

FILINGS UNDER THE MADRID PROTOCOL

By Susan Upton Douglass
Fross Zelnick Lehrman & Zissu, P.C.
New York, New York
April 13, 2007

SOME STATISTICS

Effective date of U.S. adherence to the Madrid Protocol: November 2, 2003.

Some brief statistics as of March 27, 2007, provided by the USPTO:

- Requests for extension of protection received by the USPTO to date (classes) 35,112
- International applications sent to the USPTO for certification to the IB 9,054
- International applications rejected for certification to the IB 494
- Irregularity notices from the IB saying that there are problems with applications certified by the USPTO 1,855
- Subsequent designations 71
- Replacements 10

The total number of countries party to the Protocol is 72, and the overall current membership of the Madrid system is 80 (79 countries plus the European Community). According to the World Intellectual Property Organization (“WIPO”) website:

A record 36,471 international trademark applications were received in 2006 by the World Intellectual Property Organization (WIPO) under the Madrid system for the international registration of trademarks. This represents an 8.6% increase on figures for 2005. Applicants from Germany, for the 14th consecutive year, led the list of top filers, followed by users in France, and the United States). China was the most designated country in international trademark applications ... After only 3 years as a member of the Madrid system, users in the USA ranked third with 3,148 or 8.6% of the total.

Note, however, that this number of filings under the Madrid Protocol by U.S. applicants is a minute percentage of all applications filed globally by U.S. applicants under national filing systems including Community Trade Mark (“CTM”) filings.

A QUICK OVERVIEW

An International Registration (“IR”) issued pursuant to the Madrid Protocol can be based on one or more pending applications or registrations (multiple applications or registrations must be by the same owner and for the identical mark). U.S. applicants can file electronically through the USPTO, indicating that an IR is requested, and specifying the countries to which protection is requested (a request for extension of protection or “REP”), and pay the fees through the USPTO in U.S. dollars. There is a \$100 per class USPTO fee if extending protection based on a single application or registration, or \$150 per class if relying on multiple basic applications or registrations. In addition, there is a fee to the International Bureau (“IB”), which depends on the number of countries designated; there is a fee calculator at the WIPO website, www.wipo.int/madrid/en.

The USPTO certifies the application as meeting the requirements for an IR, and forwards the application to the IB within 2 months; if it does so, the date of the IR will be the date of receipt of the international application with the USPTO. If the USPTO forwards the request to the IB after the 2-month deadline, the 10-year term for the IR runs from the date of receipt of the application at the IB.

The application is examined by the IB and if there are problems (usually related to classification or other ID issues), the IB will send a letter of irregularity to the applicant and the USPTO, which must be answered in 3 months. Some types of irregularities must be remedied by the USPTO, some must be remedied by the applicant, and some can be remedied by either (see TMEP Sec. 1902.07). This requires careful monitoring and coordination with the Madrid Processing Unit at the USPTO. There is an electronic form available on the www.uspto.gov website through TEAS, but care should be taken to file the response at least a month before the deadline, to allow the USPTO to input and process the response and forward it to the IB. Once the issues are resolved, the IR is granted and published in the Gazette, and the IB then notifies each jurisdiction, called a Contracting Party, where protection has been requested.

Each Contracting Party then examines the application under its local rules, and issues a provisional refusal if there are any issues. There is a 12-month or 18-month deadline (depending on the country and whether the incoming REP is from a national of a Madrid Protocol or Madrid Agreement country) within which to issue a refusal or a notice of a possible opposition; if there has been no notification within the deadline, the registration is deemed granted and it is equivalent to a home country registration.

As noted above, the term of the IR is 10 years from the date it was received in the applicant's home country trademark office, provided that it is received by the IB within 2 months of the request for an IR; otherwise, the term is 10 years from the date of receipt in the IB. Renewals are filed centrally with the IB, as are changes of title (assignments, mergers, change of name and the like), changes of address and other information affecting the IR.

DEPENDENCE ON THE BASIC MARK

For a period of 5 years from the date of the IR, the IR remains dependent on the application/registration that formed the basis for the IR in the applicant's home country. If the IR is based on a pending application that is amended, the home country PTO notifies the IB, and corresponding changes are made to the IR and to the extensions granted by all Contracting Parties. If the application is rejected or successfully opposed, or if the basic registration is subsequently canceled or not renewed within that 5-year period, the IR is canceled along with all of the registrations based on it. However, the trademark holder has 3 months from the date of cancellation of the IR to file directly with the Contracting Parties to transform the IR to a national registration, and keep the same date as the IR or the subsequent designation. After 5 years, the IR becomes independent of the basic registration.

ADVANTAGES TO USING THE MADRID SYSTEM

Cost Savings. The most frequently touted benefit is cost savings, and in some cases, substantial savings are achieved. This result is most reliably achieved when the mark is already registered in the home country (and this benefit is most secure if the basic mark has been registered for more than 5 years), and the ID is fairly straight-forward and contained in both the Nice Classification Manual and the USPTO ID Manual, and both classify the goods or services in the same class.

Also, IRs can replace national applications (if for the identical mark for the same goods or services), and thereby reduce subsequent renewal fees. If there is an assignment, merger or change of name, the costs are greatly reduced and the process is centralized with an IR, since the assignment or name change need only be recorded with the IB.

Time Savings. Because the Contracting Parties must examine and issue a refusal of registration or notice of possible filing of an opposition within 12 or 18 months, there is either expedited handling of these applications in countries where applications otherwise languish for years, or the certainty of protection regardless of whether the application has yet been examined after the 12 or 18-month period.

Flexibility. The IR can be extended to other countries as the trademark holder expands its international activities with subsequent designations. Also, other countries will be joining the Madrid Protocol in the coming years, such as Canada, and the IR can be extended to new jurisdictions as they join.

DISADVANTAGES, TRAPS AND PITFALLS

In addition to the dependency issue discussed above, there are other problems with the Madrid system that may weigh in favor of national and CTM filings.

U.S.-Based Filings have More Limited Scope of Coverage. For U.S. nationals, the “basic mark” will be the mark as ultimately registered in the USPTO. The USPTO requires far more limited and specific descriptions of goods and services than permitted under the local rules in virtually all other countries. Thus, by filing under the Madrid Protocol, U.S. filers are deprived of the far broader scope of protection they could secure using national or CTM filings, which could have a substantial detrimental effect on enforcement efforts.

Limited to Protocol Countries. For U.S. filers, an REP can include only countries that are members of the Madrid Protocol. This excludes countries that are members solely of the Madrid Agreement.*

* Algeria, Bosnia & Herzegovina, Egypt, Kazakhstan, Liberia, San Marino, Sudan

Restrictions on Assignments. A U.S.-based IR may be assigned only to a person or company that is a national of or has a bona fide commercial establishment in a country that is a party to the Madrid Protocol. Thus, for example, an IR and its extensions of protection cannot be assigned to a Canadian or Latin American company, since these jurisdictions have not yet joined the Madrid Protocol. Note that the assignment must be recorded directly with the IB, which then notifies the Contracting Parties and their records are updated accordingly.

Delays in the IB. Despite the requirement that Contracting Parties must dispose of REPs in 12 or 18 months depending on the circumstances, there is no time guideline or requirement within which the IB must send the IRs to the Contracting Parties. Many delays are caused by ID and classification issues. A survey of recent data in the USPTO shows that these marks can languish for as long as 800 days between receipt of the international application at the IB and its being received at the USPTO. Indeed, the USPTO's data shows more than 650 REPs that are more than a year old at the time of receipt at the USPTO, although the average since the beginning of the year through March is about 5 months.

USPTO Uncertainties for Applications. If the mark is based on a pending application in the USPTO, there may be substantial uncertainties about whether the underlying application/registration will remain in force for all of the goods/services identified for the five-year dependency period. If an IR fails, the cost of quickly retaining local counsel, filing the transformation and additional fees, is more than if the trademark holder had sought national protection in the first place.

No Amendments to the Mark. There is a strict rule against amendment of the mark. If the U.S. application is based on intent to use and the mark as used differs from that as filed, no amendment to the IR is permitted. If the registered mark is in the form of a logo and there has been a change in the logo, the mark cannot be amended. The rule is more liberal under the national standard, which permits amendment if there would be no "material alteration" of the mark, or it creates a substantially similar commercial impression.

No Amendment to the Basis. Incoming REPs, unlike incoming applications filed under Section 44 of the Trademark Act on the basis of a home country

registration, cannot be amended to the Supplemental Register if the mark is found to be inherently unregistrable on the ground that the mark is merely descriptive of the goods or services, is geographically descriptive, is merely ornamental, or is primarily and merely a surname. Moreover, absent paying additional fees for transformation, the basis cannot be amended to rely on a home country registration, which would then allow amendment to the Supplemental Register.

Fraud on the USPTO Issues. Broad listings of goods and services in the IR may make the resulting U.S. certificate of extension of protection vulnerable to challenge on the ground of fraud. An REP under the Madrid Protocol contains the same statutory declaration as for all U.S. filings, with the applicant attesting that all statements are true and that it has a bona fide intent to use the mark for all goods and services listed in the application. However, these “check-off-the-country box” filings are often made by people in other countries who have little or no knowledge of U.S. practice. It is possible to limit the goods when filing, but most REPs have the same ID as is filed globally. Since the applicant will undoubtedly receive an Office Action objecting to the wording in the ID, this is a good opportunity to restrict the ID when filing the Response to Office Action, with the hope that the application will not later be challenged because the initial filing was technically false or overly broad.

Discrepancies in ID Issues. Discrepancies in classification and ID issues can deprive the trademark holder of substantive rights. The USPTO takes the position that if a correct identification of goods under U.S. practice would require the goods to be re-classified in a class that is not included in the REP, then the amendment is not permissible, and the goods must, instead, be deleted from the REP altogether. Some examples:

A foreign applicant obtains an IR and requests an extension of protection to the U.S. based on its home country registration for “amusement machines, automatic and coin-operated” in Class 28, and intends to use the mark for slot machines. While the USPTO ID manual has listings for “amusement game machines” and “coin-operated amusement machines” in Class 28, it classifies “slot machines” in Class 9. There is uncertainty as to whether a specimen of use for slot machines will support a Section 8 filing; this uncertainty could be eliminated by filing in the U.S. for “amusement machines, automatic and coin-operated, namely, slot machines.” It is likely that the USPTO will accept this amendment and keep these goods in Class

28 since WIPO is the ultimate arbiter of classification, even though the classification is contrary to U.S. practice. However, the Examining Attorney would likely be resistant to this solution, and it may take a round or two of arguments to have the amendment accepted.

Or, a foreign applicant files an REP for “goods of leather and imitation leather” – unacceptable under USPTO standards. The real goods of interest are leather key fobs (decorative gizmos which hang off a key ring, or in the case of electronic key fobs, are used for remote keyless entry), which are in Class 20 according to the USPTO ID manual. The USPTO will require amendment to specify the type of “leather and imitation leather goods” and if the request is made for key fobs, the request will be rejected as being beyond the scope. The applicant will be required to delete these goods and specify goods in Class 18. To solve this problem, the applicant could amend to “leather key rings” – which might be close enough and probably could be maintained with a specimen showing the real goods of interest.

Docketing Issues. Maintenance dates in the U.S. are tricky. In addition to docketing the IR renewal date (the renewal is filed directly with the IB), owners of an IR that is extended to the U.S. must also docket the Section 8 deadlines per Sec. 71 of the Trademark Act:

- between the 5th and 6th year of the date of issuance of the U.S. certificate of extension of protection, with no grace period (instead of the 6-month period given to national registrations)
- within 6 months prior to the 10th year anniversary of the issuance of the certificate of extension of protection, with a 3-month grace period (the usual term is one year prior to the 10th year after the registration date, with a 6-month grace period).

The USPTO has promised to address the discrepancies in the filing periods before the first REP certificates come up for Section 8 (or, actually, Section 71 for REP) declaration of use filings.

DIVISION OF REGISTRATIONS

As a result of the Madrid implementation amendments to the Trademark Act, it is now possible to divide a registration, regardless of the basis, into two separate registrations with different registration numbers, while

maintaining the original registration and priority dates (see TMEP Sec. 1615 and 37 C.F.R. § 2.171(b)). This would be done when due to an assignment, there is a split of ownership pertaining to different goods and services in the original registration. To make this filing, the owner must first record the assignment. For registrations based on use in commerce or a Paris Convention registration, the assignment is recorded with the Assignment Branch at the USPTO. For Madrid extensions, the assignment and request to divide must be filed directly with the IB, which will then create two new IR certificates reflecting the current owners and the goods or services pertaining to each, and then notify all of the Contracting Parties. The holder then files a request to divide with the USPTO, along with the requisite fees, and two separate registration certificates will issue.

©2007 Fross Zelnick Lehrman & Zissu, P.C.