

Comments on some statements about the Madrid Protocol and its impact on acceding countries

- Introduction
- Statements on the legal effects
 - Violates sovereignty.
 - Affects due process by prohibiting domestic republication of registrations.
 - Discriminates against domestic applicants.
 - It is a house of cards due to central attack.
 - Imposes positive administrative silence.
 - Introduces a parallel procedure.
- Statements about the effects on the economy:
 - Absence of relevant trading partners.
 - Benefits only large multinational corporations.
 - All applications by non-residents will be submitted under the Madrid Protocol, the domestic legal practice will be adversely affected.
- Statements on management effects.
 - Disproportionate increase in the number of applications.
 - Avalanche of designations in existing international registrations.
 - Invasion of applications by non-residents.
 - Inability to handle applications due to language requirements.
 - Loss of income.

Introduction

1. The Madrid Protocol establishes a global system to request, obtain and manage trademark protection
 - The Madrid Protocol facilitates the protection of trademarks in export markets through a simple, efficient and cost effective procedure for:
 - requesting protection
 - centrally managing the rights obtained
2. The scope of the Madrid Protocol
 - The Madrid Protocol is a purely procedural treaty, it DOES NOT determine:
 - the conditions for trademark protection in its Contracting Parties;
 - the procedure to be followed by the Offices of its Contracting Parties when deciding whether a mark should be protected or not;
 - the rights resulting from such protection in each Contracting Party.
 - All these matters are regulated by the national or regional laws of each Contracting Party.

Statements on the legal effects

3. *"The Madrid Protocol violates national sovereignty, automatically granting protection in its Contracting Parties to the marks in the International Register: the national or regional Office will forfeit its prerogatives."*
 - The Madrid Protocol does not violate national sovereignty.

- The Madrid Protocol does not contain any provisions regarding the procedures for obtaining protection in each of its Contracting Parties.
 - The Madrid Protocol does not contain substantive provisions regarding the conditions for obtaining such protection, the grounds for refusal or the eventual scope of the rights obtained in its Contracting Parties.
 - The international registration of a mark in the International Register, *per se*, confers no rights.
 - The Madrid Protocol only provides an alternative procedure to file for protection in its Contracting Parties.
 - Contracting Parties grant such protection according to their respective legislations.
 - Under Article 4(1)(a) of the Madrid Protocol, from the date of the international registration or the subsequent designation, as the case may be, this has the same effect as if the mark had been deposited direct with the Office of the Contracting Party concerned. It has the same effect as a domestic application.
 - According to Article 5(1) of the Protocol, the national or regional Office shall have absolute discretion to grant or refuse protection pursuant to its national or regional laws, regulations and practices.
 - Moreover, the national or regional Office may also determine the effects, if any, that certain inscriptions in the international register have in a designated Contracting Party; such is the case with licenses, limitations and changes in ownership.
4. *"The Madrid Protocol violates national sovereignty by allowing the Assembly of the Madrid Union Protocol to amend it without the approval of the national parliament."*
- The Madrid Protocol does not violate national sovereignty.
 - The Madrid Protocol provides for the amendment of Articles 9*sexies*(1)(b), 10, 11, 12 and 13 of the Madrid Protocol.
 - Article 9*sexies*(1)(b) regulates relations between states party to the Madrid Agreement and to the Madrid Protocol.
 - Article 13 of the Madrid Protocol provides that the Madrid Union is able to amend:
 - Article 10, which provides for the functions of the Assembly (4/5 quorum);
 - Article 11, which establishes the functions of the International Bureau (3/4);
 - Article 12, which regulates the finances of the Madrid Union (3/4) and,
 - Article 13, which governs the mechanisms for modifying the preceding articles (4/5).
 - These amendments would enter into force one month following the deposit of the instrument of acceptance of $\frac{3}{4}$ of the Contracting Parties of the Madrid Protocol.
 - Under principles of international law, a treaty may contain provisions for its own amendment.

- Article 39.1) of the Vienna Convention on the Law of Treaties of 1969 and 1986:
"A treaty may be amended by agreement between the parties. The rules laid down in Part II apply to such an agreement except insofar as the treaty may otherwise provide."
 - Even the Charter of the United Nations has provisions for its own amendment. Article 108 of the Charter of the United Nations:
"Amendments to the present Charter shall come into force for all Members of the United Nations when they have been adopted by a vote of two thirds of the members of the General Assembly and ratified in accordance with their respective constitutional processes by two thirds of the Members of the United Nations, including all the permanent members of the Security Council."
5. *"The protocol violates due process by prohibiting the publication of an international registration in the designated Contracting Parties."*
- The Madrid Protocol does not infringe due process.
 - The Madrid Protocol does not prohibit the republication of international registrations in the territory of the designated contracting parties.
 - Several Contracting Parties republish, by various means, the particulars of international registrations in which they have been designated.
 - The Madrid Protocol prohibits only that the Contracting Party requires that the holder of the international registration comply with this requirement.
6. *"The Madrid Protocol discriminates against domestic applicants and favors foreign applicants by limiting the grounds for refusal"*
- The Madrid Protocol contains neither substantive provisions nor grounds for refusal.
 - The Madrid Protocol only states that the grounds for refusal of a mark which is the subject of an international registration shall be limited to those grounds which would apply, under the Paris Convention, to a mark filed direct before the Office concerned.
 - The Madrid Protocol is a *special agreement for the protection of industrial property*, in accordance with Article 19 of the Paris Convention.
 - The prerequisite for constituting a particular agreement under the aforesaid article is that such an agreement does not contravene the provisions of the Paris Convention.
 - The Madrid Protocol is actually stating that the grounds for refusal to a mark which is the subject of a designation in an international registration shall be the same as those which would apply to a mark in a domestic application. The principle of equal treatment prevails.
 - To state that the reference to the Paris Convention contained in the Madrid Protocol would somehow limit the grounds for refusal applicable to designations under the this treaty would be equivalent to admit that the national or regional law provides for grounds for refusal which directly contravene the Paris Convention.

7. *"The Madrid Protocol is discriminatory to nationals by providing an additional route only to foreigners."*
- The Madrid Protocol makes no distinction based on nationality.
 - The Madrid Protocol provides an additional and optional route to request trademark protection in its Contracting Parties.
 - Any natural or legal person, who has a connection with a Contracting Party to the Madrid Protocol (establishment, domicile or nationality) and has a registered trademark or a request for registration in the Office of such Contracting Party, is entitled to file an international application.
 - For instance, there are several marks in the International Register whose holders are persons who have an address in which are not members to the Madrid Protocol, but have claimed as entitlement being domiciled or having a commercial establishment in a Contracting Party of this treaty.
 - However, the Protocol is what is known as a closed treaty i.e., it can only be used by those who have a connection with one of its Contracting Parties.
 - Therefore, when a country is not party to the Madrid Protocol, most of its citizens cannot benefit from it.
8. *"The International Registry is a house of cards; 'central attack' can destroy the validity of the international registration in all designated Contracting Parties: holders will waste time and money."*
- The impact of the so-called central attack is rather limited.
 - Between July and December 2010, 24 offices undertook an exercise and reported sending 1,240 notifications of ceasing of effects; only 215 of those were the result of a third party action and are presumed to have been a so-called 'central attack'.
 - In the same period, these Offices sent 14,104 international applications.
 - The principle of dependence leaves intact the principle of territoriality of trademark rights conferred in each of the designated Contracting Parties (Article 6 of the Paris Convention), since, following a cancellation due to the ceasing of effect of the basic mark, each designation may be transformed into a national or regional application, preserving acquired rights (Art. 9^{quinquies} the Protocol).
9. *"The Madrid Protocol imposes the principle of 'positive administrative silence' where protection to a mark which is the subject of an international registration is not refused in a designated Contracting Party."*
- The Madrid Protocol does not set any time-limit for the Offices of the designated Contracting Parties to finally resolve on the scope of protection of a designation. This time-limit, if any, shall be stipulated by the national or regional applicable legislation.
 - The Madrid Protocol establishes a time-limit by which the Office shall notify its first action, in the form of a notification of provisional refusal, as a result of having:

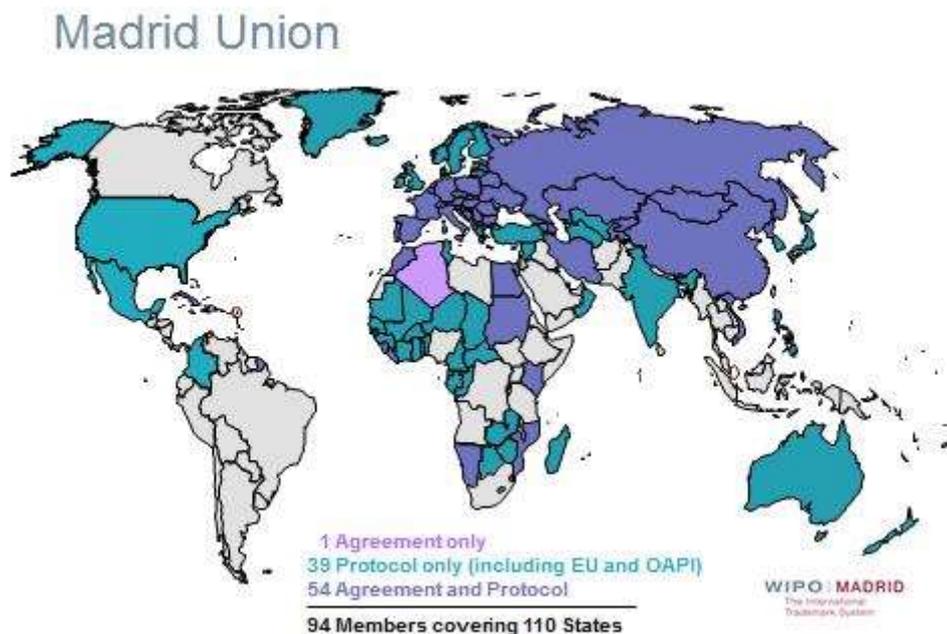
- (i) detected the absence of a particular requirement during the examination, which may be remedied;
- (ii) received an opposition to which the holder may file a response, or ,
- (iii) reached a preliminary decision to refuse protection, following substantive examination, which is subject to a revision or appeal.

- The Madrid Protocol envisages the principle of tacit acceptance, where the Office does not notify its first action before the expiry of the applicable refusal period.
 - The period to provisionally refuse protection to a mark which is the subject of an international registration is 12 months. The Contracting Parties may extend this period to 18 months and to over 18 months, in case of opposition.
 - The Office is deemed to have tacitly granted protection to the mark in question if a notification of provisional refusal is not sent by the Office before the expiry of the refusal period.
 - The foregoing is without prejudice to declare, in accordance with the national or regional law, the invalidation of such protection.
 - Most Offices, under their national or regional laws, have deadlines which are stricter than those provided for in the Madrid Protocol. For such Offices, the principle of tacit acceptance is virtually inapplicable.
 - As of January 1, 2011, the Offices of the Contracting Parties to the Madrid Protocol are required to submit a statement of grant of protection, before the expiry of the applicable refusal period, provided that they have not previously sent notification of provisional refusal.
 - The vast majority of Offices of Contracting Parties to the Madrid Protocol, pursuant to the provisions established in their national or regional legislation, regularly send statements of grant of protection or notifications of provisional refusal well before the expiry of the applicable refusal period.
 - In 2014, there were a total of 342,608 designations. In the same year, the International Bureau received 229,943 statements of grant of protection, 97,954 notifications or provisional refusal and 68,341 final decisions.
10. *"The Madrid Protocol introduces a procedure parallel to that provided for in the national or regional legislation, violating the principle that a right can only be obtained by a single procedure."*
- The Madrid Protocol does not introduce a parallel procedure for obtaining protection for a mark. The procedure for obtaining rights, the authority granting such rights and their scope are defined by the national or regional applicable law.
 - The Madrid Protocol only provides an additional and optional path to seek protection in its Contracting Parties

Economic Effects

11. "Accession to the Madrid Protocol would not result in any economic benefit; our main trading partners are not members to the Madrid Protocol"

- Madrid Union – Members:



- The Madrid Union has 94 Members covering 110 States.
- The Madrid System is in clear and rapid expansion and it has consolidated its standing as the global trademark system.
- Since 2010, the Madrid Protocol has expanded its geographical coverage by 29 States: Colombia, India, Israel, Kazakhstan, Mexico, New Zealand, OAPI (17 Member States), the Philippines, Sudan, Tajikistan, Tunisia, Rwanda and Zimbabwe.
- Several accessions to the Madrid Protocol are expected in the following years.
- In 2012, the Members of the Madrid Union already accounted for over 80 per cent of global trade.
- With recent accessions and more accessions to come, that percentage will only increase.

12. *"Accession to the Madrid Protocol will only benefit foreign enterprises and large corporations. Medium and small domestic companies will not be able to benefit from this treaty."*
- Almost 80 per cent of holders of international registrations have small portfolios of 1 or 2 international registrations.
 - Almost 17 per cent of holders have medium size portfolios of three to ten international registrations.
13. *"All applications by non-residents will be submitted exclusively through the Madrid System; the domestic legal practice will be adversely affected."*
- The Madrid system is not concerned with applications filed by residents. These still need to be filed direct before the national Office.
 - The Madrid Protocol changes neither trademark prosecution nor trademark litigation. Such remain the same, including any requirement for legal representation before the Office.
 - Not all applications by non-residents will be filed as designations under the Madrid Protocol.
 - The Madrid Protocol is positioned as an alternative to the domestic application process; however, it is not an ideal substitute to this process in all cases.
 - Statistical evidence suggests that the impact on applications filed by non-residents is moderate.
 - Statistical evidence suggests that the percentage of designations made by non-residents under the Madrid system represents around 30 per cent of the total number of requests for protection filed by non-residents.

Effects in the administration

14. *"Accession to the Madrid Protocol will result in a disproportionate increase in the number of applications submitted to the National Office: the National Register will collapse."*
- There won't be a disproportionate increase in the number of applications submitted to the national or regional Office.
 - With regard to the total number of trademark applications, evidence suggests that there are no significant changes in the prevailing trends following an accession to the Madrid Protocol.
 - In the case of Australia, Korea, Singapore, Turkey and the United States, an increasing trend in the total number of applications continued with similar intensity following their accession to the Madrid Protocol.
 - In the case of Ireland, Japan and the UK, a trend of little or no growth remained.
 - Consequently, there is no statistical evidence which would suggest that there will be a disproportionate increase in the total number of applications handled by the Office following an accession to the Madrid Protocol.
15. *"The Madrid Protocol allows for the subsequent designation of new Contracting Parties with respect to any of the existing international registrations. This will result in an 'avalanche' of subsequent designations."*
- There won't be an "avalanche" of subsequent designations.
 - The evidence suggests that the effect of subsequent designation with respect to new Contracting Parties is limited.
 - This is the case in respect of Australia (12% of all designations in 11 years), Japan (11% - 12 years), Korea (15% - 9 years), Singapore (13% - 12 years), Turkey (15% - 14 years) and the United States of America (10% - 8 years).
 - Most designations are made in the international application or at the time of the renewal of an international registration, because subsequent designations do not have an independent period of validity.
 - The statistical evidence does not support the assertion that there will be an avalanche of designations following accession to the Madrid Protocol.
16. *"Accession to the Madrid Protocol will result in an 'invasion' of applications submitted by non-residents."*
- There won't be an "invasion" of so-called foreign applications.
 - The share of applications filed by non-residents with respect to the total number trademark applications does not significantly changes following accession to the Madrid Protocol.
 - In some cases, such as Ireland, Turkey and the UK, said percentage was lower.

- The statistical evidence does not support the assertion that there will be an invasion of applications submitted by non-residents as a result of accession to the Madrid Protocol.
17. *"The national office is not qualified nor have the resources to deal with international applications in various languages."*
- Under the Madrid Protocol, a national or regional Office may choose to work in English, French or Spanish.
 - The national or regional Office can establish that any international application be filed with the Office only in one of the aforesaid three languages.
 - Also, the national or regional Office may notify the International Bureau of WIPO that all communication between the two institutions shall be conducted in only one of the aforesaid three languages.
18. *"The National Office will no longer collect revenues for designations made in international applications under the Madrid Protocol."*
- The national or regional Office will continue to collect revenues resulting from designations made in international applications under the Madrid Protocol.
 - Article 8.7) a) of the Protocol provides for the possibility that each Contracting Party declares for an individual rates.
 - The amounts of the individual fee are established by each Contracting Party, but shall not exceed the amount corresponding to a domestic application for a ten-year registration or for the renewal of the resulting registration.
 - 43 Contracting Parties receive individual fees each time they are designated in an international application and each time the resulting international registration is renewed.
 - Between 2005 and 2010, the International Bureau of WIPO distributed more than 879 million Swiss francs in fees collected on behalf of the designated Contracting Parties.

[END OF DOCUMENT]