

Madrid Protocol: Dependency Period

March 20, 2017

Sponsoring Committee: Madrid System Subcommittee of the Trademark Office Practices Committee.

RESOLUTION:

WHEREAS, INTA strongly supports accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”), which, among other things, streamlined and improved the procedures for the international registration of marks by alleviating the consequences of “central attack” (i.e., the loss of an international registration due to the total or partial ceasing of effect of the basic mark in the country of origin); and

WHEREAS, INTA supports the further simplification and efficient operation of the Madrid System for the International Registration of Marks for the greater benefit of users; and

WHEREAS, the World Intellectual Property Organization (WIPO) is considering the reduction of the current five-year dependency period of an international registration on the basic mark in order to limit vulnerability to “central attack” and to further encourage trademark owners to take advantage of the benefits offered by the Madrid System;

BE IT RESOLVED, that the International Trademark Association supports reducing the dependency period of an international registration on the basic mark from five to three years under the Madrid Protocol.

BACKGROUND:

Article 6 of the Madrid Protocol provides that an international registration will become independent of the basic mark upon expiration of a period of five years from the date of the international registration (the “dependency period”). However, if the basic mark ceases to have effect during the initial five-year period, or later on as a result of proceedings initiated during the said period, the protection of the entire international registration will be cancelled and all designations will cease to have effect to the same extent as the basic mark. This provision allows “central attack,” the possibility of a third party initiating an action against the basic application or registration that, if successful, results in the cessation of the entire international registration.

Initially, under the Madrid Agreement, every international registration was automatically extended to all member countries for a significantly low flat fee. While highly beneficial for trademark owners, the ability to file multiple applications inexpensively and easily also created a potential for abusive or defensive filings. To balance the competing interests of trademark owners seeking

inexpensive protection and the prevention of abusive or spurious filings, international registrations were “dependent” on the basic registration for the life of the international registration. This provided for the removal of international registrations through a single proceeding as opposed to necessitating separate actions in each country.

In 1957, a new Act of the Madrid Agreement was adopted which introduced significant changes to the system, including the need to select designations. At that time, the dependency of the international registration on the basic mark was questioned and the proposal was made to abolish it. This, however, was considered to be too radical and, as a compromise, dependency was reduced to five years from the date of the international registration.

In 1989, the five-year dependency period was maintained in the newly negotiated Madrid Protocol, mitigated however by a possibility of transformation of the international registration into national or regional applications. This relaxation of the dependency period was a significant factor in the decision for a number of countries to join the Madrid System.

The dependency period and fears of “central attack” are frequently cited by trademark owners as significant barriers to the increased use of the Madrid Protocol. A user survey conducted in 2015 by the WIPO Working Group on the Legal Development of the Madrid System for the International Registration of Marks (the “Working Group”) indicates that 35% of users believe the dependency period is a disadvantage and 62% of users believe that it should be abolished or restricted. Without dependency, 34% indicated that they would be more inclined to use the Madrid System.

In response to these concerns and recognizing that the historical development of the Madrid Protocol has reduced the need to prevent abusive filings, members of the Madrid Union and the trademark community at large have been actively engaged in discussions of whether the dependency clause and therefore central attack should be eliminated. Although there were some advocates that supported the elimination or a suspension of the dependency clause, others were strongly opposed. INTA did not take a position and no consensus was reached. In response, a compromise proposal is being suggested: maintain central attack and the dependency period but reduce the period. At the last meeting of the Working Group in 2016, several delegations declared themselves open to discussing a reduction of the dependency period, including Australia, Cuba, France, Italy, New Zealand, the Republic of Moldova, the Russian Federation and the United States. Others, such as Israel, Japan, Norway and the Republic of Korea, as well as user groups, including AIPPI (resolution issued), MARQUES, JIPA and JPAA, indicated that they are in favor of the proposal. The proposal is on the medium-term work program of the Working Group.

The advantages of reducing the dependency period are:

- a greater certainty in the status of international registrations, which would presumably increase the utilization of the system by trademark owners;
- the inability to initiate a central attack against an international registration between the third and fifth year after the date of the international registration; and
- the promotion of greater consistency and harmonization across jurisdictions with different cancellation timeframes.

Importantly, the inability to initiate a central attack against an international registration between the third and fifth year after the date of the international registration would not appear to significantly affect the current central attack facility for the following reasons:

- Given existing pendency periods around the world, third parties can oppose new applications (under both pre- and post-registration opposition systems) well within a three-year period in the vast majority of cases.
- If the basis for the action is non-use, most countries (approximately 75%) have a five-year grace period before a party may initiate non-use proceedings, which already exceeds the dependency period for most international registrations.
- In jurisdictions where the non-use grace period is only three years, reduction of the dependency period to three years would mitigate against the risk of a non-use cancellation action for situations where the basic mark is not intended to be used in the country of origin, such as export marks in Latin script originating from countries using non-Latin scripts.
- Many jurisdictions, such as the European Union, are instituting simplified non-use revocation proceedings, which will make it easier and more efficient to cancel registrations based on non-use that would help address these issues absent central attack. .

Accordingly, on balance, the benefits of reducing the dependency period seem to significantly outweigh the inability to initiate central attack for a small subset of international registrations. The need for central attack itself to address abusive filings is already reduced due to prior changes in the Madrid System and new, streamlined trademark procedures used in member countries.

For these reasons and consistent with INTA's support of the Madrid System, the Madrid System Subcommittee of the Trademark Office Practices Committee, having voted favorably, requests the Board to adopt the resolution supporting the reduction of the dependency period from five to three years.