

# Intellectual Property

## Trademark Law

### International Agreements

#### Pitfalls of Migration to the Madrid System



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The Madrid system for the international registration of marks (“Madrid System”) is the primary international system for facilitating the registration of marks in jurisdictions around the world. The Madrid System permits the filing, registration, and maintenance of trademark rights in more than one jurisdiction, provided that the target jurisdiction is a party to the system. The Madrid System is administered by the International Bureau of the World Intellectual Property Organization (“WIPO”) in Geneva, Switzerland. The United States joined the Madrid System in 2003.

The Madrid System was created in 1991, and, as of 2011, 85 countries have joined (called “Member States”). Generally speaking, most of Asia and Eurasia are part of this system. No country has left this system, and most countries around the world are contemplating joining the agreement.<sup>1</sup> Since accession is slow but continuous, it is reasonable to expect that one day most countries around the world will be member states.

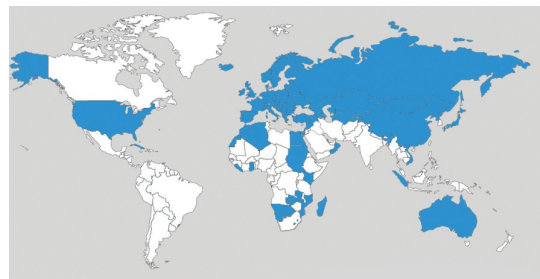


Figure 1. Countries Part of Madrid Agreement as of 2011

#### Before Madrid

Before 2003, attorneys seeking to protect their client’s marks abroad had to rely on a network of foreign associates, each an expert in their own individual jurisdictions. Trade associations like the International Trademark Association (INTA) helped attorneys build this needed network of valuable foreign contacts. Attorneys would file locally with the U. S. Patent and Trademark Office (“USPTO”) (shown by the vertical white arrow in Figure 2), and had to rely on a foreign associate for help abroad (angled white arrow). There was no direct contact between the U.S. attorney and the foreign offices.

For example, if a trademark was needed in Brazil, the U.S. Attorney contacted a Brazilian attorney who coordinated the work, supervised the filing, set up any power of attorney, and reported back to the U.S. attorney. Very often, the price of the service was not discovered until the final invoice was sent back to the U.S. attorney and relayed to the client. This process, therefore, required concurrent work by two attorneys, the first in the United States and the second abroad, and clients were often unable to understand why fees were billed by two attorneys to work on the same file.

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Other problems associated with this long distance prosecution included (a) the issuance of registrations around the world with different scopes of goods and services, (b) the grant of certificates of registrations with different issuance/renewal dates, (c) translation problems, and (d) the sale of only a portion of goods in different countries creating use-based collateral attacks on the marks.

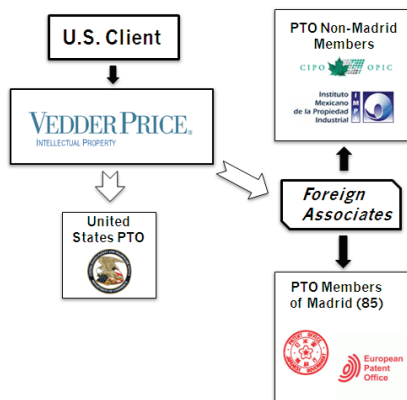


Figure 2. Pre-Madrid International Filing Process

### Since Madrid

Since joining Madrid in 2003,<sup>2</sup> it has taken some time for the USPTO to function effectively with the Madrid System. While growing pains were expected, at this stage, it is still necessary to take careful corrective precautions. For example, the computer interface has been known to reject filings because of inconsistencies between the USPTO's accepted description of goods and those entered by the Applicant in a design mark upon filing.

Figure 3 illustrates the role of the USPTO as certification bureau in relation to the Madrid application process.

Although the system remains unchanged when seeking a trademark registration in a country that is not a Madrid Member State, where the country sought is a member, a U.S. attorney can instruct the USPTO to send an international application to WIPO. Filings of international applications and subsequent national phase designations are possible, but highly complex at WIPO. There is no online filing, and examiners are not easily accessible. Compared to the WIPO system, the USPTO, while imperfect, acts as a comprehensive and efficient receiving office. The USPTO interface allows for the subsequent designation, and payment of any fee using existing customer numbers.<sup>3</sup> The authors believe we are in a difficult transition period and ultimately, the old way of working directly with foreign associates will become obsolete. In the meantime, attorneys must decide, based on the list of countries where protection is needed, if the use of two systems for a single mark is worth the investment.

### Problems of Using Madrid in this Transitory Era

Before we discuss the disadvantages of using the Madrid System, we must remind U.S. practitioners of the advantages associated with using this new system. First and foremost, clients can save up to half of the legal fees. For any given application that ultimately encounters no real opposition abroad, often a majority of the applications, registration certificates are received directly by mail from each of the foreign offices for the cost of a payment of a simple filing fee at the uspto.gov website. Renewal of the marks attached to the Madrid Registration is as easy as paying a fee on the 10<sup>th</sup> year anniversary and thus eliminates the need to coordinate with multiple foreign associates in the renewal process.

Clients also do not need to seek protection in jurisdictions where trade is not sufficient to justify protection. As trade grows, so can the protection coverage. This prevents costly preemptive filings in countries where protection was believed to be needed but where market realities dictated otherwise. The interface of the Madrid System keeps track of the entire portfolio at a glance, and by holding an international registration, notice is given to potential uses or related marks. There are a couple of problematic areas practitioners should be made aware of, however:

#### – U.S. Examiners Refuse to Align Recitations of Goods and Services to Foreign Needs

U.S. trademark examiners often feel unconstrained by foreign prosecution and amend recitations of goods until they are satisfied. Examiners are given great latitude to modify recitations and will rarely be limited by existing marks, other prosecutions, or external factors. When a pending application is designated for international registration, the recitation is immediately sent to Madrid before the U.S. examiner has reviewed the parent application as part of the ongoing prosecution. A subsequent change may have burdensome repercussions on the prosecution of foreign equivalents and the international registration. In one example, the International Bureau did not like the term “windbreaker,” as part of a description of clothing goods and asked the applicant to replace that term with “windcheaters,” a synonym. The next year, in an effort to anticipate this problem, the same applicant filed a new application, and used the term “windcheaters” in the United States instead of “windbreakers” in the basic application. The U.S. examiner refused to enter “windcheaters” as part of the description, a term that would have been accepted if a U.K. mark was simply nationalized in the United States. It is simply not possible to import foreign accepted words directly into the U.S. description. Thus, inconsistencies in the description of goods/services are introduced by slight language differences.

Practice tip #1: A practitioner would be wiser to use in this example the words “windbreaker/windcheaters” as part of the original description. The use of synonyms is acceptable to the trademark office as long as both synonyms are offered.

If a U.S. trademark examiner changes the description of goods after the international application has been sent to the international bureau, unless action is taken quickly to align the domestic and foreign description, such as by filing an amendment to the international application, the International Bureau will issue the registration with a recitation that differs from the U.S. registration, and will send to the designated countries the recitation that is misaligned with the root application. The Madrid System does not allow for national registrations attached thereto to differ (except with the selection of only a portion of the goods/services of the International Registration). To maintain the advantages of the Madrid System, applicants will then be forced to revise foreign registrations, and will have to cancel a portion of the international registration after issuance and once national foreign stages have begun or be forced to detach the national registration of the initial goods are kept.

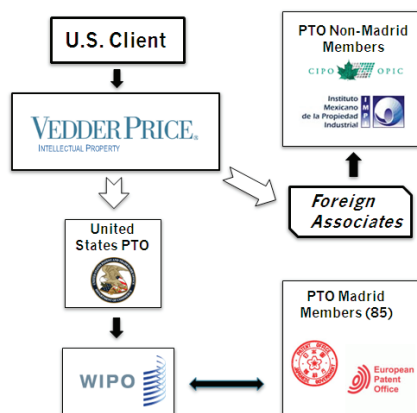


Figure 3. Filing Process After Madrid

Practice tip #2: When possible, file for international protection after the domestic trademark has been fully registered. When filing for protection of a pending U.S. application, file for international protection on the latest day possible, namely on the six month anniversary of the filing if priority is needed. It may be beneficial to wait until the goods and services have been examined before filing for the international application even if the priority claim is lost, despite the dangers involved with this tactic.

Practice tip #3: When filing a U.S. application for immediate international filing, include as many known synonyms as possible for terms. It is always easier to cancel portions of an international registration than to add to it. In the above example, both examiners have no problems with applications including both windbreakers and windcheaters.

Practice tip #4: International applications can easily be based on several U.S. filings. There is no reason to file a multi-class application when several single class applications can be filed. In case one single class application encounters problems, only that portion of the international application will be up for cancellation.

**– Docketing is a Nightmare, Get Used to It**

When filing an international application, often several countries are designated for national phase entry. It is impossible to provide the USPTO with several docket/internal numbers each associated with the different national designations. The online USPTO interface allows for the entry of a single docket reference number. This number is sent to WIPO, which in turn sends the number along to every national phase entry.

As a result, every correspondence from every country arrives to a firm's docket system under the same number, and this can be very confusing for even the best clerks. Foreign correspondence from Japan, Australia, Russia, and WIPO arrive directly under a single number. It is not uncommon to receive the same document from the foreign trademark offices, and weeks later to receive the same document under a WIPO cover letter. The management of documents becomes central to any Madrid System filing.

Practice tip #5: Do not give a docket reference number at the time of filing when multiple countries are designated. Instead, simply enter the name of the client along with the mark as the docket reference number. This will force the docket clerks to identify the right folder for each document as it arrives.

Practice tip #6: The filing of trademark applications around the world is a complex process. As part of the process, a docket clerk will receive and decipher office actions written in many different foreign languages. Make sure the docket employee is ready to dispatch to your office the documents as they arrive for analysis. Attorneys should be involved in the docketing process.

**– Don't be Cheap, Foreign Prosecution Requires Local Counsel**

It is unwise to think that foreign trademark prosecution can be conducted from the United States and without the help of foreign attorneys. Although the Madrid System allows U.S. attorneys to file abroad directly without the need for a local counsel, and your client will save the fees associated with the filing, you should not expect the client to save on the actual prosecution of the foreign applications. With the exception of cases where a Certificate of Registration is issued and received by mail, any prosecution should be conducted with local attorneys as issues arise.

Practice tip #7: When filing under the Madrid System for an international registration, it is advisable to send a copy of the filing to a foreign associate to monitor and appear as attorney of record if possible. This prevents any problem with misplaced documents or the desire of a trademark office to reach out directly to the applicant for information.

**– Be Careful in Europe**

European applications encounter more prosecution problems as they must clear several languages and the marks are used in multiple jurisdictions. Registration in Europe often requires

independent prosecution, and it is important to note that while both the Office for Harmonization in the Internal Market's Community Trade Mark system ("CTM"), and most European countries, are member states of the Madrid System, the choice of selected protection in the CTM should be a careful cost/benefit analysis. The selection of coverage in the CTM using the Madrid System's interface may be misleadingly simple and careful consideration must be given to the selection of this member state. For example, if a client does not plan to use a mark in all of the CTM states, carefully evaluate the risk of potential interference of your client's mark with marks already registered in these jurisdictions; it is often costly to have to exclude territorial protection in a country like Greece at the OHMI only once the mark has already been rejected or opposed.

### Conclusion

Associate fees for preparing and filing under the Madrid System may be significantly higher than when preparing and filing a domestic application in part to offset for any potential pitfalls. When the system works well, the rewards are amazing: certificates of registration are received by mail from around the world for the cost of filing with the USPTO. However, when a problem arises, it is not uncommon to spend one to two full days of both domestic and foreign counsel's time to fix a problem that otherwise would require minutes when relying on a foreign counsel well-versed in the specific issues at hand. Though the system is in its infancy and there are still many problems that must be evaluated by domestic counsel wishing to offer this route to clients, the Madrid System is a cost efficient tool here to stay.

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<sup>1</sup>The Canadian Intellectual Property Office, admits: "Canada is the only developed country not yet party to [Madrid]." ([www.ic.gc.ca](http://www.ic.gc.ca)).

<sup>2</sup>While the USPTO officially joined the Madrid Agreement in November of 2003, the system became available to practitioners almost one year later. The author has recently encountered the same problem with the Israeli Trademark Office, who joined in mid 2010, yet filing was not available at that time. Local offices seem to take up to two years to properly implement this protocol and we would advise retaining local help at this early stage.

<sup>3</sup>With the exception of the second phase payment of a Japanese application fee.