



International Trademark Association

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THE MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS

Executive Summary

The Madrid system provides a means for simultaneously seeking protection for a trademark in a large number of countries. It is simple, effective and relatively inexpensive.

New countries adhering to the system may join one or the other of two international Treaties – either the Madrid Agreement or the Madrid Protocol. However most new members prefer to join the Madrid Protocol, which is the more ‘modern’ of the two. Japan ratified the Protocol in early 2000; the United States has announced its intention of joining in the next few years; and there is a distinct possibility that the European Union will join shortly.

67 countries are now members of either the Madrid Agreement or the Madrid Protocol or both.

INTA is an organization of trademark owners and because there are so many clear advantages in the Madrid Protocol for owners, INTA has for over a decade given strong support for the Protocol and encourages all countries to become parties to it.

Introduction

For many trademark owners, a procedure for the simultaneous application for registration of their marks in a multiple number of countries (such as is provided for by the Madrid Protocol) may seem novel. But it is a fact that for more than 100 years the world has had the possibility of accessing such a system. It is called the Madrid Agreement Concerning the International Registration of Marks ("the Madrid Agreement"), and it has, since April 14 1891, allowed the nationals of the countries who are members of the Agreement to protect their trademarks, whether for goods or for services, in any or all of the other member countries. This is done by means of a single international application filed in one place, in one language, with a minimum of formalities, with one fee, paid in a single currency, and resulting in only one registration, with one number and one renewal date. By the middle of 2000, 52 countries were members of the Madrid Agreement.

Nearly 100 years later, on June 27 1989, a related Treaty was also adopted in Madrid. It is called the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. It is usually referred to as "the Madrid Protocol" and it retains the same basic purposes of the Madrid Agreement, the same features, and the same method of working.

Despite their many similarities, the Madrid Agreement and the Madrid Protocol are two quite separate treaties. But because of their many similarities and because they share the same 'Common Regulations', they are inextricably linked, and they are usually referred to, in combination, as "the Madrid system". They are popular too. There have been over 700,000 international registrations since 1891, of which about half are still in force. It has been calculated that, on average, each international registration is extended to more than 12 countries. So this means that the system currently accounts for over 4 million trademark registrations spread over 67 different countries.

Membership

When the Madrid Agreement commenced in 1892 only 5 member states had joined, but over the years this number has increased to 52. Countries are still prepared to ratify the Agreement despite the existence of the Protocol.

When the Madrid Protocol first became operational on April 1 1996, it had nine members, but by mid-2000 it had 47. The majority of industrialised countries are either members or committed to membership of one or other treaty or both. Japan joined the Protocol in March 2000, and the USA has announced its intention of joining, probably in 2002 once the necessary legislation is passed and the arrangements made. All European Union states are now members – except Ireland – and the EU itself may eventually become a member (see below). In Latin America very little enthusiasm is being shown for joining either treaty, often because in some instances membership raises serious constitutional issues. The current status of ratifications can be found on the WIPO website at: www.wipo.org/eng/ratific/doc/g-mdrd-m.doc.

There are three different types of member countries – those that have only joined the Agreement, those that have only joined the Protocol, and those that are members of both. This distinction is important, in view of the different rules that are applicable to each treaty.

Only individual countries may become members of the Madrid Agreement, but in the Protocol there is a provision for a different type of member, namely an intergovernmental organization having a regional Office for the purposes of registering regional marks with effect in the territory of the organization. It is clear that the European Community falls within the above definition, and EC membership has been proposed, but the discussions are presently stalled. The definition would also probably cover the Organization Africaine de Propriété Industrielle ('OAPI') with its headquarters in Cameroon, but it does not include such regional groupings as: the African Regional Industrial Property Organization (ARIPO), NAFTA, the Andean Pact, or MERCOSUR. The Madrid system also caters for Benelux, by permitting Belgium, the Netherlands and Luxembourg to be members individually, but allowing an applicant to extend his registration to Benelux.

Procedure

An international registration may be applied for by any national of a country belonging to the Agreement or the Protocol, as well as by any other natural person or legal entity domiciled or having a real and effective industrial or commercial establishment in a country belonging to either treaty.

The whole purpose of the system is to ‘register’ a trademark simultaneously in as many countries as the applicant chooses from the list of members of the Protocol. So, when the international application is filed, the applicant must designate the countries in which he wishes to seek protection. He may designate further countries at any time thereafter, but in that case the designation will run from the date of this later designation. The result of the application is termed an ‘international registration,’ but in reality it is nothing more than a series of national applications.

The mark for which international registration is sought must first be either registered or filed at a trademark office in one of the member countries. Under the Agreement, the application for an international registration must be based on a registration but under the Protocol an international application may also be based on a mere application. A country that is party only to the Agreement may only designate another member of the Agreement, and the same applies to the Protocol.

The Madrid system is run by the International Bureau of the World Intellectual Property Organization (“WIPO”) in Geneva, but no one can file an international application directly with WIPO. Instead, the international application is filed with the applicant’s national trademark office, which sends it to Geneva after carrying out a check to certify that the details coincide with those of the national mark on which it is based.

WIPO gives every international application a registration date and number, publishes it in its bi-monthly Gazette, issues an international registration certificate, notifies the Offices of the designated countries, and informs the applicant’s national office. An international registration lasts for 10 years and is renewable for like periods. It is important to note that WIPO examines the application only for formalities and not on absolute or relative grounds, namely for matters such as distinctiveness, descriptiveness, morality, or prior rights. This is left entirely to the national offices, each of which processes the international registration according to its own law and practice.

An international application may, if appropriate, claim the usual 6 months priority provided for by the Paris Convention.

Refusal

When the international registration is examined by a national Office, it can be refused on any of the grounds that would apply if the mark had been filed directly. A refusal may of course subsequently be lifted after argument or discussion between the national office and the trademark owner or his representative.

Each designated office normally has only one year to inform the applicant if his mark is going to be refused, and the time limit is calculated from the date on which the designation has been notified by the International Bureau to the Office concerned. However under the Protocol any country may, when ratifying the Protocol, make a declaration that the one-year time limit is extended to 18 months, or even beyond 18 months when the refusal may result from an opposition. Of the current 47 members of the Protocol, 18 have done so. Consequently the ‘examination’ period of an international registration remains at 12 months (or less) in the majority of Protocol countries. If there is no refusal the mark is accepted in that country and it receives all the benefits that would be afforded to a national registration.

Fees

In theory, fees are paid directly to WIPO in Geneva in Swiss Francs, and most countries also request applicants to pay an additional ‘handling’ charge. There are two different fee structures for obtaining an international registration. The standard fee structure is the same under the Protocol as under the Agreement, namely a “basic” fee, to cover the expenses of the International Bureau (653 Swiss Francs or about \$430); a “complementary” fee payable in respect of each country designated (73 Swiss Francs or about \$48); and a “supplementary” fee for each class of goods or services beyond three (again 73 Swiss Francs or about \$48). Once every year the amount paid in complementary and supplementary fees is totalled up and distributed among the member states in proportion to the number of designations that have been made of each of them.

The other fee structure is available only under the Protocol. This provides that a country may, instead of receiving the complementary fee referred to above elect to receive an “individual” fee for each designation made. It fixes the amount of the individual fee itself, but this cannot be higher than the equivalent of the amount which the said country’s national Office would be

entitled to receive from an applicant for a ten-year registration in the same number of classes. In these circumstances the fees are paid by WIPO directly to the national offices, and there is no division of the complementary and supplementary fees. It was originally thought that most countries who ratified the Protocol would opt for this fee system, because their national offices would be paid more quickly and they would receive more money overall, but at the present time this is not turning out to be the case. Again only 18 countries (out of 47) have so far opted for the individual fee system.

Languages

Whereas, under the Madrid Agreement, the only working language for communications to or from WIPO is French, under the Protocol there are two working languages: English and French. For example, in the Gazette which is published bi-monthly all headings, notices, announcements etc. are in both languages, as are the lists of goods or services of all marks containing at least one designation under the Protocol. But the goods or services of Agreement-only marks are still printed solely in French.

The addition of a further language (e.g. Spanish) is theoretically possible without amending the Protocol. However this would have political implications because other States would surely be tempted to demand equal treatment for their own language(s). It would also substantially increase the cost of obtaining an international registration.

Effect

An international registration enjoys, in each of the countries designated, the same protection as if the mark had been filed directly in that country, provided no refusal is notified within the prescribed period of 12 or 18 months (as the case may be) or, if a refusal is notified but subsequently withdrawn.

Dependency, Central Attack and Transformation

During its first five years of life the international registration is linked with, and is totally dependent on, the fate of the basic national mark on which it is based. If, during those five years, the basic mark lapses, is withdrawn, is revoked, is cancelled, or is invalidated for all or some of the goods and

services, the international mark is similarly affected in all of its designated countries.

Anyone with an earlier conflicting mark wanting to attack the international registration is well advised, if he has the means, to do so by attacking the basic application or registration. This is generally referred to as a “central attack” because it is an attack on the central foundation stone of the international mark. If it is successful the international mark will be cancelled, or partially cancelled, in every designated country as the result of this one single action directed centrally against the basic national mark, even though the grounds or the circumstances that led to it might not exist or be relevant in any or all of the designated countries. In practice however, there are currently about 120 successful central attacks per year.

This type of central attack remains a feature of the Madrid Agreement, but under the Protocol all may not be lost because in the event of a successful central attack on the basic home mark and the subsequent cancellation of the international registration, it may be ‘transformed’ into a series of national applications in the designated countries all of which will retain the original filing date (i.e. the international registration date) and any priority claimed. A transformation may only be done within three months from the date on which the international registration was cancelled, and the goods and services listed in the national applications must be covered by the goods and services contained in the international registration. The national registrations resulting from this ‘transformation’ are then subject to a further examination under the national laws or rules pertaining to the country concerned. Transformation does not attract any new fees, but the applicant will have to pay a national application fee in each of the countries in which his international registration is transformed. In practice, transformation requests are rather rare.

Assignment

Any of the country designations, or the whole of the international registration itself may be assigned to a third party, or even to several different third parties, provided the assignee qualifies to be the owner of an international registration by virtue of having an establishment in, or his domicile in, or the nationality of, a country in the Madrid system.

Pros and Cons of the Protocol

The Madrid Protocol has some advantages and some disadvantages, for trademark owners, for their representatives or attorneys, or for the national offices. On balance INTA strongly believes that the advantages far outweigh the disadvantages as the following discussion illustrates.

Under the Protocol **trademark owning corporations**, whether they are multinationals or small or medium sized enterprises, and whether they come from a developed or a developing country –

- Have access to a simplified procedure for the registration of their trade marks, namely ONE application in ONE place with ONE set of documents in ONE language with ONE fee in ONE currency resulting in ONE registration with ONE number and ONE renewal date covering more than ONE country.
- Have to pay much lower overall registration costs.
- Will also probably increase the overall number of countries in which a particular trademark is protected, because of the relative simplicity of the Protocol registration procedure (it being so easy just to check a box on the application form), and the relative cheapness.
- May make applications in either English or French and, if neither is their natural language, they may find, on the very rare occasions that they might have to communicate directly with WIPO, that WIPO has the capacity to entertain general correspondence in a variety of languages, but WIPO does nothing to encourage this. In fact of course most owners entrust the processing of their trademark applications to firms of local attorneys who will usually be proficient in an international language such as English.

More applications means an increased workload for the national office, which means more objections, all of which leads to more work for the **attorneys**. So, although attorneys may suffer from a reduction in filing instructions from foreign clients, they will probably find they have an increase in their international work, and thus almost certainly an increase in their litigation workload.

They will also find that there is an increase in oppositions, in assignments, and in licensing and franchising work, and it is a requirement of most national trademark laws that a local attorney must be appointed in the event of an objection, opposition, cancellation or revocation of the designation of an international registration.

It is the experience of attorneys in those countries that are now members of the Protocol, but which were not previously members of the Madrid Agreement, that their work has not decreased as a result of joining the Protocol although it may have changed in character.

INTA believes therefore that, in general, attorneys have little to fear from the Madrid Protocol and should never put their own interests before those of their clients, the trademark owners.

National Offices will undoubtedly attract more work as the result of ratifying the Protocol, whether through acting as an Office of origin, or by being an Office of a designated country, or from designations that might otherwise not have been made. Consequently, although they may have to employ extra staff that may have to be competent in either English or French or both, some of their work will be reduced as a result of the international registration procedure.

However more applications also means more income, especially if, when ratifying, the country had opted for the individual fee system (as opposed to the present system of complementary and supplementary fees). In addition WIPO makes it as easy as possible for non-English or non-French speaking countries by using standard or bilingual forms and letters. China has been a member of the Agreement since 1989 and of the Protocol since 1995. Another participant in the system is North Korea, and Japan became a member in March 2000. All of these countries use their own non-Latin script yet appear to suffer no adverse consequences as a result. It would therefore seem reasonable to expect countries using another European language (such as Spanish) to encounter few difficulties. Especially bearing in mind that Spain and Cuba have been members of the Agreement for many years and that both are now members of the Protocol.

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