

# MADRID PROTOCOL - PROS & CONS -

The Jamaican Trademark Practitioners' Perspective

INTELLECTUAL PROPERTY CARIBBEAN ASSOCIATION MEETING AT INTA IN SEATTLE WASHINGTON  
MAY 20, 2018

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# MADRID PROTOCOL – Pros & Cons

## INTRODUCTION

- ▶ The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks - **“the Madrid Protocol”** - is an international agreement which facilitates the registration of trademarks under a system administered by the World Intellectual Property Organization (WIPO).
- ▶ The Protocol was devised in 1989 as a means to attract international membership by the elimination of the restrictions that made the Madrid Agreement of 1891 inaccessible to non-European countries.
- ▶ Originally subscribed to by mainly European and Scandinavian countries the Protocol gradually extended to Asian countries, Australia and North America and is slowly being introduced into Latin America and the Caribbean.

# MADRID PROTOCOL – Pros & Cons

## INTRODUCTION

- ▶ Influenced by, among other things, a contingent of influential private sector entities and its commitment under the EU-CARIFORUM Economic Partnership Agreement (EPA)(2008) **‘to endeavour to accede’** to the Madrid Protocol [by January 1, 2014] the Government of Jamaica has for some time now expressed its intention to join the Madrid Protocol.
- ▶ The Intellectual Property Committee of the Jamaican Bar Association has had the opportunity over several years even prior to the EPA, to critically review the Madrid Protocol and to engage with government representatives on the matter of accession through position papers, participation in a number of stakeholder meetings and a government working group.

# MADRID PROTOCOL – Pros & Cons

## INTRODUCTION

- ▶ The Committee made a number of recommendations to government some of which the government has taken on board;
- ▶ The overarching one being, that a careful and cautious approach be taken and the process towards accession ought not to be rushed.
- ▶ I will briefly summarize what the Committee considers the major pros and cons of the Protocol and highlight our main recommendations to the Government concerning accession.

# MADRID PROTOCOL

Pros & Cons



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Trademark System

# MADRID PROTOCOL – Pros & Cons

## Advantages

- ▶ There is broad consensus on the main advantages of the Madrid Protocol.
- ▶ In a nutshell, the Protocol offers **a simplified trademark application process, cost savings for the applicant** and **one set of rules** applicable to the filing and registration of the marks.
- ▶ Protocol users can file an ‘**international application**’ designating Protocol countries of their choice, and obtain an ‘**international registration**’ of their trademark through the WIPO Madrid system.
- ▶ With now around **101** members covering **117** countries this is very wide coverage.

# MADRID PROTOCOL

## Pros & Cons

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Afghanistan becomes the 101st member of the Madrid System, now covering 117 countries.

(Photo: WIPO/Przybylowicz)

Source: <http://www.wipo.int/madrid/en/members/>



# MADRID PROTOCOL – Pros & Cons

## Advantages

- ▶ The international registration process circumvents the use of, and payment to, a trademark attorney/agent in each country of coverage as filing is directly to WIPO without the need for an agent.
- ▶ Applicants pay one set of fees in one currency to WIPO instead of different fees to the national intellectual property offices.
- ▶ The international registration can subsequently be renewed or transferred through WIPO without further reference to the national IP offices.



**Dianne Daley McClure © 2018**



# MADRID PROTOCOL – Pros & Cons

## Advantages

- ▶ National IP Offices generally experience an influx of international applications after Protocol accession.
- ▶ Because of the anticipated influx of international applications it is presumed that Protocol accession automatically results in more revenue to the IP Offices.
- ▶ This is certainly the presumption held by the Jamaica Intellectual Property Office (JIPO) which has cited improved income generation for the IP Office among the reasons for accession.

(see Memorandum of Objects and Reasons – Draft Bill to Amend the Trade Marks Act 2017)

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# MADRID PROTOCOL

## Pros & Cons

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What could possibly be the downside to this arrangement?



Canadian Lawyer Legal Report: Intellectual Property - Madrid Protocol will shake up IP business, June 2007, Jennifer McPhee

## Disadvantages

### A simplified trademark application process - How simple is it really?



# MADRID PROTOCOL

## Pros & Cons

# MADRID PROTOCOL – Pros & Cons

## Disadvantages

- ▶ At first brush the international application process may appear simple but the protocol filing does not eliminate the jurisdiction of each national office to examine the application on the basis of the local trademark law.
- ▶ The asserted simplification of the registration procedures belies the complexities of trademark laws, as trademark registration is not a mechanical process.
- ▶ An international application does not proceed to an automatic grant (save for default of the IPO to examine within Protocol timelines); it has to be examined on absolute grounds and can be refused on those grounds at the national level.
- ▶ Some offices also examine marks on relative grounds and so the international application has to also cross that hurdle in order to be registered.

# MADRID PROTOCOL – Pros & Cons

## Cons

- ▶ The Con is that an applicant may be under the mistaken impression that the process is simple when it is still subject to the rigors of each national trademark system.
- ▶ This can lead to another Con - That there is no need to seek the advice/assistance of local trademark professionals (attorney/ agents.)
- ▶ While there is no obligation to have counsel, it is certainly ill-advised not to.

# MADRID PROTOCOL

## Pros & Cons

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## Disadvantages

The international registration process circumvents the use of a trademark attorney/agent in each country of coverage.



# MADRID PROTOCOL

## Pros & Cons



# MADRID PROTOCOL – Pros & Cons

## Cons

- ▶ Not all trademark applications have a smooth ride to registration. There is always the possibility of objections by national offices (the first hurdle) and oppositions by vigilant trademark owners (the second hurdle)
- ▶ Usually, once a local trademark professional is involved in the filing of an application that agent can preempt objections and even oppositions, or respond to such objections/oppositions in a timely and expert fashion.



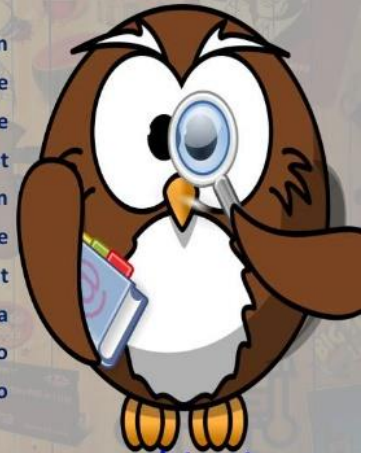
# MADRID PROTOCOL – Pros & Cons

## Cons

- ▶ If the Protocol user does not involve the trademark professional from the start, they may have to endure objections/oppositions that could have been avoided or pay premium to engage local trademark attorneys to respond to same as they come up.
- ▶ This, of course, can erode the perceived cost-savings of the Protocol user or cause the user to just abandon the process in countries where objections/oppositions are raised.

### WHO IS A TRADEMARK AGENT?

A Trademark agent is one who specializes in trademark matters. Trademark agents are supposed to have extensive knowledge about trademarks and also should be adept at the process of registration and protection of trademarks as well deterrence of the use of fraudulent marks. A Trademark Agent deals with all the possible legal aspects of a trademark right from its registration to appearing for court cases relating to trademark.



[www.intepat.com](http://www.intepat.com)

# MADRID PROTOCOL – Pros & Cons

## Cons

- ▶ “Thinking they’re getting a great deal more companies will cover off more countries...and because of the increase in applications, more objections will follow...”
- ▶ Companies that choose to file in multiple countries through Madrid will tend to forego hiring trademark professionals to conduct clearance searches and therefore may not be alerted to potential problems down the road ahead of time”

(Tracy Corneau quoted by Jennifer McPhee)



"Hey, here's a good deal! If we buy something, they'll stop sending catalogs for a week!"

# MADRID PROTOCOL – Pros & Cons

## Cons

- ▶ Hence, even though the applicant may have saved on the initial fees by not having to engage a trademark professional, he could end up paying premium fees which could have been avoided if they went through an agent in the first place.
- ▶ The Protocol neither mandates nor promotes the involvement of the trademark professional in the process. It is therefore not a win-win model for rights owners and IP professionals.





## Disadvantages

The expectation of increased 'revenues' at a macro level may be unrealistic.

This perception of increased revenues from Protocol filings may entice some developing IP offices to enter the Protocol but it is not necessarily founded on a proper cost/benefit analysis.

This expectation ought to be tempered.

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## Pros & Cons

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# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

- ▶ The Madrid Protocol eliminates at least 2 streams of revenue to the government from trademark registrations. So an increase in filing fees paid for Protocol filings, will not necessarily translate into net income.
- ▶ Using Jamaica as an example, for every international application designating Jamaica without the involvement of a local trademark attorney there would be one income stream for the government – the official filing fee.
- ▶ However, once a local trademark professional is involved, there are three additional income streams for the government.

# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

### Income streams involving professionals:

- ▶ The official filing fee
- ▶ The General Consumption Tax (e.g. VAT) on the professional fees – Based on the value of these services in virtually all jurisdictions around the world the professional fee exceeds the statutory filing fee hence the tax is also significant.
- ▶ Foreign Exchange earned, as fees from foreign applicants in several countries are remitted in foreign currency.
- ▶ Income Tax from fee earners.



# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

- ▶ The Madrid Protocol allows foreign entities to bypass the need to access legal representation since applicants are able to file directly through WIPO
- ▶ While WIPO gets paid up front, the National IP Offices do not. The time value of money is therefore in WIPO's favour not the National IP Offices.
- ▶ In countries like Jamaica, where foreign filings are significantly higher than local filings, as direct filings by foreign nationals decrease, this will result in loss of significant revenue that the government now earns.

# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

### Larger Corporations stand to benefit most

- ▶ While there may be initial cost-savings, registration under the Protocol is not inexpensive.
- ▶ It is most suited for and used by corporations (predominantly from developed countries) with large global trademark portfolios which have a *bona fide* intention to or are already marketing their trademarked products/services in multiple countries
- ▶ Such corporations have the resources to enforce their rights in several countries.

# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

Disadvantages through inherent limitations of the Protocol

- ▶ Vulnerability of International registration
- ▶ Dependency on national application/registration
- ▶ Central Attack during dependency period
- ▶ Restriction on Assignment of Rights in non-protocol members

Disadvantages for Developing Countries which are net importers of foreign applications:

- ▶ Loss of competitive advantage for SMEs & MSMEs
- ▶ Obstacles to challenging Protocol Registrations by Foreigners
- ▶ No central enforcement facility
- ▶ Cost constraints
- ▶ Overburdening of national IP office

# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

### Potential loss of competitive advantage for SMEs & MSMEs

- ▶ The implementation of the Protocol is expected to involve a significant increase in the presence of foreign brands, because the vast majority of Protocol countries are net exporters of trademarks, unlike the Caribbean.
- ▶ The easy entry of many foreign brands could mean a reduction of vital trademark options available to local entities.
- ▶ Local enterprises, in particular MSMEs, are at risk of losing their competitive advantage in the local market against incoming foreign Protocol registrations.
- ▶ This is so because the Protocol grants foreign marks fairly easy entry into the domestic IP registry and this could be the expense of marks owned or required by local businesses.

# MADRID PROTOCOL – Pros & Cons

## *Disadvantages*

### No central enforcement facility

- ▶ WIPO provides no facility for the monitoring or enforcement of the trademarks which are acquired through the Protocol.
- ▶ **“There is no unified enforcement mechanism for protecting international registrations as protection, if granted, is still subject to each member state’s domestic law.”** Christian Thomas, “How best to utilize the Madrid Protocol” Building and enforcing intellectual property value (2011), 55, page 56.
- ▶ The trademark proprietor still has to expend the funds to monitor, protect and enforce its trademark in the countries where it has acquired registration.
- ▶ Failure to properly monitor and enforce trademark rights can result in loss of the registration.

# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

**The Madrid Protocol ought not to be signed until implementing legislation has been passed.**

- ▶ Once a country accedes to the Protocol it comes into effect shortly after accession
- ▶ In Jamaica, proper implementation would require significant amendments to the Trade Marks Act. Otherwise, while foreign registrants would begin to designate Jamaica under Protocol applications, Jamaican applicants would be precluded from properly accessing the international filing facility or opposing incoming applications.
- ▶ This would be extremely disadvantageous to Jamaican applicants and would overwhelm the IP Office and the national trademark administration system.

# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

**The Madrid Protocol ought not to be signed until the National IP Office is properly equipped to run the national system alongside the Madrid System**

- ▶ The Protocol will increase the complexity of the national trademark registration system as it will be necessary to operate dual systems.
- ▶ Some IP Offices in the Caribbean already have a significant backlog of national trademark applications.
- ▶ Unless properly resourced, the IP Office may have to concentrate its efforts on incoming foreign international applications due to the time-sensitive parameters under the Protocol.



# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

**Publish all International Registrations designating the country in the same manner as national applications.**

- ▶ Trademarks registered under the Protocol are not required to be published nationally.
- ▶ While National Offices are to be provided with copies of the Gazettes of the International Register, local trademark holders could still be at a disadvantage if the IP Office goes no further than to post a copy of the International Bureau's Gazette on its website.
- ▶ It will be much more difficult for local proprietors to exercise their registered trademark rights, since there is a good chance that they would only become aware of foreign trademarks registered through the Protocol after such registrations have been granted.

# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

**Publish all International Registrations designating the country in the same manner as national applications.**

- ▶ Local Trademark Attorneys and rights holders must have easy access and proper notice of same and, should be able to easily access international registrations which have effect in Jamaica and could potentially jeopardize their rights.
- ▶ International registrations can potentially block a local application and bring into contention the validity of the earlier rights.

# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

### Governments should:

- ▶ Elect options under the Madrid Protocol which accord with their national interests
- ▶ e.g. 18 month timeline for examination of applications, individual fee or complementary /supplemental fee
- ▶ Adopt specific policies to reduce the risk of dilution of the National Brand
- ▶ Adopt specific policies and regulations to preserve the critical role played by Local Trademark Professionals
- ▶ Institute a register of trade mark agents
- ▶ Encourage applicants to utilize the services of a trade mark agent for the filing and prosecution of their trademark applications

# MADRID PROTOCOL – Pros & Cons

## Main Recommendations

### The Madrid Protocol ought not to be signed in the absence of a Proper Impact Assessment

- ▶ No international agreement should be considered in a vacuum and for small vulnerable economies like the Caribbean any contemplation of accession to the Protocol should be preceded by a thorough impact assessment.
- ▶ The impact of accession to the Protocol is multifarious and ought not to be viewed from a one-dimensional perspective.
- ▶ In Jamaica a number of stakeholders will be impacted by accession and while the impact on one subcategory of local stakeholders may be positive, the net effect of the impact on the majority of local stakeholders may be negative.

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## Pros & Cons

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Final words to Protocol aspirants..

