



MARQUES' Review of the Norwegian Proposal: Should the basic mark requirement be abolished in the Madrid System?

About MARQUES

MARQUES is the Association of European Trade Mark Owners, representing the trade mark owners' interests worldwide in the protection, utilization and enforcement of trademarks, as well as of designs and the other relevant IP rights, as essential elements of commerce. Founded and incorporated in the United Kingdom as a not for profit company limited by guarantee, **MARQUES** has no shareholders, issues no dividends and its directors are expressly prohibited from being paid for their services. Its current membership of trade mark owners and IP professionals and legal practitioners representing trade mark owners is in excess of 750 corporate members in 84 countries. Membership crosses all industry lines. The trade mark owners represented in the Association together own more than two million trademarks which are relied upon by consumers as signposts of genuine goods and services.

An important objective of **MARQUES** is to safeguard the interests of the public by ensuring the proper protection of trademarks and of any IP rights in general, and to safeguard the interests of IPR proprietors with regard to the regime of IPR protection. **MARQUES** attempts to achieve this objective by advancing the cause of the trade mark and IPR laws which protect the public from deception and confusion.

MARQUES is an official non-governmental observer at WIPO - World Intellectual Property Organisation.

1. Historical Background to the Norwegian Proposal to Abolish the Basic Registration Requirement

1.1. Historic Origin of the Basic Registration Requirement

The basic registration requirement originates from the historic fact that in the 1930's numerous countries¹ required that foreigners had to have a registration in their countries of origin in order to qualify for a registration in these respective countries². This first registration requirement in the country of origin of the

¹ Austria, Brazil, Danzig, Denmark, Estonia, Finland, Greece, Guatemala, Honduras, Panama, Paraguay, Sweden, the United States and Uruguay.

² Stephen P. LADAS: The International Protection of Industrial Property, 1930, p. 477.

trademark owner was possible at the time because Article 6 of the Paris Convention (PC)³ did not, at that time, exclude such discrimination of foreign applicants.⁴

It was this historic home country trademark registration requirement for foreign applicants in the 1930s that led to the implementation of the basic registration requirement in the Madrid System. If the current form of Article 6 of the PC was in existence at that time, it must be assumed that the basic registration requirement would not have been introduced into the Madrid System.⁵ Interestingly, in 1930 it was assumed that the problematic adoption of the basic registration requirement for trademarks in the Madrid Agreement could still be positively affected – and possibly changed later on – because of the influence of the adoption of the opposite principle, i.e. the possibility of direct deposits, in the Hague Agreement Concerning the International Registration of Industrial Designs.

1.2. Historic Attempts to Abolish the Basic Registration Requirement

The abolishment of the requirement of a basic application or registration with the office of the country of origin was previously discussed in the 1970s. The content of the proposal of the Norwegian Industrial Property Office (the “Norwegian Proposal”) was embodied in the so called Trademark Registration Treaty (“TRT”) of 1973. The TRT established a multilateral trademark filing arrangement for residents or nationals of its member countries with easier procedures for securing, administering and maintaining national trademark registration rights in other countries by filing a single international application, securing a single international registration and maintaining a record of such rights on a central international register.

The TRT was adopted in Vienna in 1973 and became effective in 1980 with only five contracting states, namely, Burkina Faso, Congo, Gabon, Soviet Union and Togo. In the absence of more accessions to the TRT and the low number of registrations since its inception, the TRT was never accepted by the worldwide community.

1.3. Comparison to the Hague System for International Design Registrations

The system for international registration of industrial designs is based on the Hague Agreement Concerning the International Registration of Industrial Designs (also referred to as the “Hague System”). The Hague System offers the possibility of obtaining protection for industrial designs in several Contracting Parties by means of a single international application filed with the World Intellectual Property Organisation (“WIPO”), without the need for a basic registration. Thus under this system, one international application replaces a whole series of applications which would otherwise have to be filed with different national offices.⁶

³ Paris Convention for the Protection of Industrial Property of March 20, 1883.

⁴ Article 6 PC was amended a long time ago and reads now as follows: “*However, an application for the registration of a mark filed by a national of a country of the Union in any country of the Union may not be refused, nor may a registration be invalidated, on the ground that filing, registration, or renewal, has not been effected in the country of origin*”.

⁵ See Stephen P. LADAS: The International Protection of Industrial Property, 1930, p. 477, 541, 611 for critical, historic explanations for the basic registration requirement.

⁶ Guide to the international registration of industrial designs under the Hague Agreement, part A, section 01.

The Hague System does not have a basic registration requirement. The system of international registration of industrial designs arose from a need for simplicity and economy. It enables design owners to obtain protection for their designs with a minimum of formality. No documentation in various languages must be filed, no different deadlines must be observed and there is no need to pay different fees in various currencies. In the WIPO guide to the international registration of industrial designs the simplicity and economy of this system is listed as “advantages of the system”⁷⁷.

2. The Current Norwegian Proposal to Abolish the Basic Mark Requirement Under the Madrid System

2.1. Current situation

A Madrid System (i.e. Madrid Agreement and Madrid Protocol) application must be based on an existing trademark application or registration in the applicant’s home country. The Madrid System application must be the same as the basic application or registration (the specification can be more restrictive but cannot be broader than the protection of the basic trademark). The application is filed at the trademark registry in the home country and is examined as to form to ensure that it qualifies for acceptance as an international application. If satisfied, the national registry then transmits the application to WIPO who also examines the application as to form and classification. If satisfied, WIPO then transmits details of the application to the national registries of the countries designated in the application. The national registries then have up to 12 or 18 months, respectively, to accept or reject the application for protection in their country.

2.2. The Norwegian Proposal

In a communication dated June 26, 2008, the Norwegian Industrial Property Office submitted a proposal with regard to several aspects of the Madrid System to the Working Group on the legal development of the Madrid System for the International Registration of Marks. One issue raised was the deletion of the requirement of a basic application or registration.⁸⁸

The abolition of the basic application/registration requirement in the current Madrid System would lead to the following additional changes:

- International applications would be filed directly with WIPO in Geneva. The current country of origin could be designated as any other country.
- The *Dependency Clause* (Article 6) would also be abolished with the consequence that the international trademark would no longer be subject to **central attack**.
- Transformation (Article 9quinquies) would also be deleted.

⁷⁷ Guide to the international registration of industrial designs under the Hague Agreement, part A, section 03.

⁸⁸ Revised proposal by Norway to the working group on the legal development of the Madrid System for the International Registration of Marks (26.06.2008).

2.3. Central Attack in the Absence of the Basic Mark Requirement

Central attack was seen as a necessary mechanism to strike a balance between the benefits made available by the Madrid Agreement to international applicants and the interests of third parties with prior rights. Since 2004 the International Bureau has been publishing statistics on total and partial cancellations of international registrations as a result of the ceasing of effect of the basic mark. The number of cancellations increased progressively from 2002 onwards. The growing number of cancellations as a result of the ceasing of effect of the basic mark is due to the expansion of the membership and use of the Madrid Protocol, as well as the growing proportion of international registrations.

However, the statistics do not allow for differentiation between cancellations owing to ceasing of effect as a result of central attack and cancellations owing to ceasing of effect for any other reason.⁹⁾ Therefore, the above mentioned statistics are not very useful at this stage to assess whether the repeal of the central attack system would be in fact prejudicial.

The following are a number of proposed alternatives¹⁰⁾ to the central attack system. For these proposals it is assumed that the requirement of a prior registration in the country of origin and the dependence of a national registration are no longer required and the mark could therefore be filed directly with WIPO. Of course it would be possible to mix the various proposals for the best solution.

- *Limited substantive examination by the International Bureau:*

The International Bureau would examine the application as to form and classification only, with substantive examination being left, in principle, to the designated countries. WIPO should only be authorized to carry out a brief examination of the mark so that it might refuse filings which were obviously unacceptable in the contracting countries. For example: a mark obviously contrary to public order or morality or falling under the prohibitions of Article 6ter of the Paris Convention).

- *Extraterritorial effect of certain decisions of refusal or cancellation by designated contracting parties:*

Under this proposal, extraterritorial effect would be given to certain decisions of refusal or cancellation issued by the national authorities of any of the designated states. Upon special request of the prevailing party, such decisions would also be effective in other designated States.

- *Ex officio examination by WIPO:*

WIPO should examine each international application to examine whether the mark was: Excluded according to Article 6ter of the Paris Convention, identical with or visually similar to a term “generally accepted as a generic term in international trade” in respect of the goods or services concerned, identical with or visually similar to an international registration of a third party for the same or similar goods or services.

⁹⁾ Working Group on the Legal Development of the Madrid System for the international registration of marks, Eighth session, Geneva, July 5, 2010: How could a mechanism of central attack be envisaged in the absence of a basic mark? Page 4, par. 10.

¹⁰⁾ Working Group on the Legal Development of the Madrid System for the international registration of marks, Eighth session, Geneva, July 5, 2010: How could a mechanism of central attack be envisaged in the absence of a basic mark? Page 10-19.

- *Examination by WIPO upon opposition:*

Under this proposal, holders of prior international registrations could oppose new international registrations, within a short time limit from the publication of the new international registration.

In summary, there are two primary options: (i) the attack would have to be brought before the authorities of a designated contracting party (decisions with extraterritorial effect) or (ii) opposition boards would have to be established at WIPO, similar to the Opposition Boards of the Office for Harmonization in the Internal Market (OHIM).

With respect to the first option it should be considered whether there is a need for the central attack to take place in any designated Contracting Party or whether forum shopping should be restricted. The second option would require the installation of new opposition boards at WIPO, with respective bureaucratic hurdles. Needless to say that any other of the above mentioned options might prove either feasible to a more or less extent, whether independently or in interoperability with each other, or impracticable, but a comprehensive impact assessment ought to be conducted to come to any conclusion.

3. Assessment of the Proposed Changes

3.1. Arguments against the Norwegian proposal

So far, apart from discussions within the WIPO working group, there has not been much open debate over the Norwegian proposal. It appears that only one users' association has commented on the Norwegian Proposal, favoring the maintenance of the current system. The few arguments in favor of the current form of the Madrid System, including the basic registration requirement, can be summarized as follows:

There is a view that the current system is better for trademark holders and the *status quo* is supported with the following arguments:

- The Madrid System, including the basic registration requirement, has worked well so far.
- The Norwegian proposal takes on a failed project, since the above-mentioned Trademark Registration Treaty ("TRT") of 1973 was never embraced by the worldwide community.
- The current balance of one filing procedure and one cancellation procedure (now limited to five years – after an initial unlimited dependency) for international trademarks strikes a fair balance between the new and prior trademark owners. Furthermore, there is the argument that European patent owners have been pushing strongly for the possibility of a central attack in the European patent system.
- Trademark owners are usually (except maybe for export markets) interested in obtaining a registration in their home countries first. One reason for this reflex may be that applicants feel they will get better information and examination by their own countrymen speaking the same language.

- With the new proposal, it is also highlighted that examination in the home country would only start after the conclusion of the (formal) examination by WIPO. The consequence is that examination in the home country would start much later than with today's system.
- Critics also expect an increase in costs if the Norwegian Proposal was adopted. They estimate, for example, that the costs of remuneration of the international appointed examiners in Geneva would be much higher than the remuneration of local examiners.

3.2. Arguments in Favor of the Norwegian Proposal and the **MARQUES'** point of view

If the cons of the Norwegian proposal outlined above are assessed in more detail, it appears that the concerns behind at least some of them may have no valid grounds. Particularly, **MARQUES** remarks that:

- With the abolition of the basic registration requirement only the date of the international application would be relevant and therefore the six month priority right provided by the Paris Convention would no longer be necessary; assuming that trademark owners will not necessarily always file first in their home country. This amendment would lead to an additional simplification of the registration process.
- In any case, the lack of a basic registration requirement does not prevent the trademark owners from first registering a national trademark in their home country. They can easily file a national trademark and then later file the international trademark, preferably within the (Paris Convention) 6 month priority deadline. Setting the advantages of the central attack for holders of prior rights aside, there is no need to make the international trademark dependant on the first filed national application that simply provides an earlier application date.
- Even if the current procedure of registration may be described as easy and working well, the abolition of the basic registration requirement would simplify the procedure of registration even more, since the international trademark is directly filed with WIPO and – if desired – the home country can be designated through the Madrid System.
- Hence, abolishing the basic registration requirement would not completely change the current filing routines of starting in a businesses' home country. But it would simplify the international trademark filing system and bring it in line with The Hague System for international designs.
- The abolition of the possibility to centrally attack an international registration would certainly shift the current balance between prior and new trademark owners in favor of the new owners. This issue should be the focal point of the discussion. The argument that trademark owners file in their home country first should not be the governing issue. Filing practice does not require a necessary link and dependency between the first national application and the international trademark administered through the Madrid System.
- Obviously, trademark owners will also still have the chance to register trademarks nationally in several countries without filing an international trademark as well. It is therefore also not logical to require a possibility for central attack or similar measure, as suggested in some of the proposed alternatives. To the contrary, the central attack is against the interests of the users of the Madrid System and can result in the

applicant filing nationally in various countries rather than filing a simple application through the Madrid System. This would obviously be more costly.

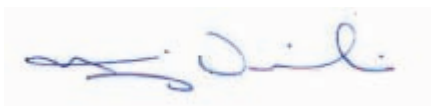
- Countries with languages using letters or characters other than the Latin letters, e.g. China, Japan and South Korea, are faced with the costly issue that for the export market, they usually have to file in Latin characters, whereas for the registration in their home country, they file in local characters. Hence, in the current system, the trademark owners in these countries need to file two different national trademarks (i.e. one in their domestic lettering and another one in Latin letters), even though they do not intend to use the trademark with Latin letters in their home country.
- In some instances, trademarks used on exported articles may be invalid under the laws of the country of origin of the trademark owner, but they may be perfectly valid under the laws of the countries for which the goods bearing these marks are destined. In such circumstances, the basic registration requirement is detrimental to an efficient use of the international trademark system.
- Finally, an analogy to the Hague System for Designs shows that there is no real need for a basic registration in the administration of international trademarks in a system such as the Madrid System concerning trademarks. The Hague System is a perfect example showing that such a simplified and inexpensive procedure is very satisfactory to the owners of intellectual property rights.

MARQUES fully supports the Norwegian proposal on the abolition of the basic mark requirement for the Madrid System and would favor the further discussion of the Norwegian proposal, as it views that the advantages of the abolition of the basic registration requirement would highly benefit the trademark protection system and the users. None of the discussed disadvantages seem to be justified or provable as such. Even more, **MARQUES** would not see a need to replace the central attack provision by any measure with similar effect.

For all of the above facts and reasons, **MARQUES** makes a respectful submission that the World Intellectual Property Organisation pursue the Norwegian proposal as a priority agenda item within the framework of the legal development of the Madrid System.

Respectfully submitted,

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