



European Communities Trade Mark Association

20 November 2008

WIPO Working Group on the Legal Development of the Madrid System for International Registration of Marks

Sixth Session
Geneva, November 24 to 28, 2008

First Comments from ECTA¹

- Deletion of the requirement of a basic application or registration with the office of origin (Article 2).
- Deletion of the *Dependency Clause* (Article 6).
- Possibility to designate the country of origin (office of origin) as for any other country.
- Deleting transformation (Article 9*quinquies*).

A proposal from Norway, see WIPO document MM/LD/WG/6/2, 18 August 2008.

The above items, which are very closely linked, have been proposed by Norway and will be discussed for the first time at the forthcoming meeting in Geneva.

If this proposal would be adopted, it would need a revision of the Madrid System and consequently a Diplomatic Meeting. It is therefore a long term proposal (4 to 10 years).

Although we are at an early stage of the discussion, we think that it is timely for our Association to take a first position on this very important question.

1. It is obviously a revolutionary suggestion because it will do away with some of the pillars of the system.
2. Since its very inception more than 100 years ago, a basic requirement for the Madrid System (at that time only the Madrid Agreement) was that the international trade mark must be based on a home registration and that the request of extension to the Madrid Agreement must be made through the office of origin who will make the necessary checks (since the Madrid Protocol, a basic application is sufficient, which however must one day mature to a registration).

This requirement is closely linked with the so called *Dependency Clause* according to which, 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 countries where it has been extended (Article 6, paragraphs 2 & 3).

¹ This paper does not take into account the following documents: Contribution by Japan (20 October – MM/LD/WG/6/3) and Considerations relating to the Proposal by Norway (11 November – MM/LD/WG/6/5).

It must be underlined that at the beginning and for practically 70 years until the Nice revision in 1957, the link was perpetual and was at that time reduced to 5 years.

It must also be reminded that a cancellation decision must not be reached within 5 years. It is sufficient that a legal action has been started within 5 years, which may lead to a decision of partial or total cancellation of the international trade mark, which may take place many years after.

3. A good Intellectual Property Legislation and amongst other a good Trade Mark Legislation (Convention) must see to it that there is a well weighted balance between on the one hand the interest of the newcomer who would like easily and rapidly to register a new trade mark and on the other hand the interest of those who already have a (trade mark) right and would like to defend it properly against possible new conflicting identical or confusingly similar trade marks.

4. The Madrid System 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 to many countries (let us also not forget the later centralized procedures for modifications: assignments, change of name, renewal, further extensions, etc.).
 - On the other hand, the owner of a prior right – thanks to the *Dependency Clause* – is entitled by one legal procedure, which must be started within 5 years of the international registration, to obtain the cancellation of the entire international trade mark.

So, one filing procedure and one cancellation procedure.

This scheme seems to have been accepted for more than 100 years².

5. Some have estimated that the *Dependency Clause* is a rather harsh condition because the reasons for which the cancellation of the trade mark in the home country has been obtained do not exist in all other Madrid claimed countries.

This may be true, however, this harshness has been drastically diminished

- by the above mentioned 5 years limitation and;
- by the possibility – now foreseen in the Madrid Protocol – to transform the failed international registration into national or regional applications (*Article 9quinquies*). This Article allows the owner of an international trade mark confronted with this situation, to apply for national trade marks in the Member Countries he has claimed, retaining the date of the international registration. The consequence thereof is that he will not lose any rights, however obviously he will lose some money. The same situation applies to the Community Trade Mark (CTM) (whether filed directly or through the international system – opting back).

² It is interesting to read the comments of WIPO in document MM/LD/WG/6/5 of 11 November in paragraph 55: "*In particular, it was considered [that] the single procedure made possible by the Madrid Agreement meant not only that there was one filing, a uniform duration, one renewal and one set of procedures for the transfer of the registration, but also that there was one procedure for attacking and bringing about the invalidation of an international registration. (...)*"

6. It is in our opinion fair that the central attack should be made against the home registration.

First, because it is the basis of his international trade mark.

Second because the owner is in the best situation to ensure himself by the necessary searches that his basic trade mark stands on firm grounds in his own country.

Thirdly, practice has shown that if the owner of an international trade mark has his trade mark cancelled in his own country, he is not interested to pursue his trade mark in foreign countries. It appears that central attack has hardly ever 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.

It is however to be foreseen that the number of successful central attacks has increased since the possibility foreseen by the Madrid Protocol to file an international trade mark based on a trade mark application which has not been screened by the national Offices and which therefore does not stand on safe grounds as with a registered trade mark. It is interesting to see the comments and statistics given by WIPO in document MM/LD/WG/6/5 (which is not further analyzed in the present paper), paragraph 25 and footnote 13 for which there are however two important missing statistics concerning first the countries where central attack has successfully occurred and second the number of transformations resulting from successful central attack.

7. Norway has made a parallel with the Hague Agreement, “*which is a newer Treaty dealing with international registration (of designs)*” (paragraph 7). Indeed, with that Agreement, there is no need for a design in the country of origin nor consequently is there a *Dependency Clause*.

It is always very dangerous to compare two systems which concern two items of Industrial Property which are totally different.

Indeed with the Hague System, in fact the balance between the newcomer and the holder of an existing design exists although there is no special provision for the latter. Indeed, more and more countries require for designs absolute novelty and absolute novelty plus, whatever plus means, for instance individual character. Consequently, if a design is cancelled in one Member Country, although the decision will not be automatically exported to the other countries, the reasons for which that design has been cancelled exist also practically in such countries.

So again, one filing procedure and more or less one central attack.

8. Let's have a look at some of the arguments of Norway.
 - Suppression of the 5 years *Dependency Clause* (paragraph 12).
This paragraph ends with the following sentence: “*However, third parties may still threaten with and go forth with requests for cancellation or law suits, but now in each specific territory.*”(emphasis added)



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This is just what owners of prior rights want to avoid. Thanks to the *Dependency Clause*, one legal suit is sufficient. Patent owners in Europe desperately try to find a solution to the problem of multiple law suits through the so-called EPLA.

- Cancellation due to non use of the basic national registration.
This is probably something which hardly ever occurs since in most countries the use requirement is within 5 years of the registration (paragraph 8).
- Deletion of the role of the office of origin (paragraph 15).
There will in fact be no office of origin anymore because the applicant will file directly to WIPO (it is however foreseen that he would be allowed to file with his office, paragraph 17). The number of direct applications with such national Offices will diminish drastically. The Office will not only lose the fees for filing, but also lose the fees for checking and sending the international application.

It is proposed that only WIPO does the check.

The existing system has the benefit of sending applications to WIPO which are practically in order. The national Office verifies the wording and classifies (although WIPO may change the classification).

Additionally, when the national Office decides to take some measures concerning a national trade mark (which can be the basis of an international trade mark), it is usually possible to lodge an appeal against this decision. With WIPO, there is no appeal procedure foreseen.

The examination by the office of origin helps the application of the international trade mark to avoid at least some of the objections which will be made by the extended countries. It is out of question that WIPO will undertake the same checking.

By diminishing the activities of the national Offices, their capacity to respond to the needs of local enterprises will obviously diminish as well.

The existing system encourages harmonization of the implementing of the Nice Agreement between the Member States and WIPO.

It is a good thing that *“the country of origin is aware of the existence of a corresponding international trade mark”*.

All the above mentioned work, done by the office of origin, will have to be done by WIPO and may lead to *“higher fees in the future”* (end of paragraph 16).

9. Priority

A very important number of international trade marks are filed within the six months priority provided for by the Paris Convention. This period allows the trade mark owner to postpone his decision to apply in many countries. He has meanwhile some time to determine whether his trade mark will be successful (especially in his home country) and to spend some time making the necessary searches (in other countries). The basic home registration can at the same time serve as priority so that it has an additional value.



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Conclusion

On the question of necessary home application or registration and the *Dependency Clause* (central attack), the system has worked in a satisfactory manner for more than 100 years. The reasons, which are now suggested to do away with these two basic requirements or consequences seem to be narrow, especially taking into account that the balance between the newcomer and the holder of prior rights will become totally upset.