

REPORT

USPTO ISSUES FINAL RULES TO IMPLEMENT THE MADRID PROTOCOL FOR MULTINATIONAL TRADEMARK AND SERVICE MARK REGISTRATION

October 27, 2003

The U.S. Patent and Trademark Office ("USPTO") has published final rule changes, effective November 2, 2003, to implement its participation in the "Madrid Protocol" (the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, discussed in our November 4, 2002, Special Report). These rule changes are of two types: First, rules are added that govern action by (1) a U.S. applicant or registrant who seeks to obtain an International Registration that can be extended to other countries participating in the Madrid Protocol, and (2) an owner of an International Registration who seeks to use it to register an extension of protection of the International Registration to the United States.¹ Second, rules governing all U.S. applications and registrations are amended to update drawing requirements, revise abandonment, revival and monitoring requirements, and revise practice in opposition proceedings before the Trademark Trial and Appeal Board ("TTAB").

I. The Madrid Protocol

The Madrid Protocol allows a trademark owner to obtain an International Registration based on one or more application(s) or registration(s) in its home country (the "basic application/registration(s)"),² and to extend the protection of that International Registration to various

¹ To apply for an International Registration under the Madrid Protocol, the applicant must be a national of, be domiciled in or have a real and effective commercial establishment or business in a Madrid Protocol member country.

² The International Application may be based on more than one basic application or registration only if the applicant is identical and the goods are identical to or narrower than the goods in each of the basic applications and/or registrations.

member countries. To initiate this process, the owner files an International Application in its home country trademark office (the "Office of Origin"), designating one or more other Madrid Protocol member countries to which the owner desires to extend trademark protection at that time, listing the goods or services, and paying the appropriate international and certification fees. An International Application designating the United States must include a signed Declaration satisfying the requirements of Rule 2.33(e) (inter alia, confirming the applicant's bona fide intent to use the mark in commerce in the United States in connection with the listed goods). The form provided by the International Bureau of WIPO (the World Intellectual Property Organization) for designating the United States will include such a Declaration.

The Office of Origin reviews the application for conformity with the basic application/registration(s). In particular, it ensures that the mark is identical to that in the basic application/registration(s), that the list of goods or services for each designated country is no broader than that in the basic application/registration(s), that the correct fees have been paid, and that at least one member country is designated. The Office of Origin then certifies the application and forwards it to WIPO. For electronically filed applications in which the applicant, mark and goods are identical to those in a single basic application/registration, the USPTO will automatically electronically certify and forward the application. For other applications, human processing will cause some delay. However, the application must be forwarded to WIPO within two months of its date of receipt by the USPTO to maintain that receipt date as the effective date of the International Registration. If the USPTO cannot certify the application, it will refund the international fees, but not the certification fee.

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WIPO then examines the International Application for formalities (e.g., proper classification of goods and/or services and payment of fees), and, when satisfied that the formalities are correct, issues an International Registration. WIPO also notifies the trademark offices in the designated countries of the issuance of the International Registration. In the event of irregularities that need to be corrected, corrections can be submitted to the Office of Origin or directly to WIPO, depending on their nature. Correction fees, payable directly to WIPO, may accrue in the case of irregularities in the International Application.

Each designated country trademark office then has 12 or 18 months to examine the application and either provisionally reject (e.g., in a first Office Action) or grant protection of the mark under the laws of the respective country (e.g., by issuing a registration of extension of protection). The United States has opted for the 18 month term to refuse or grant protection. Because different countries will have different registration standards, it is quite possible that the goods subject to extensions of protection from a single International Registration will ultimately differ among different countries as a result of examination in the designated countries.

Once the International Registration has been issued, it must be renewed every 10 years. Failure to renew it will result in its lapse, and cancellation of the corresponding extension of protection to the United States. Renewal of the International Registration satisfies the renewal requirements for the extensions of protection in all designated countries that have such requirements. However, the United States also requires filing of a declaration of continued use in commerce (or excusable nonuse) (with a \$100 fee per class) between the fifth and sixth year, and every ten years, from the date of the registration of the U.S. extension of protection.³

In addition to the designation(s) included in the International Application, the owner of an International Registration may subsequently designate additional Madrid Protocol member countries to which it wants protection extended under the International Registration. The effective date of the International Registration for those subsequently designated countries is the filing date of a

³ The declaration can be filed late during a three month "grace period" upon payment of an additional \$100 per class. The grace period is only three months, instead of six months as for a direct U.S. registration. This appears to be the result of an oversight by Congress in the drafting of the legislation; however, the USPTO rules cannot cure this oversight.

proper submission of subsequent designations and the associated fees.

The International Registration is dependent on the owner's basic application/registration(s) for the first five years from issuance of the International Registration. If the basic application/registration(s) is abandoned or cancelled, or the goods or services are narrowed, the International Registration and the corresponding extensions of protection in the designated member countries are similarly affected. However, in the case of such action being taken on an International Registration designating the United States, the owner can, within 3 months of WIPO's action on the International Registration, transform the U.S. extension of protection to an application under Sections 1 and/or 44 of the Trademark Act. (i.e., an application based on use in commerce, intent to use and/or a home country application/registration) upon application with payment of the U.S. filing fee (presently \$335 per class). The transformed application will have the same filing date and priority benefits as the cancelled extension of protection to the United States. In addition, if only a portion of the cancelled goods or services in the International Registration pertain to the U.S. extension of protection, the owner can maintain the remaining U.S. extension of protection and also request transformation as to the cancelled goods or services.

A. Processing of an International Application in the USPTO

An International Application filed in the USPTO must be filed and processed in English. The rules will require that it be filed electronically, using the format of the USPTO's TEAS (Trademark Electronic Application System). However, the requirement for electronic filing and processing has been postponed until January 2, 2004 to permit the USPTO to perfect its electronic system. Meanwhile, both electronic and paper filings will be accepted. However, electronic filing will permit payment of international fees to the USPTO when the International Application is filed, whereas paper filing will require that international fees be paid separately directly to WIPO.

The International Application must be accompanied by the international fees and the U.S. fees for certifying the application.⁴ The international fees comprise a basic fee (presently 653 Swiss Francs or 903 Swiss Francs if color is part of the mark), individual or complementary fees for the

⁴ Until January 2, 2004, the separately paid international fees may be paid before or after the International Application filing date for paper filings in the USPTO.

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specific countries being designated (which vary by country), and a supplementary fee if the International Application covers four or more classes (presently 73 Swiss Francs per additional class). The U.S. certification fees are \$100 per class for an International Application based on a single basic application or registration, or \$150 per class for an International Application based on more than one basic application and/or registration.

Subsequent designations can also be filed at the USPTO for transmittal to WIPO. The USPTO fee for transmitting a subsequent designation to WIPO is \$100, plus an international fee (presently 300 Swiss Francs) and the individual or complementary fees for the subsequently designated country(ies).

Changes in ownership of an International Registration can be recorded in WIPO through a request submitted to WIPO with payment of an international assignment recordation fee (presently 150 Swiss Francs for a change of name, and 177 Swiss Francs for other changes). In general, the USPTO will not accept or forward to WIPO requests for recordation of assignments of International Registrations. However, where the assignee is a national of, is domiciled in, or has a real and effective commercial or industrial establishment in the United States, the assignment applies to the U.S. designation, and the assignee cannot obtain the assignor's signature for the request to record the assignment, the USPTO will accept and forward a request to record the assignment upon payment of a \$100 fee. Recordation of an assignment of an International Registration at the Assignment Services Division (Assignment Branch) of the USPTO will not be taken into account by the USPTO.

Similarly, security interests or other restrictions on the owner's rights or disposal of an International Registration, or releases of such restrictions, can be recorded in WIPO through a submission to the International Bureau with payment of an international assignment recordation fee (presently 177 Swiss Francs). In general, the USPTO will not accept or forward to WIPO requests for recordation of such items. However, under very limited circumstances, the USPTO will accept and forward a request to record such items upon payment of a \$100 fee. Recordation of such items relating to an International Registration at the Assignment Services Division of the USPTO will not be taken into account by the USPTO.

B. Extending Protection of an International Registration to the United States

A successful request for extension of protection of an International Registration in the United States is known as a "registered extension of protection" or "section 66(a)

registration." The effective filing date of a request for extension of protection or a registered extension of protection in the United States is either (1) the International Registration date, if the owner initially designates the United States in its International Application, or (2) the date that WIPO records the owner's subsequent designation of the United States.

The present fee for designating the United States for extension of protection of the International Registration is \$335 (456 Swiss Francs) per class. The owner pays this fee to the Office of Origin or WIPO when initially designating the United States for extension of protection. This fee substitutes for any complementary fees that could be charged by WIPO under the Madrid Protocol, although the Office of Origin may charge administrative fees for certifying information to be forwarded to WIPO for extension of protection to the United States.

An application for extension of protection of an International Registration to the United States is treated much like a direct U.S. application or registration, with some differences as discussed below.

The application for extension of protection of an International Registration to the United States rests on an independent basis for filing and registration, which cannot be combined with other bases under Sections 1 and/or 44 of the Trademark Act. This independent basis is also more restrictive than typical USPTO practice. For example, no changes to the drawing or description of the mark are permitted, and registration on the Supplemental Register (for a mark that is descriptive but "capable" of distinguishing the goods/services) is not permitted.

An application for extension of protection in the United States is otherwise subject to the U.S. rules for examination of directly filed applications (with some limited exceptions involving opposition procedures and post-registration maintenance). For example, the application is subject to refusal of registration based on a prior conflicting mark, descriptiveness, functionality and/or objections to the identification of goods and/or services under U.S. practice. An Office Action notifying the applicant of a refusal to register should be issued by e-mail. The applicant will have six months to respond, with the date of the response being determined by the time and date of the USPTO's receipt of the response, not the applicant's date of transmission (which may differ due to worldwide time/date differences).

While the applicant can respond directly or wait and retain U.S. counsel after an Office Action issues, there are advantages to retaining U.S. counsel early and having them identify themselves to the USPTO in connection with an application for extension of protection to the United States

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early. Because the U.S. practice regarding identification of goods is so different from that in most countries, Office Actions will generally be issued in U.S. extension applications. U.S. counsel will be best positioned to receive the Office Action and ensure proper docketing and response to them. In addition, retaining U.S. counsel may be important not just to respond to Office Actions, but to monitor the status of applications every six months to satisfy the diligence requirement of the amended rules, as discussed below. U.S. counsel will also be in the best position to ensure that post-registration declaration requirements are met in the United States.

It is also possible to replace an existing U.S. registration with an extension of protection of an International Registration upon filing a Notice of Replacement with a \$100 per class fee. This is automatic where both registrations are in the name of the same person, and all of the goods and services in the U.S. registration are also listed in the International Registration with respect to the United States. However, under the U.S. rules, the replaced registration will remain in force, unless cancelled, expired or surrendered, as long as the owner maintains it (e.g., with post-registration declarations of use and renewals).

We do not generally recommend that an owner give up an existing U.S. registration of a mark that is in use in favor of an extension of protection of an International Registration. For the first five years from issuance of the International Registration, the U.S. extension is subject to restriction or cancellation based on events relating to the basic application/registration(s) in the Office of Origin. Thereafter, the pre-existing U.S. registration itself would be over five years old. After five years from issuance, a U.S. registration is immune from any challenge based on prior use and/or descriptiveness. In addition, the registration can be made incontestable under Section 15 of the Trademark Act based on, essentially, five years of continuous use from the date of registration. Thus due to the risk of loss of the extension of protection before five years from issuance of the International Registration, and due to the loss of benefits pertaining to the pre-existing registration after five years from issuance of the International Registration, a pre-existing U.S. registration of the same mark for the same goods should not be replaced without careful consideration.

C. Future Developments

One present limitation on use of the Madrid Protocol derives from the fact that it requires extension of protection and appurtenant fees and examination in each country in which protection is desired. An alternative is to use the European Community Trademark system, under which one

can now secure, with a single filing and examination, protection in fifteen member countries. European Community Trademark protection will extend to twenty-five member countries effective May 1, 2004. Thus the European Community Trademark system can provide a significant amount of international protection with less complexity and cost (although there are also disadvantages of that system to be considered). At present, the European Community Trademark system cannot be used in conjunction with the Madrid Protocol system.

There is ongoing discussion of the possibility that the European Community will join the Madrid Protocol as a single member which could then be designated for trademark protection. This would significantly streamline the Madrid Protocol extension of protection process, although consideration would still have to be given to the advantages and disadvantages of use of the European Community Trademark system.

II. Other Rule Changes

The following rule changes will affect substantially all new and some existing U.S. applications/registrations, including those based on the Madrid Protocol. These rule changes principally relate to the drawing of the mark, abandonment and revival of an application, and TTAB opposition procedures.

A. Application Drawing

The changes to the drawing requirements apply to all applications filed on or after November 2, 2003. Thus they do not apply in, or require revision of, applications filed before that date.

The USPTO currently does not accept drawings in color. Instead, black and white drawings with lining and/or statements identifying the color are used. Under the amended rules, color drawings are required for marks that include color as a feature of the mark, and black and white drawings with lining and/or statements identifying the color will not be accepted in their place.

The drawing of the mark must be in either of two forms: (1) a standard character drawing (previously called a "typed drawing" and essentially depicting the mark in all upper case letters from a standard keyboard); or (2) a special form drawing for showing a design, color, three dimensions, particular font style, etc.

For standard character drawings, the USPTO has provided a chart of acceptable characters (including lower case letters), and requires that a statement that the mark is in standard characters and that no claim is made to any particular font style, size or color. (The USPTO will

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assume that this is the case, and add the statement by Examiner's Amendment, if the mark is presented in all upper case letters.)

For special form drawings, the rules will permit a drawing in color; indeed, the drawing must be in color if color is claimed as a feature of the mark, and, conversely, must be in black and white if color is not claimed.⁵ For any digitized image submitted through TEAS, a special form drawing must (1) be in .jpg format, scanned at no less than 300, and no more than 350, dots per inch and (2) have no less than 250, and no more than 944, pixels in length and width. The dimensions of a stylized mark are 8 cm by 8 cm for a special form drawing filed on paper.⁶

B. Abandonment and Revival of an Application

If an Examiner's refusal to register a mark is expressly limited to certain goods/services, an applicant's failure to respond to such refusal can result in abandonment only as to those certain goods/services in applications filed on or after November 2, 2003. The effect is that the entire application will not be abandoned. While this amendment changes existing practice in a way that helps protect applicants from abandonment, it has been rather rare that an Examiner expressly limits the refusal of registration to certain goods or services.

The rules are unchanged that any applicant who receives a Notice of Abandonment may petition to revive within two months of the mailing date of the Notice. Under the amended rules, an applicant who does not timely receive a Notice of Abandonment may petition to revive the application, if the petition is filed within two months of the applicant's actual knowledge of the abandonment, and if the applicant was diligent in checking the status of the application every six months (as opposed to the prior requirement for checking every year). This new diligence

⁵ An application for extension of an International Registration to the United States, with respect to claims of color, must be consistent with the basic application/registration(s).

⁶ Due to the strict requirements for a special form drawing submitted on paper or through TEAS, and the need to obtain early filing dates, we recommend that all clients provide a depiction of the mark that meets the above requirements. If not, we will use our drafting department whenever possible to make revisions to meet the requirements of a special form drawing. Our draftsman's charges will be based on the amount of time spent making the necessary revisions.

standard will apply in respect to all petitions to revive filed on or after May 2, 2004.

If a Petition to Revive an abandoned application is not filed within two months of the mailing date of the Notice of Abandonment in an application that is the basic application underlying an International Registration, the USPTO will notify WIPO of the abandonment of the application. This abandonment of the basic application will result in cancellation of the International Registration (with no opportunity for revival), and thus abandonment/cancellation of any corresponding Madrid Protocol extension of protection in member countries, even if the applicant's U.S. application is later revived under the amended Rule. Thus prompt action on any Notice of Abandonment is particularly important in such applications.

C. Trademark Trial and Appeal Board

The USPTO is creating a two track system for opposing an application determined by whether the application is an application for extension of protection of an International Registration or is an application based on Sections 1 and/or 44 of the Trademark Act (a "direct application"). In addition, it is creating one uniform rule limiting the amount of time that the deadline for filing an opposition can be extended.

1. Filing Format

An opposition, or request for extension of time to oppose, regarding an application for extension of protection of an International Registration must be filed electronically through ESTTA (Electronic System for Trademark Trials and Appeals). Corresponding filings regarding a direct application may be filed on paper or through ESTTA.

2. Grounds for Opposition

An opposition to either a direct application or an application for extension of protection of an International Registration may be amended after the close of the time period for filing an opposition, but such amendment may not add to the goods or services for which registration is being opposed. Unlike an opposition to a direct application, however, an opposition to an application for extension of protection of an International Registration may not be amended to add to the grounds for opposition.

Thus, for example, an opposer may learn of additional grounds to oppose an application, which were not initially pleaded in the opposition, through discovery in the opposition. An opposition to a direct application could be amended to add those grounds. The same is not true in an opposition to an application for extension of protection of an International Registration. In the latter opposition, the

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newly discovered grounds for opposition may not be added.⁷ Aside from the above restrictions, oppositions "may be amended in the same manner and to the same extent as in a civil action in a United States district court."

3. Extensions of Time to Oppose

Uniformly, under the amended rules, extensions of time to oppose can no longer aggregate more than 180 days from the date of publication of the mark for opposition. Previously, the TTAB would permit the parties by agreement to extend this deadline as long as the parties represented that progress was being made towards settlement.

The time limits under the amended rules may sometimes affect settlement discussions by requiring that an opposition be filed before a settlement is concluded. However, the parties may stipulate to suspend the opposition or reschedule the closing dates for discovery and testimony periods to provide additional time to conclude negotiations. Thus, the parties may still postpone the burdens of discovery and trial if the parties by mutual agreement.

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⁷ It may be possible to petition the USPTO for waiver or suspension of the rule in the interest of justice in certain cases.