



Question Q239

National Group: United States of America

Title: **The basic mark requirement under the Madrid System**

Contributors: Kelly HYNDMAN, Clark LACKERT, Dennis PRAHL, Robert SACOFF, Christopher SCHERER and Maria SCUNGIO

Reporter within Working Committee: Maria SCUNGIO

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Questions

The Groups are invited to answer the following questions under their national laws. If both national and regional laws apply to a set of questions, please answer the question separately for each set of laws.

I. Current law and practice

- 1) Is your country party to (i) the Madrid Agreement Concerning the International Registration of Marks, (ii) the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks and/or (iii) the Trademark Registration Treaty?

RESPONSE: Madrid Protocol (“ii”) only.

- 2) a) To the extent it can be established, in how many published cases was a central attack used in the past ten years in your country?

RESPONSE: None. It is not possible to establish this metric in our system.

- b) If these cases contain important considerations regarding the rationale, effect and effectiveness of a central attack, please summarise such.

RESPONSE: Not applicable.

- 3) a) In your experience, is the system of international registrations often used (rather than alternatives, such as the filing of separate national registrations)?

RESPONSE: Experience varies. The system of international registrations is used both as an adjunct to direct filing by U.S. applicants and as a substitute for direct filings but it is not often used. In 2012, there were 5,430 outbound Madrid

applications and 16,411 inbound Madrid applications which are 5.3% of all U.S. trademark applications filed in 2012.

- b) If the answer is no, is this because it is difficult to obtain the basic application or registration and/or are there other reasons? If so, which are those other reasons?

RESPONSE: There are multiple reasons why the Madrid system is not used more often by U.S. applicants. The Madrid system in the U.S. is not quite over ten (10) years old. Most U.S. trademark owners are unfamiliar with how it works and skeptical of its usefulness. It is promoted on the basis of efficiency and cost savings but practitioners see only a reallocation of expenses, and the interposition of another party in the chain of communication. Cost savings are realized for U.S. and non-U.S. registrants only later, in the renewal of the mark through payment of a single fee. Perhaps the most important legal reason is the Triple Identity Rule where the Madrid International Registration has to conform to the: (i) basic mark, (ii) trademark owner, and (iii) goods (which is the most problematic). The U.S. system requires that applicant claim relatively narrow specifications of goods and for each a bona fide intention to use the trademark on these goods in the U.S. Additionally, the trademark must be used on all of the claimed goods before the U.S. registration will issue. This is quite unique among world trademark systems and is based on U.S. constitutional law. Moreover, the U.S. has a relatively high opposition rate, has strict examination procedures on both absolute and relative grounds, and a large register of potentially conflicting trademarks, thus making the issuance of a U.S. registration on the basic mark more difficult than in other legal systems. Many U.S. applicants prefer to file directly in other countries to take advantage of broader specifications of goods. Finally, there are ongoing discussions on how to conform U.S. Patent and Trademark Office classification of goods and services with the classification of the WIPO International Bureau, thus raising additional questions.

- c) If the answer is yes, is this because it is more efficient in terms of costs or otherwise and/or are there other reasons? If so, which are those other reasons?

RESPONSE: Not applicable.

- 4) If your country is party to the Protocol: is transformation often used in your jurisdiction? Why, or why not?

RESPONSE: No. The Madrid system is not used that often and when it is, transformation is not seen as a viable option since additional costs are involved in transformation and local counsel are required to be retained to represent the new national applications. Since reduced costs and elimination of the need for local counsel are two (2) of the perceived attractions of the Madrid Protocol to U.S. applicants, these reasons, together with an unfamiliarity with how Madrid transformation works, have made this procedure infrequently used.

II. Policy considerations and proposals for improvements of the current law

- 5) a) Should the basic mark requirement be abolished? Why, or why not?

RESPONSE: No. It should be modified. The Madrid Protocol would be more attractive to U.S. applicants for the reasons stated above since the negative ramifications of the basic mark would be eliminated. Central Attack is attractive although rarely used. What should be preserved are all the positive aspects of the Madrid system, namely, lower fees, one language, no legalization, no additional powers of attorney or other filing documents, no local counsel required for filing, one global registration number, one renewal, one chain of title filing, and one set of renewal deadlines. WIPO could be viewed as a central filing coordinator, and applications could be sent out directly to the national trademark offices, but improved speed, efficiency, cost control and solid substantive results need to be achieved. It is clear that the elimination or modification of the basic mark requirement would make a completely new treaty, which may not be described as a "Madrid" variant at all and more likely be a newer version of the TRT.

b) If the answer to (a) is yes, how should the new system work:

i) should any national registration or application qualify as a basic registration?

RESPONSE: At the moment, other national applications or registrations (other than the "home country") can currently qualify as a basic mark for the Madrid Protocol as long as the Madrid Protocol Article 2(1)(i) requirements for the basic mark are met. A new approach to the basic registration requirement may be acceptable as long as it would be consistent with the Paris Convention's registration requirement, e.g., the trademark application that may satisfy the basic mark requirement shall have been first filed in a Paris Union country. A new approach would be allowing a basic application to be filed in any Madrid System country/jurisdiction.

or

ii) should there be new central filing at WIPO with WIPO functioning as a mailbox receiving applications and forwarding those to the designated jurisdictions for examination?

RESPONSE: Yes. This is the most desirable variation, since WIPO can do what it does best, namely, act as a global administrative center. By modification of the basic mark, WIPO could be a source of direct filing and then individual jurisdictions could conduct the examination and approval processes. Direct filing with WIPO would eliminate or at least minimize uneven registrability standards among current national "home" trademark offices.

or

iii) should WIPO even do more, such as engaging in harmonisation (see below under III)?

RESPONSE: No. Harmonization of all of the world's trademark laws, or establishing a substantive examination staff at WIPO to conduct review on absolute and relative grounds would be a very slow, expensive, and difficult effort, do not effectively take into account the nuances of local cultures, their market conditions and customer orientation. It is not desirable to harmonise the world's

trademark laws, beyond the TRIPS Agreement, TLT, and other intellectual property treaties. Attempting to accomplish, complete harmonisation and centralization of examination at WIPO would be a task of a completely different magnitude. Additionally, national trademark offices would need to be consulted since this would, in effect, phase them out of multi-national filings whether outbound or inbound, with the accompanying loss of control and revenue.

- c) Do you foresee problems in the implementation of such a new system? If so, which?

RESPONSE: As stated earlier, elimination or modification of the basic mark requirement would be controversial and complex. The changes would require diplomatic renegotiation of the Madrid Agreement and Protocol and could foreseeably take at least a decade or more to accomplish. Moreover, harmonization and centralization of global trademark applications in WIPO may be impractical and will probably be unpopular with national trademark offices due to lack of control and revenue loss.

- 6) a) Should the dependency on the basic mark be abolished? Why, or why not?

RESPONSE: Dependency may be retained and should be modified to conform. A Madrid system without a basic mark requirement would encourage filings. For the reasons mentioned above, the modification of dependency could address issues which are problematic for U.S. applicants. Central Attack may be available in those rare cases justified. U.S. applications and registrations are more vulnerable than other country applications and registrations as noted above (e.g., higher opposition rate, stricter examination, use requirements, etc.).

- b) If not, should the dependency be changed? If so, how (e.g. to a different period, to applying in case of particular cancellation grounds only or to having effect only in jurisdictions where the attacker has prior rights)? Why?

RESPONSE: See comments to a).

- 7) Do you support a freeze of the application of the five year dependency clause and what are your considerations in this respect?

RESPONSE: No. By freezing the dependency at a certain time, e.g., at application date, U.S. applicants would benefit by permitting a broadly worded basic mark application (with a bona fide intention to use) to be processed by WIPO for an international registration even if that basic mark application were subsequently limited in scope by examination by the U.S. Patent and Trademark Office. However, as a legal matter this freeze would be at tension with the bona fide intention to use required for every U.S. intent-to-use application throughout the pendency of the application. An overly inclusive description of goods crafted primarily to support a Madrid application filing, and for which the requisite bona fide intent to use the mark may be lacking for at least one (or more) of the listed goods, will expose the registration to vulnerability to cancellation. In the order of significant changes to the current Madrid system, taken in order of level of change, freezing is the least significant, followed by elimination of dependency and then elimination of the basic mark.

- 8) a) Do you find that the basic mark requirement does not function well in the context of translations, transliterations and transcriptions in countries with different writing systems/languages? If so, would you support a change to the Madrid System with the purport that, when assessing genuine use, use of a translated, transliterated or transcribed mark is considered use of the mark? Please list any requirements such use should meet in your view (e.g. identical pronunciation and/or meaning).

RESPONSE: No. In general, no major issues in these areas have surfaced. A change to the Madrid system whereby use of a translated mark (or the other changes listed) would be use of the basic mark would require a significant change to national law, since jurisdictions vary widely on this issue. For this reason, this type of proposal does not seem feasible at least in the short term.

- b) Are there any other aspects relating to the basic mark requirement that do not function well and if so, what should be changed?

RESPONSE: Yes. One of the areas where there is an issue is in subclassification of international registrations by local trademark offices. Such local trademark offices upon their own initiative subclassify these international registrations and often valuable trademark rights are lost. This procedure should be more carefully examined to ensure that subclassification is handled correctly and consistently with WIPO classification standards.

III. Proposals for harmonisation

Is harmonisation desired? If yes, please respond to the following questions *without regard* to your national laws.

- 9) Should absolute and relative grounds be harmonised, enabling the examination of international registrations to be handled by WIPO, as well as possibly also oppositions and cancellation actions (in a manner similar to Community Trademark registrations handled by OHIM), or should such not be harmonised (because it may not be feasible or for other reasons)? Note that this question only aims to ask whether such harmonisation is desired as a result of a change to the basic mark requirement; the question as to how such a new system should look exceeds the scope of this working question.

RESPONSE: As noted above, harmonization of the world's trademark laws has already been accomplished, to some extent, by the TRIPS Agreement, TLT, other intellectual property treaties and judicial precedent. However, further work on such difficult subjects as grounds for refusal, use requirements, and related topics for all Madrid countries would be an enormous undertaking. At the moment, the Madrid system works more as an international filing system, not as a registration system, whereby applications are examined in each jurisdiction not by WIPO standards, but by national standards. Harmonization is a significant undertaking. To undertake such an effort merely for the purposes of the Madrid system should be studied further due to the enormity of the task.

- 10) Please briefly list your considerations for the answer given under 9) (which may e.g. relate to feasibility, efficiency, costs, the potential need for new judicial authorities, etc.).

RESPONSE: Predictability and harmonization are worthwhile goals. The costs, time, and feasibility of undertaking to harmonize all of the Madrid countries' trademark laws, whether Morocco, Colombia, United Kingdom, or Vietnam presents enormous challenges and seems to be a major initiative, requiring significant further study.

Summary:

The Madrid Protocol to the International Arrangement of Madrid for the International Registration of Trademarks has been available in the United States since 2003, but is used by only a small fraction of potential international applicants. The reasons are diverse. In part the lack of use can be attributed to unfamiliarity, but also skepticism plays a role as there is minimal initial cost saving and the cost reallocation brings additional bureaucratic intrusion. Moreover the so-called Triple Identity Rule -- same mark, same applicant same goods/services -- prevents advantageous variation of coverage among member states. United States applicants are at a disadvantage, because of narrow and specific lists of goods and services, and the duration of prosecution and opposition procedures. Removal of the basic mark requirement is thought to offer a possible solution, but doing away with it would also eliminate central attack and any modifications of the Protocol would have to be the subject of negotiations between members and probably a diplomatic conference, which would be expensive.

United States practitioners broadly agree that if the system is to be changed, it should be modified to provide for central filing at WIPO, with WIPO functioning as a mailbox and this would eliminate or at least minimize uneven registrability standards among current national "home" trademark offices.