Reflections on the Indian Accession to the Madrid Protocol

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Today’s globalized economy has placed much significance on the internationalization and harmonization of trademark laws. The Madrid System for the international registration of trademarks was one such effort created to allow companies to register their trademark in several countries through one application. Though not a party to the original Madrid Agreement, India recently acceded to the Madrid Protocol Relating to the Madrid Agreement Concerning International Registration of Marks. This article traces the evolution of this Madrid System and provides a critique of the Madrid Protocol. Besides analysing the criticisms of the Madrid Agreement, the author also critically analyses the advantages and developments of the Madrid Protocol over the Madrid Agreement.

Keywords: Trademark, Madrid Protocol, Madrid Agreement

The Madrid Agreement Concerning the International Registration of Marks signed in 1891; enables trademark owners in signatory countries to secure an international trademark registration by filing one application and paying one fee. Since many nations did not accede to the Agreement, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks was drafted in 1989; its provisions intended to address the primary objections by countries like India and the United States to the Madrid Agreement. Collectively, the Agreement and the Protocol constitute the ‘Madrid System’, and are administered by the International Bureau of the World Intellectual Property Organization (WIPO).

Although not a party to the original Madrid Agreement, India recently acceded to the Madrid Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in February 2007 and the Bill for making changes necessary in the trademark law is currently pending in the Parliament. This article analyses the pros and cons of such a move. Parts I and II deal with the evolution of the Madrid System. For brevity, the criticisms of the Madrid Agreement due to which countries like India and the United States did not become a party to it and the developments that the Madrid Protocol has made over previous efforts are discussed together in these parts. In Part III, a summary of the procedures under the Madrid Protocol along with its core advantages is discussed. Part IV deals with criticisms of the Madrid Protocol, specifically highlighting the fact that the system under the Protocol may nullify its objective, under certain circumstances.


Under the Agreement, a trademark applicant seeking international protection for a mark may – instead of filing separate applications in each foreign country’s trademark office – files one international application through the applicant's home office, which then forwards the application to WIPO’s International Bureau. The applicant must be domiciled or must have ‘a real and effective industrial or commercial establishment’ in a country that is party to the Agreement. Therefore, an Indian company may not enjoy international protection under the Agreement unless it files in the name of a subsidiary corporation domiciled in a signatory country. A condition precedent to filing is that the applicant has already registered the mark in his country of origin; this home country registration is also termed as a basic registration. Thus, an international registration depends on the underlying home registration, and this relationship is referred to as ‘dependency’.

The holder of an international registration does not receive international trademark rights in all signatory nations by virtue of the international registration. On the contrary, the applicant must request trademark
rights in signatory countries on an individual basis. A ‘request for extension of ... protection’ may be made within the application for international registration itself. Subsequent to registration, a ‘request for territorial extension’ may be made in writing. Once the International Bureau notifies a national office that a party seeks trademark rights, the national office has one year in which to refuse or grant protection to the party’s mark. If the national office misses the one-year deadline for communicating its refusal, the office cannot deny protection to the party’s mark. If the office does communicate its refusal before the one-year deadline, the party may invoke any remedies available in that country to challenge the refusal. Assuming that protection is extended, a holder of an international registration receives in each designated country the same protection as that obtained filed directly with its trademark office. However, the scope of protection may differ.

The Agreement’s dependency requirement leads to several important corollaries. First, because international rights depend on a basic registration, such rights may be vitiated by invalidating a trademark owner’s basic registration. This has been denominated as the ‘central attack’. However, such a central attack is possible only in the first five years after which the international registration and basic registration in the home country become independent; a trademark owner’s international rights can no longer be summarily divested. A second corollary of dependency is that the basic registration defines the metes and bounds of the trademark protection obtainable internationally. In other words, the scope of protection granted through extensions of protection of an international registration may never exceed the correlative scope of protection granted in the basic registration.

All communications with the International Bureau, including the international application must be in French. Fees collected by national offices to handle international applications must be remitted to the International Bureau, which then divides the monies among the countries party to the Agreement. No additional fees may be charged by individual trademark offices.

Part II – Madrid Protocol: Benefits beyond the Agreement

In 1989, the Protocol was drafted to provide a more attractive international registration vehicle for countries that had not adhered to the Agreement. Importantly, the Protocol does not purport to supersede the Agreement; the systems exist in parallel. As with the Agreement, an applicant under the Protocol must file the international application with the applicant’s home office. At the same time, the Protocol differs from the Agreement in several significant respects.

No Need for Basic Registration

First, the international application is submitted to the National Office, which then forwards it to the International Bureau. In contrast to the Agreement, registration in one’s home country is not a condition precedent to filing an international application. One needs only apply for registration in one’s country. In other words, if one has filed a ‘basic application,’ one may file an international application, ultimately obtaining an international registration. Before forwarding the international application to the International Bureau, the Office of origin will have to certify that the particulars appearing in the international application correspond to the particulars appearing, at the time of the certification, in the basic application or basic registration, as the case may be.

More Time-Period for Parties to Examine the Mark as per their Domestic Law

The Bureau then examines the application for conformity with formal requirements set out in the Common Regulations. If the Bureau finds that the mark conforms to those requirements, it will register the mark in the International Register, notify both the Office of Origin and the designated Contracting Parties, send a certificate to the holder and publish the mark in its Gazette. The Contracting Parties will then have a larger window period of eighteen months in which to examine the mark under its law and communicate its refusal to extend protection to an applicant’s mark.

Transformation – An Effort to Minimize the Effect of Central Attack

Third, the Protocol mitigates the effects of central attack. As with the Agreement, the international registration remains dependent on the underlying basic application and the subsequent basic registration and dependency is time-limited, lasting five years from the date of international registration. This means that if the mark survives that five-year period, upon its expiry, the international registration becomes independent of the basic registration. However, unlike the Agreement, the Protocol
furnishes a second chance for international protection when an international registration is cancelled due to loss of rights in a party’s home country: the party may file individual applications in the national offices covered by the international registration, but retains the same priority date as the international registration. This process is termed ‘transformation,’ and the individually filed national applications are the transformed applications. When filing the transformed applications, the applicant forfeits the priority date if he attempts to enlarge the scope of protection beyond that prescribed by the cancelled international registration.31

Language

Fourth, unlike the Agreement, the Protocol has two working languages, English and French.32 This means that Indian applicants will not have to spend extra time or money to translate their basic application/registration before applying from international protection.

Fee Schedule

Finally, the fee mechanism has been modified. Generally, any international application will require a ‘basic fee’, a ‘supplementary fee’ for each class of the International Classification, beyond three, into which the goods or services to which the mark is applied will fall and a ‘complementary fee’ for any request for extension of protection in other territories.33 The interested contracting parties get a share in the supplementary and the complementary fee.34

The Protocol provides that each national office charge any amount from the applicant for international registration or from the holder of the international registration in connection with the filing of the international application or the renewal of the international registration.35 More importantly, under the Protocol, a national office may charge an ‘individual fee’ and receive the full amount of the fee that it would have charged for a national registration, or a substantial portion thereof. The fee, however, cannot be more than the fee to file an individual application in that country.36 This will thus allow members to set a fee to cover the cost of the national examination process for the request concerning an extension of territory into India.

Part III – The Procedure and the Core Benefits of the Protocol

The Procedure for an Indian business to register an international trademark under the Protocol can be summarized as follows:37

1 First, Indian businesses who seek to register internationally through the Protocol only need a single filing at the Trademarks Office, with a single application and a single set of fees, and they can do it in English.
2 After the Registrar of Trademark confirms that the application is consistent in all respects with the filing of an application in India, the international application would then go to the International Bureau of WIPO.
3 Once the international application reaches WIPO, it will obtain, as a filing date for international registration, the date on which it was filed in India.
4 WIPO then issues an international registration. The international registration itself is meaningless; it has no territory of its own. The territoriality comes with the request for an ‘extension of protection’ to a certain country. An international application must have at least one request for an extension of protection to a country, apart from the country in which the basic application was filed.
5 WIPO will publish the mark, which is the issuance of the international registration. At the same time, WIPO will send the requests for extension of protection to each of the countries requested. These requests will then be examined under national law in each requested country.
6 If there is a refusal, the country will notify WIPO. That notification will be sent to the holder of the international registration by WIPO. The holder will then have to obtain counsel or a representative in that country to further pursue the application in that country.

Once the holder of an international registration obtains an extension of protection in at least one country, the international registration is renewable every ten years from the registration date upon the payment of a fee to WIPO.38 The holder can request additional extensions of protection at any time during the life of the international registration.12 So, a trademark owner can have an international registration valid in, for example, ten countries, and during the fifth, sixth, seventh year – any period of time – that trademark owner can request extensions of protection to additional countries. Those extensions of protection do not receive their own ten-year period.12 Thus, the international registration and all its extensions of protection, regardless of when they are...
obtained, are renewable every ten years from the date of the international registration. That renewal is obtained upon the payment of a fee to WIPO.

Similarly, the procedure for requests for extension of protection coming into India under the Protocol can be summarized as follows:\(^{37}\)

1 When WIPO sends a request for extension of protection of an international registration to India, these requests will be accorded a filing date based on the international registration filing date, or, if it is a later request for extension of protection, the date of that filing.\(^ {39}\)

2 The Paris Convention\(^ {40}\) right of priority under Article 4 also applies to Madrid Protocol international applications.\(^ {41}\) This would imply, for instance, that if a trademark owner filed a national application in India, and then subsequently, but within six months,\(^ {32}\) filed an application for international registration, that applicant may make a Paris Convention right of priority claim and obtain as a filing date for the international application the date of the original filing in India.

3 The Registrar then examines the trademark in the same manner as national applications.\(^ {43}\) It will take them in the same order that it would take any application and subject them to the same degree and kind of scrutiny for all issues, including likelihood of confusion, descriptiveness, and distinctiveness.\(^ {44}\) However, the Registrar is time-bound to notify a refusal to the WIPO, maximum within eighteen months.

The Protocol has some significant developments over the Agreement. That apart, such a system of international filing has its own advantages per se. Under the Madrid Protocol, an applicant in a member country can file an international trademark application based on an application or registration from its home country, and designate some or all of the member countries of the Madrid Protocol as countries in which it wishes to ‘extend’ its trademark rights. An international registration has substantially the same effect in the designated countries as would a registration obtained from those countries’ national offices. Consequently, there is a significant reduction in the cost to the applicant, as he no longer has to apply to each country separately to gain protection in each jurisdiction. He also saves time as there is a central location for filing documents – he must file with his national examiner, who will forward the international application to the Bureau who, in turn, will forward the application to the designated parties’ national offices.\(^ {45}\)

In those instances where a designated country’s trademark office determines, upon initial review, that a mark is entitled to protection, the trademark owner should be able to avoid the costs associated with retaining trademark counsel in that country; at least not until the mark is opposed in that country. And since the Protocol imposes a strict time-frame for such examination, trademark owners may obtain protection in foreign nations more quickly than was previously the case. Further, the Protocol provides a means for assignment.\(^ {46}\)

The advantages of the Protocol regime are best summarized by the following statement of the International Trademark Association:\(^ {47}\)

‘ONE application, in ONE place with ONE set of documents in ONE language with ONE fee in ONE currency resulting in ONE registration with ONE number and ONE renewal date covering more than ONE country’.

Moreover, there is substantial cost savings involved under this mechanism. In May 2000, the White House released a press statement about the cost savings involved in registering a mark in 10 different countries. The statement estimated that it would cost approximately $14,000 to register in each country individually, whereas it would cost only $4,700 for the same 10 registrations by using the Protocol.\(^ {45}\) Moreover, simultaneous registration will prevent trademark ‘piracy’ – where individuals in other countries register the same trademark of the company, thus forcing the company to pay a hefty price for surrendering the mark in favour of the company as and when the company wished to establish its market in that other country.\(^ {47}\) In addition, India’s accession will encourage other countries to join so their companies could more easily gain access to Indian markets. Prior protection of a foreign company’s mark in India will safeguard their rights which will in turn have a positive effect on the entry of foreign companies and their goods.

**Part IV–Is the Madrid Protocol as Beneficial as it Seems?**

**Illusory Cost Benefits**

The great cost savings that have been envisioned through utilization of the Madrid Protocol is probably illusory. This is because, Article 8 of the Madrid Protocol gives each national office the opportunity to ‘opt out’ of the present system of supplementary and
complimentary fees that exist under the Madrid Agreement, and instead charge an applicant for an international registration extended to its territory the same fee that it would have charged a national applicant that had filed directly in its territory. It must be remembered that this opportunity to ‘opt out’, which was absent in the Agreement, has been primarily included in the Protocol on the grounds that without a more equitable fee system, examining countries were unlikely to accede. In fact, many countries including the USA, Japan and United Kingdom have adopted such ‘individual fee’. If that be the case, it is reasonable to presume that most nations that accede to it would have such an individual fee, which will place the cost-effectiveness of the system, the most important objective of this international regime, at jeopardy.

That apart, if the trademark office of a country designated on the international application enters a preliminary refusal, the Indian applicant must retain local agents in other country to prosecute the application. In short, the cost savings from filing under the Protocol are realized only if a mark does not encounter an objection in the designated countries. In simpler words, the supposed cost-effectiveness of the Protocol seems to be a function of whether the mark will encounter problems in other jurisdictions in terms of its distinctiveness – certainty of the company/enterprise in the distinctiveness of its mark. This in turn is a function of how ‘creative’ and ‘unique’ the mark is and also the amount of resources used by the enterprise in conducting worldwide searches to make sure that its mark is very distinctive. And logically and logistically, big corporate houses are in a much more comfortable position in ensuring that their trademarks are relatively secure. In such a scenario, small business houses are at a more disadvantageous position.

Limited Scope of International Protection

Secondly, 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. An international application must identify the goods and services, as provided for in the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks. Also, since the same is pursued as a consequence of a national application, when an Indian applies for registering a mark, he is to apply for the same in respect of certain classes of goods and services. Since the scope of protection provided by the international registration is limited, for the first five years of its existence, to the protection provided by the basic registrations or application upon which that international registration is based, the scope of protection in other countries will completely depend on the classification he has applied for India. This essentially means that the Indian business would be forced to sell the same goods in all countries, including India, wherein it wishes to claim protection, since for a valid registration there must be actual use of the mark in the market. But that restricts the rights of the businesses to choose which products to produce within and outside India, since the market requirements may differ from place to place. A similar criticism may be taken for foreign applicants in other countries as well. There does not seem to be any apparent public or general interest in placing such a requirement.

Central Attack

Another major criticism is that the Madrid Protocol still retains ‘dependency’ of the international registration on the existence of the basic registration. Although under the Madrid System, the number of international registrations subjected to a central attack is less than 1 %, there seems to be a lack of any policy consideration behind inserting such a provision. This is especially so when each national office has been given sufficient time to enable them to invalidate trademarks based on their domestic law, including opposition proceedings. Further, if, for example, the registration in India is invalidated, on the ground that the trademark is in violation of an earlier mark, then the impugned mark automatically loses its protection in other countries even if the infringed earlier mark does not even exist in that other country! Although, the Protocol mitigates such attacks by way of the principle of transformation, transforming the application into a direct national application may be more costly and time-consuming than filing separate national applications in each country would have been in the first place.

Conclusion

The Protocol attempts to strike a proper balance between the need to respect a country’s trademark examination system, an aspect of State Sovereignty, and the need to create an efficient framework for
international trademark registration. It is apparent from the above analysis that the Protocol does not affect any change in the substantive provisions of the law within a country. At the same time, though securing international trademark protection under the Madrid Protocol has many advantages, it is not a panacea. Each business entity must weigh the pros and cons of filing their mark under the Madrid Protocol in each circumstance and country, before proceeding. Nonetheless, the Protocol is a new tool in the hands of Indian business entities and trademark lawyers to evaluate the best route to obtaining trademark protection in countries outside India. The Protocol provides a system for a cost-effective method of obtaining trademark protection in many markets around the world, enhancing the ability of the enterprises in India to do business abroad in selective territories.

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44 Trademarks Act, 1999, Sections 9 & 11.
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51 Madrid Protocol, Article 3(2).

52 Trademarks Act, 1999, Section 18; the Fourth Schedule to Trade Marks Rules, 2002.


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55 Protecting Your Trademark Abroad: 20 Questions about the Madrid Protocol (WIPO, Geneva) 2001, at p.13 (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)

56 Trademarks Act, 1999, Section 33.
