



European Communities Trade Mark Association

16 May 2018

ECTA POSITION PAPER ON THE DEPENDENCY OF INTERNATIONAL TRADE MARKS ON A NATIONAL BASIC APPLICATION OR REGISTRATION (MADRID SYSTEM)

I. INTRODUCTION

In the Madrid System, the deletion of the requirement of a basic application or registration and the Dependency Clause are very closely linked (central attack). The Dependency Clause provides that, if the basic national application/registration fails during a period of 5 years after the registration of the International Trade Mark, the corresponding International Trade Mark follows the same fate in all the countries where it has been extended (Article 6, paragraphs 2 & 3 of the Madrid Agreement and Protocol).

In this respect, it should be remembered that at the beginning of the International System, and practically for 70 years, until the Nice revision in 1957, the link was perpetual and that it was only at that time reduced to 5 years.

It should also be noted that a cancellation (or refusal) decision of the basic trade mark need not necessarily be reached within 5 years. It is sufficient that a legal action has been started within the 5 years, which leads to a final decision of partial or total cancellation of the basic (home) trade mark, which will then lead to the cancellation of the International Trade Mark. This may take place many years after.

The above-mentioned system seems to have worked efficiently so far.

ECTA members have studied the question whether the dependency of the International Registration from the basic application or registration is a legal tool which should be maintained or whether other alternatives should be introduced such as the suspending of the dependency or reducing it to 3 years.

II. COMMENTS

ECTA is aware that “AGENDA ITEM 8: USER SURVEY ON MADRID DEPENDENCY PRINCIPLE ISSUES” of the document No. MM/LD/WG/13/9 (Summary by the Chair) of the Madrid Working Group states in Clause 21 that:

“21. The Chair concluded that there was no consensus on the suspension of the operations of Articles 6(2), (3) and (4) of the Agreement and of the Protocol and that the Working Group had agreed to request that the International Bureau present a new document, to be discussed at its next session, with other proposals to make the Madrid System evolve to meet the needs of all its members and be more flexible and effective, without questioning its fundamental principles, for which the Chair invited delegations and observers to make further contributions to the International Bureau.”



European Communities Trade Mark Association

ECTA has also noted that document No. MM/LD/WG/14/4 on the Future Development of the Madrid System for the International Registration of Marks, prepared by the International Bureau, dated 27 April 2016 ('Future Development Document'), which also studies the question of dependency has been put on WIPO's website among the Madrid Working Group documents. ECTA would like to state that we only reflect to those parts of the Future Development Document which fall in the area of the present Position Paper.

Considering that there was not an unanimous view among ECTA members, but our colleagues had shared views, we are now exposing these different viewpoints:

1. Maintaining the dependency as it is

According to the majority of relevant Committee ECTA Members, the current system perfectly reflects a well weighted balanced situation between, on the one hand, the interests of the newcomers who would like to easily and rapidly register a new trade mark in as many countries as possible and, on the other hand, the interests of those who already have a trade mark right and would like to defend it properly and easily against possible new conflicting identical or confusingly similar trade marks.

The Madrid System in its current form clearly responds to the balance as above described:

- The newcomer, on basis of his national registration /application is entitled to file with one procedure in one language an International Trade Mark extendable in every Member State (except his own country) with the benefit of centralized procedures for notification of modifications: assignments, change of name, renewal, further extensions, etc.
- On the other hand, the owner of a prior right – thanks to the *Dependency Clause* (central attack) – is entitled by one legal procedure, which must be started within 5 years of the International Registration, to obtain the cancellation of the home registration and consequently of the entire International Trade Mark.

Therefore, one filing proceeding and one cancellation proceeding during a limited 5 years period seems to be a fair balance. This system has worked smoothly for more than 100 years.

Thus, according to most of our relevant Committee Members, the possibility of a central attack should be maintained against the home registration in its current form. The following arguments are put forward:

Firstly, because it is the basis of the International trade mark system and has up until now apparently functioned in a very successful way, as the users of the system know the rules of the game.

Secondly, because the owner is in the best situation to ensure himself, by making the necessary searches, that his basic trade mark stands on firm grounds in his country and will not be cancelled.

Thirdly, because practice has shown that, in most circumstances, if the owner of an International Registration has his trade mark cancelled in his own country, he will not be interested to pursue his trade mark in foreign countries. It appears that central attack has not



European Communities Trade Mark Association

very often occurred, because – as indicated – a knowledgeable trade mark owner, before filing his International Trade Mark, first makes a thorough search to be assured that his home trade mark stands on firm grounds.

Fourthly, even if it has been said that the central attack is unfair because the reasons for which cancellation of the trade mark has been obtained in the home country, may not exist in some or all other claimed Madrid Member States, the possible harshness of this situation has been drastically softened by the provisions of the Madrid Protocol.

Namely, besides the limitation of the central attack to 5 years after the registration, the Madrid Protocol foresees the possibility of transforming the failed International Registration into national applications. The owner of an International Registration confronted with this situation may apply for national trade marks in the Member States he has claimed, retaining the date of the International Registration (Transformation).

The consequence thereof, is that he will not lose any rights, although he will obviously lose some fees. The same situation applies to the European Union trade marks (whether filed directly or through the International System – opting back).

When evaluating whether or not the Dependency Clause should be maintained, in our view, it should be considered as a particular feature of the International System in order to compensate the cost effectiveness and easy handling.

Further, it should not be ignored that in any event, there is a safety net as previously stated, in view of the possibility of a transformation.

It also constitutes a simple procedure for attacking infringing trade marks.

Finally, it should be noted that the aim of the system is limited to the internationalization of “the same mark” that means that the mark must be written in the same characters (Latin, Mandarin, Arabic, etc).

In this regard, with reference to the arguments raised by Japan and South Korea years ago to the Norwegian Proposal, it should be noted that their problem is also the problem of European Union companies in other EU countries with different languages which wish to have their marks adapted to the local markets. South Korea and Japan underlined the difficulties resulting from the fact that for the export market, they usually had to file in Latin characters, whilst for their own country, they obviously filed in Korean and Japanese characters respectively.

When a European company wishes to export to Korea and Japan, it will have to file trade marks for these markets because they will not use Latin characters and they will have to file national trade marks, the Madrid System being of no use for these purposes.

Likewise, a Japanese or Korean company, who pretends to export goods and or services with marks in Latin characters that will not be used in their home country should also consider registering this Latin character trade mark as home registration. In fact, if it does not do so, it runs the risk that a third company would do it, preventing that company from exporting, given the fact that use for export purposes is considered use in the country of origin of the export. For the same reason, no revocation for lack of use would be possible for those marks, even if the proprietor only uses them for export purposes.

To conclude, regarding the results of the survey conducted by WIPO on this issue, it should be noted that they appear to be of around 1,300 or fewer respondents, which does not seem to be a very significant number taking into account the important number of International Registrations filed worldwide.

2. Reducing the dependency period from 5 to 3 years

ECTA has noted that WIPO raised the possibility of shortening the dependency period to 3 years in Clause 38 of the Future Document. If WIPO wishes to compromise, some relevant Committee ECTA Members consider that changing the dependency period from 5 to 3 years would increase the use of the International Registration process in view of the limited period of dependency. It is stated in Article 19 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) that a registration may be cancelled due to non-use after an uninterrupted period of at least 3 years of non-use. Based on the minimum provided in TRIPS, in a number of Contracting Parties the non-use cancellation threat period lasts only for 3 years.

Further, such reduction would still give trade mark owners an ability to enforce their trade mark rights cost effectively within a reasonable amount of time. Finally, it would continue to reflect that the International Registration is an extension of trade mark rights in one country to another country and that it is not in itself an independent trade mark right being consistent with the use requirement in many countries.

3. Abolishing the dependency period

A small number of our relevant Committee Members was in favour of the abolishment of the dependency period. In this respect, it was stated that it is generally possible to overcome the risk of a central attack quite easily. Applicants may choose a “safe” country for the basis trade mark or a country where the legal system is slow or where it is difficult to cancel trade marks and have it registered through a local subsidiary or a trustee, extend it from there, and then have the basic trade mark and the International Registration transferred back to them.

Also applicants sitting in a safe market can cheaply extend a trade mark without risking a central attack, meanwhile an applicant sitting in a risky market cannot do this with the same trade mark although the conflict may only effect to the home country. In this respect, it was questioned why one (arbitrary) single market should govern the extension of the mark in other markets with different conditions.

Some of our relevant Committee Members who were of the opinion that it would be good to abolish the dependency of the International Registration from the basic mark were in favour of - at the same time - introducing a new legal instrument, namely a central cancellation of the international registration by the International Bureau (central attack without home application /registration). This option has been mentioned only in connection with a non-use cancellation attack as it is otherwise difficult – if not impossible - for WIPO to examine national (older) rights vs. International Registrations. Such option of a non-use central attack has been outlined in a separate *ECTA Position Paper on the introduction of a non-use central attack for International Trade Mark Registrations*.

III. CONCLUSION

To conclude, we may say that a majority of our relevant Committee Members supports option 1, namely maintaining the existing dependency period, as it is considered to be a very



European Communities Trade Mark Association

powerful and useful instrument, which carries considerable weight in trade mark prosecution strategy. Although situations may arise that are not completely fair (such as non-use cancellation actions, which are expensive and cumbersome), the introduction of the possibility of transformation has compensated this.

In view of the above and in order to maintain a right balance between national, international and EU trade mark registrations, it is considered crucial to maintain the dependency and the central attack option.

In this respect and although a reduction of dependency period from 5 to 3 years would be accepted in general by ECTA, most of our relevant Committee members consider that the dependency period should be maintained for the 5 year period, as the 5 year grace period of non-use of the trade mark in many countries argues in favour of maintaining the 5 years dependency.

However, if WIPO wishes to compromise, as stated in Clause 38 of document No. MM/LD/WG/14/4 on the Future Development of the Madrid System for the International Registration of Marks (a document prepared by the International Bureau, dated 27 April 2016), ECTA considers that changing the dependency period from 5 to 3 years could be a workable option.

ECTA also noted that Clause 41 of the document on the Future Development of the Madrid System states that “Transformation is perceived as a cumbersome and onerous procedure. Moreover, the time limit to file a national or regional application resulting from transformation, three months from the cancellation of the International Registration, could be rather short where, in particular, representation to file that application is required. An alternative procedure for the transformation of cancelled International Registrations could be considered, with the International Bureau handling all the formalities”.

ECTA is not against or even we are in favour of alternative procedures for transformation, if the essence is kept, namely that the owner may apply for national trade marks in the Member States he has claimed, retaining the date of the International Registration.

ECTA hopes that the above comments are useful and can be taken into account by the Working Group on the Legal Development of the Madrid System for the International Registration of Marks.

ECTA

European Communities Trade Mark Association

ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,500 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world. ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields. ECTA does not have any direct or indirect links to, and is not funded by, any section of the tobacco industry.



The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- European Union Trade Mark Regulation and Directive;
- Community Design Regulation and Directive;
- Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a non-Government Organisation (NGO).

ECTA does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy.