



European Communities Trade Mark Association

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

Eighth Session
Geneva, 5 to 9 July 2010¹

Second Comments by ECTA – 2 July 2010

- 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*).

The above mentioned proposals have been put forward by Norway see document MM/LD/WG/6/2, 18 August 2008.

This is the second time these proposals are being discussed, the first time occurred on 24 to 28 November 2008.

ECTA has already made a first comment dated 20 November 2008 which was distributed to the participants during the meeting in Geneva from 24 to 28 November 2008.

The present comments embody those made on the 20 November and takes into consideration the different documents released by WIPO since then. It must however be said that document MM/LD/WG/8/4 (47 pages) was only released by WIPO 17 June 2010, so that time has not allowed to take it into full consideration.

A. General comments:

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* (also called central attack) 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 List of documents to be consulted, more than 140 pages, see annexe 1



European Communities Trade Mark Association

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 (or refusal) decision of the basic trade mark must not be reached within 5 years. It is sufficient that a legal action has been started within 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.

3. The Norwegian proposal is not a new one; it was embodied in the so called Trade Mark Registration Treaty (TRT) of 1973 which as everybody knows was a complete failure.

From this, two paradox conclusions can be made.

First of all it is surprising that Norway has taken many arguments in favour of the suppression of the basic registration from the TRT, and the discussions which took place upon its final conclusion (see document MM/LD/WG/8/4 item 17 and following). Indeed this convention never took off the ground so that taking arguments from the TRT may be counterproductive.

The second paradox is that the TRT was set up, including the fact that the basic home registration was not needed anymore, so as to attract new Member States, with a totally negative result as above stated.

Now a few years later discussions started which led to the very successful Madrid Protocol, the aim of which was the same, namely to attract new Member States. How is it that the question of the so called Norwegian proposal was not discussed at that moment and embodied in the Protocol itself? The inevitable conclusion is that the Member States did not think that this proposal was of any use. How come that the TRT system, slightly amended by Norway, now becomes important?

4. 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 interests of the newcomer 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.

5. 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 in every Member State (except his own country). Let us not forget the later 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* – 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.

So, one filing procedure and one cancellation procedure, this is a fair balance.

This scheme seems to have worked smoothly for more than 100 years².

6. There is another paradox when comparing with the situation concerning patents and more specifically European patents. As one knows, this system, as with Madrid, provides for a centralised Application procedure and additionally a centralised examination procedure. After grant, the European patent becomes a bundle of national patents. One of the main differences with Madrid is that today the European patent does not provide for a centralised cancellation procedure. For many years, European patent owners are desperately searching for such a uniform centralized procedure, which has not yet arrived to a successful result. Now if the Norwegian proposal would be embodied in the Madrid system, namely no central attack, we would arrive at a situation which patent owners are making great efforts to change, namely an obligation to request cancellation in each individual country where the European patent is effective.

See comments of Norway MM/LD/WG/6/2 end of paragraph 12 where it is said “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). Now owners of existing international trade marks do not want this to happen, they obviously prefer the existing central attack. Needless to say, the new proposal will lead to a totally unbalanced situation, such as described under 4 and 5 above.

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*.

One must always be cautious when comparing two international Industrial Property conventions which are totally different.

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 State, although the decision will not be automatically exported to the other countries, the reasons for which that design has been cancelled in that country exist also practically in all other countries.

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

- B. The deletion of the dependency clause (Article 6 2 and 3) (Central attack)

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

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. (...)*”



European Communities Trade Mark Association

Firstly, because it is the basis of the international trade mark 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 own country and will not be cancelled.

Thirdly, practice has shown that, in most circumstances, 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 not 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.

WIPO statistics show that there has been an increase of “ceasing of effect” percentage wise. It is however interesting to see that this increase corresponds with the increase of using a basic application instead of a basic registration. It is clear that the chances of refusal or cancellation of an application are much greater than for a registration which has been submitted to examination and opposition.

Fourthly 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 all other claimed Madrid Member States.

However the possible harshness of this situation has drastically softened.

The central attack has now been reduced to 5 years after registration of the international trade mark.

More important the Madrid Protocol now foresees the possibility of transforming the failed international registration into national or regional applications. The contents of this Article therefore allows the owner of an international trade mark confronted with this situation, to apply for national trade marks in the Member States 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 fees. The same situation applies to the Community Trade Mark (CTM) (whether filed directly or through the international system – opting back).

- C. Norway has put forward a number of arguments in favour of suppressing the basic home registration application and the documents of WIPO show the analysis which was made with the TRT, which we repeat has been a complete failure.

No system is perfect and what has to be done is to evaluate the merits of the existing Madrid System versus the so called Norwegian proposal (or TRT measures). They should both be compared and the best system should prevail, especially taking into account the needs of new and existing owners of international trade marks.



European Communities Trade Mark Association

We are of the firm conviction that the existing system is by far more favourable however this does not exclude the possibility of amendments (see for instance Norwegian proposal item 19 and 20) or the examination of the very confusing article 4bis which deals with replacement, see item 21.

Whilst the Norwegian document and also somewhat the WIPO documents indicate the advantages of dropping the need of a basic application/registration in the country of origin, the advantages of keeping the system as such do not appear to have been sufficiently put forward.

The hereunder contribution aims to make some comments on the Norwegian proposals and to put forward advantages of the existing system.

- a. It is evident and especially for small and medium sized companies that it is preferable for them to start the important Madrid procedure by filing in their own language and consequently in their own country.
- b. In the same line of thinking it is obvious that the applicant of an international trade mark will more easily get better information and examination by his own countrymen who speak the same language. It will for instance be very difficult for a Norwegian applicant, when filing his trade mark directly with Geneva, to be able to get information from WIPO from a Norwegian speaking specialist. Practice also shows that when something goes wrong, very often the national examiner will take the initiative of contacting directly (by telephone) the applicant. With WIPO that will be difficult.
- c. If the full checking and examination has to be done directly by WIPO, it is clear that the cost and consequently the WIPO fees will drastically increase. Just think of the costs of remuneration of the international appointed examiner in Geneva against the remuneration of a local examiner. It is consequently not sure that today's combined fees of national application and WIPO application will be much higher than going to WIPO directly.
- d. It is evident that there will be a diminution of incoming fees for the national trade mark Offices.
- e. It is recognized that in most circumstances if the owner of a trade mark cannot get protection in his own country he is not longer interested in obtaining and using the trade mark in other countries. Today the examination, as to the substantive validity of the trade mark, is first done in his own country. If the Norwegian proposal is accepted this owner will have to wait for examination in his own country after he has filed with WIPO, after having paid all his fees, including extension fees, and after WIPO has conducted its checks and examination. He will therefore have to wait much longer.
- f. First filing in the home country has a major advantage, enabling the holder to benefit from the 6 months Paris Convention priority. In other words, when somebody files a trade mark, for instance in Norway, which is the basic country, he can wait until 6 months later to start investing in much higher international fees. During that time he can make additional searches and evaluate his commercial chances of success.

- g. In the questionnaire to the Member States, WIPO asks whether each Member State that renders some services free of charge or with payment will continue the same if the requirement of basic application/registration is no longer requested. The number of positive answers is surprisingly high, as in that circumstance, the National Office will not get any fees for dealing and transmitting the international application to Geneva.
- D. Let us have a short look at the statistics appearing in MM/LD/WG/8/2 resulting from the WIPO questionnaire to the Member States.

Out of the 84 Member States, only 58 responses were received, sometimes with a blank.

It is interesting to underline that the following Member States did not reply to the questionnaire:

1) Germany	in 2009:	4.793 trade marks	13,6%
2) European Union	in 2009:	3.710 trade marks	10,5%
5) Switzerland	in 2009:	2.671 trade marks	7,00%

Etc.

Whilst it is true that every Member State must be put on an equal footing compared to each other, it is however not possible to draw some conclusions on basis of these statistics because some Member States have not filed one international trade mark in 2009 (Lesotho) and another country has filed 3.523 trade marks (France, 10%). They cannot be put on equal footing. So the statistics, if they have to be of any value, must be weighted according to the number of registrations filed at WIPO, for instance in 2009. It is most probable that these weighted statistics will render an entirely different picture.

Conclusion:

The merits of the existing system and the TRT measures (Norwegian Proposal) must be thoroughly examined and compared and the final conclusion that must prevail must be what is best for the trade mark owner whether he is a new trade mark owner or an existing one. Examination of the Norwegian Proposal may possibly lead to the maintenance of the existing system, but with ameliorations. In any case, we will be confronted with an extremely long procedure as a change will lead to a diplomatic meeting.

Annexes: 1



European Communities Trade Mark Association

Annex 1

Document MM/LD/WG/8/1/Prov of 16 April 2010

Draft Agenda – Item 5

- Analysis of procedures and of central attack in the absence of a basic mark
- See documents MM/LD/WG/8/2, May 2, 2010/ 25 pages ; Annexe 1 20 pages, Annexe 2 1 page, Annexe 3 23 pages

MM/LD/WG/8/3 May 28, 2010 10 pages

MM/LD/WG/8/4 June 17, 2010 26 pages and 21 pages of Annexes

Other documents to be taken into consideration:

- Revised proposal by Norway – MM/LD/WG/6/2 of 18 August 2008 (5 pages); Considerations relating to the proposal by Norway – MM/LD/WG/6/5, also under annex 3 of 20 May 2010 MM/LD/WG/8/2.)

The total number of documents above is more than 140 pages.