependency

[5] Article 6(3) of the Madrid Protocol states that:

> The protection resulting from the international registration, whether or not it has been the subject of a transfer, may no longer be invoked if, before the expiry of five years from the date of the international registration, the basic application or the registration resulting therefrom, or the basic registration, as the case may be, has been withdrawn, has lapsed, has been renounced or has been the subject of a final decision of rejection, revocation, cancellation or invalidation, in respect of all or some of the goods and services listed in the international registration. The same applies if
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> (i) an appeal against a decision refusing the effects of the basic application,

period, the underlying application or registration "has been withdrawn, has lapsed, has been renounced or has been the subject of a final decision of rejection, revocation, cancellation or invalidation, in respect of all or some of the goods and services listed in the international registration", then the IR fails to the same extent. However, there is a right to transform an invalidated IR into national applications in the extension countries as provided under Article 9 quinquies of the Madrid Protocol.[6]

Thus, if the basic U.S. application/registration fails, the entire IR, and the extensions that flow from it, will be invalidated. For this reason, it is very important to evaluate the strength and reliability of your U.S. application(s) and registration(s) before you proceed to rely upon them as the basis for an IR. The validity of a basic U.S. application or registration can be affected during

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> (ii) an action requesting the withdrawal of the basic application or the revocation, cancellation or invalidation of the registration resulting from the basic application or of the basic registration, or
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> (iii) an opposition to the basic application
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> results, after the expiry of the five-year period, in a final decision of rejection, revocation, cancellation or invalidation, or ordering the withdrawal, of the basic application, or the registration resulting therefrom, or the basic registration, as the case may be, provided that such appeal, action or opposition had begun before the expiry of the said period. The same also applies if the basic application is withdrawn, or the registration resulting from the basic application or the basic registration is renounced, after the expiry of the five-year period, provided that, at the time of the withdrawal or renunciation, the said application or registration was the subject of a proceeding referred to in (i), (ii) or (iii) and that such proceeding had begun before the expiry of the said period.

Protocol, art. 6(3).

[6] Article 9 quinquies of Madrid Protocol states that:

> Where, in the event that the international registration is cancelled at the request of the Office of origin under Article 6(4), in respect of all or some of the goods and services listed in the said registration, the person who was the holder of the international registration files an application for the registration of the same mark with the Office of any of the Contracting Parties in the territory of which the international registration had effect, that application shall be treated as if it had been filed on the date of the international registration according to Article 3(4) or on the date of recordal of the territorial extension according to Article 3ter(2) and, if the international registration enjoyed priority, shall enjoy the same priority, provided that
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> (i) such application is filed within three months from the date on which the international registration was cancelled,
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> (ii) the goods and services listed in the application are in fact covered by the list of goods and services contained in the international registration in respect of the Contracting Party concerned, and
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> (iii) such application complies with all the requirements of the applicable law, including the requirements concerning fees.

Protocol, art. 9 quinquies.

the dependency period by numerous factors. Some of these are inherent in the nature of the U.S. system of acquisition and maintenance of rights, and others turn on third party attacks. Some of these factors are discussed in greater detail below to assist trademark owners in determining which of their U.S. application(s) and registration(s) would provide the strongest basis for filing an IR.

3. Use Requirements for Maintenance and Assertion of Rights

No showing of current use is required to renew an IR with the International Bureau of WIPO. However, at least two countries that participate in the Madrid system have requirements to prove use in order to maintain a registration, namely Portugal and Swaziland, which are members of both the Madrid Agreement and the Madrid Protocol. For Portugal, you must file a Declaration of Intent to Use every five years from the date of registration. For Swaziland, you must file evidence of use upon renewal. When relying upon an IR extended to these jurisdictions for trademark protection there, the owner of the IR must still comply with these requirements.

Further, even if you are relying upon an IR for trademark protection, the extensions of protection afforded by the IR in each jurisdiction are still subject to the use requirements in each country. The use requirements in most Madrid Union countries are typically either three or five years, with five years being the predominant standard in Western Europe, Eastern Europe and the former Soviet Republics, and three years being the predominant standard in Asian countries such as Australia, Japan, South Korea and China. Accordingly, whether relying for protection on national registrations or on an IR extended to various Madrid countries, an interested third party can file a proceeding with the trademark office of a country to which the IR has been extended seeking cancellation of the IR extension to that country due to non-use. Therefore, depending on the law of the particular country, the owner may be required to demonstrate that it is using the mark in a designated country in order effectively to assert the IR there if the IR is more than three or five years old.

No showing of current use is required to renew a CTM registration. It is generally expected that use of a mark in any EU Member State will be deemed sufficient to overcome a non-use challenge to a CTM registration.

The U.S. concept of “abandonment” of rights differs from the concept of “non-use” followed in most of the rest of the world. Rights in a mark can be challenged on the ground of abandonment at any time. Abandonment is defined as discontinuation of use with intent not to resume such use.[7] Thus, in the U.S., abandonment turns on the trademark owner’s intent rather than the status

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[7] Section 45 of the Lanham Act defines abandonment as follows:

> A mark shall be deemed to be ‘abandoned’ when either of the following occurs:
>
> (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for three consecutive years shall be *prima facie* evidence of abandonment. “Use” of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

of its use. This is in contrast to the law in most other countries where a registration confers a protected period of time during which the owner of the registration enjoys the priority afforded by the registration without the obligation to commence use of the mark.[8] Unlike the U.S., in most countries the trademark owner is not required to use the mark during this period in order to maintain and assert against others the rights afforded by its trademark registration. While the U.S. incorporates the idea that non-use is equivalent to abandonment by creating a *prima facie* presumption of abandonment upon three years of non-use, this is a rebuttable presumption that can be overcome by evidence that the trademark owner had no intent not to resume use.[9]

Thus, while it would be unusual, there is no reason why a petition to cancel a U.S. registration on the ground of abandonment cannot be filed the day after a use-based registration issues.

4. Strategic Considerations for Surviving the Dependency Period

Given the potentially devastating consequences of the withdrawal, rejection or cancellation of the basic U.S. application or registration during the dependency period, trademark owners should anticipate that third parties who are blocked by the IR, or against whom the IR is asserted, may subject the basic application or registration to intense scrutiny to evaluate whether there are any possible grounds for attack.[10] Moreover, the process of shepherding a trademark application successfully through to registration involves numerous potential obstacles that could result in the ultimate failure of the application. However, some steps can be taken to minimize these risks, as discussed further below.

A. <u>Rely on registrations that are more than five years old</u>.

The U.S. Lanham Act permits challenges to registration of a mark on numerous grounds. 15 U.S.C. §§ 1063-64. In an opposition prior to registration, and for a period of five years following registration, an application to register can be opposed by any person who believes that

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(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

Lanham Act Sec. 45, 15 U.S.C. § 1127.

[8] <u>See</u> 2 McCarthy on Trademarks § 17:19 (noting a possible inconsistency between U.S. law, which permits a finding of abandonment as a result of an "intent not to resume use" even if there has been less than three years of non-use, and requirements of GATT, which dictates that if a nation requires use to maintain a registration, it must provide that the registration be cancelled only after a period of "at least" three years of non-use).

[9] <u>See</u> 2 McCarthy on Trademarks § 17:20 (4th ed.).

[10] Some parties might even file a cancellation action of questionable merit (alleging genericness or abandonment, for example) to increase pressure on a trademark owner to settle a dispute.

he is or will be damaged by registration of the mark, including as a result of dilution. 15 U.S.C. §1064. The grounds for opposition or cancellation are extensive and include the grounds on which registration can be refused by the PTO pursuant to Section 2 of the Lanham Act, 15 U.S.C. § 1052.[11] See 3 McCarthy on Trademarks § 20.13 (4^{th} ed.).

A common ground for opposition or cancellation is likelihood of confusion with an earlier mark. Lanham Act Sec. 2(d), 15 U.S.C. § 1052(d).

This is a particularly potent risk in the U.S. because unlike many other jurisdictions, the U.S. recognizes prior use-based (unregistered) rights and has no requirement that owners of such rights register their claim of rights.[12] Therefore, for a period of up to five years following issuance of the registration, a U.S. registration is vulnerable to the filing of a petition to cancel by the owner of allegedly prior rights that may not have been located by even extensive pre-filing search and clearance efforts.

After five years though, the grounds on which a cancellation petition can be filed are substantially narrowed.[13] Among the grounds that are no longer available after five years are claims based on prior rights, and claims that the mark is "merely descriptive". Thus, vulnerability to a successful third party central attack can be avoided by basing an IR on registrations that are more than five years old.

B. <u>But, is that 5+-year old registration still valid?</u>

Generally speaking, a mark must be used in order for the registration rights to remain valid, as discussed above. Moreover, unlike most other jurisdictions where renewal is automatic upon filing of the appropriate forms and payment of the necessary fees, Lanham Act Section 8, 15 U.S.C. § 1058, requires that owners of U.S. trademark registrations file a declaration of use (or

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[11] A party must also establish that it has standing to assert that it is or would be damaged by the registration. 3 McCarthy on Trademarks 20:7 – 20:12.

[12] In the U.S. earlier rights are broadly interpreted and can include rights based on use in even a remote and extremely limited geographic area. See 2 McCarthy on Trademarks §§ 16:4 and 16:6. It is interesting to contrast this with the practice in the European Union. While the CTM Regulation provides that earlier rights based on use (in those EU Member States that recognize rights based on use, as not all of them do) can be relied upon to challenge a CTM application or registration, such earlier rights must be of "more than mere local significance". See Council Regulation No. 40/94, Article 8 (4) and Article 52 (1)(c). While the U.S. trademark office will conduct a search of prior-filed marks registered and pending with the Office and will refuse registration to an applicant on the basis of such prior marks if a likelihood of confusion exists, prior unregistered rights will not be identified by the Office's search. (The Office is authorized to cite unregistered marks as a bar to registration pursuant to Section 2(d), but current Office policy is not to do so because of the practical difficulties this presents. Trademark Manual of Examining Procedure § 1207.03.)

[13] After five years, cancellation is permitted only on the grounds specifically enumerated in Lanham Act Section 14(3), 15 U.S.C. § 1064.

“excusable” non-use) upon the sixth-year anniversary of a registration, and then again at each tenth-year anniversary of the registration, in order to maintain the registration:

Registration Issues:	March 1, 1998
Section 8 due (6th yr anniversary)	March 1, 2004
Section 8 due (10th yr anniversary)	March 1, 2008
Section 8 due (20th yr anniversary)	March 1, 2018.

Thus, a trademark owner must carefully evaluate whether the registrations on which it proposes to base an IR is likely to remain in force during the five-year dependency period, and this turns on whether the mark is still in use and not abandoned.

To minimize the chance that the IR will fail because of the trademark owner’s own failure to file the requisite declaration of use, trademark owners may wish to endeavor, where possible, to (1) base an IR on a U.S. registration that is not due for the filing of a Section 8 declaration for more than another five years, and (2) if a Section 8 will fall due during the first five years of the IR, confirm that the mark likely will continue to be in use in the U.S. so that the requisite Section 8 can be filed (or that circumstances of non-use are “excusable”).

From this standpoint, the safest registrations on which to rely (since no Section 8 declaration of use will be due for at least five more years) are those that (1) issued within one year prior to the IR registration date[14], and (2) are between their 11th-14th year anniversary (or 21st-24th, 31st-34th, etc). As to the latter option, though, not all trademark owners will have the benefit of such a seasoned trademark portfolio. Only about 66% of U.S. trademark registrations are more than ten years old.

C. Abandonment

As discussed above, a registration can be vulnerable to attack on the ground of abandonment whenever there is a period of non-use accompanied by an “intent not to resume use”.

D. Applications

There are numerous issues that arise during the prosecution of a U.S. application that could cause the application to lapse during the dependency period, thus causing the IR to be invalidated. Those issues are discussed elsewhere in this program.

However, two relatively routine events that occur during prosecution can actually protect the application from third party attack.

One of these situations is suspension of the basic U.S. application indefinitely, pending disposition of a prior-filed application. Until the prior-filed application matures to registration, the U.S. trademark office does not formally refuse registration on the basis of the prior mark.

[14] As discussed above, though, registrations that are less than five years old face additional grounds for third party attacks.

Therefore, arguably no "legal action" has been instituted and, if suspension extends the pendency of the application beyond the five year dependency period, the IR would become independent of the basic U.S. ITU application while it is still suspended.

The second of these situations is the issuance of the Notice of Allowance. There is no mechanism by which a third party can institute an *inter partes* proceeding against the application before the Trademark Trial and Appeal Board once the Notice of Allowance issues. Theoretically, a third party could file a civil action in federal court alleging infringement or dilution during the Notice of Allowance period in order to commence a "legal action" within the five-year dependency period that could still result in invalidating the IR (even after five years), but some courts may dismiss such an action if the mark is not in use, on the ground that there is no justiciable claim until the mark is in use. Thus, for all intents and purposes, the basic U.S. application is protected from third party attack during the period after the Notice of Allowance issues and before the registration certificate issues.

E. <u>Time Frames for Intent-to-Use Applications</u>

It is not unusual for prosecution of a U.S. ITU application to issuance of the Notice of Allowance to take at least two years.[15] Under current pendency rates, this time frame is almost assured if even a single Office action issues.

Following acceptance and publication of an ITU application, a Notice of Allowance issues (assuming no opposition is filed). The applicant has three years following the date of the Notice of Allowance to complete the application process and to obtain a registration by filing an Allegation of Use together with a specimen of use, so long as appropriate extension requests are filed.[16] It also is possible to divide the application to obtain registration for those goods/services

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[15] At present, the time from filing of an application to its initial examination by a Trademark Examining Attorney is approximately seven to eight months. If an application is acceptable as filed, so that no Office action issues, publication occurs approximately two to four months later. If no opposition or extension of time to oppose is filed, the Notice of Allowance issues 12 weeks after the publication date. Thus, under even this most expeditious and straightforward timeline, issuance of the Notice of Allowance will require approximately one year. Even more time will elapse before the Notice of Allowance issues when any of the following common events occur:

- issuance of an Office action;
- suspension pending disposition of a prior-filed application;
- suspension pending the outcome of a cancellation petition filed against a cited registration;
- issuance of a final refusal;
- appeal of a final refusal;
- the filing of a letter of protest against an application; and
- the filing of an extension of time to oppose or an opposition.

[16] Every extension of time must be signed by the applicant or an authorized signatory with the usual declaration attesting to the truth of the facts stated in the declaration, and every extension following the first extension must include a statement of the ongoing efforts the applicant is taking to use the mark "in commerce" on or in connection with those goods and/or services for which use of the mark has not yet been made. Statements that the applicant is "conducting market research" or "seeking licensees" are

on which use of the mark can be demonstrated, while the "parent" application remains pending for those goods/services for which applicant has not yet used the mark but as to which it continues to have a bona fide intent to use the mark.[17]

In some cases, therefore, the prosecution period plus the three-year Notice of Allowance period may extend the pendency of an ITU application beyond five years. Accordingly, in those situations where the registration date of the IR is the same as, or soon after, the filing date of its basic U.S. ITU application, it is quite possible that the IR could become independent of the basic U.S. ITU application before the outcome of the U.S. ITU application is finally determined. This is because the deadline for filing proof of use (i.e., expiration of the Notice of Allowance period) may extend to more than five years after the filing date of the U.S. basic application. At that point, there has been no "legal action" to evaluate the applicant's Allegation of Use and specimens that could give rise to either a limitation in the goods and services covered or result in the abandonment of the basic application altogether for failure to commence use.

Accordingly, it would appear that an IR with a registration date that corresponds to the filing date of the U.S. ITU application can, in these circumstances, remain valid even if the basic U.S. application issues to registration for only some of the goods and services, or never issues to registration at all.

5. New Filing Opportunities for U.S. Trademark Owners

In addition to the benefits of "one-stop shopping" offered by an IR, U.S. accession also provides trademark owners and practitioners other strategic opportunities:

- Since not all countries in Europe are covered by a CTM registration, the IR offers an opportunity to "plug holes" in coverage for Europe if a mark is currently registered only as a CTM.
- Consider whether the mark is registered in the countries where the goods are manufactured. If it is not, and that country is a member of the Madrid Protocol, an IR may be a cost-effective option.
- Some countries that permit the national filing of only single-class applications are required under the Protocol to accept multi-class applications. China is one example. So an IR could be a more cost-effective option for securing coverage in additional classes.
- Since the U.S. will now be a member, U.S. trademark owners now can own IRs by assignment even if the IR is not based on a U.S. basic application or registration. Thus, in some cases it may be preferable to file in the name of a subsidiary or related company in another Protocol country and then assign the resulting IR to the U.S.

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acceptable, if accurate. The PTO does not conduct an independent inquiry as to the actual facts. Presumably, though, a third party could challenge the validity of a registration on the ground that the statements made in an extension request were not true.

[17] All of the "child" applications and registrations can continue to form the basis for the IR.

company, or to assign back to the U.S. parent those IRs that formerly had to be owned by foreign subsidiaries domiciled in Madrid Protocol countries.

- An IR can be extended to countries that join the Madrid Protocol subsequent to the date of registration of the IR unless, upon accession, a country opts not to permit extension of existing IRs. The opportunity to extend the IR in the future can be a factor in favor of obtaining an IR even if, at this time, it is extended to only a few countries.

APPENDICES

APPENDIX A

MEMBERS OF THE MADRID UNION

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees	CTM Members
Albania	X	X		
Algeria	X			
Antigua and Barbuda		X		
Armenia	X	X	X (1)[1]	
Australia		X	X (1)	
Austria	X	X		X
Azerbaijan	X			
Belarus	X	X		
Belgium	X	X	X (3)	X
Bhutan	X	X		
Bosnia-Herzegovina	X		X (1)	
Bulgaria	X	X	X (1)	
China	X	X		
Croatia	X			
Cuba	X	X		
Cyprus				As of 5/1/04
Czech Republic	X	X		As of 5/1/04
Denmark		X	X (3)	X
Egypt	X			
Estonia		X	X (1)	
Finland		X	X (3)	X
France	X	X		X
Georgia		X	X (1)	
Germany	X	X		X
Greece		X	X (1)	X
Hungary	X	X		As of 5/1/04
Iceland		X	X (1)	
Ireland		X	X (1)	X
Italy	X	X	X (1)	X
Japan		X	X (1)	
Kazakhstan	X	X		
Kenya	X	X		
Korea, Dem. People's Rep. Of (North Korea)	X	X		
Kyrgyzstan	X			
Latvia	X	X		As of 5/1/04
Lesotho	X	X		

[1] Designates number of classes covered by the individual fee; additional classes are charged a further fee.

MEMBERS OF THE MADRID UNION

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees	CTM Members
Liberia	X			
Liechtenstein	X	X		
Lithuania		X		As of 5/1/04
Luxembourg	X	X	X (3)	X
Macedonia, Fmr. Yugoslav Rep.	X	X		As of 5/1/04
Malta				As of 5/1/04
Moldova, Republic of	X	X		
Monaco	X	X		
Mongolia	X	X		
Morocco	X	X		
Mozambique	X	X		
Netherlands	X	X	X (3)	X
Norway		X	X (1)	
Poland	X	X		As of 5/1/04
Portugal	X	X		X
Republic of Korea (South Korea)		X		
Romania	X	X		
Russian Federation	X	X		
San Marino	X			
Serbia and Montenegro				
Sierra Leone	X	X		
Singapore		X	X (1)	
Slovakia	X	X		As of 5/1/04
Slovenia	X	X		As of 5/1/04
Spain	X	X		X
Sudan	X			
Swaziland	X	X		
Sweden		X	X (1)	X
Switzerland	X	X	X (2)	
Tajikistan	X			
Turkey		X		
Turkmenistan		X	X (1)	
Ukraine	X	X		
United Kingdom		X	X (1)	X
Uzbekistan	X			
Vietnam	X			
Zambia		X		

APPENDIX B

MEMBERS OF THE MADRID UNION EUROPE

Member CountryMadridAgreementMadridProtocolIndividualCountry FeesCTMMembers AlbaniaXXAustriaXXXBelarusXXBelgi

APPENDIX C

CTM MEMBERS ONLY

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees	CTM Members
Austria	X	X		X
Belgium	X	X	X (3)[1]	X
Cyprus				As of 5/1/04
Czech Republic	X	X		As of 5/1/04
Denmark		X	X (3)	X
Finland		X	X (3)	X
France	X	X		X
Germany	X	X		X
Greece		X	X (1)	X
Hungary	X	X		As of 5/1/04
Ireland		X	X (1)	X
Italy	X	X	X (1)	X
Latvia	X	X		As of 5/1/04
Lithuania		X		As of 5/1/04
Luxembourg	X	X	X (3)	X
Macedonia, Fmr. Yugoslav Rep.	X	X		As of 5/1/04
Malta				As of 5/1/04
Netherlands	X	X	X (3)	X
Poland	X	X		As of 5/1/04
Portugal	X	X		X
Slovakia	X	X		As of 5/1/04
Slovenia	X	X		As of 5/1/04
Spain	X	X		X
Sweden		X	X (1)	X
United Kingdom		X	X (1)	X

[1] Designates number of classes covered by the individual fee; additional classes are charged a further fee.

APPENDIX D

MEMBERS OF THE MADRID UNION ASIA/PACIFIC

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees
Armenia	X	X	X (1) [1]
Australia		X	X (1)
Azerbaijan	X		
Bhutan	X	X	
China	X	X	
Georgia		X	X (1)
Japan		X	X (1)
Kazakhstan	X	X	
Korea, Dem. People's Rep. Of (North Korea)	X	X	
Kyrgyzstan	X		
Mongolia	X	X	
Republic of Korea (South Korea)		X	
Singapore		X	X (1)
Tajikistan	X		
Turkmenistan		X	X (1)
Uzbekistan	X		
Vietnam	X		

[1] Designates number of classes covered by the individual fee; additional classes are charged a further fee.

APPENDIX E

MEMBERS OF THE MADRID UNION

AFRICA/ MIDDLE EAST

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees
Algeria	X		
Egypt	X		
Kenya	X	X	
Lesotho	X	X	
Liberia	X		
Morocco	X	X	
Mozambique	X	X	
Sierra Leone	X	X	
Sudan	X		
Swaziland	X	X	
Zambia		X	

LATIN AMERICA/ CARIBBEAN

Member Country	Madrid Agreement	Madrid Protocol	Individual Country Fees
Antigua and Barbuda		X	
Cuba	X	X	
Netherland Antilles	X	X	X(3)[1]

[1] Designates number of classes covered by the individual fee; additional classes are charged a further fee.

APPENDIX F

INDIVIDUAL FEES

1. The following amounts of individual fees in Swiss francs must be paid when the Contracting Parties mentioned below are designated **under the Protocol** in the international application or in a designation subsequent to international registration.

		Swiss francs	*U.S. $*
Armenia	for one class	258	191
	for each additional class	26	19
Australia	for one class	397	293
	for each additional class	397	293
Benelux	for one class	189 (201#)	140 (148)
	for each additional class	17 (19#)	13 (14)
	Where the mark is a collective mark:		
	for three classes	269 (286#)	199 (211)
	for each additional class	17 (19#)	13 (14)
Bulgaria	for one class	251	185
	for each additional class	15	11
	Where the mark is a collective or certification mark:		
	for one class	502	371
	for each additional class	30	22
China	for one class	345	255
	for each additional class	172	127
	Where the mark is a collective mark:		
	for one class	1036	765
	for each additional class	518	383
Denmark	for three classes	487	360
	for each additional class	124	92
Estonia	for one class	291	215
	for each additional class	104	77
	Where the mark is a collective mark:	364	269
	for each additional class	104	77
Finland	for three classes	236	174
	for each additional class	88	65
	Where the mark is a collective mark:		
	for three classes	340	251

With effect from January 24, 2003.

Complementary fee 74.00 fr $50 (currency conversion as of April 1, 2003).

		Swiss francs	*U.S. $*
	for each additional class	88	65
Georgia	for one class	285	211
	for each additional class	113	83
Greece	for one class	94	69
	for each additional class	23	17
Iceland	for one class	226	167
	for each additional class	48	35
	Where the mark is a collective mark:		
	for one class	274	202
	for each additional class	48	35
Ireland	for one class	372	274
	for each additional class	106	78
Italy	for one class	112	83
	for each additional class	37	27
	Where the mark is a collective mark, independent of the number of classes	373	275
Japan	for one class	1139	841
	- first part	263	194
	- second part	876	647
	for each additional class	1075	794
	- first part	199	147
	- second part	876	647
Norway	for one class	300	222
	for each additional class	120	89
Singapore	for one class	230	170
	for each additional class	230	170
Sweden	for one class	198	146
	for each additional class	82	61
	additional fee where the mark consists of or contains figurative elements or special characters	33	24
Switzerland	for two classes	600	443
	for each additional class	50	37
Turkmenistan	for one class	320	236
	for each additional class	160	118
United Kingdom	for one class	454	335
	for each additional class	126	93

2. The following amounts of individual fees in Swiss francs must be paid in respect of the renewal of an international registration in which the Contracting parties mentioned below have been designated **under the Protocol**.

		Swiss francs	*U.S. $*
Armenia	for one class	258	191
	for each additional class	26	19
Australia	for one class	265	196
	for each additional class	265	196
Benelux	for three classes	309 (329#)	228 (243)
	for each additional class	55 (59#)	41 (44)
	Where the mark is a collective mark:		
	for three classes	563 (599#)	416 (443)
	for each additional class	55 (59#)	41 (44)
Bulgaria	independent of the number of classes *where the mark is a collective mark*:	196	145
	independent of the number of classes	392	290
China	for one class	690	510
	for each additional class	345	255
Denmark	for three classes	487	360
	for each additional class	124	92
Estonia	independent of the number of classes *where the mark is a collective mark*:	291	215
	independent of the number of classes	364	269
Finland	for three classes	266	197
	for each additional class	140	103
	Where the mark is a collective mark:		
	for three classes	384	284
	for each additional class	140	103
Georgia	for one class	285	211
	for each additional class	113	84
Greece	for one class	94	69
	for each additional class	23	17
Iceland	for one class	226	167
	for each additional class	48	35

With effect January 24, 2003.

		Swiss francs	U.S. $
Ireland	for one class	380	281
	for each additional class	190	140
Italy	for one class	75	55
	for each additional class	37	27
	Where the mark is a collective mark:		
	independent of the number of classes	224	165
Japan	for each class	2005	1480
Norway	for one class	250	185
	for each additional class	120	89
Singapore	for one class	162	120
	for each additional class	162	120
Sweden	for one class	198	146
	for each additional class	82	61
Switzerland	for two classes	600	443
	for each additional class	50	37
Turkmenistan	for one class	320	236
	for each additional class	160	118
United Kingdom	for one class	504	372
	for each additional class	126	93