

**The Madrid Agreement and the Madrid Protocol  
Should the Safeguard Clause  
(Article 9sexies of the Protocol)  
Be Maintained?**

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**and**

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**I. Introduction**

Article 9sexies of the Madrid Protocol provides

**Article 9sexies  
Safeguard of the Madrid (Stockholm) Agreement**

(1) Where, with regard to a given international application or a given international registration, the Office of origin is the Office of a State that is party to both this Protocol and the Madrid (Stockholm) Agreement, the provisions of this Protocol shall have no effect in the territory of any other State that is also party to both this Protocol and the Madrid (Stockholm) Agreement.

(2) The Assembly may, by a three-fourths majority, repeal paragraph (1), or restrict the scope of paragraph (1), after the expiry of a period of ten years from the entry into force of this Protocol, but not before the expiry of a period of five years from the date on which the majority of the countries party to the Madrid (Stockholm) Agreement have become party to this Protocol. In the vote of the Assembly only those States which are party to both the said Agreement and this Protocol shall have the right to participate.

This clause is called the “safeguard” clause because the Madrid Agreement prevails when the office of origin is in a country that belongs to both the Agreement and the Protocol and the country for which protection is or has been requested also belongs to both the Agreement and the Protocol.

The reason for the existence of the “safeguard” clause is that in a number of respects the Madrid Agreement differs from the Protocol and that it was thought at the time of the adoption of the Protocol that the Agreement was in fact more advantageous, at least from the perspective

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of the users of the system, and should therefore continue to apply in relations between Agreement countries, even though the respective countries also belonged to the Protocol, and the general rule of treaty law would have the result that the most recent treaty to which the parties are bound should apply.

The ten years provided for in Article 9sexies (2), reproduced above, having expired, WIPO began to search for a solution of the perceived problem whether Article 9sexies of the Protocol should continue or whether the time had come to return to “normal” treaty law, i.e. the application of the last treaty ratified by both.

In this article we will analyse whether the “safeguard” clause should be maintained or whether there is room or reason for its complete or partial abandonment or substitution.

**It is our firm conviction that the reasoning made in 1989, namely that the Madrid Agreement was more favourable to its users than the Madrid Protocol, still stands today. No arguments have been put forward to demonstrate the contrary. We therefore conclude that the safeguard clause should be maintained, or that the safeguard should be maintained at least for those elements most favourable to trade mark proprietors, namely the refusal period and the fee system.**

**So as to take into account the needs and interests of trade mark proprietors, we consider that a better solution than the total or partial repeal of the safeguard clause would be to give the trade mark proprietor the choice of whether a particular international registration is subject to the Agreement only or to the Protocol only.**

## **II. The origins of the Madrid Protocol**

The Madrid Protocol owes its existence to the creation of the Community trade mark system and to the inability of the 1891 Madrid Agreement to attract the membership of new countries.

When the Community trade mark (CTM) system made its appearance on the international trade mark scene, in the early 1980s, it became clear to WIPO and its Director General at the time, Dr. Arpad Bogsch, that the CTM system posed a serious threat to the Madrid Agreement because of the fact that the very large majority of Madrid marks were “exchanged” between member countries of the European Community. This became even more evident when Spain and Portugal joined the European Community in 1986. Efforts were therefore undertaken in a working party convened by WIPO to create an instrument (a Protocol) which would allow making a “link” between the Madrid Agreement and the Community

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trade mark, by allowing that an international registration could be based on a Community trade mark, and by allowing the designation of the European Community in an international registration.

Membership of the Madrid Agreement was traditionally limited to European and North-African countries, and some Asian countries, notably China. But major countries with substantial international trade mark “exchanges”, i.e. countries which were often sought as countries of destination of trade marks protected elsewhere, as well as countries having a large domestic trade mark base and thus interested in “exporting” marks, had remained outside of the Madrid Union. This was true not only of such European countries as the United Kingdom, the Scandinavian countries, and Greece, but also of the United States and Canada, Latin America (with the notable exception of Cuba), and the Asian countries such as Japan, Korea, India etc., as well as Australia.

While originally the WIPO efforts were focussed on forging a link with the CTM system, in the latter part of the 1980s the focus was on both of the “deficits” of the “old” Madrid system, the idea at that time being to create two protocols to the Madrid Agreement, one for the “link” with the CTM system, the other for the enlargement of the membership. Rather late in the process – one of us was at the time the Chairman of the Working Party – the “strategic” decision was taken to create a single Protocol to the Madrid Agreement which would allow for the membership of the European Community – the requirement for the link – and the adaptation of those elements of the Agreement which had provided the obstacles to the adherence of additional members to the Madrid system.

As regards the “link” between the CTM system and the Madrid system, the use of a “Protocol” (which would require separate ratification) was indeed the appropriate designation. Permitting countries to join the Madrid system which had so far remained outside for any number of reasons required however the creation of provisions which would replace existing provisions in the Madrid Agreement. Properly speaking, what was attempted at that stage was to develop a revised Madrid Agreement. In view of the long-standing usage of the word “Protocol”, that designation was however maintained, even after it had been decided to integrate both proposals – the ability of intergovernmental organisations to join and the adaptation of certain provisions of the Agreement – into the same instrument.

When the Diplomatic Conference was convened in Madrid, by invitation of the Spanish government, it was a foregone conclusion that the Protocol would meet with the approval of the member countries of the Madrid Agreement as well as the other governments participating in the Conference, notably all the member states of the European Community (the United States participated only as an observer, even though it was obvious that many of the provisions incorporated into the Protocol were

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aimed at an eventual membership of the United States), and also of the interested non-governmental organizations (NGOs) which represented the “users” of the systems, i.e. trade mark proprietors and their representatives. The Diplomatic Conference lasted from 12 to 28 June 1989.

The Madrid Protocol was adopted on 27 June 1989 and entered into force on 1 December 1995. The Protocol became “operative” four months later, on 1 April 1996, the same day that the CTM system became “operative”.

The Protocol was eventually ratified by many countries, including the United States, Japan, Australia, and all the European countries with the exception of Malta. Once issues were settled relating to the languages to be used in proceedings before OHIM when Madrid marks were involved, the European Community finally joined as well, with effect from 1 October 2004.

Today, 79 countries and one international intergovernmental organisation (the European Community) belong to the Madrid Union. 60 countries belong to the Agreement, 53 of which also belong to the Protocol. 73 parties belong to the Protocol overall, of which 20 belong to the Protocol only. Only 7 “minor” members of the Madrid Union have not (yet) joined the Protocol (Algeria, Egypt, Kazakhstan, Liberia, San Marino, Sudan, Tajikistan). The system is attractive to trade mark owners, as evidenced by the growing numbers of international registrations. New registrations (i.e. excluding renewals) remained stable from 2000 to 2004 (2000 – 22.968, 2001 – 23.985, 2002 – 22.236, 2003 – 21.847, 2004 – 23.379), but since then the growth has been spectacular (2005 – 33.169, 2006 – 37.224).

### **III. The main differences between the Madrid Agreement and the Madrid Protocol**

The Protocol and the Agreement are very similar, they have the same sequence of Articles, and they are “linked” by the provision that members of the Agreement and of the Protocol belong to the same Madrid Union. Naturally voting rights in the Union are limited to Protocol members on Protocol issues, and to Agreement members on Agreement issues, but both may vote on common issues.

The main differences between the Madrid Agreement and the Madrid Protocol are the following:

- Membership is open not only to countries, as is the case with the Madrid Agreement, but also to intergovernmental organizations like the European Community.

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- The entitlement for obtaining an international registration under the Protocol is less restricted than under the Agreement: the entitlement is linked to nationality, residence, or establishment of or in a contracting party, while under the Agreement establishment prevailed over residence, which in turn prevailed over nationality (so-called “cascade”).
- Under the Protocol an international registration may be based not only on a registration in the country of origin, but also on an application (in the office of origin).
- The time limit for refusing protection, 12 months under the Agreement, may be extended to 18 months under the Protocol, and Protocol members may also invoke an additional option in this respect, namely that oppositions may be notified to WIPO even after the 18 months when a notification to this effect has been made by the respective designated office prior to the expiry of the 18 months.
- In cases of a successful “central attack”, i.e. when protection in the country of origin is lost within five years from the international registration, the Protocol allows a transformation of the (previous) international registration into national trade mark applications in the countries where the international registration was valid, with the original priority being preserved.
- For countries or intergovernmental organizations participating in the Madrid Protocol the possibility exists that, instead of receiving their share under the uniform designation fees provided for in the Madrid Agreement, they may claim so-called “individual fees”, which are determined for each designation by the designated party and which may not exceed the amount charged for a national trade mark application.

Some count among the special features of the Protocol also the use of languages other than French, in particular of English. However, since neither the Agreement nor the Protocol provides anything about the languages in which an international registration may be obtained or registered,<sup>1</sup> leaving the matter for the Regulations, the fact that for the Protocol three languages are equally admitted – English, French, and Spanish – is not really a special feature of the Protocol.

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<sup>1</sup> What is different is that the Protocol itself has been concluded in three languages (English, French, Spanish), while the only authentic language of the Agreement is French.

#### IV. The safeguard clause

The safeguard clause, codified in Article 9sexies of the Protocol, resulted from the express insistence of the “users” (the proprietors of trade marks) of the system. They considered that generally speaking the Madrid Agreement was more favourable for them than the Protocol. There were numerous interventions from the users and from some countries during the discussions leading up to the Diplomatic Conference, as well as during the Diplomatic Conference, the records of which are found in WIPO document MM/PCD/2 of 16 October 1990).

The following are examples:<sup>2</sup>

- page 227 under 1081: Mr. Hans MOLIJN (UNICE) said that “*His organization considered the safeguard clause, in Article 9sexies as the cornerstone of the Protocol.*”
- page 228 under 1084, Mr. G. KUNZE (AIM) said that “... *most delegations and representatives of intergovernmental and non-governmental organizations had stated that they were happy with the present Madrid System ... His organization still considered that those concessions within the Protocol **should not apply between the Madrid member states** ...*”
- page 229 under 1088, Mr. HARLE (AIPPI) said that “... *la clause de sauvegarde **est fondamentale** pour l’AIPPI ...*”.

It is beyond doubt that the safeguard clause, at the time that it was adopted in 1989, was seen by those adhering to the Madrid Agreement as an absolutely essential element and certainly as far from being a transitory arrangement. The review clause in Article 9sexies (2) of the Protocol was agreed to not because the clause itself was seen as transitional, but because it was considered appropriate to have a review of the situation in due time, taking into account the situation as it would exist in the future, without the need to convoke a new Diplomatic Conference in case it should then (i.e. now or later) be concluded that the safeguard would no longer be necessary. Certainly at the time there were no foregone conclusions about a possible abrogation or “dilution” of the safeguard clause.

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<sup>2</sup> Emphasis added by us.

## **V. The review of the safeguard clause**

WIPO is currently in the process of reviewing the safeguard clause with a view to a possible abrogation or change. Meetings of a Working Group of the members of the Madrid Union were convened in 2005 and 2006, and documents were prepared for these meetings.

We refer specifically to the WIPO report of the Meeting in June 2006 (MM/LD/WG/2/11 of 16 June 2006), as well as two additional documents dated 21 December 2006, namely MM/LD/WG/3/2 – Review of Article 9*sexies* of the Madrid Protocol; and MM/LD/WG/3/4 – Proposal for a New Rule 1bis.

A further meeting of the Working Group is scheduled for late May 2007, and the International Bureau of WIPO would like to present proposals to the Madrid Union Assembly in September 2007.

It is therefore particularly timely (and urgent) to review the situation.

### **Our conclusions are that the Madrid Agreement is more advantageous for the users than the Madrid Protocol**

The two treaties have functioned side by side without any practical difficulties. The Common Regulations under the Agreement and the Protocol have proven themselves in practice, and users of the system have become familiar with the interfaces between the two treaties.

Consequently, the argument that the Madrid Agreement should be suppressed and that there should be only one single treaty, may have some theoretical appeal, because things would be simpler than they are today, but in reality carries little if any weight in itself, especially taking into account the advantages of the Madrid Agreement that will obviously disappear if Article 9*sexies* were to be deleted.

At the time of the discussion on the Madrid Protocol, it was the (quasi) unanimous view of the users of the Madrid Agreement that the Agreement was more advantageous for them than the Madrid Protocol. In our view nothing has changed since that time which would warrant a different conclusion today.

Let us just underline one important advantage of the Agreement versus the Protocol, namely the question of fees. Let us illustrate this by a few examples.

According to the Madrid Agreement, for the extension to one country for 3 classes one has to pay 73 CHF per country. Under Article 8 (7) of the Protocol, contracting parties to the Protocol may opt for a system of

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“individual” fees, instead of their share in the country-designation fees. Of the 57 contracting parties, 33 have chosen the individual fee system.<sup>3</sup> If Article 9sexies would be suppressed, applicants would have to pay the following amount for 3 classes (instead of 73 CHF):

- Belarus: 600 CHF;
- Benelux: 245 CHF;
- China: 310 CHF;
- Switzerland: 450 CHF.

We would also underline the advantage for the users of the Madrid Agreement that flows from the 12-month time limit for refusing protection. Under the Protocol, that time limit may be extended to 18 months, and, what is often forgotten, a further delay may occur because parties to the Protocol may avail themselves of a further (unlimited) period within which oppositions may be notified, even after the 18 months have expired. Members of the Madrid Agreement have been able to handle both the work load under the Agreement and the time limits, for example by providing for opposition notices to be filed immediately after the extension to the country is published so that the obligation to notify “all grounds” within 12 months can be complied with.

It should be obvious that the countries – the parties to the Madrid Agreement and to the Madrid Protocol – which have the power to decide must essentially listen to the users of the Madrid Agreement and not so much to those who only use the Protocol, and who therefore cannot profit from the advantages of the Agreement. It seems to us that the users who have expressed some support for suppressing Article 9sexies come essentially from countries that have only ratified the Protocol. It must also be underlined that the users of the Protocol do not suffer from any inconveniences resulting from the use and existence of the Madrid Agreement and the continued application of the safeguard clause.

It is rather surprising that during the discussions in the meetings of the WIPO Working Group not much has been said concerning the advantages – which were clearly recognized in 1989 – of the Agreement versus the Protocol.

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<sup>3</sup> These contracting parties are the following: Armenia, Australia, Bahrain, Belarus, Benelux, Bulgaria, China, Cuba, Denmark, Estonia, European Community, Finland, Georgia, Greece, Iceland, Ireland, Italy, Japan, Kyrgyzstan, Netherlands (with respect to the territory of the Netherlands Antilles), Norway, Republic of Korea, Moldova, Singapore, Sweden, Switzerland, Turkey, Turkmenistan, Ukraine, United Kingdom, United States of America, Uzbekistan, Viet Nam.

## VI. Abrogation or amendment of the safeguard clause

The suppression of Article 9sexies would in practice suppress the Madrid Agreement. It is of course correct that the Agreement would still continue to exist for the countries that are only member of the Agreement (7 countries) and in relation to applications made between “residents” of both Conventions and the Member Countries of the Agreement only (and vice versa). According to the statistics published by WIPO this would concern approximately 0,7 % of all the extensions.

The International Bureau of WIPO made a number of suggestions which would not be as “radical” as the suppression of Article 9sexies of the Protocol (document MM/LD/WG/2/11 of 16 June 2006, § 28):

- Option 1: Maintaining the safeguard clause as it is today
- Option 2: Repeal of the safeguard clause
- Option 3: Repeal of the safeguard clause accompanied by certain measures aimed at limiting undesired effects that might result from such repeal
- Option 4: Restriction of the scope of the safeguard clause to cover only certain features of the international procedure (in particular, refusal period and fee system)
- Option 5: Restriction of the safeguard clause to cover only existing international registrations or designations (“freezing”).

Realization of Option 3 would require an amendment of the Protocol going beyond the suppression or amendment of Article 9sexies.

Option 4 would consist in a “partial” repeal of Article 9sexies, something which was not initially among the possible solutions envisaged by WIPO.

Option 5 would in substance be equivalent to a repeal of Article 9sexies.

It seems that WIPO has not considered so far a further option, namely an amendment of Article 9sexies that is not merely a “restriction”, and we will return to that possibility.

Before analysing the various options in more detail, two general points should be raised.

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### 1. Who decides on the fate of Article 9sexies?

Only the Member Countries of both the Agreement and the Protocol will have a right to vote when it comes to making a decision on the fate of Article 9sexies by adopting a solution that is limited to a repeal of Article 9sexies or its restriction (and possibly its amendment). The parties which are members of only the Protocol, as for example Australia, Japan, the UK, the U.S. and the European Community, have no right to vote. They do however have the possibility of participating in the discussion of the matter. Parties to only the Protocol would of course be involved directly if, as suggested in Option 3 above, the Madrid Protocol would be amended so as to give additional services aimed at "*limiting undesired effects that might result from such repeal*" of Article 9sexies.

Although this might be a self-evident statement, trade mark laws are essentially made for the benefit of the users of the system, namely the trade mark owners. Trade Mark and Patent Offices have not been created for their own benefit, but rather as public entities at the service of the public in general and especially at the service of the users of the systems. In 1989, the users had clearly indicated that they were in favour of Article 9sexies. Have they expressed the opinion that they have changed their minds? We have not seen any evidence of such change of minds. Rather, the debate has been carried forward by the representatives of governments and of trade mark offices, without much direct involvement of the users.

### 2. Possible denunciation by certain countries of the Madrid Agreement if Article 9sexies is not suppressed

It has been put forward that if Article 9sexies is not suppressed, some countries might leave the Madrid Agreement and only remain members of the Protocol, because they might estimate that the Protocol is more advantageous to them (more money and more time).

This might be so, although we do not believe that this is likely to happen. It should be noted that since the entry into force of the Protocol, only one country (Uzbekistan) has left the Agreement, and very few countries have left the Agreement earlier.<sup>4</sup> Further, in recent years, quite a few countries joined both the Protocol and the Agreement. Why did they do so, if the Agreement was so disadvantageous (Bhutan – 4 August 2000, Cyprus – 4 November 2003, Iran – 25 December 2003, Syria – 5 August 2004, etc.)?

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<sup>4</sup> Latvia in 1926, re-entry in 1995; Cuba in 1932, re-entry in 1989; Brazil in 1934; Mexico in 1943; Turkey in 1956, member of the Protocol since 1999; Tunisia in 1988.

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If a country should withdraw from the Agreement, an immediate consequence would be that those who were entitled to base an international registration under the Agreement on a registration in that country would no longer benefit from the more advantageous Madrid Agreement, such as lower fees, shorter time limits for refusals, etc. If nevertheless some countries should leave the Agreement, this would obviously be regrettable, but would obviously be less damaging than the repeal of Article 9sexies which would mean in practice the disappearance of the Madrid Agreement for all Member Countries of both Conventions and its advantageous provisions for the users.

It is recognized that if a country leaves the Agreement, but maintains its membership of the Protocol, some problems could occur like, for instance, creating transitional rules necessary for applying Protocol rules to marks previously governed by the Agreement only. It may seem rather surprising that this question has not been talked about or decided upon during the lengthy discussions which led to the Protocol. The reason for the absence of such a discussion in the past is that it was considered extremely unlikely that a country would voluntarily withdraw from the Agreement.

A suggestion to solve this problem was made by WIPO on 21 December 2006 in document MM/LD/WG/3/4. The solution would be to add a new Rule - proposed Rule 1bis – to the Council Regulation.

### **VII. Advantages and disadvantages of the Protocol versus the Agreement from the point of view of the user**

#### 1. Summary

##### *The advantages of the Protocol*

- Basic application instead of basic registration;
- Possibility of transformation of a “failed” international registration into national applications

##### *The disadvantages of the Protocol*

- The designation fees are much higher under the Protocol;
- The time limits for issuing refusals are much longer under the Protocol.

##### *The provisions with little or no effect on users*

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- Three languages (English, French, Spanish) instead of one (French): it has already been accepted that the three languages will also apply to the Madrid Agreement;
- The rules on entitlement to base an international registration on a mark in a particular office of origin are more liberal under the Protocol (no “cascade”): the benefit of this rule for users has been marginal;
- Under the Protocol subsequent designations may be made directly to the International Bureau: this is of marginal interest to users who have been content to request such extensions via the respective country of origin;

### 2. An analysis of the advantages of the Madrid Protocol for the user

As it has been said above, the Protocol has essentially been written for the benefit of the national Trade Mark Offices and not so much for the benefit of the users, although users have also benefited from the enlarged membership of the Madrid Union. As regards the comparison of the Agreement with the Protocol, users seem to benefit from two advantages, the ability to base an international registration on an application (and not only a registration), and the ability to “transform” a failed international registration after a successful “central attack” into national applications, while keeping the earlier priority.

#### *a) Basic application instead of basic registration*

According to the Protocol, it is sufficient to have a basic application in the country of origin. With the Agreement a registration is needed. Obtaining a registration might in some countries take rather long. Consequently, the user has then to wait before applying for a Madrid Agreement trade mark.

The benefit of that provision is in our view not as great as it may appear.

First of all, certain countries have adopted provisions which substantially overcome that deficit. For example, Germany and the Benelux offer an accelerated registration procedure under which a mark is registered within six months or less. In Germany this possibility only exists when the mark does not meet objections on absolute grounds, in the Benelux an “accelerated” registration is possible even in cases where the mark must still pass the absolute grounds hurdle. Increasingly countries have been able to accelerate their registration procedures so that marks are actually registered, without any accelerated procedure, in less than six months – as is the case for example in France – so that international registrations may be based on a registration in these countries and also are able to benefit from the six months priority foreseen by the Paris Convention. Other countries foresee opposition after registration, like for instance

Germany. This obviously accelerates the registration procedure. Apparently, OHIM is studying this possibility for the Community trade mark.

Secondly, whilst it is evident that it is faster to obtain an international registration on the basis of an application instead of a registration, it must be underlined that this is a risky business because during the registration procedure, the basic application might be refused. Consequently, following the dependence clause of Article 6, the international registration will follow the path of the basic national application or registration, namely its possible partial or total cancellation.

*Thus, the "benefit" available under the Protocol is in fact much less real than may appear.*

*b) Transformation*

The second apparent advantage is that there is the possibility of *transformation* (which is similar to the conversion of "failed" Community trade marks pursuant to Articles 108 et seq. CTMR) of "failed" international registrations pursuant to Article 9quinquies of the Protocol, which is not foreseen in the Agreement.

What does this *transformation* possibility consist of? If a basic trade mark (whether an application or a registration) is refused or cancelled within 5 years after registration of the international trade mark,<sup>5</sup> the international registration follows the same fate.<sup>6</sup> This impediment applies to both the Agreement and the Protocol.

Under the Protocol, it is possible to transform the "*failed*" international trade mark in to a series of national trade mark applications (in the countries for which protection has been requested by the international mark), chosen by the owner of the trade mark by undertaking the necessary national filing procedures and paying the same national fees as for a direct application. The corresponding national application will benefit from the relevant date of the Protocol trade mark, namely the international registration date or the date of priority (if any).

The advantage of such a transformation is that one continues to benefit from the date of the international trade mark, but some time and money

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<sup>5</sup> The 5 years dependency replaced the previous "eternal" dependency with the revision of the Madrid Agreement (Act of Nice 1957).

<sup>6</sup> It must be underlined that the final date of 5 years to be taken into consideration is not the date of the decision concerning the fate of the national trade mark but the date upon which the procedure started. The final decision might therefore be rendered quite some time after 5 years.

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has been lost. The reason for why this possibility was included in the Protocol is that the above mentioned consequence seemed to be unfair: the reason for refusal or cancellation of the trade mark in the country of origin might not exist in all the claimed countries.

This possibility seems to be interesting. But in reality, the transformation possibility does not seem to have been used by the owners of “failed” international trade marks.

There seems to be no systematic statistics on transformation, whether from WIPO or the Member Countries. It is true that a certain number of international trade marks are successfully centrally attacked. They are published by WIPO. But the percentage is extremely low.

Why is transformation not used more?

- Whenever the holder of a trade mark cannot use his trade mark in his own country, especially for reasons of relative grounds of refusal, he will often also abandon his trade mark in all foreign countries.
- Additionally, the reasons for refusal in the country of origin might also exist in a certain number of claimed countries.

It is interesting to read under § 149 of the report of the June 2006 meeting that the delegation of Norway said that the Norwegian office had to date only received one request for transformation. According to a telephone inquiry to the Benelux Intellectual Property Office, it appears that it only receives a couple of transformations per year. One senior official in the UK Patent Office has ‘guessed’ that there have been less than 20 such transformations into UK applications since the UK joined the Protocol in 1996.

*From the users’ point of view, it appears that the two so-called advantages are not that important. This confirms that, as in 1989, for the users of the system on average the Agreement is more advantageous than the Protocol.*

### 3. The disadvantages of the Protocol

We have previously explained that the fees under the Protocol are much higher than under the Agreement, because of the possibility of parties to the Protocol to opt for so-called “individual fees” which then replace the standard designation fees. We have also underlined the benefit of the shorter time limit for issuing (provisional) refusals, or, put the other way around, the disadvantage of the longer time limits under the Protocol.

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In the present context we would like to highlight an element of the optional time limits under the Protocol which is even more clearly against the interest of the users of the system, namely the possibility that opposition grounds may be notified even after the 18 months have expired.

During the last meeting of June 2006, the matter of the 12 and 18 months deadline was discussed by the experts. The shorter time limits under the Agreement constitute one of the main advantages of the Madrid Agreement because within the above mentioned terms, the owner of an international trade mark will know what grounds of refusal exist in each country to which protection has been extended. It must be remembered that if a designated country does not issue a (provisional) refusal within this deadline, any later provisional refusal will be rejected by WIPO and the international registration will be effective in the respective country.<sup>7</sup>

It is obvious that a 12-month deadline is preferable to an 18-month deadline. However, there is a very important additional deadline, which, surprisingly, has not been discussed in any detail at the WIPO meetings, namely the deadline for notifying an opposition which can go way above the 18 months, sometimes stretching into several years. Thus, even if the extension of the refusal period from 12 to 18 months might not seem entirely unreasonable (although we think that such a period is much too long), adding an indeterminate period even after the 18 months makes the Protocol in this respect entirely inferior to the Agreement.

Of the 80 members of the Madrid System, 73 are members of the Protocol, and of those 73, 32 have made use of the option of 18 months in Article 5 (2)(b) of the Protocol,<sup>8</sup> and 20 have availed themselves of the possibility of notifying oppositions after the 18-month deadline. This option has been exercised by, amongst other, the following countries: Australia, Sweden, UK, USA and China (also a member of the

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<sup>7</sup> Even if the respective country must accept the effect of the international registration, the possibility to cancel (invalidate) the protection remains available.

<sup>8</sup> These contracting parties are the following: Armenia, Australia, Belarus, Bulgaria, China, Cyprus, Denmark, Estonia, European Community, Finland, Georgia, Greece, Iceland, Iran, Ireland, Italy, Japan, Kenya, Lithuania, Norway, Poland, Republic of Korea, Singapore, Slovakia, Sweden, Switzerland, Turkey, Turkmenistan, Ukraine, United Kingdom, United States of America, Uzbekistan.

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Agreement) (see also WIPO report MM/LD/WG/3/2 dated 21 December 2006, page 6, § 18).<sup>9</sup>

The ability to notify oppositions even after the 18 months was considered of critical importance by a number of countries where the opposition procedure begins only once all absolute grounds have been examined. Some countries have adopted their own solutions allowing them to stay within the much more restricted time limit of 12 months of the Agreement, and in any event within the 18 months of the Protocol, by setting the opposition period so that it expires early enough ahead of the end of the 12 or 18 months in order to permit the offices to notify all grounds to WIPO within the time limit, thus “collecting” oppositions during the ex parte examination or shortly thereafter, even if a final decision on an opposition is not taken until some later point in time. The CTM system also has adopted this approach, with the time limit for oppositions running for three months, beginning six months after the republication of the international registration that has been extended to the European Community.

The willingness to adapt national procedures to the international trade mark registration system established by the Madrid Union is not equally present elsewhere, and therefore it seems highly unlikely to obtain an agreement to the effect that this additional period should in future be abolished.

In view of the absence of any discussion of this feature of 18 months plus an indefinite time for notifying oppositions, it appears necessary that the Working Group deals with or at least discusses this issue as well at its forthcoming session in May 2007.

#### 4. The Madrid Agreement and Madrid Protocol compared

While it may seem when looking at the comparison between the Agreement and the Protocol that the Agreement comes out on top – this is indeed so – we should nevertheless emphasize the following:

We have both participated – in different capacities – in the preparatory meetings in Geneva and in the Diplomatic Conference in Madrid which led to the adoption of the Protocol. We therefore know of course and would like to underline that the Madrid Protocol is an excellent treaty and very beneficial to trade mark users all over the world. We therefore fully

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<sup>9</sup> The complete list of contracting parties is as follows: Australia, China, Cyprus, Denmark, Estonia, Finland, Greece, Iran, Ireland, Italy, Kenya, Lithuania, Norway, Republic of Korea, Singapore, Sweden, Turkey, Ukraine, United Kingdom, United States of America.

share the efforts undertaken to enlarge the membership in the Madrid Protocol.

On balance however the Madrid Agreement is the better treaty, at least from the perspective of the users of the system.

And since we are making comparisons, and looking at the international trade mark “scene” from a European perspective, the Community trade mark system as a unitary system for 27 countries surpasses the Madrid System, even if all EU Member States should be designated under the Madrid Agreement or the Protocol.

### **VIII. Analysis of different options suggested by WIPO**

Among the five options presented by the International Bureau, we have already dealt with the option of maintaining the safeguard clause as it is (Option 1), which we approve, and the outright repeal (Option 2), which we reject.

#### ***Option 3: Repeal of the safeguard clause accompanied by certain measures aimed at limiting undesired effects that might result from such repeal***

With this option, it is recognized that dropping Article 9sexies could have some “*undesired effects that might result from such repeal*”.

Some would agree to pay more if additional worthwhile free services were included in the fees.

Some of these possible “*measures*” are listed in document MM/LD/WG/3/2 of 21 December 2006 under §§ 23 to 25.

It is important to underline that if such “*measures*” are to be decided upon, they must obviously be accepted by all members.

Some countries have already indicated that they will not give any extra free services. Among these “*services*” some attention has been given to statements of grant of protection and free information services.

#### ***Issuing statements of grant of protection***

This is already foreseen in Rule 17.6. Apparently, this is done on a voluntary basis and it appears that countries do not have to make a special notification to WIPO that they will do so. However, such information is obviously of interest because one does not have to wait for a non-notification within 12 or 18 months or for further notifications under an undetermined opposition deadline.

## Madrid Agreement and Madrid Protocol

Of the 80 Member States of the Madrid System, 15 have started to issue statements of grant. But is this done systematically? Will this advantage compensate for the much higher fees of the Protocol? We do not think so. It seems very unlikely that an obligation to issue a statement of grant can be “imposed” on Madrid members. In any event, countries are free today to adopt the statement of grant as a matter of practice, which would certainly be to the benefit of the users of the system. It is in our view inappropriate to “link” this issue with the safeguard clause.

*Information requested by an applicant – free online access information – status of a given designation.*

This information is already available in many countries.

Additionally, it is very likely that it will be very difficult to obtain such information from a significant number of countries, in particular those which have a less developed technological infrastructure or office organization. Certainly this appeared during the Diplomatic Conference leading to the adoption of the Singapore Trademark Law Treaty.<sup>10</sup>

Finally, according to WIPO’s proposal, the above services “*should be seen as alternatives. Thus, for example, the issuing of statements of grant of protection would not be compulsory for an Office that offers any of the other services*”.

*WIPO has also suggested that maximum levels of individual fees could be established.*

Apparently, this is an interesting suggestion if this maximum is drastically lower than the existing fees in some of the Protocol countries.

It must be recalled that, during the discussions that led to the finalization of the Madrid Protocol, one of the most difficult points of discussion was for the secretariat of WIPO to convince the future Member Countries of the Protocol that the maximum individual fee they could request would be equal to the equivalent fees for filing a national application directly.

The suggestion of lower fees has been heavily criticized or questioned by quite a few of the Member Countries (see document MM/LD/WG/2/11 of 16 June 2006, § 79 and following).

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<sup>10</sup> The “Singapore Treaty on the Law of Trademarks”, abbreviated here as STLT was adopted on 27 March 2006 and signed by more than 50 countries. The STLT has in the meantime been ratified by Singapore. More information on the STLT is available on WIPO’s website.

Consequently, obtaining such an interesting feature is more than doubtful.

It might be worthwhile looking into the possibility of raising the country designation fee (currently 73 CHF for three classes and ten years), thus reducing the “appetite” of Madrid Agreement countries to do away with the safeguard clause.

*Conclusion on Option 3*

It is doubtful whether the suggested compensations, even if they were to be accepted, would compensate for the loss of the benefit of the Madrid Agreement.

***Option 4: Restriction of the scope of the safeguard clause to cover only certain features of the international procedure (in particular, the refusal period and the fee system)***

A restriction of the safeguard clause, with the effect that only the most significant benefits would be maintained, namely the short time limit for refusals and the uniform fee system, would obviously be the preferred solution from the point of view of the users of the Madrid system (“users” here as elsewhere in this article refers to trade mark proprietors rather than to others participating in the process of trade mark registration and protection). Following this option would result in maintaining two of the most important advantages of the Agreement versus the Protocol, namely the compulsory refusal period of 12 months instead of 18 months plus possible opposition grounds later, and the standard country designation fee instead of the much higher individual Protocol fees.

The obvious difficulty with this approach to the safeguard clause is that it would submit individual international registrations partially to the rules of the Protocol, partially to the rules of the Agreement, whereas the present safeguard clause means that a particular international registration is governed, in a Member State of the Madrid Union, entirely either by the Agreement or by the Protocol.

***Option 5: Restriction of the safeguard clause to cover only existing international registrations or designations (“freezing”)***

This option seems to be totally arbitrary and does not appear to have much chance of being accepted. From our point of view this option should not be pursued because it clearly is against the interests of the users of the Madrid system.

## IX. Alternatives

We could “rest” our case and insist on maintaining the safeguard clause as it is, or support Option 4 in the WIPO catalogue.

It seems to us however that the proposals put forward by WIPO have not “exhausted” the available solutions to the perceived problem.

We would like to suggest the following solution:

**The proprietor of a mark which would currently fall under the safeguard clause (with the consequence that the international registration is governed by the Agreement exclusively) should in the future have the option of choosing whether a particular mark should be governed by the Agreement or by the Protocol. The option to choose between the Agreement and the Protocol should only be available at the time of requesting the international registration, should apply for all countries that are members of both the Agreement and the Protocol, and should not be subject to revocation or amendment later.**

Given such an option to the trade mark proprietor would enable the international trade mark community to evaluate the needs and wishes of trade mark proprietors who belong to countries that are members of the Agreement and of the Protocol. If it should appear in the future that the Protocol is the preferred instrument, the need to maintain or revise the safeguard clause in Article 9sexies may be reviewed again.

We all know that currently, when an international registration is based on an application in a country of origin that belongs to the Agreement and to the Protocol, only “Protocol only” parties can be designated, because Agreement countries require a registration in the country of origin.

Under our proposal of giving the trade mark proprietor the option, the situation would change fundamentally, because the international registration could be extended to all Protocol countries, whether they are members of the Agreement or not. The resulting international registration would be governed by the Protocol only, including time limits, fees, etc. Obviously, protection could not be extended to countries that are members of the Agreement only.

We also know that where an international registration is based on a registration in the country of origin, protection may be extended to all Agreement countries and to all Protocol countries, the resulting international registration being governed in Agreement countries by the Agreement, in Protocol- only countries by the Protocol.

Under our proposal of giving the trade mark proprietor the option, the situation would again change fundamentally. It would depend on the choice of the trade mark proprietor whether the resulting international registration would be governed by the Protocol only in countries party to the Protocol only or to the Agreement and the Protocol, or whether the situation would remain unchanged, i.e. the resulting international registration would be subject to the rules of the Agreement only in countries belonging to the Agreement and to the Protocol. As compared to the situation today, the proprietor could choose to apply the Protocol also in situations where such an application is not available today.

In other words, “residents” of members of both treaties, when requesting an international registration with extension to a country which belongs to the Agreement and to the Protocol would be entitled to choose whether they prefer that for all such countries the Protocol or the Agreement applies. The choice would then no longer be imposed by Article 9sexies, but would be made in each case by the trade mark proprietor.

**We consider that giving such an option to the trade mark proprietor complies with the spirit of the international trade mark system. Proprietors should not be “forced” to subject their marks to a particular set of rules when other rules are available as well.**

#### **X. General conclusion**

**The current debate about the safeguard clause of the Madrid Protocol raises important issues of international trade mark protection. It is our opinion that the views of the users of the system should prevail, as they did at the time of the adoption of the Protocol in 1989.**

**In our view, the Madrid Agreement presents significant advantages to trade mark proprietors as compared to the Protocol, the shorter time limits and the lower fees being the most obvious examples of these advantages. These advantages should not be abandoned.**

**Madrid Agreement and Madrid Protocol**

**We suggest as an alternative to the current proposals a system under which the trade mark proprietors should be allowed to choose whether their international registrations are subject to the Agreement or to the Protocol.**

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