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## A Global Trademark Portfolio Primer for U.S. Businesses: International Registration, Community Trade Mark and/or National Mark?

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### 1. INTRODUCTION

With the accession of the U.S. to the Madrid Protocol<sup>2</sup> effective as of November 2, 2003, U.S. businesses operating on a multi-jurisdictional basis will have the additional means of filing an International Registration to save costs and streamline the administration of their global trademark portfolios. However, an International Registration<sup>3</sup> - despite its name - is not all encompassing. Indeed, it does not cover many key trading partners of the U.S., such as Canada, Mexico and virtually all of Latin America. Thus, depending on their commercial strategies, U.S. businesses will have to pick and choose among registering their marks as International Registrations, Community Trade Marks<sup>4</sup> and/or national marks to gain global protection.

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<sup>2</sup> On August 2, 2003, the U.S. State Department deposited with the World Intellectual Property Organization the U.S. instrument of accession to the Madrid Protocol. The deposit of this instrument means that the Madrid system of international trademark protection will become operative in the United States on November 2, 2003.

<sup>3</sup> An International Registration is referred to hereinafter either by the full name or as an IR, while a Community Trade Mark is also referred to hereinafter either by the full name or as a CTM.

<sup>4</sup> A Community Trade Mark is a unitary mark covering the whole European Union ("EU"). As explained in some detail in Section 3 of this article, currently the EU consists of 15 member states. As of May 1, 2004, the EU will expand to cover 25 states, and will cover 27 or more states by 2007.

This article summarizes the advantages and disadvantages of filing and registering IRs, CTMs and/or national marks, with a practical emphasis on which combination of such trademark registration systems offer U.S. businesses the optimum configuration of cost savings and administrative efficiencies for their global trademark portfolios. For convenience, a chart outlining the differences among the IR, CTM and/or national mark systems is also provided.

## 2. MADRID PROTOCOL: INTERNATIONAL REGISTRATION

### 2.1 What is an International Registration?

Under the International Registration system a qualified applicant may through a single filing obtain a multi-country IR, which is a right that consists of a bundle of national trademark rights.

By way of background, the IR system derives from two sources - the Madrid Protocol and the Madrid Agreement. As of October 23, 2003, 74 states had joined the IR system signing either the Madrid Protocol or the Madrid Agreement, or, in many cases signing both. Of those 74 states, 62 states, including the U.S., have signed the Madrid Protocol.

The U.S. is *only* acceding to the Madrid Protocol. Thus, as of November 2, 2003 with U.S. accession, a U.S. entity may only cover up to these 61 other Madrid Protocol member states (by January 23, 2004 and may also cover any future Madrid Protocol member states, as they join), as well as the U.S., with a basis U.S. application and a corresponding IR.<sup>5</sup>

An IR is centrally filed, registered and renewed, but it consists of individual national rights, which can be assigned, licensed, challenged or cancelled separately. Each designated country's national laws also govern the IR individually. For countries that are parties to the Madrid Protocol (as the U.S. will be), an International Registration may be obtained by filing an international application with the International Trademark office at the World Intellectual Property

<sup>5</sup> As of October 23, 2003, the countries which belong to the IR system are: Albania, Algeria, **Antigua and Barbuda**, **Armenia**, **Australia**, **Austria**, Azerbaijan, **Belarus**, **Belgium**, **Bhutan**, Bosnia and Herzegovina, **Bulgaria**, **China**, **Croatia** (note that Croatia has joined the Madrid Agreement already and is scheduled to join the Madrid Protocol on January 23, 2004), **Cuba**, **Cyprus**, **Czech Republic**, **Democratic People's Republic of Korea (North Korea)**, **Denmark**, Egypt, **Estonia**, **Finland**, **France**, **Georgia**, **Germany**, **Greece**, **Hungary**, **Iceland**, **Iran** (note that Iran is scheduled to join both the Madrid Agreement and the Madrid Protocol on December 25, 2003), **Ireland**, **Italy**, **Japan**, Kazakhstan, **Kenya**, Kyrgyzstan, **Latvia**, **Lesotho**, **Liberia**, **Liechtenstein**, **Lithuania**, **Luxembourg**, **Morocco**, **Mongolia**, **Morocco**, **Mozambique**, **Netherlands**, **Norway**, **Poland**, **Portugal**, **Republic of Moldova**, **Romania**, **Russian Federation**, San Marino, **Serbia and Montenegro**, **Sierra Leone**, **Singapore**, **Slovakia**, **Slovenia**, **Spain**, Sudan, **Swaziland**, **Sweden**, **Switzerland**, Tajikistan, **The former Yugoslav Republic of Macedonia**, **The Republic of Korea (South Korea)**, **Turkey**, **Turkmenistan**, **Ukraine**, **United Kingdom**, **United States of America**, Uzbekistan, Viet Nam and **Zambia**. Those countries marked in bold are Madrid Protocol countries to which an International Registration may be extended by an U.S. entity upon accession of the U.S. to the Madrid Protocol, subject to any foregoing comments. Since the U.S. will not (for now) accede to the Madrid Agreement, those remaining countries, which belong only to the Madrid Agreement, cannot be designated as countries to be covered by an International Registration filed by an U.S. entity upon accession. It should also be noted that certain of these Madrid Protocol countries may be states with which U.S. entities are discouraged or prevented by law from doing business, e.g. the **Democratic People's Republic of Korea (North Korea)**. At the time of filing an IR by an U.S. entity it should be confirmed if there are any other legal restrictions on the choice of countries to be covered thereby.

Organization (“WIPO”) in Geneva, Switzerland, on the basis of a national application or registration in the applicant’s home country. For countries that are parties to the Madrid Agreement, however, an International Registration can *only* be obtained on the basis of a national registration in the applicant’s home country.

## 2.2 Basic Facts about a Madrid Protocol IR for U.S. Businesses

- As noted, a U.S. business may cover up to (currently) 61 other countries plus the U.S. through a basis U.S. trademark application and a parallel IR under the Madrid Protocol.
- The national authorities may object to the extension of an IR to the country in question, in accordance with domestic law. In some countries, the national authorities may refuse protection on the grounds that prior third party rights exist. In most countries, however, the national authorities only examine the IR with regard to the distinctiveness of the mark or similar criteria. In addition, third parties in virtually all countries may file a notice of opposition to the extension of the IR to the country in question. Local advice needs to be sought in respective domestic oppositions.
- An IR will be valid for a period of 10 years commencing from its application filing date. Subsequently, the IR can be renewed for successive periods of 10 years.
- The IR filing date is the same as the home country filing date if WIPO receives the application within two months.
- The issuance of the IR certificate of registration does not, of itself, confer registered trademark rights.
- Refusal of registration in each jurisdiction sought under the IR must initially occur in 18 months or the IR is deemed to be registered for such jurisdiction.
- There are four types of filing fees: A WIPO basic fee; a supplemental fee for each class after four classes; a WIPO complementary fee for each country to be covered; and individual fees charged by each member country for which protection is sought (which may be no greater than normal national fees).
- An application for an IR may only be filed by an applicant who has a business in a contracting state, resides in or is a citizen of a contracting state. Once the IR has been granted, only businesses, residents or citizens of a contracting state can own it; a transfer of the IR to other entities is not possible.
- Claiming Priority: Under the Madrid Protocol, the priority claim only requires that the application for the IR be filed within six months after the basis application is filed in the originating state. The IR then, of course, will be granted the priority filing date of the basis application.
- Use requirements have to be followed on a country-by-country basis.

## 2.3 Advantages of an IR

### 2.3.1 Cost Savings and Administrative Efficiencies

In short, a Madrid Protocol IR provides U.S. applicants with cost savings and administrative efficiencies. This is so because:

- i. An IR confers costs savings in comparison with filing national applications for registration of a trademark in each country separately.
- ii. The Madrid Protocol provides a “One-Stop-Shopping” multi-jurisdictional application system, which allows trademark owners to “cherry-pick” countries where protection is required for their marks; The Madrid Protocol also offers the ability subsequently to expand coverage of an IR to additional member countries.
- iii. Since examination must be completed within 12-18 months for each country covered by the IR, a timing advantage is obtained.
- iv. U.S. counsel may file the IR in English to cover all other Madrid Protocol countries (subject to any applicable legal restrictions). Local attorneys in potentially dozens of countries are initially not required, with consequent savings in legal fees.
- v. One fee renews the IR for all covered countries.
- vi. One fee records an assignment and/or change of address for the IR in all covered countries.

#### 2.3.2 Coverage of (Some) Key U.S. Trading Partner Countries with a Single IR

In addition, for administrative ease, a single IR could cover (among other countries) key U.S. trading partner countries such as:

- i. **Australia, China, Japan, Singapore and South Korea** in the *Asia Pacific region*; as well as
- ii. **Benelux (Belgium, the Netherlands and Luxembourg), France, Germany, Italy, Russian Federation, Spain, Switzerland and the United Kingdom** in *Europe*.

However, any objections to an IR (e.g. office actions, oppositions, etc.) would arise on a country-by-country basis and would have to be addressed by local counsel.

In this respect, it may well be a considerable advantage for U.S. entities to have local representatives already appointed for the various countries to be covered by their IRs. This is so, for example, to be able to:

- i. monitor the progress of the IR in the specific country since individual country notifications that an IR has finally been granted registered protection often are not issued. A local representative could quickly ascertain that fact; and
- ii. have all the formalities already in place (power of attorney, etc.), particularly in countries where there are onerous notarisation and/or legalisation requirements, and especially if objections or oppositions may be anticipated.

## 2.4 Disadvantages of an IR

### 2.4.1 Central Attack

The “Central Attack” feature can cause a domino effect whereby rejection of the U.S. applicant’s basis home application or registration anytime within five years after application for such IR is made, means the IR will also be invalid for all

covered countries. This means, for example, that if the United States Patent and Trademark Office (“USPTO”) rejects the application at the examination stage (and all appeals are unsuccessful) or if a third party successfully challenges the national U.S. application/registration within this five-year term, the corresponding IR will also be cancelled.

This situation can be ameliorated somewhat since, under the Madrid Protocol, the trademark owner then has an opportunity to convert (at extra expense) its IR into a national application in each of the contracting party countries within three months after the lapse of the base application/registration. Each such national application is then deemed to have been filed on the date of the application for the IR. Thus, U.S. entities can save the priority of the base application filing in these converted national applications.<sup>6</sup>

#### 2.4.2 Transfer Restrictions

Another disadvantage is that IRs cannot be transferred to a business of a non-contracting state. For U.S. entities, this means that an IR cannot be assigned to a business that is not qualified to file an IR under the Madrid Protocol (e.g. a British Virgin Islands company set up to hold intellectual property for general tax purposes, since the British Virgin Islands is not a Madrid Protocol member state).

#### 2.4.3 IRs Are Not Wholly International

It is also important to keep in mind, as noted, that many of the largest US trading partners are *not* members of the Madrid Protocol, such as Canada, Mexico and virtually all of Latin America. Thus, despite the term “International Registration”, the ability to obtain an IR will not be of any assistance in obtaining trademark protection in some countries of great interest to many U.S. companies.

## 3. COMMUNITY TRADE MARK

### 3.1 What is a CTM?

A CTM is a unitary trademark right that covers the whole EU. By filing and registering a single application for a CTM with The Office of Harmonization in the Internal Market (Trade Marks and Designs) (“OHIM”), located in Alicante, Spain, a U.S. entity may obtain protection for the covered mark across the EU.

As of January 1, 2003, the 15 EU member states were Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

It currently appears that through enlargement the EU will expand to include Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia by May 1, 2004, with Bulgaria and Romania scheduled to join

<sup>6</sup> It should be noted that such conversion option is **not** available for Madrid Agreement countries. In other words, if an IR covering Madrid Agreement countries has its home registration successfully attacked, the whole IR fails in all such Madrid Agreement covered countries and no conversion of the IR into national applications in those countries is allowed. However, for U.S. entities, that point is presently moot since the U.S. is not acceding to the Madrid Agreement. In other words, upon accession, U.S. entities currently would only be able to file IRs which cover other Madrid Protocol countries where such conversion is possible.

the EU in 2007. In addition, Turkey also remains as a potential (unscheduled) candidate country for EU enlargement

Generally, what that means is that as the EU expands, the existing CTMs of U.S. entities will automatically be extended at no extra cost to cover the new EU member states, as of the respective date they officially join the EU.

### 3.2 Basic Facts about a CTM for U.S. Businesses

- Generally, any legal or natural person, including U.S. business entities or U.S. citizens, may apply for a CTM.
- A CTM registration lasts for 10 years from the date of application, and it can be renewed every 10 years.
- CTMs may be filed in English (indeed, the majority are). An applicant must also nominate a “second language” for its CTM, which must be one of the five official languages. The OHIM’s official languages are German, Spanish, French, Italian and English.
- A CTM application, once filed, will only be examined by the OHIM to determine whether or not the mark is inherently registrable (e.g. is the CTM a generic term for the applied for goods or services in one of the languages of the EU, and thus unregistrable). The OHIM will not cite potentially conflicting marks as a bar to registration of the subject CTM application. Owners of older rights must police their rights against junior CTMs.
- Once the CTM application is accepted, it will be advertised, and there is a three-month non-extendable opposition period from the date of advertisement. Oppositions will be dealt with in Alicante, Spain. A third party may oppose based on, *inter alia*, confusing similarity with its prior trade mark or trade name rights in one or more of the EU states. Note that a successful opposition based on a national prior right in *only one* EU member state will result in the CTM being rejected for the *entire* EU. It is an “all or nothing” scenario.
- If a CTM application is refused because of a third party’s prior national rights in an EU state, then the CTM can be converted into a series of national applications in one or more of the remaining member states. A single conversion fee will then have to be paid to OHIM and national application fees will also have to be paid to the national Trademark Office in each chosen country. The converted application in each chosen country will maintain the priority filing date of the original CTM application.
- Claiming Priority: Under the CTM Regulation, the priority claim only requires that the CTM application be filed within six months after the original application was filed in (i) a Paris Convention member state; (ii) a World Trade Organisation member state; or (iii) a state which accords to a national trade mark application filed in that state an equivalent right of priority based on a filing made at OHIM. Practically speaking, this covers almost all countries; however, there are a couple of exceptions. Priority, of course, can be claimed in a CTM from an original U.S. application.
- Claiming Seniority: An applicant may register a CTM and claim the seniority of its various parallel identical national marks of record in the respective EU

member states in such CTM. This means that such a CTM will also enjoy the national priority of each respective registered national mark covered in its seniority claim(s).

- Use of a CTM registration in *one* EU member state will cover use in *all* EU states.

### 3.3 Advantages of a CTM

#### 3.3.1 Cost Savings and Administrative Efficiencies

In turn, a CTM also provides U.S. applicants with cost savings and administrative efficiencies. This is so because:

- i. A CTM confers significant costs savings to U.S. entities in comparison with filing national applications for registration of a trademark in each EU member country separately. Indeed, it could be 10 to 20 times more expensive to register national applications than to register a CTM, particularly when the EU expands.
- ii. As noted, an existing CTM will be automatically extended at no extra cost to cover new EU member states as they join.
- iii. One fee renews the CTM for all EU countries.
- iv. One fee records an assignment of the CTM for all EU countries.
- v. Through the CTM seniority system, a U.S. entity may monitor and renew one CTM registration rather than coordinating various separate national member state registrations, significantly reducing legal and administrative costs. Such U.S. entity also would retain the priority of each respective registered national mark in the respective EU member state when registering an identical CTM to consolidate such identical registered national marks. Once the consolidated CTM is registered the various parallel national marks may be allowed to lapse: no further renewal fees for such national registrations need be paid - only the single renewal fee would be required each 10 years for the consolidated CTM. A word of caution - there are certain advantages that national marks may have under their respective countries' laws. Prior to allowing such national marks to lapse, local counsel should be consulted whether it is advisable to do so.
- vi. A CTM may be assigned with or without the goodwill of the business. A partial assignment of a CTM is generally permitted; for example, one may assign a CTM to a third party with respect only to its associated goods, but retain ownership of the CTM for its associated services. However, one cannot assign a CTM partially for certain associated goods and/or services and retain ownership of the CTM for the remaining associated goods and/or services if such goods and/or services are so similar to another that such a partial transfer would be likely to mislead the public concerning the nature, quality or geographical origin of the transferred and retained respective goods and/or services. Also, one cannot assign a CTM for only part of the EU territory and retain it for the remaining territory - as a unitary right, a CTM must be assigned for the full territory of the EU.

- vii. A CTM may be licensed for all or part of the goods or services for which the CTM is registered and for all or only part of the EU territory. As always, with respect to licensing of a CTM for only part of the EU, U.S. entities must be alert to the anti-competition issues under the Rome Treaty this act may entail. CTM licenses can be recorded on OHIM's register. Such CTM license recordal is recommended, particularly for a licensee, since an unrecorded license will not have effect vis-à-vis third parties in all EU member states, unless (generally speaking) such third parties had knowledge of the license.
- viii. Enforcement of a CTM registration will be a matter for an appointed national court of the defendant if the defendant is domiciled or has a business establishment in one of the EU states, or, if not applicable, enforcement may be sought in a court of the state in which the infringement has occurred. The test whether infringement has occurred will be established by the law of the jurisdiction in which the action is commenced.

### 3.5 Disadvantages of a CTM

A CTM is, again, generally an "all or nothing" right. It usually cannot be treated on a country-by-country basis, e.g. for assignment or opposition purposes, as explained above.

Furthermore, the geographical coverage of CTM is limited to the EU while the IR system has the potential eventually to extend to all the contracting states of the Paris Convention (164 states as of July 15, 2003).

### 3.6 IR vs. CTM: Significant Differences

In summary, a CTM offers its owner similar advantages to an IR over a series of national trademarks. There are, however, three significant differences between the CTM and IR systems:

- i. A CTM registration results in a supra national trademark while an IR is a procedural short cut which, as noted, may be described as a bundle of national applications or registrations.
- ii. A CTM can be applied for directly while an IR must be based on a national registration or application for registration under the Madrid Protocol system.
- iii. Again, a CTM is restricted to the EU, while an IR could potentially extend to all Paris Convention countries.

In actual fact, the CTM and IR systems are more complementary than not, at least in principle. This is so because, in addition to individual countries, intergovernmental organisations that maintain their own system for registering trademarks (such as the EU, for example) may also join this system.

As of September 2003, the COREPER (European Union Committee of Permanent Representatives) had reached an agreement on the accession of the CTM to the Madrid Protocol. In addition, WIPO accepted the proposal to add Spanish to the working languages of WIPO, and agreed on a number of technical changes,

including an opting-back provision. These changes facilitate the link between the CTM system and the Protocol. Erik Nooteboom, head of the Industrial Property Unit of European Union Directorate for the Internal Market, says that it is likely that the EU will submit its instrument of accession to the Madrid Protocol within one year.<sup>7</sup>

Interestingly, the U.S. previously took the position that it would not join the IR system (specifically, the Madrid Protocol) because it objected to voting rights being given to intergovernmental organisations in general (such as the EU) in addition to voting rights being given to each of such organisation's separate member states. However, it appears the U.S. has reached an agreement with the EU on these voting arrangements. If a vote is called, the EU will get a consensus so that the total votes cast is not more than the number of member states.<sup>8</sup>

As may be seen from the foregoing, if and when both the EU and U.S. are members of the Madrid Protocol, obtaining a CTM could be done as one of the bundle of national or (in the case of the CTM) regional applications applied for by means of filing for an IR. It is for this reason that the IR and CTM systems, in fact, are more complementary rather than competitive.

From a practical perspective for U.S. businesses, however, since there is, as yet, no specific scheduled time for the EU to join the Madrid Protocol, IRs and CTMs must continue to be viewed separately.

## 4. NATIONAL MARKS

### 4.1 Advantages of a National Mark

National marks, of course, still have their place.

Advantages of filing national marks for U.S. businesses include:

- i. If one's business interest is only in one or two markets outside the U.S. for countries that are Madrid Protocol countries or EU member countries, it may be (slightly) less expensive to register national marks.
- ii. One can file variants of marks on a country-by-country basis (e.g. an English version of a word mark in the U.K., a French translation thereof in France and a German translation thereof in Germany). With a CTM or IR, the individual IR or CTM must be identical (e.g. always in the same language) for the individual countries / region covered.

Naturally, countries not belonging to the Madrid Protocol or the EU must be covered by national (or other regional) trademark systems<sup>9</sup>.

<sup>7</sup> See: <http://www.inta.org/madrid/> (last visited on November 18, 2003).

<sup>8</sup> Trademark World, published by LLP Professional Publishing, April 2000, No 126 (International News Section) - no author cited.

<sup>9</sup> Other regional trademark systems, for example, include the *Organisation Africaine De La Propriété Intellectuelle* ("O.A.P.I.") otherwise known as the African Union. The O.A.P.I. currently covers the African countries of Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Ivory Coast, Mali, Mauritania, Niger, Senegal and Togo. A single O.A.P.I. filing may cover all of these 16 African countries. More information on the O.A.P.I. may be found at [http://www.oapi.wipo.net/index\\_angl.html](http://www.oapi.wipo.net/index_angl.html).

## 4.2 Disadvantages of a National Mark

The key disadvantages of filing national marks in each country rather than combining IRs, CTMs and/or national marks, particularly for U.S. businesses with global portfolios, are the significantly higher (i) costs; and (ii) administrative volume that individual national marks in each country entail.

## 5. CRAFTING A GLOBAL FILING STRATEGY

Quite simply, an effective global filing strategy for a U.S. business requires combining the best elements of the Madrid Protocol IR, CTM and national/other regional mark filing systems. Such strategy must be developed on a case-by-case basis.

### 5.1 Combination Strategies

Only four of the U.S.' top 20 trading partners that are not EU countries are members of the Madrid Protocol; namely, Japan, China, South Korea and Singapore. Others either are not Madrid Protocol members or are EU members where it is often more beneficial or cost effective to obtain a CTM registration.

A CTM, of course, will be an increasingly attractive option as the EU expands from 15 to 25 countries by May 1, 2004 (and 27 or more countries by 2007).

There are a number of advantages and disadvantages of choosing an IR to cover EU countries of interest as opposed to a CTM, and these advantages and disadvantages are often dependant on one's existing trademark portfolio in EU countries, as well as the countries that may join the IR and CTM systems in the future<sup>10</sup>.

### 5.2 Practical Considerations

Taking a step back, with the U.S. joining the Madrid Protocol, thorough searching in the home country becomes even more essential for U.S. entities that wish to use their U.S. mark of record as the basis mark for a Madrid Protocol IR. Both the WIPO and U.S. trademark databases will now need to be searched, together with any other applicable searches (e.g. company names, domain names, common law marks and names, etc.). Again, this is so because of the danger that a "central attack" against the U.S. basis mark by a senior rights holder can invalidate the parallel IR.

In addition, the Madrid Protocol will also extend the "period of uncertainty" for trademark search results made to determine if a potential mark is available in the U.S. This is so because, for example, details of relevant prior third party IRs covering the U.S. filed with WIPO, which details must then be forwarded to the

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<sup>10</sup> An example of there being an advantage to filing an IR rather than a CTM could be as follows: A third party has an identical active trademark only in France and Spain to a U.S. company's U.S. registration. Such U.S. company is, however, only interested in doing European business in the U.K., Germany and Italy under its mark. In that case, an IR covering these three countries based on the U.S. registration seems a better option than filing a CTM. No opposition or other challenge from this third party would likely ensue from such IR filing and, administratively, one would only have to deal with the single IR rather than three national filings in those countries. It likely may also be somewhat cheaper to file the IR rather than the national filings. Conversely, an easy example of there being a disadvantage to filing an IR rather than a CTM would be where a U.S. business wanted its mark to cover all EU countries. A CTM is far less expensive than an IR in this scenario.

USPTO, may be entered into the WIPO and USPTO databases more slowly than details of a national application filed directly with the USPTO. This “gap” of time where relevant prior marks may have been filed by third parties but are not yet known from such database searches may grow longer, potentially increasing the risk that a search may not disclose recently filed conflicting third party marks.

The USPTO will also have to work out breadth of coverage issues: currently, the U.S. is more restrictive concerning descriptions of goods and services than many other Madrid Protocol countries’ national Trademark Offices.<sup>11</sup>

## 6. CONCLUSION

A Madrid Protocol IR only covers 62 countries and, again, some of the countries not covered, such as Mexico, Canada, and virtually all Latin American countries, are major U.S. trading partners. Additionally, in some cases, it may be best for a company to file a CTM rather than an IR to obtain protection in current and future EU member states. Choosing among IR, CTM and/or other national filing systems to cover one’s trademark portfolio is highly fact dependent. For U.S. entities considering multi-jurisdictional protection for their marks, an effective filing strategy should be discussed with counsel and should take into consideration:

- i. the individual countries in which filing is desired and the corresponding costs;
- ii. one’s existing or anticipated corporate structure; and
- iii. one’s existing trademark portfolio and the priority contained in existing national or CTM registrations.

To assist in making such choices, a comparison chart of the advantages and disadvantages of filing a Madrid Protocol IR, CTM and/or national mark is set forth in an appendix hereto.

The bottom line is that different trademark portfolio needs require different portfolio strategies. The best strategy, naturally, will only be achieved through an effective prior cost and business analysis.

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<sup>11</sup> More changes will invariably follow as the USPTO revises its rules to accord with the Madrid Protocol. A key rule that will go into effect as of November 2, 2003 is that an opposition against an application covering the U.S., including an IR extended to the U.S., must be filed within 120 days from the publication date. A potential opponent and the applicant may no longer agree to stipulated extensions of time to oppose. If the parties have not settled matters within 120 days from the publication date, a notice of opposition must be filed if the opposition is to be continued. Again, this is so since there is generally an 18-month period in which an IR must be refused (which can include an initial refusal because an opposition has been filed), otherwise the IR is deemed registered. These changes, of course, are “in-bound” - they would not generally affect U.S. applicants choosing to use a U.S. mark of record to file an IR covering other Madrid Protocol countries.

IR, CTM and NATIONAL MARK COMPARISON CHART <sup>12</sup>

Issues	International Registration (Madrid Protocol)	Community Trade Mark	National Application
Who may apply	U.S. entities may apply for an IR but only for one or more of the (currently) 61 other Madrid Protocol member states.	U.S. entities may apply for a CTM	U.S. entities are generally allowed to apply for national applications.
Cost	Cost effective: <ul style="list-style-type: none"> <li>- Local counsel not initially required.</li> <li>- One fee renews IR in all covered countries.</li> <li>- One fee records assignments and/or change of address in all covered countries.</li> </ul>	Very cost effective: <ul style="list-style-type: none"> <li>- CTM is a regional right covering currently 15 countries. Only one fee for each of filing, registration, renewal, assignment, etc. per CTM.</li> <li>- By May 1, 2004, a CTM should extend automatically at no extra cost to cover 25 countries in total.</li> <li>- By 2007, a CTM should extend automatically at no extra cost to cover 27 or more countries in total.</li> </ul>	<ul style="list-style-type: none"> <li>- Not cost effective if protection to be regional or global. If interest is only in one or two markets outside the U.S. for countries that are Madrid Protocol countries or EU member countries, it may be (slightly) less expensive.</li> <li>- Obviously for countries of interest that are not Madrid Protocol or EU countries where national applications are the only option, the cost therefor must be incurred.</li> </ul>
Trademark	Must be identical for all countries.	Must be identical for all countries.	Different mark or variant can be filed per country.
Countries Covered	Countries may be freely chosen among the contracting Madrid Protocol countries. <i>N.B. Confirm if any legal restrictions apply - is an IR by an U.S. entity allowed in e.g. North Korea? Check with counsel.</i>	All or nothing (comparable to a U.S. federal registration) subject to a potential conversion right..	Generally covers the individual country.
Language	Can file in English.	Can file in English.	Subject to country-by-country rules.
Examination	<ul style="list-style-type: none"> <li>- WIPO receives IR application, checks for formalities and then sends it to designated countries where each examines it under their respective examination systems.</li> <li>- There is a timing advantage since examination must be completed within 12-18 months.</li> </ul>	<ul style="list-style-type: none"> <li>- Office for Harmonization in the Internal Market checks for registrability grounds but does not cite conflicting marks.</li> <li>- Generally examined in 8-10 months.</li> </ul>	<ul style="list-style-type: none"> <li>- Country-to-country basis whether examination includes citing conflicting marks or not.</li> <li>- Examination may be slow since no time limitations generally exist.</li> </ul>
Opposition	<ul style="list-style-type: none"> <li>- Designated countries have to notify WIPO of possible rejection by opposition within a certain time period, otherwise IR is valid in such country.</li> </ul>	<ul style="list-style-type: none"> <li>- Opposition must be filed within three months from CTM applications publication in the Community Trade Marks Bulletin.</li> </ul>	Subject to country-by-country rules.

<sup>12</sup> This chart is compiled from information provided by Baker & McKenzie, *Trade Marks in Europe: A Guide to Brand Protection*, p. 9., as well as "Special Report on the Madrid Protocol", INTA Newsletter, April 1, 2003.

<i>Issues</i>	<i>International Registration (Madrid Protocol)</i>	<i>Community Trade Mark</i>	<i>National Application</i>
Opposition	- In case of refusal by one selected country, the other countries remain valid, thus a good bargaining position with opponents.	- If an opposition is successful, even if only based on a national right in one EU member state, the entire CTM will be cancelled, with the option of conversion into national applications in the remaining EU member states with the same priority of the CTM	
Use Requirements	Use requirements for an IR have to be followed on a country-by-country basis.	Use in one EU member country equals use of the CTM for the whole EU.	Subject to country-by-country rules.
Assignment	IR may not be assigned to entities of non-Madrid Protocol member states.  - IR may be assigned or cancelled for all or some of the countries covered.  - IR may be assigned or cancelled for part of the goods/services.	CTM may be assigned to virtually all entities.  - Not possible (unitary character).  - Equally possible (assuming, for assignment, that there is no overlap in such divided goods / services - e.g. it is questionable whether a mark could be assigned for software and retained for software programming services).	- Generally, national mark may be assigned to all entities (subject to country-by-country rules).  - Not possible (unitary character).  - Subject to country-by-country rules.
Extension of Registration	Remaining Madrid Protocol countries not originally covered by the IR may be added during the life of the IR for the remainder of its duration.	No alteration possible (always protection for the whole of the EU - automatic extension to new EU members).	One may file further national applications as one may wish.
Trademark Open to Attack	If home registration or application is successfully attacked within five years, IR is cancelled in all countries it covers. However, there is the option of transformation into national applications with the same priority of the IR.	Again, if an opposition is successful, even if only based on a national right in one EU member state, the entire CTM will be cancelled, with the option of conversion into national applications in the remaining EU member states with the same priority of the CTM.	Mark must be attacked on a country-by-country basis.
Enforcement	An IR is a bundle of national rights. Thus, enforcement is on a country-by-country basis.	Infringement of a CTM in one EU member state can, subject to certain conditions, be litigated in specially appointed CTM courts and the decision is valid throughout the EU.	National registrations are enforceable on a country-by-country basis.

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