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USING THE MADRID PROTOCOL AFTER U.S. ACCESSION

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I. INTRODUCTION¹

On November 2, 2002, President George W. Bush signed into law the Madrid Protocol Implementation Act, signaling that the United States would join the Protocol to the Madrid Agreement Concerning the International Registration of Marks; known informally as the “Madrid Protocol.” On August 2, 2003, the United States submitted its instrument of accession to Geneva, making its entry into the Madrid Protocol effective three months later, on November 2, 2003.

Adopted in Madrid on June 27, 1989, the Madrid Protocol arose from the Madrid Agreement of April 14, 1891. The Madrid Agreement is a system for registering trademarks internationally based upon a single registration in one member country, or “Contracting Party.” The Madrid Protocol added several features making the system more attractive to the United States, notably:

- it allows correspondence and registration in English, as well as French;²
- it permits applicants to seek international protection based upon a filed application, without having to await the issuance of a registration;³

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2. Protocol, Rule 6(1)(b).

3. Guide, Section 01.01, p. B.II.2.

- it provides for transformation to national applications in the face of a successful central attack;⁴ and
- it allows Contracting Parties to require applicants to submit a statement of bona fide intent to use the mark.⁵

The history and scope of the Madrid Protocol are discussed at length in The International Trademark Association's (INTA) position paper, found on INTA's website at <http://www.inta.org>.

Much has been written on how the Protocol works. This article will focus instead upon how trademark owners and practitioners can use it to their advantage, once it becomes effective in the United States.

II. TRADEMARK SEARCHING

A. The Protocol Will Increase Search Leverage

Trademark rights under U.S. law arise only from use. Registration reflects, but does not create, those rights. Therefore, while a search of U.S. trademark applications and registrations provides some indication of trademark rights claimed by others, it is not definitive. To determine whether a mark is available for use in the United States it is necessary to determine if similar trademarks are being used in the United States for related goods and services, regardless of whether such marks are registered. There are sources that collect information on marks that are used but not registered, but none is exhaustive. These other sources include, but are not limited to, trade directories, business and telephone listings, periodicals, and today, the Internet.

In every search, the searcher must balance the cost of searching each source (including the costs in funds to obtain or perform the search, and the costs in time to review each source for potential conflicts) against the probability that a reference uncovered in each source will conflict with the proposed mark or application.

The more sources to be searched, the higher the cost, but the more potential conflicts to be uncovered. The fewer sources to be searched, the lower the cost, and the higher the probability that the searcher will miss a pertinent reference—and a potential conflict.

Searchers obtain leverage when they can decrease the number of sources searched while increasing the probability of finding conflicting references. The highest leverage comes from searching the U.S. Federal Register, because every conflicting reference has

4. Protocol, Article 9 quinquies.

5. Protocol, Rule 7(2).

a high probability of being cited against an application. Conflicting marks located in, for example, trade directories or foreign registries may never cause a conflict even though they may be identical to the mark being searched. This is because the USPTO will search pre-existing federal registrations during the application process, and will refuse registration if an Examining Attorney considers the applicant's mark likely to cause confusion with a prior federal registration, or defer registration based on a pending application.⁶ On the other hand, a common law reference can only be an obstacle to registration if its owner challenges the federal applicant's application during the opposition period,⁷ or after registration by means of a cancellation proceeding.⁸ A common law trademark can, of course, be an obstacle to use.⁹

Under the Paris Convention, marks registered in member countries may also be registered in any other member country, without the need to use the mark.¹⁰ Further, applications filed within six months of the original filing are granted the same filing date as the original filing under § 44(d) of the U.S. Trademark Act.¹¹ Thus every application filed in a Paris Convention country is eligible to be filed in the United States and to be a potential conflict for registration. Despite this possibility, only rarely do those searching a mark for availability in the United States search the registers of each Paris Convention country for potential conflicts.

Currently, prior to November 2003, foreign applications or registrations conflict with an earlier filed U.S. application only if the applicant files a U.S. application claiming priority from the foreign application under § 44(d) of the U.S. Trademark Act. In such cases, the foreign applicant's U.S. filing receives priority over all marks filed after the filing date of the foreign application from which priority is claimed.¹²

Searching foreign trademark registries is a lower-probability exercise for two reasons. First, there is a low probability that a register of a member country of the Paris Convention will contain an application that will later be used as the basis for filing a new U.S. application under Section 44(d). Second, because priority claims reach up to six months into the future, many applications eligible to claim priority may not even appear on a search report.

6. TMEP § 716.02(c).

7. 15 U.S.C. § 1063(a).

8. 15 U.S.C. § 1064.

9. 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 16.1 (4th ed.).

10. Paris Convention Art. 5(c)(i); TMEP §1009.

11. TMEP §1003.02; Paris Convention Art. 4(a), 4(c).

12. TMEP §1003.05.

United States accession to the Protocol will increase the leverage of international searching. The database of International Registrations concentrates the value of each mark in the register because each registration potentially represents 60 national registrations. Furthermore, International Registrations may be a more likely basis for seeking protection in the United States than national applications because the registrant has already invested in an extra-national filing in at least one country (and most likely several). Applicants can file International Applications with their local trademark office;¹³ International Registrants can seek extension of protection through their local trademark office or directly with WIPO.¹⁴ Neither will have to engage a U.S. attorney for the filing. Therefore, International Registrants risk only the filing fees and the cost for requesting an extension, and at least at the outset not U.S. counsel's filing fees.

New entities contemplating filing an application for trademark registration in the United States are well advised to consider adding WIPO's International Register to their list of sources when searching for potentially conflicting registrations. The cost of searching the additional database is worthwhile because: (1) International Registrants may have greater economic incentive to seek protection in the United States than owners of national applications;¹⁵ (2) WIPO's International Registration database includes registrations from each of the fifty-eight countries that are currently members of the Madrid Protocol, providing a large scope of potentially conflicting registrations, searchable online, and thus keeping costs, search and opinion time fairly manageable; and (3) Protocol International Registrations from every country may all be viewed—and searched—in English,¹⁶ while many national trademark databases are in the country's national language only, potentially requiring many different translations.

WIPO maintains a database of International Registrations online for searching purposes, known as the "Madrid Express" database, at <http://ipdl.wipo.int>. WIPO also makes this database available in CD-ROM format, which it calls ROMARIN ("Read-Only-Memory of Madrid Active Registry Information").¹⁷

13. Protocol, Article 2(2).

14. Protocol, Rule 24(2)(a).

15. See Section III.B.1., *infra*.

16. Protocol, Rule 6(3)(b). Note that Madrid Agreement International Registrations may be filed only in French, and are not translated into English. Madrid Agreement Article 17(1)(a); Protocol, Rule 6(3)(a). However, Agreement Registrations cannot be extended into the U.S. Guide, Section 17.03. The contracting countries are currently considering whether to add Spanish as a basic language for the Protocol.

17. See <http://www.wipo.int/madrid/en/index.html>.

Commercial search providers also offer access to the database of International Registrations.¹⁸

Once the Protocol becomes effective in the United States¹⁹ on November 2, 2003, all International Registrations currently on file with WIPO will be eligible for extension of protection into the United States.²⁰ International Applications and Registrations based upon basic applications filed in Paris Convention countries within six months before U.S. accession may claim priority dating back to the filing date of the basic application.²¹ Therefore, when the United States accedes to the Protocol, such International Registrations extended to the United States that day may claim priority back to May 2, 2003, and be cited against later filed basic applications in the United States.

When a U.S. applicant seeks foreign trademark protection, a search of International Registrations may be beneficial even if the applicant does not ultimately use the Protocol as a filing vehicle. The International Registry contains a database of trademark registrations and applications that have been filed in at least two countries, and in most cases more than two because there is little or no cost savings to use the Protocol system for only a single filing. Every reference is available in English, making it unnecessary to obtain translations. Although the database is not conclusive because it does not contain national filings, it is nonetheless a good screening tool to eliminate some potential conflicts. One should always search the International Registry before filing an International Application. Although WIPO will not refuse to register one International Application because it is confusingly similar to another,²² the trademark offices in the designated countries are likely to do so.

B. Searching for Owners of International Registrations Seeking to Extend Protection to the United States

The owner of an International Registration seeking to extend protection of its mark to the United States should consider searching the USPTO trademark records. For the reasons discussed above, this database contains the references most likely to be cited against the extension request—and most likely to serve

18. E.g., Thomson & Thomson: <http://ttdomino.thomson-thomson.com/www/NewProducts.nsf/6e662a8e51c46c9085256bd6006049b7/3171ade1a2771e5d85256d5f001f7d0a?OpenDocument>; Corsearch:http://www.corsearch.com/news/page1.asp?NWEV_NEID=821.

19. The United States deposited its instrument of accession to the Madrid Protocol in Geneva on August 2, 2003. U.S. membership will become effective three months later, or on November 2, 2003. Protocol, Article 14(4)(b).

20. 15 U.S.C. § 1141(e).

21. Protocol, Article 4(2); Paris Convention Art. 4.

22. Protocol, Article 3(4).

as a basis for an opposition or lawsuit to prevent use of the mark. But searching the International Register makes as much sense for foreign applicants seeking protection in the United States as it does for U.S. applicants seeking to eliminate sources of conflict from overseas. Having an International Registration does not prevent others from obtaining an International Registration for the identical mark, so long as each is based on a basic application that matures into a registration. For example, an entity in Greece and an entity in France could each have the identical mark registered in their respective countries. Both would be entitled to an International Registration so long as the other formalities are met; WIPO does not examine International Registrations for likelihood of confusion with prior marks.²³

In this situation, the question of which applicant would receive priority to extend protection in the United States, as against each other, would be governed by the date each filed its request for extension of protection to the United States,²⁴ or the earlier Paris Convention priority date, if applicable.²⁵ As shown in the following time table, it is possible for one who files a prior request designating the United States to lose a priority battle against a later filer with Paris Convention priority:

Date	Action by Applicant A	Action by Applicant B
January 2, 2003	Files basic application in Germany and requests International Registration	
June 5, 2003		Files basic application in France and requests International Registration

23. Id.

24. New Trademark Rule § 7.26; Protocol § 66(b).

25. Paris Convention Art. 4.

Date	Action by Applicant A	Action by Applicant B
November 3, 2003	Files Request for Extension of Protection designating the US, no claim of Paris Convention priority available (> 6 months from filing basic application)	
December 5, 2003		Files Request for Extension of Protection designating the U.S. and claims Paris Convention priority

In this example Applicant B obtains priority over Applicant A, despite the fact that Applicant A filed its basic application first and filed its extension request first, because Applicant B was able to claim Paris convention priority from its basic application while Applicant A was not.

C. Follow-Up Searching

Some applicants for U.S. federal registration perform follow-up searches to ascertain whether any intervening applications were filed. United States accession to the Madrid Protocol will attenuate this process. Previously, priority applications were all filed directly with the USPTO within six months of the home country filing. Allowing the USPTO two months to incorporate such filings in its records, an applicant could search the USPTO records about eight months after its filing date and have a fairly good idea whether any intervening applications were filed.

Instead of filing directly with the USPTO by the six-month deadline, Applicants using the Protocol will file an International Application through the "Office of Origin," namely the trademark office where it filed the basic application.²⁶ The date of the Madrid filing in the country of origin becomes the date of the Madrid Registration for purposes of priority.²⁷ The Office of Origin must forward the International Application to WIPO and certify that it

²⁶ Protocol, Article 2(2).

²⁷ Protocol, Article 3(4).

corresponds with the basic application.²⁸ This must happen within two months of the filing date or the International Application may lose its priority date.²⁹ WIPO examines the International Application, and, if acceptable, registers the mark in the International Register and forwards the request for extension of protection to each designated country.³⁰ There is no deadline for WIPO to complete this process. Assuming WIPO completes its examination in the same two-month period required of the Office of Origin and the USPTO takes a month to incorporate the extension request in its records, a follow-up search performed eight months after filing should uncover an intervening application filed directly with the USPTO under the Paris Convention, but would be too early to uncover an International Registration based on a foreign application filed the same day, which also claims Paris Convention priority.

To monitor Protocol filings, applicants can perform a follow-up U.S. search four months later, to uncover any International Registrations extended to the United States. As an alternative, or in addition, the applicant can search both the U.S. Federal Register and the International Register eight months after its filing date. Although foreign applications claiming Paris Convention priority and filed through the Protocol will not yet have been forwarded to the USPTO, they will have issued as International Registrations, listing the countries designated. Therefore, they can be located from the Madrid Express database from WIPO, or a commercial provider, before they are uploaded to the USPTO database.

III. APPLICATION PRACTICE

This section addresses issues confronting U.S. applicants that wish to use the Madrid Protocol to obtain trademark protection in foreign countries.

A. Outbound Applications

Under Section 61 of the Madrid Protocol Implementation Act, a U.S. trademark owner may rely on a pending application before the Office or a granted registration as the basis for an International Application and requests for extension of protection to any member country of the Madrid Protocol. A new U.S. application is not required. Thus, any of the nearly one million active U.S. registrations or any of the approximately one hundred

28. Protocol, Article 3(1); New Trademark Rule 7.24.

29. Protocol, Article 3(4).

30. *Id.*

thousand pending U.S. applications³¹ could be the basis for a Madrid Protocol application.

An International Registration under the Madrid Protocol may be based on more than one U.S. application and/or registration.³² As long as the records reflect the same owner and the same mark, and the goods and services in the International Application do not exceed those in the basic application(s) or registration(s), the owner can rely on more than one basic record.³³

The basic U.S. record relied upon in filing for protection through the Madrid Protocol process may be a Supplemental Register registration. However, the applicant must be aware that each request for extension of protection is subject to full national examination on absolute grounds in the designated countries.

To be entitled to file for an International Registration under Section 61, the trademark owner must: (1) be a national of the United States; (2) be domiciled in the United States; or (3) have a real and effective industrial or commercial establishment in the United States. Where the applicant's address is not in the United States, the applicant must provide the address of its U.S. domicile or establishment.³⁴ Any one of these criteria will entitle an applicant to use the USPTO as its Office of Origin. Thus, entities in countries that are not Contracting Parties to the Madrid Protocol may take advantage of the system if they have an establishment in the United States. The issue of what qualifies as an establishment will be decided under U.S. law.

1. Advantages of the Protocol

Among the advantages of the Madrid Protocol are the following:

- One application, in English, filed at the U.S. Patent and Trademark Office;
- One fee, filed electronically;
- No foreign associate fees at time of filing and no Powers of Attorney;
- One International Registration with one registration number and one renewal date;
- One filing for renewal, change of address, assignment or other changes before the International Bureau;
- Subsequent designations at any time;

31. These figures are based on searches for current number of active records on the Trademark Access database.

32. Fed. Reg. March 28, 2003, Vol. 68, No. 60, p. 1521.

33. Id.

34. New Trademark Rule 7.11(a)(10).

- Possibility of replacing prior national registrations (but see discussion of Replacement).

With respect to subsequent designations, it should be noted that rights arise from the date the subsequent designation request is recorded with WIPO, unless the subsequent designation is within 6 months of filing the basic application, in which case the Paris Convention priority filing date controls. Further, the term of protection applied to subsequent designations is only as long as the International Registration.

2. Disadvantages of the Protocol

The following disadvantages of the Madrid Protocol must be kept in mind:

- All extensions of protection are dependent on the basic application(s) and/or registration(s) for a period of five years running from the date of the International Registration;
- Amendments to the basic application(s) affect all designations; (Note—amendments to the mark itself are not permitted);
- Refusal, successful opposition, withdrawal or cancellation lead to the failure of the International Registration and all designations.

Transformation into national applications is available within three months of the date of cancellation of the International Registration; the new national applications bear the original filing and priority of the International Registration, but are subject to re-examination and application fees. Some countries, such as the U.S., charge regular application fees; other countries will charge a lesser amount, particularly if the applicant has a national registration already. But the cost and single-filing maintenance benefits of the Protocol are lost.

Because the scope of the International Registration and territorial extensions all depend on the basic application, the U.S. identification practice is a major consideration. The applicant must consider whether the broader rights available through national or Community Trade Mark filings are more important than using the Madrid Protocol.³⁵

More important, the validity of the International Registration and territorial extensions all depend on the validity of the basic application, at least for five years. Therefore, the prospective applicant should ensure it is not basing its entire International Registration strategy on a basic application that is unlikely to be

35. See Section III.A.3., *infra*.

granted. It is best if there are no questions about the distinctiveness of the mark or its validity, i.e., that the owner has exclusive rights to its use and it clearly functions as a mark.

Furthermore, the prospective applicant should ensure that its ownership of the mark is sound. A transfer of the basic application or registration to a third party during the first five years, separate from rights established in designated countries, risks the loss of control and the loss of rights in those countries. If the assignee discontinues use or does something to jeopardize the basic application or registration, this will affect all extensions of protection during the dependency term.

Some believe it would be foolhardy to base an International Registration on an intent-to-use application because of the uncertainties attendant to the application until use has been demonstrated and the application has been accepted. However, even registered marks are subject to challenge on any grounds until five years after registration and are always subject to challenge on the basis of fraud, genericness and functionality. Likewise, it would be foolhardy to restrict use of the Madrid Protocol only to incontestable registrations. The goal often is to establish rights in many jurisdictions as quickly, efficiently and economically as possible.

Note that the division of the basic application or registration will have no legal effect on the applications in the designated countries. The reason is that the Madrid Protocol contemplates reliance on more than one application or registration for the same mark. If the United States reports a division to the International Bureau, it will merely be noted in the records of the International Registration.

3. Filing Options

The Madrid Protocol offers U.S. owners a new option for establishing protection in the other 59 Protocol member countries. Yet it may not be preferable to national filings in all instances. Further, with respect to European Union (EU) member countries, the advantages of the Community Trade Mark (CTM) must be weighed.

Because of the U.S. identification practice and dependency considerations, the U.S. trademark owner may be able to establish broader rights in foreign countries with direct national filings. Further, in some countries, registration may be faster by means of a direct national filing. If it is important to establish broad rights quickly in only a few jurisdictions, direct national filings may be preferable, albeit more expensive.

The CTM option for Europe remains attractive for several reasons. As with national filings, a broader scope of goods and services is available than in the United States or the U.S.-

dependent International Registration. The CTM can be maintained by use in one EU member country, while extensions of protection under the Madrid Protocol are each subject to challenge for non-use, generally after 3 or 5 years. With the CTM, there is one examination on absolute grounds only. Each designation or request for extension of protection under the Madrid Protocol is examined by the national office, many on relative grounds as well. The mark in a CTM registration may be amended in some circumstances, whereas one is unable to amend the mark in an International Registration. The CTM is enforceable throughout all of the EU. Rights established through the Madrid Protocol are enforced on a country-by-country basis.

Essentially anyone may own a CTM and the registration is freely assignable. An International Registration can only be owned by an eligible party, i.e., a natural person or a legal entity that has a real and effective industrial or commercial establishment in, or is domiciled in, or is a national of, a country or intergovernmental organization that is a party to the Madrid Agreement or the Madrid Protocol. The assignee or transferee of an International Registration must likewise be entitled, and must fulfill the conditions applicable to Agreement and/or Protocol Contracting Parties.³⁶

If a trademark owner's goal is to fold prior national rights into a single registration for future maintenance, it appears the CTM has the better established and more reliable system. The "Seniority" system under the CTM is utilized extensively. OHIM issues an official acknowledgement that binds national offices to enforce the prior rights encompassed in the CTM registration. While courts may not have addressed the issue, the formal procedure is undertaken frequently. In contrast, the "Replacement" of Article 4bis of the Madrid Protocol is currently more theory than practice. Replacement must be attempted at the national offices, not the International Bureau, and many national offices have no procedure in place for invoking replacement. Thus, it is generally not undertaken.³⁷

Enlargement of the EU to include ten additional countries in 2004 will mean automatic extension of the CTM registration in those countries, although there may be problems with conflicting prior rights.³⁸ Expanding protection of an International Registration requires subsequent designations.

On the other hand, some factors favor the Madrid Protocol. While it is possible to file an application for a CTM, even

36. See Section III.B.5., *infra*.

37. See Section III.B.3., *infra*.

38. A registered CTM cannot be cancelled due to a national prior right in an enlargement country, but the latter could block the use of the CTM in the enlargement country.

electronically, without the assistance of a European practitioner, because of language and other considerations U.S. applicants generally file through a representative. The Madrid Protocol requires no foreign associate, and no related fee, at the time of filing. The prosecuting of each, however, requires qualified counsel.

The entire CTM is subject to failure based on a problem in one country. A successful opposition from one jurisdiction will cause the whole CTM to fail. It is true that most such challenges are resolved amicably between the parties and there is the ability to convert the CTM into national filings. However, with the Madrid Protocol, one can be selective and avoid countries where there is a clear conflict or a refusal expected on absolute grounds.

If one is interested in protection in four or fewer EU member countries, Madrid Protocol filings would be less expensive. Due to the number of current EU member countries that have opted for the individual national fee under the Madrid Protocol rather than the inexpensive complementary fee, it is likely less expensive to file for a CTM, if one is seeking protection in five or more EU member countries.

4. Electronic Filing Required

The USPTO shall have two months to review, certify, and transmit International Applications to WIPO.³⁹ To facilitate and expedite processing these applications within the two-month deadline established by the Protocol,⁴⁰ the USPTO requires that International Applications be submitted electronically through its Trademark Electronic Application System (TEAS).⁴¹ The International Application must include either the serial number and filing date of a basic application or the registration number and issue date of a basic registration on which the International Application shall be based.⁴² Indeed, the USPTO's electronic form for International Applications is to be "self-populating," i.e., the Applicant types the serial number in the form, and the USPTO database automatically supplies the Applicant's name, mark, filing date and other information. This has two ramifications: First, it will not be possible to file an International Application without having previously filed a basic (U.S.) application; the two cannot be done simultaneously. Second, if the basic application and the international application are to be filed on the same day, both the basic application and the international application must be filed electronically through TEAS. It is only through TEAS that an applicant can obtain serial number information the same day the

39. Protocol, Article 3(a)(4); Title XII, § 62.

40. Protocol, Article 3(4).

41. New Trademark Rule Sec. 7.11(a).

42. New Trademark Rule Sec. 7.11(a)(1).

application is filed. An applicant that files a paper-based application will have to wait until the USPTO issues an official filing receipt to know the serial number of an application.⁴³ For all practical purposes, then, the U.S. applicant that wishes to file an international application the same day as a basic application is constrained to use the TEAS system for both filings. There is no statutory reason to file both applications on the same day, however, because the International Application receives the same priority date as the basic application so long as the former is filed within six months of the latter.⁴⁴

5. Issues Concerning Identification of Goods or Recitation of Services

U.S. requirements for identifying goods or services⁴⁵ in an application are more restrictive than most other countries. First, U.S. applicants must list each product in the application by its common commercial name.⁴⁶ Identifying goods just by class headings for international classes, or all goods in a particular class, is unacceptable.⁴⁷ Furthermore, even when the goods are all listed by their common commercial names, U.S. applicants must verify that the subject mark is in use in commerce in connection with each of the goods listed in the application before a registration will issue.⁴⁸

Many foreign countries do not require applicants to verify their marks are in use for each of the goods listed in an application before the application will issue.⁴⁹ Furthermore, some countries permit a blanket designation of all goods in an international class, without regard to whether the mark is in use in connection with all or any of the goods.⁵⁰ Under the Paris Convention, applicants

43. Although the IOPE branch of the PTO will provide unofficial notification of the serial number by return post card, the serial number provided on a return post card is subject to correction. Even if the postcard is completed the same day the U.S. application is filed, it is delivered by mail and therefore will not be received the same day.

44. Protocol, Rule 4(2).

45. For purposes of simplicity, we will use the term “goods” to include both goods and services, and the term “identification of goods” to include both identifications of goods and recitations of services.

46. TMEP § 1402.01.

47. TMEP § 1401.08.

48. TMEP §§ 1901, 1902.

49. However, it is a basis to cancel registrations issuing in most countries because the mark has not been used for some specified period of time. See, e.g., Armenia: Law on Trademarks, Service Marks and Appellations of Origin; Chapter 4, Article 22(4); Czech Republic: Law on Trademarks, Act No. 137 of June 21, 1995, Part IV, Article 25(1)(b); Mongolia: Law of Mongolia Trademarks, Trade Names (1997), Chapter IV, Article 19, Pars. 4(iv), 6.

50. See, e.g., China: Marks, Law (Consolidation), 23/08/1982 (27/10/2001); Chapter II, Par. 19; Armenia: Law on Trademarks, Service Marks and Appellations of Origin; Czech

wishing to claim the priority of their basic application in other Paris Convention countries can obtain protection no broader than that in the home country application.⁵¹ This requirement places U.S. applicants at somewhat of a disadvantage because the goods in their home country application cannot be identified by class headings or list all goods in a class, must be identified by common commercial names, and must all be sold in commerce under the mark. Foreign applicants, using their home country application as a basis for other Paris Convention filings, may not be subject to the same restrictions in their home country application.⁵² Thus, foreign applicants, filing in other countries under the Paris Convention, could receive protection as broad as their home country application, which, in many cases, could be broader than protection permissible under U.S. law. On the other hand, U.S. applicants that seek foreign rights based on their U.S. applications are limited worldwide to protection no broader than the narrow scope of protection in their U.S. application.

Filing through the Protocol reduces the disadvantage, but only by degree. International Registrations may not be based upon class headings, but rather must contain an identification of goods complying with the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, known as the “Redbook.”⁵³ The Rules require that the goods and services be indicated in “precise terms.”⁵⁴ To this extent at least, U.S. applicants and foreign applicants will have rough parity under the Protocol.

Nevertheless, U.S. applicants will still be at some disadvantage. The USPTO states that most entries in the Redbook “will not be sufficiently definite to use in an identification of goods or services” for a U.S. application.⁵⁵ Therefore, identifications of goods for most U.S. applications will be more specific—and thus narrower—than their counterparts in countries that accept the Redbook definitions, or broader definitions. Furthermore, because the International Registration can include only those goods that

Republic: Law on Trademarks, Act No. 137 of June 21, 1995, Part II, Art. 5, Par. 1(d); Mongolia: Law of Mongolia Trademarks, Trade Names (1997) Chapter 2, Par. 6(c); Chapter II, Article 7, Par. 8.

51. Paris Convention Article 2(1); Article 4; Article 6(A).

52. U.S. applications based upon foreign applications are subject to most, but not all, of the requirements for U.S. applicants. While foreign applicants must identify the goods listed by their common commercial names, and cannot list class headings or all goods for an acceptable identification of goods, foreign applicants need not verify that they are using the mark in connection with all the goods listed in the identification of goods until six years after the mark is registered. TMEP §§ 1009, 1604.01. They must, however, allege that they have an intent-to-use the mark in connection with all of the listed goods. TMEP § 1008.

53. Protocol, Article 3(2).

54. Protocol, Rule 9(4)(a)(xiii)—Madrid Regulations.

55. TMEP § 1401.02(c).

remain in the basic application through issuance, U.S. applicants can include in their International Registration only those goods that are listed in their U.S. registration, or in other words only those goods that they have verified are actually being sold in commerce in connection with the mark.⁵⁶ To the extent the list of goods is narrowed from filed application to issued registration, the International Registration will also be narrowed.⁵⁷

Furthermore, although the U.S. system of identifying goods through the Acceptable Identification of Goods and Services Manual is based on the Redbook, the two are not identical. It is possible that an identification of goods, which is acceptable to the USPTO will not be acceptable for the International Registration. In the case of a conflict between the two it is the International Bureau, which has final say as to the proper identification of goods and services in an International Registration.⁵⁸ Yet the identification of goods in the International Registration cannot exceed that in the U.S. application. To the extent the two are in conflict, the narrower scope of the U.S. application will control the scope of goods in the International Application,⁵⁹ while the International Bureau's international classification of goods and services will control the wording of the international application.⁶⁰

In sum, U.S. applicants are at a disadvantage because the list of goods in their International Registrations (and thus extensions to other contracting parties) can be no broader than the issuing U.S. registration, and U.S. law keeps the list narrow and specific. However, this disadvantage also occurs under the Paris Convention and thus should not deter U.S. applicants from using the Protocol.

United States applicants that desire foreign protection in certain countries exceeding the scope of their U.S. applications still have available the option of filing individual national applications. Where most or all of such foreign applications will be broader in scope than the U.S. application, it may not be cost-effective to use the Protocol for the remaining applications.⁶¹

For foreign applicants, the U.S. requirement that goods in an application be identified by common commercial names is unaffected whether they file through the Protocol, through the Paris Convention, or directly by a national application. An application filed through the Protocol may actually be in better condition for allowance under U.S. practice because the

56. Title XII, § 62(a); New Trademark Rule § 7.11(a)(7), § 7.13(a).

57. Title XII, § 63.

58. Protocol, Article 3(2).

59. TMEP § 1402.06, 37 C.F.R. § 2.71(a); Article 3(1), Title vii, § 62(a).

60. Protocol, Rule 12.

61. See Section III.A.3., *supra*.

identification of goods in the International Registration will correspond to the WIPO Redbook, which in many cases should be acceptable under U.S. practice. To the extent foreign applicants are concerned about limiting the identification of goods in their International Registration to “precise terms” contained in the WIPO Redbook, they may simply list all the goods in a particular class by the terms in the Redbook.⁶²

There are options for U.S. applicants that desire to use the Protocol for foreign filings, yet wish the identification of goods to be broader than U.S. practice will allow. However, each option has its own risks. First, a multi-national applicant that has a real and effective commercial or industrial establishment in another Contracting Party country or is domiciled in, or is a national of such a country, may file the basic application and International Application in that country, and designate the U.S. as one of the countries for which protection is sought.⁶³ In this way only the U.S. application will be limited by the narrower U.S. goods claiming practice, not the International Registration and all extensions, and the applicant can achieve U.S. registration without any proof of use.⁶⁴ The drawback of this strategy is that it is limited to U.S. applicants who are domiciled or have a real and effective commercial or industrial establishment in another Protocol member country.⁶⁵

For multinational applicants that do not meet this requirement, but that have related companies domiciled in other Protocol countries, the related company can file the basic application and International Application designating the United States as one of the countries to which extension of protection is desired. Because each extension of protection can be assigned separately,⁶⁶ the foreign related company can then assign the resulting U.S. registration back to the related U.S. company, once the U.S. registration issues. This strategy also has its drawbacks. First, the basic application and resulting Protocol extensions will be owned by a foreign, albeit related, entity. This may create potential tax problems for any transfers, in addition to potential tax liabilities for royalties imputed to the foreign trademark owner

62. Note that the foreign applicant extending protection to the United States through the Protocol must allege a bona fide intent to use the mark in commerce in connection with all the goods listed in the application. Title XII, § 66(a). Once the application issues as a registration, the registrant must allege that the mark is in use in commerce in connection with all the goods, before the sixth anniversary of the issue date of the CEP. New Trademark Rule § 7.36(b)(1).

63. Protocol, Article 2(1); Article 3ter; Title XII, § 65(a).

64. Lanham Act § 44(i), Title XII, § 66(a).

65. Protocol, Article 2(1)(ii).

66. Title XII, § 72; Article 9.

for use of its mark by its related U.S. entity.⁶⁷ Second, because the U.S. entity does not qualify to file an International Registration from the foreign country of choice, it is not eligible to own either the basic application or the International Registration.⁶⁸ Therefore, ownership and control of the basic registration must remain in the hands of the foreign related entity. If the basic application is attacked within five years after the International Registration issues, all the extensions of protection will fail under the “central attack” feature of the Protocol.⁶⁹

Finally, the Safeguard clause of the Protocol provides that requests for extension of protection based on a basic application from a country that is a member of both the Agreement and the Protocol, to any other country that is also a member of both systems are governed by the Agreement rather than the Protocol.⁷⁰ For example, a request for extension to Germany from a basic application and International Registration filed in France will result in an extension of protection in Germany under the Madrid Agreement, not under the Protocol. This is important because a Madrid Agreement extension cannot be assigned to a company that has no domicile in, nor a real or effective industrial or commercial establishment in, a Madrid Agreement country.⁷¹ Thus if a U.S.-based multinational chose to have its French subsidiary file a basic application in France and an International Application designating the U.S. and Germany, the German extension of protection could not be assigned to the U.S. company because the resulting German extension of protection will be under the Madrid Agreement, and cannot be assigned to a U.S. company because the United States is not a member of the Madrid Agreement.

The potential hazards of filing an application through a related subsidiary do not seem worth the advantages of using the Protocol to obtain broader protection in countries other than the U.S. The increased cost of individual national registrations or CTM registrations in other countries, or the narrowed scope of protection afforded to a U.S.-based basic registration, will in most cases be less expensive than the potential costs of these drawbacks.

B. Inbound Applications

Section 65(a) of the Madrid Protocol Implementation Act is a new basis for registration in the United States. A foreign applicant requesting an extension of protection in the United States must

67. International taxation issues are beyond the scope of this article.

68. Protocol, Article 2.

69. Protocol, Article 6(3).

70. Protocol, Article 9 *sexies* (1).

71. Protocol, Rule 25(3).

include a verified statement of a bona fide intent to use the mark of the International Registration in commerce.⁷² However, as with Section 44 filings, intent-to-use is not a separate basis for registration in the United States. Indeed, an incoming Madrid Applicant may not combine any other basis for registration, i.e., use, intent-to-use or Section 44, with the Madrid application filing.

The Section 65(a) basis requires an International Registration, a request for a Madrid Extension of Protection and the statement of a bona fide intent-to-use the mark in commerce. There is no use requirement before registration. There is no need to submit a copy of the basic application or registration.

The request is examined on the same basis as any other U.S. application.⁷³ The request is subject to examination on the basis of all substantive and all informal grounds and issues, including the requirements of Trademark Rule 2.32(a) (6) and TMEP Section 1402.01 regarding definite identifications of goods and services.

Upon approval, the request will be published in the Official Gazette for purposes of opposition. The notification requirements of Section 68 of the implementing legislation require the USPTO to notify the International Bureau of a refusal on the basis of an Examining Attorney's Office Action, the filing of an opposition or the possibility of an opposition within 18 months after the International Bureau transmits the Request for an Extension of Protection to the USPTO. If notification is not made within this time frame, the USPTO may not refuse the Request for Extension of Protection and the Director must issue a Certificate of Extension of Protection (CEP).⁷⁴

If an approved extension of protection is not opposed, the USPTO will issue a CEP.⁷⁵ While renewals will be handled by the International Registrant either through its home country office or through the International Bureau, maintenance in the United States also requires compliance with Section 8 of the Lanham Act. Otherwise, the CEP will be cancelled pursuant to Section 8.⁷⁶ Thus, Declarations of Use must be docketed and filed according to Section 71 of the implementing legislation, i.e., between one year before and up to the sixth anniversary of the issuance of the CEP, and six months before and up to the tenth anniversary of the

72. Title XII, § 66(a).

73. See Section III.B.4, *infra*.

74. Title XII, § 68(c)(4).

75. Note that with respect to outbound filings that some countries do not issue CEPs or Certificates of Registration. If no notice of refusal is sent to the International Bureau, the IR owner assumes that rights have been established. The best source for checking the status of designations is the official International Bureau record.

76. Note—CEP's are also subject to challenge for non-use and abandonment in a cancellation action on the same statutory basis as any U.S. registration, i.e., three consecutive years of non-use.

issuance of the CEP, or within a three month grace period after the tenth anniversary.⁷⁷

1. Will the Protocol Affect U.S. Filings; or Now That We've Built It, Will They Come?

The fact that someone has filed a trademark application somewhere in the world is no certain predictor that the same applicant will file a trademark application in the United States. In the case of the International Registrants, however, there are two economic incentives to do so.⁷⁸ First, before even seeking extension of protection to the United States, the International Registrant has already incurred fees to protect its mark in countries aside from its home country. By definition, therefore, the International Registrant has an investment in foreign registration that the National Registrant may not have. Further, International Registrants who file a subsequent designation to the United States face somewhat lower incremental costs than owners of a national, foreign registration. Because the International Registrant has already paid the cost of obtaining the International Registration, its only incremental costs are the U.S. application filing fee and the WIPO basic fee, which together are approximately forty percent less than the attorney fees a national applicant might expect.⁷⁹ Therefore, the economic incentive for an International Registrant to extend protection of its mark to the United States is somewhat higher than the incentive for a National Registrant to make the same filing.⁸⁰

Will this economic incentive translate into increased U.S. filings? Although this is purely speculation until after the Protocol is implemented in the United States, one objective indicator is the fact that the USPTO itself is streamlining and automating its processes to handle the influx.

77. Section 71 of the MPTA inadvertently recites the Pre-Trademark Law Treaty terms for the Affidavits. However, the USPTO has indicated that it will seek a statutory amendment before any Section 8 Declaration of Use becomes due.

78. This examination of economic incentives is based only upon past and prospective filing costs for the application, and does not take into account the size of the particular applicant or the importance to it of obtaining registration in the United States. Therefore, the probabilities mentioned herein are probabilities only and apply only roughly to each individual applicant.

79. The savings is calculated by comparing WIPO's basic fee for a subsequent designation and the individual fee an international registrant would pay to make a subsequent designation extending its International Registration to the United States, with the U.S. filing fee and attorney fee for a direct filing at the USPTO, as reported in INTA's issue brief on the Madrid Protocol, updated April, 2003.

80. Note that instead of filing directly through the Paris Convention, the owner of a national registration can file an International Application designating only the United States. This is more expensive than the cost to an International Registrant to make a subsequent designation, but only by approximately U.S. \$300.

2. Filing Options

Introduction of the Madrid Protocol in the United States offers foreign trademark owners a new option for establishing protection. Like the Paris Convention applicant under Section 44(e), the International Registration applicant establishes rights in the United States without the need to demonstrate use before registration. Unlike Section 44, there is no need to submit a copy of a corresponding home country registration. If a foreign applicant has used its mark in commerce with the United States, or anticipates use in the near future, it may be preferable to base its rights in the United States on a demonstration of use pursuant to Section 1(a) or 1(b) of the Trademark Act. However, as between Section 44 and Section 65, the cost savings of the Madrid Protocol upfront and in relation to maintenance make it more attractive, unless there is some concern that the basic (or priority) application—and thus the U.S. application—may be vulnerable to failure if the Madrid Protocol is used.

3. Replacement

Section 74 of the Madrid Protocol Implementation Act and new Rule 7.28 provide a mechanism for a holder of an International Registration with an extension of protection to the United States to replace its prior U.S. registrations for the same mark and “have the same rights accrued to a previously issued U.S. registration.” Similar to the “Seniority” claim practice of the CTM, the mechanism requires the tri-part test of same owner, same mark and same goods (i.e., the goods and/or services listed in the prior U.S. registration must be included in the CEP).⁸¹

Upon request, the Office will take note of the replacement in its automated records. The procedure entails a fee of \$100 per class, apparently referring to the number of classes in the prior U.S. registration that are being replaced.⁸²

The Madrid Protocol contains a provision for the replacement of a national registration by an International Registration.⁸³ Provided the above three conditions are met, the International Registration is deemed to replace the national registration “without prejudice to any rights acquired by virtue of the latter.” The national Office is required, upon request, to take note in its register of the International Registration.⁸⁴

In practice, however, holders of International Registrations generally do not rely on replacement and allow prior national

81. New Trademark Rule 7.28(a)(2).

82. New Trademark Rule 7.6(a)(5).

83. Protocol, Article 4bis.

84. Protocol, Article 4bis(2).

registrations to expire. One of the reasons, other than the dependency term, is that the procedure must be accomplished before the national Office, not WIPO, and not all Madrid Protocol countries have mechanisms in place for an acknowledgement of the replacement. Unlike the Seniority system of the CTM, there may be no official notice that binds the national courts to enforce prior rights.

New U.S. Rule 7.29 addresses the effect of replacement on the prior U.S. registration. Provided the prior U.S. registration is maintained by means of Section 8 and 9 filings, it will remain in force. Thus, replacement seems more theoretical than practical. Where is the advantage if the trademark owner continues to periodically demonstrate use and renew the prior record? It remains to be seen what the legal effect of replacement may be, if any. Until reliance on a replacement claim becomes the subject of a court ruling, trademark owners may be unwilling to test the waters.

4. Descriptive Marks/Supplemental Register

Section 68 of the Madrid Protocol Implementation Act states that a request for extension of protection will be examined as an application for registration on the Principal Register under this Act (meaning The Lanham Act). Further, extension of protection shall be refused to any mark not registrable on the Principal Register.⁸⁵ The Supplemental Register is not available to incoming Madrid applications.⁸⁶

The rationale for not making the Supplemental Register available to Madrid applicants is that Section 44 applicants already have an advantage over U.S. applicants in that they are able to amend to the Supplemental Register without making a demonstration of use.⁸⁷ U.S. applicants must submit a demonstration of use before they are eligible for Supplemental Register registration. Rather than extending further advantage to foreign applicants, the implementing legislation is directed solely to the Principal Register.

The Madrid Protocol and the Paris Convention speak in terms of the “registration” of trademarks. No definition or distinction is made for countries that have two-part registers. It is true that many countries have discontinued such two part registers. But one wonders if there is any legal justification for the United States to deny Supplemental Register registration to Madrid applicants. It does not seem to comport with the “same examination” standard of

85. Title XII, § 68(a)(4).

86. New Trademark Rule 2.47.

87. TMEP § 1014.

the Protocol or the “same rights” or “national treatment” standard of Article 2 of the Paris Convention.

Due to the lesser benefits conferred by registration on the Supplemental Register, the issue may not be controversial. However, the practical effect is that Madrid applicants with descriptive marks, surname marks, ornamental marks, etc., may be wasting their time. If an amendment to the Supplemental Register is not available, and the applicant is not able to demonstrate acquired distinctiveness pursuant to Section 2(f) of the Act, then the applicant is out of luck. Foreign applicants with weak marks, but with long use in the United States, would be better advised to rely on that use rather than the Madrid Protocol.⁸⁸ Other such foreign applicants, without prior use in the United States could file, or refile, on the basis of Section 44 in order to obtain registration on the Supplemental Register.

5. Assignment Issues

The rights in an International Registration may be assigned to an eligible party, and divided by countries or by goods or services. To be eligible, the assignee or transferee must be entitled to file International Applications.⁸⁹ In the case of International Registrations designating protection in Contracting Parties (countries) that are members of the Agreement, a transferee whose Contracting Party is a member of the Protocol only cannot be assigned rights in countries where the rights are under the Agreement.⁹⁰ This will not be a problem where the basic application or extension of protection is to be transferred to an assignee in a Contracting Party that is a member of both the Protocol and the Agreement. The transfer of U.S. basic applications to other U.S. entities will not be affected.

The assignee must meet one of the following conditions for recordation of a transfer pertaining to an Agreement country, i.e., and the conditions of the establishment, domicile or nationality in an Agreement country.⁹¹ Thus, the subsidiary of a U.S. entity holding an International Registration could assign back the International Registration to its U.S. parent provided the designated Contracting Party involved is a Protocol country, or if the parent has a real and effective industrial or commercial establishment in an originating Agreement country.

A U.S. Madrid applicant should be cautioned against assigning the basic application or registration apart from the

88. Note that the basic application in the country of origin may fail on absolute grounds if a mark qualifies only for the Supplemental Register.

89. Guide, 60.01, p. B.II.59.

90. See discussion of Safeguard clause, Section III.A.5., supra.

91. Guide, 60.02 and 60.03, p. B.II.59.

designations for extension of protection during the dependency period. The danger is that the assignee could jeopardize the extensions of protection by discontinuing use, entering invalid licensing or assignment agreement, or any other loss of rights out of the control of the assignor.

All requests to record changes of ownership of an International Registration, with limited exceptions, are to be filed directly with the International Bureau. The request to record an assignment may be submitted to the USPTO where the assignee cannot obtain the assignor's signature on a request to record an assignment, and the assignee is a national of, has a domicile in, or has a real and effective industrial or commercial establishment in the United States.⁹² In similar limited circumstances, the USPTO will entertain a request to record a security interest or other restriction of a holder's right to dispose of an International Registration.⁹³

IV. OPPOSITION PRACTICE

Accession to, and implementation of, the Madrid Protocol will have only procedural effects on U.S. opposition practice. Some changes will have only formal effect. For example, requests to extend time to oppose against Madrid Protocol extensions can be filed only through the TTAB's electronic filing system, ESTTA.⁹⁴ The same is true for notices of opposition.⁹⁵

Nevertheless, two changes could be traps for the unwary. The first change concerns the length of extensions to oppose Protocol applications filed in the United States. Normally, published applications must be opposed within thirty days after their publication.⁹⁶ Potential opposers may request an extension of time to oppose a published application for thirty days, which is granted automatically if filed within thirty days after the publication date.⁹⁷ A potential opposer may request a further 60-day extension, or 120 days from the date of publication, by showing good cause.⁹⁸ Further extensions may be obtained upon a showing of extraordinary circumstances, or with the consent of the applicant.⁹⁹

92. New Trademark Rule 7.23.

93. New Trademark Rule 7.24.

94. New Trademark Rule 2.102(a)(2).

95. New Trademark Rule 2.101(b)(2).

96. 37 C.F.R. 2.101(c).

97. 37 C.F.R. 2.102(c).

98. *Id.*

99. *Id.*

The USPTO's new rules for Protocol applications would permit potential opposers no more than 150 days extension to oppose a published mark, so that an opposition to a Protocol application must be filed no later than 180 days from the date of publication.¹⁰⁰ Initially, one can request a 30 day extension, granted automatically, or a 90 day extension granted for good cause shown.¹⁰¹ One who requests initially a 30 day extension may seek a second extension of 60 days for good cause shown,¹⁰² and a third and final extension of sixty days, either with the Applicant's consent or upon a showing of extraordinary circumstances.¹⁰³ One who requests initially a 90 day extension may seek a second and final extension of 60 days, either with the Applicant's consent or upon a showing of extraordinary circumstances.¹⁰⁴

The other significant change in opposition practice will be Trademark Rule §2.107, which, for Protocol applications, will prohibit an opposer from amending a Notice of Opposition after filing, where the amendment would add new grounds for opposition.¹⁰⁵ Opposers will not be able to add new goods or services to an Opposition, whether a Protocol application¹⁰⁶ or a non-Protocol application¹⁰⁷ is opposed. This places the potential opposer in a dilemma: it can either choose to assert only the grounds for opposition of which it has knowledge or belief, and forego the ability to oppose on grounds it discovers later through discovery, or throw in every possible ground for opposition and delete those which are not applicable after discovery. The latter course may conflict with the opposer's certification that the allegations in the opposition have (or are likely to have) evidentiary support,¹⁰⁸ and possibly cause premature dismissal of these grounds on a Motion to Dismiss or a Motion for Summary Judgment.

Perhaps the better course of action would be to wait until the mark is registered and petition to cancel the registration. Unlike opposition proceedings, cancellation proceedings against Madrid Protocol extensions can be amended to add new grounds or new goods. The drawback here is that the cancellation petitioner loses

100. New Trademark Rule 2.102(c).

101. New Trademark Rule 2.102(c)(1).

102. New Trademark Rule 2.102(c)(2).

103. New Trademark Rule 2.102(c)(3).

104. *Id.*

105. New Trademark Rule 2.107.

106. New Trademark Rule 2.107(b).

107. New Trademark Rule 2.107(a). In the case of non-Protocol applications, an amendment can still be filed until the deadline for filing an opposition, including any extension of the time period. *Id.*

108. 37 CFR §10.18(b).

the leverage over an applicant of delaying issuance of a registration; the respondent in a cancellation has already received its registration certificate and there is no urgency for it to resolve the proceeding, other than to avoid attorney fees and the uncertainty of contested proceedings.

V. CONCLUSION

The practical effects the Madrid Protocol will have on U.S. trademark registration practice and on international registration practice for U.S. applicants are not likely to become clear for months or years. Considering that the Madrid Protocol has not yet become effective in the United States, it seems premature for this article even to have a conclusion. Yet now that the Protocol is an imminent reality, its availability and usefulness must be weighed by all trademark owners. Refinements, corrections and elaborations will surely be forthcoming as the Madrid Protocol plays out on the U.S. stage.
