



Madrid Protocol

SPECIAL INFORMATION LETTER
OCTOBER 28, 2002

United States Draws Closer to Accession to Madrid Protocol

On October 17, 2002, the United States Senate adopted an advice and consent resolution for the Madrid Protocol on the International Registration of Marks. This resolution comes after recent passage by both the House and Senate of legislation to implement the treaty. The President is now expected to deposit the instrument of accession. Thereafter, the USPTO will promulgate implementing regulations so that the Madrid Protocol will be operational in the United States by the end of the year 2003.

Implementation of the Madrid Protocol in the United States will have profound implications for trademark owners in the U.S. and abroad. This Special Information Letter is intended to provide some basic information about the Protocol. We shall keep our clients advised as further developments occur both through our website below and through further information letters. ♦

www.madridprotocol.info

After years of legislative delay, the United States is expected to become a party to the Madrid Protocol by the end of 2003, thus opening an important new path to global protection for trademark owners in the U.S. and around the world.

U.S. participation in this international filing system will enable owners of U.S. trademark applications or registrations to request simultaneous extension of their trademark rights to dozens of foreign jurisdictions through a single English-language application filed with the U.S. Patent and Trademark Office (USPTO). A single filing fee, payable in U.S. currency, will be calculated based on the number of classes and countries covered by the application. Likewise, non-U.S. applicants from member states will be able to request extension of an International registration to the U.S. through their home Trademark Office. As of October 15, 2002, there were 56 states and intergovernmental organizations within the Madrid Protocol system, including most European countries, Australia, Japan, China and the Russian Federation. The European Union is also expected to join the Madrid Protocol eventually.

Under the Madrid Protocol, an international application must be filed on the basis of an application or registration in the applicant's home country. The national Trademark Office then forwards the documents to the World Intellectual Property Organization (WIPO) in Geneva, Switzerland which, after verifying compliance with the basic filing requirements, publishes the application in the International Gazette. Copies of the application are then sent to the Trademark Offices in the countries designated by the applicant which have up to 18 months to approve or refuse the application based on national standards of registrability, including possible third party rights. The International registration is renewable for

10-year terms. International registrations may also be extended to other member countries at any time following registration.

The scope of protection afforded by an International registration is identical to that of a national registration issued by a designated country. However, the centralized nature of the international filing system promises considerable benefits in convenience and cost over the filing of separate, national applications. For example, an applicant need not engage local counsel unless an Office Action is issued by that country's national Trademark Office.

Renewals, assignment records and changes of name and/or address may be effected through a single filing with WIPO. Lastly, the stringent time limit for review by national Trademark Offices may significantly accelerate registration in countries where the review process normally takes several years.

Despite its obvious benefits, the Madrid Protocol system does pose some drawbacks when compared to direct filing. For example, during the first five years after issuance, an International registration remains dependent on the basic application or registration. If the basic application or registration is abandoned, cancelled or restricted for any reason, the entire International registration will likewise be cancelled or restricted. This reliance may put U.S. applicants at a particular disadvantage, given the generally rigorous standards of descriptiveness and confusing similarity employed by the USPTO. However, if the basic application or registration fails, the Protocol provides for a limited period during which an International registration may be "transformed" by filing new national applications in the designated foreign countries. Although this transformation requires payment of national filing fees, the resulting national registrations will bear the same filing and priority dates as the

- continued on back page

International registration. The scope of coverage of an International registration may not exceed that of the basic application or registration. Given the high degree of specificity for goods and services required by the USPTO, a decision to use the Madrid Protocol based on a U.S. application or registration will have to be weighed against the possibility of obtaining broader protection through an application filed directly with a national Trademark Office.

Trademark owners with limited interest in protecting their marks outside their own countries may find the Protocol more expensive than filing nationally.

By reducing barriers of language, cost and inconvenience, the Madrid Protocol has already revolutionized global trademark protection and promises to do so now for US trademark owners. However, a rise in international trademarks may create a corresponding increase in

the risk of potential conflicts and refusals. As such, thorough clearance searches for proposed marks - including both relevant national Registers and the WIPO database - will become more important than ever. In addition, the Madrid Protocol does not alter local standards for registration in designated countries. Although avoidance of local agent fees is a primary cost benefit under the Madrid Protocol, lack of competent local representation could prove disastrous, for example, if an International application encounters simultaneous Office Actions in multiple jurisdictions.

With more than 90 years of experience in international trademark protection, Ladas & Parry is uniquely qualified to maximize the many benefits of the Madrid Protocol while helping our clients avoid potentially significant pitfalls. Through our five offices (New York, Chicago, Los Angeles, London and Munich), and an extensive network of

local agents and attorneys, we are able to coordinate trademark prosecution, opposition, cancellation and infringement activities throughout the world.

Our staff members are conversant in all major international languages of commerce and several of our professional staff have qualifications in multiple jurisdictions. A wide range of professional skills enables us to efficiently tailor services to our clients' needs - from planning and management of a complete intellectual property portfolio to advice on specific laws and practices throughout the world. At the same time, our moderate size fosters personalized service and close attorney-client relationships.

As U.S. entry into the Madrid Protocol system nears, Ladas & Parry welcomes the opportunity to discuss the potential impact of this important development on your global trademark strategy. ♦

Advantages of Madrid Protocol

- ◆ **Expanded Basis for International Registration:** "Home" application or registration may serve as basis.
- ◆ **Language of the application:** English or French.
- ◆ **Fees:** Payable in applicant's home currency. Considerable savings over separate, national filings if at least three countries designated.
- ◆ **Fixed Time Limits for Notices of Refusal:** 12-18 months.
- ◆ **Simplified Post-Registration Procedures for Recording Changes and Renewals.**
- ◆ **Transformation:** Loss of basis for International registration can be remedied by "transforming" International registration to national application with priority of International registration.
- ◆ **Potential for Link with European Community Trademark**

Disadvantages of Madrid Protocol

- ◆ **National Examination:** Madrid Protocol applications will continue to undergo review by the designated countries pursuant to their national laws.
- ◆ **International Registration Cannot Exceed Goods/Services Claimed in Basic Application/Registration:** U.S. applicants may not obtain broad protection available by filing nationally.
- ◆ **Modified Central Attack:** Successful attack on basic application/registration causes loss of International registration.
- ◆ **Transformation Costs:** "Transformed" applications require payment of national application fees.
- ◆ **Possible Unanticipated Costs:** Prosecution costs are likely to be equivalent to costs under national procedures.

LADAS & PARRY

www.ladas.com

26 West 61st Street
New York, NY 10023
Tel 212.708.1800
Fax 212.246.8959

224 South Michigan Avenue
Chicago, IL 60604
Tel 312.427.1300
Fax 312.427.6668

5670 Wilshire Boulevard
Los Angeles, CA 90036
Tel 323.934.2300
Fax 323.934.0202

52-54 High Holborn
London WC1V 6RR England
Tel +44.207.242.5566
Fax +44.207.405.1908

Dachauerstrasse 37
80335 Munich, Germany
Tel +49.89.269077
Fax +49.89.269040