CURTIS

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INTELLECTUAL PROPERTY CLIENT ALERT

RECENT U.S. PARTICIPATION IN THE MADRID PROTOCOL — THE IMPACT ON SECURING INTERNATIONAL PROTECTION FOR YOUR TRADEMARKS

INTRODUCTION

With the increasing globalization of trade and competition, businesses must think about securing international protection of their trademarks even before they start doing business abroad.

Under U.S. law, trademark rights are ultimately based on commercial use and a trademark can generally be protected in the areas where it is used even if it is not registered. But in most countries, trademark rights are initially determined only by registration, and the first to file a trademark application will own the trademark.

In November 2003, the United States became an active participant in the Madrid Protocol and now, for the first time, U.S. trademark owners can obtain International Registrations of their marks and foreign trademark owners can extend the protection of their International Registrations into the U.S.

COUNTRY-BY-COUNTRY PROTECTION

Before November 2003, the only way for a U.S. business to get international protection for its trademarks in foreign countries was to file a trademark application in each and every country where it wanted protection.

The only exception was in the European Union (EU), where, since April of 1996, it has been possible to file a single application for a Community Trade Mark (CTM) covering every EU member state, much as a single Federal registration in the U.S. covers every state and territory in the U.S.

THE MADRID AGREEMENT

There is another system of international trademark registration that has been in effect for over a century, dating back to the Madrid Agreement of 1891. Under this system, trademark owners domiciled or located in member countries (the Madrid Union) can file an application for an International Registration (IR) based on an existing registration in the owner's home country and effective in the other member countries designated by the applicant. This international registration system is administered by the World Intellectual Property Organization (WIPO).

The U.S. initially did not join the Madrid system since the Madrid Agreement did not accommodate differences in U.S. trademark law. These differences have now been resolved by the Madrid Protocol to the Madrid Agreement, which takes into account the differences in trademark law in the U.S. The U.S. became an active participant in the Madrid Protocol in November of 2003.

This change is one in a series of changes that reflect the globalization of trademark law and will tend to accelerate it even further:

> October 28, 2003: The Council of Ministers of the EU approved the creation of a link between the CTM system and the Madrid Protocol. The CTM is expected to become a member of the Madrid Protocol by the end of 2004.

- November 2, 2003: The United States joined the Madrid Protocol.
- April 1, 2004: Spanish becomes the third effective language of the Madrid Protocol, joining English and French.
- May 1, 2004: The EU will be expanded to include 25 additional countries, encompassing most of continental Europe. Existing CTM registrations will automatically cover the additional countries.

There are currently 60 countries in the Madrid Union, and now that the United States is a member, it is expected that a number of other countries that have held back, such as Canada, Mexico, and nearly all of the countries in Central and South America, will now follow suit. The imminent addition of Spanish as an official language of the Madrid Protocol will facilitate the expansion of the Madrid Union in the Americas.

OBTAINING AN INTERNATIONAL REGISTRATION

To obtain an International Registration (IR) for an existing or future U.S. trademark application or registration, the owner can now file an application with the U.S. Patent and Trademark Office (USPTO), including a designation of those countries in which the IR is desired.

The IR is issued by WIPO and forwarded to the national trademark office in each of the designated countries for examination. Unlike a direct national filing, there is no need to employ local attorneys unless an objection is raised to the IR in a particular trademark office.

Pursuant to the Madrid Protocol, the national trademark offices must examine and either reject or register the application within 18 months. Renewals, changes of address and other filings are centralized, requiring only a single filing and the payment of a single fee.

This unitary filing system makes the IR a very cost effective and efficient mechanism for businesses to acquire and maintain international trademark protection. A comprehensive list of fees and a fee calculator are provided by WIPO at its website (www.wipo.int/madrid/en).

The expected linkage of the CTM system to the Madrid Protocol and the upcoming expansion of the EU are likely to make the IR even more cost effective by making it possible to extend a trademark to the whole of continental Europe with a single designation.

WHEN IS AN INTERNATIONAL REGISTRATION NOT THE BEST ALTERNATIVE?

Although the Madrid Protocol clearly offers a cost effective and efficient alternative to filing separate applications in different countries or in the EU, it may not always be the best alternative.

First, since the IR must be identical to the home registration in all respects, it may be impractical where the mark varies from country to country.

Second, since the description of goods or services covered by an IR cannot be broader than the description in the home registration, where a national trademark office requires a very specific description, as does the USPTO, an IR based on such a specific description of goods or services may provide much more limited protection than would a separate national registration covering a broad description.

Third, since an IR is dependent upon the registration in the home country for five years, it can be cancelled everywhere by a successful cancellation or attack on the home registration (a "central attack"). The danger of a central attack is greater where the home application or registration on which an IR is based remains vulnerable to opposition and cancellation proceedings on a number of grounds during their first five years, as in the U. S. (This final disadvantage is mainly procedural, since an IR that is cancelled by central attack on the home country registration may be converted into national registrations in the designated countries.)

Finally, since an IR may only be assigned to an entity that is qualified to apply for and maintain an IR in its own right, it could complicate a sale of assets to a buyer in Canada or another country that is not yet a member of the Madrid Union.

CONCLUSION

The globalization of trademarks makes it important for businesses to consider carefully whether and how they want to protect any of their new and existing brands internationally, even if the brand is currently used only in one country. In addition, as more trademark owners take advantage of the possibility of international registration under the Madrid Protocol, it is likely that the number of applications in each country will increase, making it necessary for businesses to pay closer attention to trademark clearance and surveillance to avoid potential conflicts with other brands.

ABOUT THE INTELLECTUAL PROPERTY GROUP

If you have any questions about the possibility of obtaining international protection for your trademarks, or further information please contact:

ERIC J. STENSHOEL, *counsel to the Firm, has focused on intellectual property issues since 1984, representing software and technology licensors and licensees, both in the U.S. and abroad. Mr. Stenshoel has broad experience with agreements governing software and technology development, licensing, and distribution in a variety of domestic and international settings.*

EMAIL: ESTENSHOEL@CM-P.COM
PHONE: 212.696.8878

MICHAEL J. BROWN *is a senior associate in the International Corporate department. Mr. Brown has extensive experience in a wide range of intellectual property matters. His experience includes intellectual property transactions and licensing, corporate transactions, mergers and financing involving intellectual property assets, trademark, patent and copyright protection and registration in the U.S. and internationally, intellectual property litigation matters in U.S. Federal courts, and domain name arbitration under the Uniform Dispute Resolution Policy of ICANN.*

EMAIL: MBROWN@CM-P.COM
PHONE: 212.696.8846

ORIETTA M. FRAENKEL *is a civil law attorney who is admitted in New York. Ms. Fraenkel works with the Intellectual Property practice group and has been a member of the Latin American practice group for the past twenty two years. Ms. Fraenkel has utilized her extensive experience in international law by serving as consultant to our clients on topics as diverse as taxation, agency, joint ventures, foreign investment and trademarks throughout Latin America. During her tenure with the Firm, Ms. Fraenkel has been in charge of annually updating the Martindale-Hubbell Law Directory for fifteen Latin American countries.*

EMAIL: OFRAENKEL@CM-P.COM
PHONE: 212.696.6141

ABOUT CURTIS

CURTIS *is headquartered in New York, with branch offices in Frankfurt, Houston, London, Mexico City, Milan, Muscat, Newark, Stamford, Paris and Washington, D.C. Curtis' core practices of International Corporate Law and Litigation are complemented by numerous specialty areas, including Admiralty, Banking & Regulatory, Bankruptcy & Creditors' Rights, Environmental, Immigration, Intellectual Property, Real Estate, Tax, and Trust & Estates.*

CURTIS, MALLET-PREVOST, COLT & MOSLE LLP
101 PARK AVENUE
NEW YORK, NY 10178
212.696.6000

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CURTIS

EMAIL
info@cm-p.com

WEB
www.cm-p.com

NEW YORK
101 PARK AVENUE
NEW YORK 10178-0061
TEL: 1 212.696.6000
FAX: 1 212.697.1559

HOUSTON
2 HOUSTON CENTER
909 FANNIN STREET
SUITE 3725
TEXAS 77010-1010
TEL: 1 713.759.9555
FAX: 1 713.759.0712

NEWARK
ONE GATEWAY CENTER
SUITE 430
NEW JERSEY 07102-5311
TEL: 1 973.622.0605
FAX: 1 973.622.5646

STAMFORD
FINANCIAL CENTRE
695 EAST MAIN STREET
CONNECTICUT 06901-2141
TEL: 1 203.359.6200
FAX: 1 203.328.2617

WASHINGTON, D.C.
1200 NEW HAMPSHIRE AVE., N.W.
SUITE 430
WASHINGTON, D.C. 20036-6808
TEL: 1 202.452.7373
FAX: 1 202.452.7333

FRANKFURT
STAUFENSTRASSE 42
FRANKFURT AM MAIN 60323
GERMANY
TEL: 49 69.971.4420
FAX: 49 69.173.399

LONDON
53 NEW BROAD STREET
LONDON EC2M 1BB
ENGLAND
TEL: 44 (0)20.7011.9500
FAX: 44 (0)20.7011.9501

MEXICO CITY
RUBÉN DARÍO 281, PISOS 8 Y 9
COL. BOSQUE DE CHAPULTEPEC
MEXICO, D.F. 11580 MEXICO
TEL: 52 55.5282.04.44
FAX: 52 55.5282.06.37

MILAN
CORSO VENEZIA, 5
20121 MILANO
ITALY
TEL: 39.02.7623.2001
FAX: 39.02.7600.9076

MUSCAT
SUITE 48, QURUM PLAZA
108 AL WALLAJ STREET
P.O. BOX 200 JEWEL BEACH
MUSCAT 134
SULTANATE OF OMAN
TEL: 968 564.495
FAX: 968 564.497

PARIS
15, RUE D'ASTORG
PARIS 75008
FRANCE
TEL: 33 1.42.66.39.10
FAX: 33 1.42.66.39.62