



# Trademark registration for the future

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By **Tove Graulund** of Zacco, Denmark

**T**he Madrid Protocol is the trademark registration system for the future.

But what does it take for the system to get there? The purpose of this article is to come up with bright ideas for improvements to the Protocol.

The Madrid Agreement was signed in April 1891, and the first registration was filed on 23 January 1893. The oldest registration still in force was registered on 27 March 1893 for the trademark LONGINES, and it is still being renewed. On 31 March 1996 the system contained 320,285 registrations in force from 41 countries. This goes to prove that the principles of the system are beneficial to users, and that it has functioned well all these years.

However, some elements of the system were viewed with scepticism, which is why there was not a huge take-up from new countries. As a consequence of this reluctance, a new Protocol to the Agreement was designed to attract more members, which was adopted in 1989. As everyone in European trademarks knows, on 1<sup>st</sup> April 1996 the European Union entered the system along with several EU member states and it became possible to designate them in a Protocol application.

Since then, users with business in Europe have had three routes for seeking registration: National, Community Trademark and International Registration, and since October 2004 even a combination of the CTM and the Protocol. Outside of

Europe two routes are available: National and IR. The CTM is not in play, but if you need more than two or three countries the advantages of using the Protocol will win the day, namely avoiding engaging a local trademark agent at the filing stage, keeping all rights in one registration for later savings on renewal and changes of the proprietor.

#### Disadvantages of using the system

Let's study the disadvantages of using the International Registration system first since this will give us the reasons for the creation of the Protocol as well as give us ideas for future improvements of the system.

The first risk of the system is the so-called central attack. The way this works is that it is possible for a third party to attack the basic registration for an International Registration, and if the attacker wins, the whole IR falls like a deck of cards. This seems like a fearful and horrible sword to have hanging over your head as the proprietor. However, if you consider that up to 2004 it has been used less than 200 times, it is really not something to worry too much about. When you talk to business representatives, they primarily see the central attack facility as a useful means of putting pressure on in a negotiation situation, i.e. as third party. There seems to be no real need to look too much at improving the facility.

The second disadvantage that is mentioned by users, is the fact that you cannot assign an IR to a company based in a country that is not a member of the system. The solution is simple and lies with the future of the Protocol – get more countries in.

#### Advantages to using the system

We will now look at the advantages briefly, as they are many:

- Ease of administration and cost savings; by avoiding having to file separate applications per country, businesses can make very significant savings;
- Application and maintenance; 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;
- No need for legalisation of documents;
- Only one request for changes to the holder.

The number new IR applications prove that the advantages weigh heavier than the disadvantages for the users.

#### Differences between the Madrid Agreement and the Protocol

To find serious proposals for improvements to the Protocol, which will bring it into the 21<sup>st</sup> century we should also look at the differences between the two streams in the system and the new facilities that the Protocol has brought into the picture.

In the Agreement, it is only possible to file the IR once the basic registration has matured to registration. In the Protocol this has been changed to application, i.e. you can file your IR as soon as you have the application data for the basic application. This was a great step forward given the fact that some member states still have a backlog, and for an important new product, it was not viable to have to wait longer than the 6

Protocol, but not yet in the Agreement, is transformation. It is in a way related to central attack and use of basic application in the sense that it is meant to form a safety net. If your basic application runs into problems or if your basic registration is attacked during the first five years (= the dependency period), you can apply to have the designations turned into national applications whilst keeping the original application date. Even if the facility has not been much used, the member states, who worked out the rules of the Protocol, showed understanding of practical problems and should be commended for coming up with this solution.

To make the Protocol more attractive and accessible to new countries, the period for



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months priority term to file your IR. Some may argue that central attack is more dangerous in the Protocol, but facts tell you that it is not a real problem.

The Agreement has been functioning with French as the only language since the beginning. Users have learned to live with it, and it does not appear to have hampered the use of the Agreement. However, in order to attract more countries the Protocol was set-up to include English also. It made sense as the main language of international business today is English. The possibility to use English in the Protocol is a real advantage to the majority of users.

The other facility that was included in the

refusal from a designated office was changed from 12 months to 18 months with an option to request for more time. This was both good and bad news for businesses, more about this below.

Another limitation to new members of the Protocol was the available languages. Whilst having English was a great step forward, the introduction of Spanish on 1 April 2004 opened the system up to users resident in countries with Spanish as the official language and other countries in the Romance language family, like Portuguese. This change along with the evident benefits for local industry should make it obvious for countries in Latin and South



America to join the Protocol.

The fact that these significant differences exist between the two streams, and that improving changes was introduced by and with the Protocol, should go in the book as evidence that it is in fact possible to get improvements through the General Assembly of WIPO and that member states are willing to discuss any suggestions. In fact, member states seem receptive to input from business as we will see in the next paragraphs.

### Ad Hoc Working Group on the Legal Development of the Madrid System

The Working Group has met three times now to discuss i.a. the functioning of Article 9*sexies* of the Protocol, the so-called safeguard clause.

The safeguard clause ensures that when a business in a Madrid Agreement member state designates another Madrid Agreement member state, it is the rules of the Agreement that apply, even when both countries might also be members of the Protocol. It was agreed that the safeguard clause would be reviewed based on the experiences made in the first 10 years following 1996. It has been interesting to follow the discussion at the meetings – sometimes they have been quite lively and even humorous, which is not usual for discussions at WIPO.

After the first two meetings it was already agreed that most of the rules contained in the safeguard clause should be waived so that the rules of the Protocol would apply in the future, once all the pieces fall into place. The following elements have been discussed as the differences between the two streams:

- refusal period, 12 or 18 months
- the individual fee system, vs. the fixed fee of CHF 73
- the possibility of requesting transformation, not available in the Agreement
- the required basis for filing an IR, registration or application
- the issue of the so-called “cascade” vs. the free choice in the Protocol between basis on establishment, domicile or nationality
- the subsequent designations and requests for recordal of cancellations or renunciations, only through national office or also direct to WIPO
- the language, only French or also English and Spanish.

The meeting has shown that most of the above do not really cause a lot of difficulty in the direction of a complete repeal of the

safeguard clause. It has already been accepted that English and Spanish (g) could be used for all applications. Transformation (c) has been accepted by all as well as the possibility to file on the basis of an application (d). The cascade (e) and the direct filing with WIPO (f) was not the object of much discussion either.

This leaves us with the tricky parts, namely the time (a) and the money (b).

The problem is simple. If you ask users if they want to pay more and get it slower, the answer is predictable. Not surprisingly, some member states are resisting any changes to these two rules to protect their users. Fortunately, the President of the Working Group has been pushing all to look further and beyond their own interests, and it seems to be working.

A development that happened before the third meeting in January 2007 is also helping the meeting to move forward and to think broadly. Uzbekistan had decided to ratify the

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Protocol and to leave the Agreement at the same time. This may not be breathtaking news for all, but it could be important in this process. Because of Uzbekistan’s denunciation of the Agreement, new rules had to be put in place, and it was agreed that all designations of a member state moving from one stream to the other would simply be converted from an Agreement designation into a Protocol designation or the other way around according to the change in question.

With the acceptance of these changes, it means, in effect, that the way is open for more countries to leave one of the streams. This puts pressure on member states that still find it difficult to accept all the necessary change for the safeguard clause to be completely abandoned. One could venture a guess that if a country like Spain, who is a strong supporter of the repeal of the safeguard clause, does not see this happen, a country in this situation might feel

compelled to simply leave the Agreement in order to make the Spanish language available to their national users.

### Time and money

As for the *time equals the refusal period*, it has been agreed that it is not so important if 18 months extend fully to all members of the Protocol, since experience show that examination is almost always made a lot faster. There is still a hook to this, namely that if a member state follows the traditions of the Agreement, 18 months is a very long time to wait in uncertainty.

So while there is a reasonably relaxed feeling about the time – please remember that this has been discussed for two years now and that you get used to the thought – there seems to be mostly tense feelings when it comes to the money.

Where is the answer that will take us forward? And why should we move forward and not just remain as we are?

The second meeting, including all NGOs, had proposed to the General Assembly of WIPO that it meet again to study compromises to the issue of the safeguard clause with the following objectives in mind:

- it would entail a simplification of the Madrid system, keeping in mind the ultimate goal that the system be governed by only one Treaty (the Protocol)
- it would ensure equal treatment to nationals of all parties to the Protocol for any new designations
- it would allow users to benefit from the advantages offered by the Protocol while limiting undesired effects.

So the fact is that all NGOs who have participated at the meetings have supported the repeal of the safeguard clause, however, with the following reservations as originally put on the table by MARQUES. For users to accept paying a higher fee = individual fees, the level of communication from the designated office must in some form or shape correspond to the level of communication at national level. It is really very simple. An applicant want to know how the examination of his application went, whether it was successful and problem-free or if the application ran into some form of problem be it absolute grounds, relative grounds or opposition. Some member states, who charge individual fees, already supply this information, but not all. For users to accept moving to 18 months, it

is essential that applicants be sent information at the end of and result of the examination. Then it is not so important if it is 12 or 18 months.

As you can see, the two points are quite tied together from the users' perspective, and they have been repeatedly pushed by all NGOs at the meeting as conditions for acceptance of a repeal of the safeguard clause – and users also demand it from member states who already charge individual fees.

Some user groups are not in favour of the above so-called increased level of service. They want to keep the old fixed fee of the Agreement and are happy with the Agreement as it is. While this is understandable, it does not take into consideration the attempts to move the Protocol into the 21<sup>st</sup> century and beyond, which is essentially what the Working Group is trying to do. It would be helpful if users understood the necessity to take a helicopter view and to try to be open to new ideas. If not, there is a serious risk that some countries will leave the Agreement and that the improvements that NGOs are fighting for, will only benefit the businesses purely in the Protocol.

### Further proposals for improvements to the Protocol

Some interesting new ideas have been put forward for discussion by member states.

Norway has made proposals relating to a number of aspects of the Madrid system. The first proposal is to get rid of the requirement for a basic registration. It is should be made possible to designate the country of origin, which would otherwise have been covered by the basic registration. The five years dependency period would disappear, and the rules for transformation would no longer be needed. The Office of Origin would have less case handling, and the applicant would be able to file directly with WIPO and would not need to file a national application as well.

Norway is suggesting that these proposed changes would imply a more efficient system for all parties concerned, and it would appear that users tend to agree. It has been highlighted by user representatives that IR applicants based in countries with intent-to-use requirements find it impossible to use the system for trademarks that are only used for products manufactured abroad or intended only for export. Since these applicants may have no intention-to-use on their home market, they

cannot file a basic application and put at a disadvantage. Also applicants in countries like the US or Canada with different requirements for the list of goods would be liberated from the “constraints” of their rules at home – rules that may be perfectly justified, but that are often highlighted as unfair by users.

The second proposal from Norway is related to the time limits in the system. Norway is proposing to shorten the time limits in the Protocol to 12 months or even shorter to 9 months. This proposal is obviously applauded by the users, but at the same time the support is given with hesitation as it would be a mistake to make the refusal period so short that new countries will find it impossible to join the Protocol. If users had to choose between the two, more new countries would be preferred in combination with a higher level of service as mentioned above.

The Japan Patent Office presented an interesting proposal. Japanese users as well as any user in a country with script or letters different from their export markets have a problem in the sense that a mark in an IR application must be identical to the mark in the basic application or registration. Japan suggests that flexibility in the requirement to address this linguistic diversity can improve the utility of the system and attract new countries with diverse linguistic backgrounds. It is true that companies modify their trademarks to adapt to local languages, but it seems very difficult to find a good solution that would fit within the IR system. Trademarks that are simply translated into other letter, might not be too difficult to work with, if it was made possible to include more than one letter version in the IR application. But in some cases the adapted trademark is in reality completely new with a meaning and sound that is quite different from the original trademark – be it e.g. Chinese into Latin or vice-versa. However, users support the proposal to study these ideas for more flexibility further.

Finally, Australia also put forward a proposal at the last meeting based on its consultations with its users and representatives. The Australian users were enthusiastic about the system and its potential and were keen that the system should be simplified with provisions applied consistently across contracting parties wherever possible. It was believed that such changes would in

turn see an increase in the number of member states. Australia proposed a scheme which would address standards in provision of information on the status of IRs in designated member states. There would be three essential aspects to the proposed scheme:

- the intention to establish standards in provision of information
- all members of the Protocol would be required to meet a minimum standard in provision of information within a specified period
- earlier compliance would be required for those who opt for individual fees and/or an 18 months refusal period.

The proposal was welcomed by the users as it corresponds very much to their demands for a certain level of service at individual fees, and it brings us to the conclusion of this article.

### Conclusions

In order for the system to progress onto a bright future fitting its benefits to users, it seems vital to simplify and optimise procedures in Geneva. This is best done by cutting the system down to one stream which would be the Protocol as it has greater potential for continuous improvement.

It is equally important to make local procedures more consistent. Users want certainty, and they do not want have to wait 12 or 18 months to know if their designation has been successful. They would rather be informed as soon as the examination has been finalised. It is vital to break with the traditions of the Agreement which is ‘no news is good news’. After all, we live in the information age, and accessibility of information for users should reflect this. A significant element could be that WIPO databases would be a key central repository of accessible information about the status of a mark in designated jurisdictions, and also very importantly, this information would also be available for any third party conducting clearance searches.

Making improvements and staying open to new proposals like the above from member states will contribute towards the other very important element which is to attract more countries into the system. This is crucial to future benefits for all contracting parties to the system, and I am happy to say that many good people both in industry and private practise are actively involved in making this happen. 🌐