

By Paul D. Supnik

# Protecting Trademarks under the Madrid Protocol

## A new tool exists for U.S. businesses seeking trademark protection in other countries

International trademarks protect companies doing business abroad from foreign infringers who may profit from, and destroy, a company's goodwill and reputation. While trademark protection in the United States is often achieved through common law rights and through Section 43(a) of the Lanham Act,<sup>1</sup> foreign trademark protection is obtained primarily through actual registration of the marks. Thus, foreign trademark registration for U.S. companies may be the only route to significant protection in other countries. Foreign registration is expensive, and the procedures may be cumbersome. With the primary exception of the Community Trade Mark established by the European Union (EU), registration must be obtained in each country in which trademark protection is desired.

Since November 2, 2003, however, the Madrid Protocol has been available to U.S. businesses to simplify the process of registering trademarks abroad. The Madrid Protocol and its imple-

menting legislation and regulations in the United States allow for the filing of a single international application through the U.S. Patent and Trademark Office (USPTO). This application is then transmitted electronically to the World Intellectual Property Organization (WIPO), an organization of the United Nations located in Geneva, Switzerland, that administers various intellectual property treaties. WIPO in turn forwards the application to the countries designated in the application. Each designated country examines the application according to its laws, subject to certain limitations imposed by the Madrid Protocol. The resulting trademark protection is a Madrid registration, known as an international registration, that is effective in those countries that did not raise timely objections.

The Madrid Protocol is part of the Madrid System, which consists of two companion treaties. One of the treaties, the Madrid Arrangement, has been in existence since 1891 but without the participation of the United States. The other treaty, the Madrid Protocol, was entered into in 1989.<sup>2</sup> The United States deposited with the director general of WIPO its instrument of accession to the Madrid Protocol on August 2, 2003, making the Madrid Protocol in force for the United States on November 2, 2003.<sup>3</sup> The Madrid Protocol Implementation

Act,<sup>4</sup> which Congress passed in 2002, provides the implementing legislation, and the USPTO has promulgated rules of procedure.<sup>5</sup>

Most U.S. businesses could not take advantage of the older Madrid Arrangement because companies resident in nonmember countries are required to have a physical presence or a "real and effective industrial or commercial establishment" in a member country. The United States was not a member of the Madrid Arrangement,<sup>6</sup> and even if a subsidiary corporation of a U.S. company was located in a Madrid Arrangement country, that was not adequate for the subsidiary's parent company to file a Madrid Arrangement application. Nevertheless, the Madrid Arrangement has been an important part of the international trademark community in Europe and elsewhere. While the Madrid Arrangement does not extend to every country in the world, it has been effective in numerous countries considered to be major and midrange export markets.

The more recent Madrid Protocol in many ways parallels the Madrid Arrangement procedure, though the membership of the two treaties is somewhat different. The Madrid Protocol makes cost-effective registrations available in more countries while taking into account limited business budgets. A U.S. business is now able to obtain a registration that can have validity currently in more than 62 countries, including those in Western, Central, and Eastern Europe, in Asia, and in other regions as well.<sup>7</sup> This does not mean, however, that applications will regularly be processed

through all the member countries, because the cost of that type of extensive filing, even under the Madrid Protocol, is still prohibitive and usually unnecessary. Clients and their counsel should pick countries of greatest interest. Significant cost savings will most likely be achieved because, instead of multiple national filings, the Madrid Protocol offers a single registration, and payment of agents and attorney's fees abroad may be reduced if not eliminated. Companies seeking trademark protection abroad can be guided by a rule of thumb: If they are considering registering their marks in three or more countries, it is worthwhile to consider filing under the Madrid Protocol.

### The Application Procedure

To understand the procedure for prosecuting an international registration, it is helpful to first understand the procedure for obtaining protection abroad using national filings and not the Madrid Protocol. A national trademark application is filed abroad by initiating a request with a foreign trademark attorney or agent in the nation in which protection is desired. Usually, that request is sent through trademark counsel in the United States, who sends a letter to the foreign trademark counsel. The foreign trademark counsel puts the application in a form satisfactory to the local government office, which registers the intellectual property rights. The trademark owner pays attorney's fees for U.S. counsel and foreign counsel and government filing fees and registration fees,

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usually on a country-by-country basis (the primary exception being the EU's Community Trade Mark, for which a single fee is paid).<sup>8</sup> Companies face additional fees if the application is rejected. As the number of countries chosen for trademark protection increases, so do the number of filings and attendant costs.

Under the Madrid Protocol, registration in many countries is achieved with one application, referred to as the international application under Article 3 of the protocol. For United States applicants, that international application must be based either on an existing U.S. registration or a pending U.S. application, which may be filed simultaneously. The usual Madrid Protocol application process will begin with the trademark attorney sending the international application to the USPTO. At press time, only paper forms were acceptable, and the forms must be mailed or delivered by hand. Ultimately, these forms will be available online, and the USPTO will require them to be transmitted via the Internet.<sup>9</sup>

The application designates various countries for which "territorial extension of protection" is desired. Protection under the Madrid Protocol cannot be extended to the EU as a whole, because the EU is not currently a "contracting organization" and, therefore, designation of each of the EU countries for which protection is sought must be made on the application. However, it is anticipated that this year, the EU will become a member of the Madrid Protocol, thus permitting the EU to be designated in place of selected and named EU countries.

The cost of filing the international application is based upon the countries designated. The cost for designating each country varies but is not more than the cost of filing individual national applications in the designated countries, and is usually less. The fact that a very specific, standardized format is required in connection with Madrid Protocol applications means there will be fewer rejections of the applications at trademark offices abroad. At least in the initial stages of the process, foreign counsel may not be needed, though early advice of foreign counsel may still at times be desirable to reduce the likelihood of a rejection from a particular country at a later stage.<sup>10</sup>

Within two months of filing with the USPTO, the international application is sent by the USPTO to WIPO in Geneva. WIPO then distributes the international application to the previously designated countries, which may examine the application with the option to object to registration within a fixed time following the WIPO notification. In the event the Madrid application is rejected by any of the

designated countries, a response by a trademark attorney abroad will be necessary, and registration expenses will increase. The protection of what the Madrid Protocol refers to as an international registration will apply if the application is not opposed or rejected by any of the designated countries within 18 months of the WIPO notification.

An applicant can still receive an international registration even if one or more of the designated countries object to the registration. Rejection by a particular country will limit the territorial scope of the international registration but does not affect the registration as to other designated countries.

An international registration under the Madrid Protocol lasts 10 years and may be renewed for additional 10-year periods.<sup>11</sup> The applicant may later apply to extend the territorial reach of the international registration to additional member countries.<sup>12</sup>

### Maintaining the Registration

One of the key features of the Madrid Protocol's trademark registration process is that renewal of the registration, and title and name changes, are greatly simplified in comparison to what is required for individual national filings. Indeed, renewing the registration at 10-year intervals can be accomplished by a single filing with WIPO.

When a trademark is transferred or assigned, whether in a foreign country or the United States, it is usually beneficial or necessary to record that transfer. The recordation may be a prerequisite to maintaining a lawsuit in the name of the transferee or it may establish priority over subsequent bona fide purchasers without notice. There are significant benefits under the Madrid Protocol when transferring or assigning a mark. For instance, when companies are acquired, sold, or merged, only a single document need be filed to transfer the application or registration in all member countries of the Madrid Protocol.<sup>13</sup> Under the method of multiple national filings, trademark counsel must send paperwork and instructions to counsel in each country in which there is an application or registration, with attendant costs of local counsel and government filing fees in each country. Various countries have special requirements regarding the "legalization"<sup>14</sup> of documents or other formalities that affect the costs of recording transfers. For California companies, legalization—even under the simplified Hague Convention Abolishing the Requirement of Legalization of Foreign Public Documents—generally means having a document notarized locally and sending it to the California secretary of state's office for an "apostille" (certification of authenticity) to be affixed to the document. Clearly the costs

for the recordation or transfer of an international registration or application filed under the Madrid Protocol will be less than for multiple national filings. The only real restriction on transfers of a registration to a new entity is that the assignee must have an established place of business or residence in a country that is a member of the Madrid Protocol.<sup>15</sup>

### Disadvantages

The disadvantages of using the Madrid Protocol for international trademark protection must be considered by companies and their counsel. There is less flexibility in a single international registration than in filing multiple national applications. This is true particularly and most significantly regarding the issue of the scope of the registration. When an application for registration is filed in the United States or abroad, the goods and services must be identified in the application. The identification cannot be indefinite or overly broad, or the USPTO will reject it. Foreign government intellectual property offices tend to permit much broader designations of goods and services than are permitted in the United States. However, the identification of goods and services in the Madrid Protocol international application must be the same as or narrower than the identification of goods and services of the trademark registration in the originating home country.<sup>16</sup>

Broader identifications become more significant abroad because foreign laws often require similarity of goods and marks in order to find trademark infringement. Broad identifications are less important in the United States, which tends to rely more on liberal interpretations of trademark law through the general concepts embodied in Sections 32 and 43(a) of the Lanham Act. For example, Section 32 of the Lanham Act provides for a civil trademark infringement action when there is use in commerce of "any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale...of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive..."<sup>17</sup> Thus, a showing that the goods at issue are similar is not necessary to sustain a claim for infringement in the United States if there is a likelihood of confusion.

Another drawback is that there are a number of important countries that are not currently members of the Madrid Protocol, including Canada, Mexico, Argentina, Brazil, and Chile. However, WIPO has agreed to add Spanish as a third language acceptable for document filings (French and English are the other two), and with this act there is antic-

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ipation that Spanish-speaking countries may ultimately join the Madrid Protocol. At present, it would seem that the Madrid Protocol is primarily useful for filing in countries in the Far East, particularly China, Japan, South Korea, and Singapore.

The Madrid registration is subject to what is known as a central attack. One of the basic facts about a U.S.-originated international registration under the Madrid Protocol is that the registration will be based on the underlying U.S. application or registration. If the U.S. registration fails at any time during the first five years of the international registration, the entire international registration also fails. An attack on the underlying U.S. application or registration can occur through an opposition or cancellation proceeding in the USPTO or a court. If the U.S. trademark registration is not canceled within its first five years, then the international registration takes on a life of its own, independent of the U.S. registration.<sup>18</sup> Thus, the Madrid registration remains vulnerable for only the first five years following registration, after which it becomes independent of the home country registration.

If a successful action challenging the registration is begun prior to the expiration of the five-year period, such as an opposition or cancellation proceeding, the protection from the international registration can no longer be invoked. Under the Madrid System, central attacks have occurred infrequently; anecdotally, the number of international registrations subjected to a central attack is less than 1 percent.<sup>19</sup>

If a mark is canceled in the home country, and the Madrid application fails, trademark protection may not necessarily be lost. The Madrid Protocol borrowed a concept from the EU's Community Trade Mark System that allows the applicant or registrant to "transform" the underlying home country application by filing national applications with each of the desired countries while preserving the priority resulting from the filing date of the otherwise invalid Madrid application.<sup>20</sup>

Although renewals are effected simply by paying a filing fee to WIPO, member countries may still require affidavits of use to maintain registrations. For example, the USPTO requires the filing of affidavits between the fifth and sixth year following the issuance of an extension of protection, and within six months of the 10-year anniversary of the date of the extension of protection.<sup>21</sup>

While U.S. companies have the opportunity to file trademark applications abroad under the Madrid Protocol, foreign countries may designate the United States as a country in which protection is sought. This may have a tendency to slightly increase the protec-

tion granted under U.S. laws to foreign companies that are doing business here in the United States. The protection granted by the international registration under the Madrid Protocol is the same as if the mark were registered in the USPTO.<sup>22</sup>

### Domestic Searches

Even for those not contemplating registration abroad, the Madrid Protocol has consequences for companies that are only interested in using their trademarks in the United States. Because of the advantages provided under the Madrid Protocol, potential users of a mark may be vulnerable to hidden rights that may not immediately appear in trademark searches.

For example, a company that files an application in a country other than the United States may file an application to register the mark in the United States within six months of the filing date in the other country. A current domestic search will not uncover the use of the mark in the country abroad, yet the use may establish a priority over a subsequent use in the United States. This so-called blind spot results from the Paris Convention, which preserves the filing date of an applicant's home country filing for up to six months for the purpose of establishing priority for a filing in a member country.<sup>23</sup> The Madrid Protocol may extend the time period of this blind spot because an international application may be filed that might not appear in a search for two or more months beyond the six months provided by the Paris Convention.<sup>24</sup> However, Madrid System filings are now commonly shown on comprehensive trademark search reports. Follow-up searches for Madrid filings are possible, though not always practical on a regular basis.

While a Madrid registration that is applicable outside the United States may be extended to the United States, the priority of the registration in the United States is not likely to be effective until after the extension is sought. Thus, it is not likely to have a significant effect on domestic trademark rights.

The Madrid Protocol is a new tool in the hands of the U.S. trademark lawyer to evaluate the best route to obtaining trademark protection in countries outside the United States. While not perfect, the Madrid Protocol provides a system for a lower-cost method of obtaining trademark protection in many markets around the world, enhancing the ability of companies in the United States to do business abroad in selective territories on a more cost-effective basis.

Not every foreign application may warrant a Madrid filing. Discussion with trademark counsel may be helpful in determining an optimal approach to foreign filing that will

balance the issues of cost, registration, and protection. ■

<sup>1</sup> The Lanham Act, 15 U.S.C. §1123(a). This statute is commonly used to stop infringement of unregistered trademarks or common law marks in the United States as "false designations of origin" affecting interstate commerce.

<sup>2</sup> Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, Adopted at Madrid on June 28, 1989 [hereinafter Madrid Protocol], available at [http://www.wipo.int/madrid/en/legal\\_texts/madrid\\_protocol.htm](http://www.wipo.int/madrid/en/legal_texts/madrid_protocol.htm)

<sup>3</sup> 116 Stat. 1761, Pub. L. No. 107273 (Nov. 2, 2002).

<sup>4</sup> The Madrid Protocol Implementation Act, 116 Stat. 1913, Pub. L. No. 107-273 (2002).

<sup>5</sup> 68 Fed. Reg. 187 (Sept. 26, 2003).

<sup>6</sup> See Madrid Protocol, *supra* note 2, art. 2, §1(i).

<sup>7</sup> For a list of contracting parties, see <http://www.wipo.int/treaties/index.html>.

<sup>8</sup> See Frits Mutsaerts, *The Community Trademark*, LOS ANGELES LAWYER, Sept. 1996, at 17.

<sup>9</sup> These filings will take place on the TEAS Web page of the U.S. Patent and Trademark Office. 37 C.F.R. §7.11(a); <http://eetas.uspto.gov>.

<sup>10</sup> A calculator for determining filing fees can be found on the WIPO website at <http://www.wipo.int>.

<sup>11</sup> Madrid Protocol, *supra* note 2, art. 6(1): "Registration of a mark at the International Bureau is effected for ten years, with the possibility of renewal under the conditions specified in Article 7."

<sup>12</sup> Madrid Protocol, *supra* note 2, art. 3ter(2).

<sup>13</sup> *Id.*, art. 9, art. 9bis.

<sup>14</sup> Legalization is the process of authenticating documents and their execution in international transactions. When the country in which the document needs to be filed is not a member country of the Hague Convention Abolishing the Requirement of Legalization of Foreign Public Documents, the process may be complex: The county clerk authenticates the notary certificate, the California secretary of state authenticates the county clerk certificate, the U.S. State Department attests to the secretary of state authentication, and the embassy of the country in which the document is to be used approves the U.S. secretary of state authentication. See <http://travel.state.gov/authentication.html>.

<sup>15</sup> See Madrid Protocol, *supra* note 2, art. 9bis, art. 2(1).

<sup>16</sup> 37 C.F.R. §7.11. This regulation specifies as one of the requirements for an international application originating from the United States "(7) A list of the goods and/or service that is identical to or narrower than the list of goods and/or service in each claimed basic application or registration and classified according to the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks."

<sup>17</sup> 15 U.S.C. §1114 (1988).

<sup>18</sup> Madrid Protocol, *supra* note 2, art. 6.

<sup>19</sup> WIPO, PROTECTING YOUR TRADEMARK ABROAD: 20 QUESTIONS ABOUT THE MADRID PROTOCOL: "In 2000, nearly 23,000 international registrations were effected; during the same period, only 140 international registrations were canceled (in whole or in part) as a result of central attack."

<sup>20</sup> Madrid Protocol, *supra* note 2, art. 9 quinquies; 37 C.F.R. §7.31(a).

<sup>21</sup> 15 U.S.C. §1141k.

<sup>22</sup> Madrid Protocol, *supra* note 2, art. 4(1)(a).

<sup>23</sup> 21 U.S.T. 1583, 15 U.S.C. §1126(d).

<sup>24</sup> Article 3(4) of the Madrid Protocol requires that the International Bureau accord a date when the international application was received in the office of origin if it is received by the International Bureau within two months of that date.



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