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Membership in the Madrid Protocol has added complexity to a U.S. applicant's trademark clearance process. Karen Ash's first article on the topic, titled "Just Another Option: Foreign Trademark Protection Following U.S. Membership in the Madrid Protocol" was published, November 28, 2003. In this subsequent analysis, the author outlines new strategies that must now be adopted.

Madrid Protocol's Effect on Trademark Search Strategies

BY KAREN ARTZ ASH

It has now been several months since the United States became a member of the Madrid Protocol. U.S. applicants are now allowed to file one trademark application to obtain protection in up to 62 member countries, and, conversely, foreign applicants also now have the ability to extend protection of marks registered to the United States. Consequently, U.S. trademark applicants must now also consider these foreign trademark owners and foreign-obtained rights when evaluating the availability of a potential mark for use in the United States, as well as elsewhere. Therefore, membership in the Madrid Protocol has added some complexity to a U.S. applicant's trademark clearance process. New strategies must now be adopted, representing an expansion of current practices.

Background Overview of the Madrid Protocol

Before examining searching options and strategies, it is important to outline the basic steps and possible rights arising out of Madrid Protocol filings.

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Specifically, a foreign applicant who already owns a Madrid Protocol registration or who files a new Madrid Protocol application may now request an extension of this protection into the United States. With the recent additions of Iran, Croatia, and Cyprus, there are currently 62 members of the Madrid Protocol (including the United States), with the European Union set to join later this year. The World Intellectual Property Organization is also expected to accept Spanish as a working language for Madrid Protocol filings on or about April 1, 2004 (currently applications are accepted only in French or English), and therefore the system may soon be more attractive to Spanish speaking countries. A Madrid Protocol application may be filed based on an applicant's national application or registration (the "Basic Application" or "Basic Registration") in any of the member countries of the Madrid Protocol. Therefore, a U.S. applicant may file a Madrid Protocol application in the Patent and Trademark Office, and foreign applicants may file their requests for extensions of protection into the United States in their own trademark offices. The national trademark office then certifies that the Madrid Protocol application accurately reflects the basic national application or registration and forwards the certified application to the International Bureau of WIPO. WIPO examines the Madrid Protocol application for formalities, issues an International Registration (IR), and sends requests for extensions of protection to the designated countries.

The IR may also be extended to other Madrid Protocol member countries through subsequent designations. After examination of such subsequent requests, the designated country will issue a certificate of extension of protection. The IR will continue to have the same renewal date. The IR itself does not confer any substantive rights, rather, it is a mechanism by which extensions of protection are obtained in designated countries, and only these extensions (when accepted in those countries) provide the applicant with substantive rights in that country.

The individual trademark offices of the designated countries receive and examine the requests for extensions of protection as they would applications filed directly in their national offices. Only after the extension request has passed through national examination in each selected country will a certificate of extension of protection be issued for that country. The ultimately issued IR has a term of 10 years and may thereafter be renewed for successive 10 year terms, subject to compliance with all local requirements, such as affidavits of continued use.

A Brief Look at Traditional Trademark Clearance Search Practices

Potential U.S. trademark owners should always have their counsel conduct a full clearance search (including common law uses) to determine the availability of the proposed mark in the United States. The obvious goal of such a search is to do as much research as possible to ascertain whether anyone else owns senior rights in the same or a confusingly similar mark for the same or related goods or services. When considering which marks may be confusingly similar, the searching attorney has always evaluated similarities in appearance, sound, and connotation, as well as possible families of marks using one or more of the terms or themes in the proposed mark for identical or related goods or services, and in some instances, even remote product and service mark categories.

As the United States is a common law country, the normal practice of trademark clearance has always involved a review of the records of the principal and supplemental registers for federal trademark and service mark registrations, state trademark and service mark registrations, and a comprehensive search including information relating to common law uses of potential marks, such as business names, trade publications, advertising, uses, catalog references, and use as a part of Internet domain names (and active Web sites).

With advances in technology, more information on common law use is now available, and the clearance process has become increasingly comprehensive and complicated. Also, with free trade agreements such as NAFTA, and with businesses now commonly using the Internet for sales and advertisements, it is rare for a business using a mark to limit it entirely to domestic use or for third party references, whether or not preemptive, to be purely local in nature or scope. In the traditional pre-Madrid Protocol search, in addition to common law trademark owners who may not have filed applications for their marks, foreign applicants have long had the

option, under the Paris Convention, of claiming priority of use of the mark based upon a filing in their home country within six months of their application dates. This possible circumstance continues.

The Madrid Protocol's Effect On Domestic Trademark Searches

The U.S. membership in the Madrid Protocol adds to the clearance process, at a minimum, a review of the WIPO database of International Registrations. This step would be necessary to identify applicants in other Madrid Protocol countries that might have identified the United States as a country in which an extension of protection is sought. As U.S. membership is very young, the number of foreign filings seeking protection in the United States under an IR is currently very small. It is likely to remain relatively low as counsel and businesses adjust to the availability of this new option and understand the mechanics of the system. For example, on the U.S. side of the equation, initially the PTO stated it would accept only electronically-filed Madrid Protocol applications, but technical difficulties have thus far precluded the office from accepting any electronic Madrid Protocol applications.

While the use of Madrid Protocol extensions into the United States has yet to become a popular choice among foreign applicants, one may note that the European Union's Community Trademark filing system, now having achieved a significant level of acceptance and popularity, received a similarly hesitant reception in its inception. Although the Madrid Protocol system is more mature than the CTM system was when it was introduced (CTM was an entirely new registration system with no previously established infrastructure), it may still take some time before applicants are comfortable with using the U.S. extensions of the Madrid Protocol system effectively.

On the other hand, the Madrid system has been in existence for many years with an established international infrastructure. Other countries such as Australia and the United Kingdom have not experienced an overwhelming enthusiasm for Madrid Protocol filing availability, and considering the technical glitches in the PTO's electronic filing system, it may be some time before Madrid Protocol membership inspires confidence in U.S. trademark applicants.

In any event, whether or not the Madrid Protocol filing system is or becomes popular, there is no question that broader searching strategies are imperative. The most significant additional step required by U.S. accession to the Madrid Protocol is the necessary review of the applications and registrations on the WIPO database (which could easily be part of both a preliminary and full searching strategy). This review should also evaluate and take into consideration any provisional refusals of International Registration extension requests from other national offices for similar marks, as these refusals may indicate potential conflicts for the U.S. applicant. However, there will necessarily be a delay while the national offices process the application and communicate with the International Bureau.

Even assuming that a Madrid Protocol application complies with the relevant technicalities, there are several periods of review which could result in significant delays in the registration process, including the reviews of the Madrid Protocol application at the national trademark office and WIPO as well as the forwarding and review of the extension requests by individual national trademark offices. There may be a significant gap in time between filing of the application in the foreign applicant's home country and the appearance of that application in the WIPO or PTO databases.

Consequently, the WIPO database may not contain the most up-to-date information regarding potential conflicts in other countries, and a review of individual national databases in Madrid Protocol member countries may be advisable for important marks, as any of these national registrants may decide to file an International Registration. NAFTA and other trade agreements make searching in Canada and Mexico (neither of which is a member of the Madrid Protocol) recommended, as well – not so much for a determination of whether someone has U.S. based rights, but rather, as a means to identify potentially competing uses of the same or confusingly similar mark that could be imported into the United States.

Specific Searching Strategies

One search strategy is to conduct multiple searches at different times in the application process for a mark that has not been used in order to uncover competing applications which may have been filed but not available on the WIPO database earlier. As the review period at the national trademark office may last up to two months, a search update could be conducted on a bimonthly basis. Another strategy would be to search all the International Registrations and Applications, rather than only those for which extensions into the United States have been filed, as these registrants could possibly file U.S. extensions in the future. However, it is important to recognize that these searches add time and expense to the clearance process. Finally, it may be advisable to employ an international watching service for potential marks during the U.S. application process to be alerted to potential conflicts as soon as they are identifiable.

In summary, it is recommended that all clearance searches for marks intended for use in the United States should now include a review of the following:

- U.S. federal trademark registrations and applications;
- U.S. state trademark registrations and applications;
- Databases of any foreign countries where the mark will be used;
- Internet domain names and Web site usages;
- Common law uses such as business names, trade publications, and Internet sales; and
- The WIPO database's records of International Registrations for which extensions of protection into the United States have been filed.

A more extensive search may be advisable for some marks, including some or all of the following supplementary reviews:

- Canadian and Mexican trademark databases (for NAFTA considerations);
- Individual country searches if the client knows where a product is likely to be manufactured;
- The WIPO database's complete records of International Registrations and Applications;
- National trademark databases of Madrid Protocol member countries;
- Periodic follow-up searches of the International Register; and
- International watch services.

Once a trademark search has been completed and the mark is cleared for use, reservation for future use and registration, the potential trademark owner is faced with several choices. Based on whether the mark is in use or not and where it is intended to be used in the future, the owner may file either a use-based U.S. trademark application or an intent-to-use U.S. trademark application. Once this application has been filed, applicants seeking international protection of the mark have the option of filing a Madrid Protocol application, a CTM application, individual national applications, or any combination thereof.

Conclusion

The membership of the United States in the Madrid Protocol provides U.S. trademark owners with another option in obtaining international protection for their marks, and it offers foreign applicants another option in obtaining U.S. protection for their marks. As membership in the Madrid Protocol has expanded filing opportunities, the clearance search processes have also become necessarily more comprehensive. Expertise in accessing and evaluating more search data has become more important than ever.

There is no one search strategy that can serve every trademark owner's needs. Based on variables unique to the mark and its owner, such as actual use of the mark, the foreign countries where the mark may be used and the rate at which expansion of use is planned, applicants can develop search strategies to suit their particular needs. There is always a risk involved in searching, clearance, and use of any new mark. The risk of challenge is greater if the mark is adopted before a clearance search is conducted and evaluated. Therefore, specialized intellectual property counsel with a knowledge of foreign trademark practices should be consulted before investing the time and expense of developing of a new mark. The risks of third party challenge will be significantly minimized and the scope of rights available to the prospective trademark user can be significantly enhanced.



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Qualifications and Career Profile

Karen Artz Ash, National Co-Chair of the Intellectual Property Practice at Katten Muchin Zavis Rosenman, focuses her practice on all aspects of intellectual property law with a concentration in all facets of trademark and copyright law. Ms. Ash is and a member of the Firm's Board of Directors and serves on the Firm's Pro Bono committee.

Ms. Ash handles the structuring of intellectual property, including holding companies and trusts, as well as the creation, development, implementation and administration of licensing, servicing, manufacturing and other commercial agreements for companies worldwide. She handles IP diligence and corporate transactions worldwide, and is skilled in bankruptcy assessments and financings that are dependent on intellectual property assets. Ms. Ash has acted as Special Intellectual Property Counsel, appointed by the Bankruptcy Court in the Southern District of New York, in a high profile bankruptcy proceeding. She has also acted as an expert in a tax proceedings involving intellectual property holding entities.

Ms. Ash administers relationships in complex IP trust arrangements and develops and administers the worldwide licensing, exploitation, searching, clearance, registration and enforcement of trademarks, logos and domain names. Ms. Ash successfully represented a major apparel manufacturer and retailer in a high profile matter involving licensing arrangements with a designer label; and has represented apparel clients in the acquisition of major designer properties and businesses.

Ms. Ash's practice represents clients in the fashion and apparel, publishing, banking, financial services, and consumer electronics industries.

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