The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol

by Maricris Jan Tobias

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## Table of Contents

### Part One

**Introduction** .................................................................................................................. 1

**The Madrid Protocol: History and Background** ............................................................. 2

- Limitations of the Madrid Agreement ............................................................................ 3
- Objectives ......................................................................................................................... 3
- Requirements and Application Process ......................................................................... 4

**Trademark Administration in Japan** .......................................................................... 5

- The Process of Madrid Protocol Accession in Japan ...................................................... 5
- Amendments to Japanese Law and Regulations After Accession ................................... 8

**Trademark Administration in the Philippines** ............................................................... 13

**Features of the Madrid Protocol** ................................................................................. 15

- Advantages ..................................................................................................................... 15
  - Facilitate Registration of Marks .................................................................................. 15
  - Registrant ...................................................................................................................... 15
  - Trademark Office ......................................................................................................... 15
  - Flexibility ...................................................................................................................... 16
  - Expedited Review ........................................................................................................ 16
  - Significant Cost Savings ............................................................................................. 17
  - Trademark Holder ........................................................................................................ 17
  - Right of Priority ........................................................................................................... 18
  - Maintaining Protection ................................................................................................. 19
  - Replacement ............................................................................................................... 19
  - Transformation ............................................................................................................ 20
  - Increased Revenue Creating Avenues for Trademark Offices .................................. 20
  - Creation of a Favorable Climate for Investments ...................................................... 21

- Disadvantages ................................................................................................................. 21
  - Dependency and Central Attack .................................................................................. 21
  - Cost of Addressing Official Actions ............................................................................ 22
  - Restriction on Amendment of Marks ........................................................................ 22
  - Restriction on Assignments ......................................................................................... 23
  - Limited Membership .................................................................................................... 23

**Challenges** ...................................................................................................................... 24

- Periods for Action .......................................................................................................... 24
- Operational Demands ..................................................................................................... 26

**Duties and Responsibilities under the Madrid Protocol** ............................................. 27

- Applicant .......................................................................................................................... 27
- Representative ................................................................................................................ 29
- Trademark Office .......................................................................................................... 30
  - Office of Origin ........................................................................................................... 30
  - Trademark Office as an Office of a Contracting Party .............................................. 31
- International Bureau ...................................................................................................... 32

### Part Two: Legal and Technical Issues of Accessing to the Madrid Protocol

**General Matters** .......................................................................................................... 34

- Communications with the International Bureau ............................................................ 34
- Official Forms ................................................................................................................. 35

**Securing Protection through International Registration** ................................................. 35

- Filing Requirements ....................................................................................................... 35
  - Basic Application or Registration ............................................................................... 35
  - The Application Form ................................................................................................. 36
Effects of the International Registration .......................... 68
Payment of Fees .............................................................. 45
Share in Receipts .............................................................. 46
Forwarding Madrid Protocol Applications to the IB ........... 47
Irregularities ................................................................. 47
Fee Irregularities ............................................................ 47
Filing Deficiencies .......................................................... 48
Classification Irregularities .............................................. 48
Irregularities relating to Indications of Goods and Services ...... 49
Other Irregularities which Must be Remedied by the Applicant 50
Declaration of Intention to Use Irregularities ...................... 50
International Application Not Considered as Such .............. 51
International Registration ................................................ 51
Registration of the Mark in the International Register ......... 51
Date of the International Registration ................................ 51
Irregularities as to Date .................................................... 52
Amendments to the Basic Application or Registration ........ 53
Amendments to the International Application .................... 54
Amendments to the International Registration .................... 54
Division or Merger of Basic Applications .......................... 55
Change or Cancellation of the International Registration ...... 56
Designations ..................................................................... 56
The Philippines as a Designated Contracting Party ............... 56
Subsequent Designations ................................................... 57
Trademark Search and Clearance ..................................... 59
Refusal of Protection ......................................................... 60
Dependence on Basic Application or Registration ............... 60
Grounds for Refusal ......................................................... 61
Time Limits for Refusal ..................................................... 61
Declaration of Period of Refusal ........................................ 62
Notification of Refusals ..................................................... 62
Irregular Notifications of Provisional Refusal ...................... 63
Not Regarded as a Notification of Provisional Refusal ........... 63
Irregularities that Can Be Remedied .................................... 64
Oppositions ................................................................. 65
Engaging Local Counsel .................................................. 66
Procedure for Notifying the IB of the Ceasing of Effect of the Basic Application .................. 66
Petition to Revive .......................................................... 67
Conversion ............................................................... 67
Effects of the International Registration ............................. 68
Period of Validity ............................................................ 68
Statement of Grant of Protection ....................................... 68
Replacement of a National Registration by an International Registration .......................... 69
Renewal of International Registration ................................................................. 70
Changes in the International Register .............................................................. 71
Assignment........................................................................................................... 71
Recommendations ............................................................................................... 72
   Amendment of Domestic Laws and Regulations ........................................... 72
   Study of Economic Benefits ........................................................................... 73
   Selective Use of the Madrid Protocol............................................................. 76
REFERENCES ....................................................................................................... 78
The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol*

by Maricris Jan Tobias§

Part One

1 Introduction

A trademark is a sign used on goods or in connection with the marketing of goods. It “provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services, or to authorize another to use it in return for payment.” It “confers an exclusive right of using a brand, therefore enhancing companies’ ability to appropriate the economic returns of investing in new products or improving existing ones and is a source of qualitative and quantitative information on socio-economic activity.”

In a larger sense, trademarks promote initiative and enterprise worldwide by rewarding the owners of trademarks with recognition and financial profit. Trademark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

Trademark offices play an important role in promoting trademark use among businesses and entrepreneurs. They can encourage and help applicants avail of trademark protection by providing a facility to register their trademarks more efficiently and at minimal cost. Companies, particularly multi-national companies and franchises, need a system by which they can establish the presence of their brands in their export markets, while protecting their trademarks at the same time. Local industries, specifically small and medium enterprises, which need help in penetrating foreign markets will also benefit from this facility.

The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks or the “Madrid Protocol” is one of the systems for the international registration of trademarks. It seeks to simplify the international registration of marks and

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2 About Trademarks, WIPO. Found at http://www.wipo.int/about-ip/en/about TRADEMARKS.html#function
4 About Trademarks, supra.
reduce the cost of registration. As of 2006, 71 countries have adopted the system to varying degrees of success.

The Philippines is studying the advantages and disadvantages of acceding to the Protocol. This paper looks at some of the legal and technical implications of acceding to the Madrid Protocol faced by the Intellectual Property Office of the Philippines (“IP Philippines”), using in part the experience of countries such as Japan which have already adopted the treaty. In particular, it draws from the work done by Seki (1999), Troicuk (2002) and the International Trademark Association (INTA) (2003) for Japan, Canada, and the United States respectively. The views expressed here are those of the author and do not necessarily reflect the official positions of the IP Philippines.

2 The Madrid Protocol: History and Background

Two treaties govern the system of international registration of marks: the Madrid Agreement Concerning the International Registration of Marks or “the Madrid Agreement” (“Agreement”), and the Protocol Relating to the Madrid Agreement or the “Madrid Protocol” (“Protocol”). The Agreement was concluded in 1891 and entered into force in 1892. The Protocol was adopted in 1989, entered into force on December 1, 1995 and became operational on April 1, 1996. The operation of the two treaties is called the Madrid System.

Both treaties are governed by the Common Regulations under the Madrid Agreement and Protocol (“Common Regulations”) and the Administrative Instructions for the Application of the Madrid Agreement and Protocol (“Administrative Instructions”). The system is administered by the International Bureau (IB) of the WIPO.

Any State which is a party to the Paris Convention for the Protection of Industrial Property (“Paris Convention”) may become a party to the Agreement or the Protocol or both. In addition, an intergovernmental organization may become a party to the Protocol (but not the Agreement) where at least one of the Member States of the organization is a party to the Paris Convention and the organization maintains a regional office for the purposes of registering marks with effect in the territory of the organization. Together, the Contracting Parties to the Agreement and the Protocol constitute the Madrid Union.

The Madrid system of international registration of marks may be used only by a natural person or a legal entity which has a real and effective industrial or commercial establishment in, or is domiciled in, or is a national of, a country which is party to the Madrid Agreement or the Madrid Protocol, or who has such an establishment in, or is domiciled in, the territory of an intergovernmental organization which is a party to the Protocol, or is a national of a Member State of such an organization.

As of February 2007, there are 80 members of the Madrid System, 56 of which are parties to the Agreement only, 71 are parties to the Protocol only, and 44 to both.

7 A list of Contracting Parties is found at http://www.wipo.int/madrid/en/members/pdf/members.pdf
According to the World Intellectual Property Organization ("WIPO"), 36,471 international trademark applications were received in 2006 under the Madrid system, representing an 8.6% increase from 2005 figures. The top ten filers were, in order Germany, France, United States, Italy, Benelux (Belgium Netherlands and Luxemburg), Switzerland, United Kingdom, China, Spain and Austria, with Japan coming in at 12th place. China was the most designated country with 15,801 designations, followed by, in order, the Russian Federation, Switzerland, United States, Japan, European Community, Australia, Norway, Ukraine, and Turkey.

2.1 Limitations of the Madrid Agreement

The Madrid Protocol came about as a result of the need “to introduce certain new features into the system of the international registration of marks, with the aim of removing the difficulties preventing certain countries from adhering to the Madrid Agreement.” Under the Agreement, an international application must be based on a trademark registration in the Office of origin, while the Protocol allows international applications to be based on a mere application filed with the Office of origin. The Agreement’s twelve-month period for a Contracting Party to declare in a notification of refusal that protection cannot be granted in its territory has been expanded to 18 months under the Protocol. The official languages of the Protocol are French, English and Spanish, compared to the Agreement’s French-only language requirement. Compared to the fees allowed to an Office of a Contracting Party under the Agreement, said Office may receive higher fees under the Protocol, consistent with its national fee structure.

Most importantly, if a basic application fails under the Protocol, the applicant may transform his international application into national applications in each of the designated countries within three months from the date of refusal of the international registration, and still benefit from the date of the international registration and priority date, if applicable. This option is not available under the Agreement.

2.2 Objectives

The Madrid Protocol is not a trademark law and a Madrid Registration, of itself, does not confer rights. The Protocol is a mechanism for obtaining multi-national trademark protection and maintaining international registration rights through a centralized system. It enables trademark owners to benefit from the Paris Convention priority established by their national applications without instituting separate national filings or retaining local counsel.

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9 These figures represent filings from both Madrid Agreement and Madrid Protocol countries. The table of Major Filer Countries and Most Designated Countries under the Madrid System in 2006 attached as Annex A.
10 Guide to the International Registration of Marks, supra, A.4-5.
According to WIPO, the system has two major objectives: to make it easier for trademark holders to both obtain protection for their marks, as well as manage such protection. However, even though the IB “coordinates the distribution of Protocol-applications to the applicant’s designated countries, these applications are still substantively examined under each country’s national laws. Similarly, Protocol-registered trademarks generally enjoy no more or less protection than nationally registered trademarks.”

Thus, while accession to the Protocol may impact on the procedural aspects of obtaining and maintaining trademark protection, each country is still free to determine what marks can be registered under national law.

2.3 Requirements and Application Process

The WIPO describes the Madrid System as follows:

An application for international registration must be presented to the IB through the Office of origin. Where the international application complies with the applicable requirements, the mark is recorded in the International Register and published in the WIPO Gazette of International Marks.

The IB notifies each Contracting Party in which protection has been requested, whether in the international application or subsequently. From the date of the international registration or subsequent designation, the protection of the mark in each of the designated Contracting Parties is the same as if the mark had been deposited directly with the Office of the Contracting Party. Each designated Contracting Party has the right to refuse protection, within the time limits specified in the Agreement or Protocol. Unless such a refusal is notified to the IB within the applicable time limit, the protection of the mark in each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party. The time limit for a Contracting Party to notify a refusal is generally 12 months. Under the Protocol however, a Contracting Party may declare that this period is to be 18 months (or longer, in the case of a refusal based on an opposition).

For a period of five years from the date of its registration, an international registration remains dependent on the mark registered or applied for in the Office of origin. If, and to the extent that, the basic registration ceases to have effect, whether through cancellation following a decision of the Office of origin or a court, through voluntary cancellation or through non-renewal, within this five-year period, the international registration will no longer be protected. Similarly, where the international registration was based on an application in the Office of origin, it will be cancelled if, and to the extent that, that application is refused or withdrawn within the five-year period, or if, and to the extent that, the registration resulting from that

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application ceases to have effect within that period. After the expiry of this period of five years, the international registration becomes independent of the basic registration or basic application.

An international registration may be maintained in force indefinitely by the payment, every 10 years, of the prescribed fees.13

The procedures for implementing the Protocol are set forth in the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (“Common Regulations”) as well as the Administrative Instructions for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating Thereto (“Administrative Instructions”).

3 Trademark Administration in Japan

The Japanese trademark administration system began with the Trademark Ordinance of 1884. The first trademark, a picture depicting a cook with a cut finger, was registered in 1885, in favor of Yuzen Hirai who was engaged in the sale of medicine in Kyoto prefecture. Since then, Japanese trademark law went through several amendments, until the passage of the present Trademark Law (Law No. 127) on April 13, 1959. There were no changes to the law for 30 years, until the 1990s, when there was a need for Japan to respond to the rapid expansion of Japanese businesses “in line with technological innovations and increased commercial transactions transcending national borders, increased demand for international harmonization of the trademark system and enhanced need for international trademark protection.”14

In preparation for Japan’s accession to the Protocol in 2000, the law was amended again to “provide for the period for the final decision of trademark registration”15 as well as mechanisms for the enforcement of the Protocol. These amendments are now Chapter VIIbis of the Trademark Law of Japan.

3.1 The Process of Madrid Protocol Accession in Japan

As Japan played a bigger role in the global economy, in part due to its intellectual property assets, it became necessary for the country to develop a system to manage its intellectual property rights more efficiently.

A report entitled “Towards the International Harmonization of Industrial Property Rights Systems in the 21st Century,”16 (1998) by the International Affairs Committee of the Industrial Property Council of Japan noted the following issues that needed to be resolved in relation to the harmonization of rights:

13 Guide to the International Registration of Marks, supra, A.3-4.
14 See Takahiko Kondo, JPO Commissioner, Keynote Speech during the International Trademark Symposium: Japan’s Efforts towards International Protection of Trademarks, Tokyo (May 2000).
15 http://www.jpo.go.jp/torikumi_e/hiroba_e/hourei_e/cabinetec.htm
16 Found at http://www.jpo.go.jp/shiryou_e/
(1) Establishing highly-transparent international protection rules and greater efficiency in international rights acquisition. To raise the efficiency of the global economy as a whole, it is indispensable that international IP protection rules be established so as to create a highly transparent, predictable and stable business environment conducive to smooth trade, foreign investment and technology transfer. The globalization of business has also made it necessary to increase the efficiency of right acquisition in order to support rights acquisition on a global level.

(2) Use of technological innovation geared to a new society. Technological innovation in fields ranging from information and communications to biotechnology and medical technologies is leading the world into a new age. Adequate and global protections for patents are necessary to such technological innovation. And as networked society is expected to grow more ubiquitous, we must also urgently consider the future of intellectual property protections that take the geographic universality of networks into consideration.

(3) Development of an attractive international business environment that respects intellectual property rights. The global development of a business marketplace, including among developing countries, that ensures the efficient use of intellectual property rights, licensing contracts subject to as few regulations as possible and fair competition will hasten investment and technology transfer as well as contribute to the orderly development of the world economy.\(^\text{17}\)

In the area of trademarks, Japan looked into the possibility of taking part in an international system for the registration of marks. However, while the Madrid Agreement already offered such a facility, Japan did not want to accede to it “partly because the working language was restricted only to French, the one-year period during which the refusal should be notified was too short, and the same fee system for an international application was applied.”\(^\text{18}\)

Instead, in 1997, Japan conducted a study to consider “the problems in acceding to the Madrid Protocol in light of the Japanese legal system for trademarks such as the examination period, effectiveness of international registration, the register, publication, replacement and central attack.”\(^\text{19}\)

The study included a survey of Japanese member companies of the Japan Intellectual Property Association (JIPA), Japan Institute of Invention and Innovation (JIIII) and others, “about their needs with respect to the global standards of the trademark system.”\(^\text{20}\) The study generated 911 responses out of 2000 questionnaires distributed, resulting in a 45% response rate.

\(^\text{17}\) Id.
\(^\text{19}\) Id.
\(^\text{20}\) Id.
The major reasons given by respondents regarding the disadvantages of direct overseas filing were (a) high costs (70%); (b) complicated application/registration procedures (67%); (c) difficulty in integrated management of rights after acquisition (53%); (d) the time for establishing rights varies too much depending on each country (44%); and (e) the language varies by each country (36%).

An overwhelming 94% or 861 respondents acknowledged the merits of accession to the Protocol, while 81% or 741 respondents were willing to consider filing international applications through the Madrid Protocol. According to the survey, the perceived merits of the Madrid Protocol were: (a) rights in various countries may be obtained by a single application (83%); (b) lower costs (59%); (c) unified management of trademark rights becomes possible (59%); (d) the working language is unified (33%); and (e) early registration (31%). 22% of the responding enterprises believed that Japan’s accession would promote the accession to the Protocol of other countries in Asia.

The Industrial Property Council Subcommittee on Trademarks also conducted a series of meetings with the Japan Patent Office (JPO) and representatives of the industry to discuss the merits of acceding to the Madrid Protocol.

Language was also one of Japan’s major concerns with implementing the Protocol, particularly since the Madrid Protocol requires applications to be made in French and English, and later, Spanish, while the Japan Patent Office accepts applications filed in Japanese and English.

It was also pointed out that the Protocol favored countries which employ a non-substantive examination system, and getting substantive examination countries to accede to the Protocol might result in some difficulty.

Another major concern was the Protocol’s retroactive effects. One position was that since the Madrid Protocol “also aims for international harmonization of substantive provisions,” in order to effectively eliminate trademark limitations, retroactivity on the protection of rights should be provided through the inclusion of a revision of domestic laws.” The other view was that there was “no reason compelling enough to warrant a revision of domestic laws for providing temporary protection from the time of filing an application.”

On the other hand, accession to the Protocol would mean that the head office of an enterprise would be more able to directly manage the trademark of the business. Moreover, the Protocol would provide meaningful benefits to “small- and medium-sized enterprises that do not have the ability to pay sufficient attention to overseas trademark protection.”

Japan also considered its accession as a way to “encourage the USA and other Asian countries, where trademark infringement often occurs, to accede to the Protocol.”

23 Id.
24 Id.
25 Id.
Encouraging countries to accede to international uniform registrations systems was seen as a means to establish highly-transparent international protection rules and greater efficiency of international rights acquisition. Finally, it was thought that “prompt accession to the Madrid Protocol is expected” of Japan, as a nation with many “enterprise[s] with worldwide business deployment . . . as it will be advantageous in obtaining trademark rights more simply and promptly in multiple countries.”

On November 26, 1998, the Industrial Property Council Subcommittee on Trademarks submitted a report recommending accession to the Madrid Protocol. The Report stated that:

The Madrid Protocol provides a system to simply and promptly obtain trademark rights overseas. Taking advantage of this system would enable [a trademark holder] to obtain overseas trademark rights as a single package by designating a plurality of acceding countries and to reduce procedure cost when, at present, respective procedures are required for each country . . .

Other considerations that guided the recommendation included: (a) the increase in the number of acceding countries, from four at the time of establishment to 33 at the time the recommendation was made, covering 40% of the countries with which Japan filed overseas applications, and including major countries in Europe and China, where Japan had or intended to have major export trade; (b) at the time the recommendation was made, the United States, one of Japan’s major export markets, had indicated its intention to accede to the Protocol; (c) improvements in domestic examination procedures made it possible for the JPO to respond to the “level of promptness” required by the system; and (d) the needs of domestic users had increased rapidly, in terms of increased pursuit of overseas expansion.

The Report also noted the need to make the Japan trademark system consistent with the Madrid Protocol system, particularly regarding the management of the international register and the provision of precise information on international registrations.

3.2 Amendments to Japanese Law and Regulations After Accession

On December 14, 1999, Japan acceded to the Protocol, which entered into force on March 14, 2000. The instrument of accession was accompanied by the declarations that Japan will be: (a) availing of the 18-month time limit for refusal, pursuant to Article 5(2)(b) of the Protocol; and (b) charging an individual fee in connection with each international designation, and with the renewal of any such international registration, pursuant to Article 8(7)(a) of the Protocol. Japan opted for the payment of individual fee because it would result in equal...
treatment of national and international registrations. In addition, Japan’s relatively high registration and renewal fees can serve as a deterrent to applicants who only wish to register their trademarks without intent to use.\textsuperscript{31}

In its declaration, Japan also made the reservation that while the recording of licenses is provided for in the domestic law, the recording of licenses in the International Register has no effect, in reference to Rule 20bis(6)(b) of the Common Regulations. It also made the individual fee payable in two parts, in reference to Rule 34(3)(b) of the Common Regulations.

As a consequence to the accession, Japan enacted an amendment to its Trademark Law providing for Special Provisions under the Protocol of the Madrid Agreement. The new Chapter VIIbis of the Trademark Law of Japan provide for the procedure for filing an international application to the IB through the JPO, as well as for designating Japan for extension of territorial protection. It also provides for the payment of individual fees to be paid to the IB and the effect of failure to pay the fees within the time limit prescribed.\textsuperscript{32} The implementing rules and regulations for accession to the Protocol came into effect on March 14, 2000.

Under the new provisions implementing the Madrid Protocol in Japan, in case an international filing is cancelled under Art. 6(4) of the Protocol, the holder may file a national application in Japan within three months from cancellation of the international registration.\textsuperscript{33} The holder of an international registration having effect in Japan on the date of denunciation under Article 15(5)(b) and who, because of the denunciation, is no longer entitled to file the international application, may file a national application within two years from the date on which the denunciation under Article 15(3) of the Protocol took effect.\textsuperscript{34}

Section 13bis of the amended Trademark Law of Japan provides a certain level of protection to the marks for which a trademark application has been filed and a trademark right has yet to be granted.\textsuperscript{35} In 2000, the JPO began publication of the following new gazettes: the Publication of Unexamined Trademark Application, the Publication of International Trademark Application, and the Publication of Registered International Trademark.

The Publication of Unexamined Trademark Application will make information on these applications available to the public “in order to keep the balance between the rights of applicants and relevant third parties.” According to the JPO,

This gazette will not hold any legal effect, but serve as an important resource of public information. For example, a person who wishes to file a trademark application may preliminary to refer to this gazette and search if any similar trademark is already filed. Moreover, this gazette will allow any third party, who finds any problem in an application, to notify the JPO of this effect. Other than the above, this gazette can be used as a document to be

\footnotesize{\begin{itemize}
\item http://www.wipo.int/edocs/notdocs/madridp-gp/treaty_madridp_gp_120.html
\item Interview with Japan Patent Office officials, JPO, March 5, 2007.
\item Trademark Law of Japan, sec. 68\textsuperscript{tricies}.
\item Trademark Law of Japan, sec. 68\textsuperscript{duotricies}.
\item Trademark Law of Japan, sec. 68\textsuperscript{tertricies}.
\end{itemize}}
presented in issuing a warning, which is a requirement in extending the said protection. 36

The Publication of International Trademark Application is intended to make information about the international registrations designating Japan under the Madrid Protocol quickly and widely available. The Publication of Registered International Trademark seeks the same for international applications that are registered in Japan.

Other changes that came into force with the amendment to the Trademark Law is the creation of the right to claim damages equivalent to his business loss caused by infringing use of a trademark application, after warning from the applicant but before the registration of the establishment of the trademark right concerning the designated goods or designated services relating to the said application. 37 Prior to this, the applicant had no protection against trademark infringement before registration. However, this right may not be exercised until after the establishment of the trademark right is registered. 38

To ensure compliance with the time limits provided under the Protocol, Japan also issued a Cabinet Ordinance 39 providing that the examination period for trademark applications shall generally be 18 months from the date of filing an application for trademark registration. The language of the Ordinance makes the period applicable to both Protocol applications and national filings, thus ensuring that both kinds of application receive equal treatment.

One of the biggest issues that JPO had to address in preparing for the implementation of the Protocol was the need to reduce the length of the examination period. Five to ten years before Japan became a signatory to the Madrid Protocol, the first action period, or the time it took from application to registration or notice of reasons of for refusal, took an average of 20 months. JPO needed to reduce this to less than 18 months to comply with the Madrid Protocol requirements.

JPO adopted several strategies to achieve its goal of reducing the processing time. It (a) introduced a paperless system in trademark application filing procedures on January 1, 2000; (b) increased the number of examiners dedicated to implementing the Protocol; and (c) outsourced certain steps in the examination process to allow trademark examiners to focus on substantial examination and final decision. Through these efforts, JPO successfully brought down the first action period to an average of seven months, and is working on shortening the period even further.

It also revised its Trademark Examination Manual to comply with the amendments toTrademark Law. 40 It also took steps to ensure that information about JPO’s examination procedures and standards, as well as trademark search system and databases were made available to the public. The increased transparency in the examination process made it easier for applicants to predict the results of trademark examination. Significantly, such information

36 Id. viz. Trademark Law of Japan, sec. 13bis.
37 Trademark Law of Japan, section 13bis(1).
38 Trademark Law of Japan, section 13bis(2).
Finally, it introduced online filing for trademark applications. On January 1, 2000, JPO allowed the filing of applications in HTML format with pictures submitted in either GIF, BMP or JPEG format so that applicants could file their marks in full color. It also allowed online application for trial (appeal against examiner's decision of rejection/refusal) and international applications (for Designated Offices).  

Japan continues to implement measures intended to promote efficient compliance with Protocol requirements. It organized the International Trademark Application Division and the Examination Division specifically to cope with the demands of Protocol applications and hired additional personnel to staff these Divisions. It established a new section within its Registration Division to build up a national registration file directory. It has set up a mechanism within its Appeals Division to allow for collegial examination of Protocol cases. It has developed a computer system specifically to handle Protocol matters. It adopted new office procedures to provide technical support to Protocol users and examiners. It developed a database for Protocol filings and translates Protocol applications to Japanese so that Japanese nationals can access the information in the files. 

In addition, JPO conducts at least four seminars every year at different locations to promote public awareness and information about the Madrid Protocol. These seminars are open to both trademark practitioners and business and industry representatives. 

The following graph illustrates the number of applications that have been received by JPO as Office of origin since acceding to the Protocol:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. of Applications Received by JPO (A)</th>
<th>No. of Madrid Protocol Applications Received by JPO as Office of Origin (B)</th>
<th>No. of Countries Designated in the Protocol Applications (C)</th>
<th>Percentage (%) of Madrid Protocol Applications over Total Applications (B/A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>123,754</td>
<td>280</td>
<td>3,259</td>
<td>0.23%</td>
</tr>
<tr>
<td>2002</td>
<td>117,406</td>
<td>237</td>
<td>2,377</td>
<td>0.20%</td>
</tr>
<tr>
<td>2003</td>
<td>123,325</td>
<td>402</td>
<td>3,849</td>
<td>0.33%</td>
</tr>
<tr>
<td>2004</td>
<td>128,843</td>
<td>734</td>
<td>6,517</td>
<td>0.57%</td>
</tr>
<tr>
<td>2005</td>
<td>135,776</td>
<td>839</td>
<td>7,314</td>
<td>0.62%</td>
</tr>
</tbody>
</table>

Note 1. Belgium, Netherlands, and Luxemburg (Benelux) counted as one application.

The JPO has commissioned a study to investigate the reasons behind the relatively low numbers of Protocol users. According to JPO officials, preliminary findings seem to indicate that this could be caused by the following factors:

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41 See Takahiko Kondo, JPO Commissioner, Keynote Speech during the International Trademark Symposium: Japan’s Efforts towards International Protection of Trademarks, Tokyo (May 2000).
43 Interview with Japan Patent Office officials, JPO, March 5, 2007.
44 Interview with Japan Patent Office officials, JPO, March 5, 2007.
(1) a misperception among the domestic trademark holders that the central attack provisions of the Protocol would make their basic application vulnerable;

(2) the fact that most of the Asian countries, which comprise Japan’s major export market, have yet to accede to the Protocol; and

(3) a lack of familiarity with the Protocol application procedures.46

Another reason specific to Japanese trademark holders who register trademarks consisting of Chinese characters to identify products for export, rather than domestic consumption, is that they fear that the use of the Protocol would expose their basic application in Japan to the risk of invalidation.47 Under the Japan Trademark Law, failure to continuously use a registered trademark for three years or more is ground for cancellation.48

It is also possible that business entities may still have existing valid registrations and are not yet inclined to transform their registrations under the Protocol. Further, Japanese trademark holders and practitioners may still be studying its procedures and legal implications and may not yet be comfortable in using the System.

As for user demographic, majority of the applications filed with JPO were done through an agent, as shown by this table:

<table>
<thead>
<tr>
<th>Madrid Protocol Applications Filed according to Trademark Filer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Application</strong></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td><strong>Individual</strong></td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Note 1. \(A\) = filed through an agent; \(D\) = filed directly; \(T\) = total

The fact that agents continued to act on behalf of their principal in filing trademark applications seems to support the observation of JPO that there was little resistance from Japanese practitioners regarding the adoption of the Protocol because they were confident that accession would not impact greatly on their practice.49 A separate study would be necessary, however, to establish how the Protocol will affect the practice of trademark agents.

The JPO believes that despite the initial low usage of the Protocol, it is still essential for a trademark office to provide trademark holders with a variety of options with which to protect their marks. Its position is that the earlier a trademark office participates in the Protocol, the more benefits will be available to both trademark holder, practitioner and institution in the long run.50

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45 This study is expected to be released in March 2007.
46 Interview with Japan Patent Office officials, JPO, March 5, 2007.
47 Id.
48 Law No. 127 (1959), sec. 50.
49 Interview with Japan Patent Office officials, JPO, March 5, 2007.
50 Id.
4 Trademark Administration in the Philippines

The Intellectual Property Code (IP Code)\textsuperscript{51} of the Philippines was enacted in 1998, in response to the country’s obligations to comply with the provisions of the TRIPS Agreement. It repealed Republic Act No. 166 (1947), which was then the law to provide for the registration and protection of trademarks, trade names and service marks, and remedies against unfair competition and false marking. The Intellectual Property Office of the Philippines (IP Philippines) administers the Intellectual Property Code.

In 2004, the IP Philippines commissioned a resource audit and management project, the results of which confirmed the need for the IP Philippines work towards the “modernization of the trademark system to make it more responsive to the needs of business. Trademark, after all, is a potent economic asset and which, if used effectively, translates into economic gains for its owner.”\textsuperscript{52}

It was then that the IP Philippines began to consider acceding to the Protocol as one means for the Philippine trademark owner to protect and promote his marks in the global economy. The continued expansion of many Philippine domestic industries into foreign markets supported the idea that the facility offered by the Protocol would be beneficial to the Filipino trademark holder.

The IP Philippines’s program for accession to the Protocol will have the following phases: (1) evaluation of the benefits of accession to the Protocol; (2) examination of the Protocol provisions and the regulations vis-à-vis Philippine trademark law and rules and regulations; (3) consultations with stakeholders; (4) drafting of position paper recommending accession; and (5) operationalization of the accession process by the Philippine government.\textsuperscript{53}

The IP Philippines is continuously improving the administration of the trademark system by streamlining its trademark processes, improving the trademark automation systems, and human resource development. This will ensure that when the time comes, IP Philippines’s trademark administration system will be able to cope with the procedural requirements of registration within the time limits prescribed by the Protocol.

Already, IP Philippines’s reforms in its trademark registration system have resulted in reduced turnaround time and backlog elimination. It has succeeded in bringing down turnaround time from 4.8 years to 2.8 years from date of filing. Its backlog is down by 92% and expects to have disposed of 100% of its backlog applications by the middle of 2007. It is also undertaking a comprehensive updating of its trademark database.

IP Philippines also considers the importance of working towards the harmonization of IP systems in the international IP community. Although as of 2006, only Singapore and Vietnam have acceded to the Protocol, it is possible that Philippine participation will serve as a signal to the other ASEAN countries that the Protocol offers advantages to the trademark

\textsuperscript{51} Republic Act No. 8293 (1998).
\textsuperscript{52} Galicia, Ireneo, Accession to the Madrid Protocol: Issues, Prospects, and Expectations. Delivered during the WIPO Regional Workshop on Operationalization of the Madrid System in Developing Countries: Challenges and Benefits, Dongguang City, China, November 22-24, 2006.
\textsuperscript{53} Galicia, ibid.
holder, particularly trademark holders whose primary markets are the members of the ASEAN community.

Presently, under Philippine law, trademarks are limited to visual signs for goods or services to distinguish them from those manufactured, sold or provided by others. This means that sound marks and other similar non-visual signs are not registrable under the IP Code. The IP Philippines is presently considering how to develop a system of protection for non-traditional trademarks.
5 Features of the Madrid Protocol

5.1 Advantages

The implications of joining the Madrid system should be considered from the angle of the beneficial effect that participation in the system has on the national administration in charge of the registration of marks, while keeping in mind the ease with which local companies may seek protection for their marks abroad. The Madrid system facilitates access by foreign companies to trademark protection and it contributes to creating, in the territories of its Contracting Parties, a more favorable climate for foreign investment, the economic consequences whereof contribute to economical growth and development. On the other hand, the increased trademark applications and registrations have also a positive impact on the revenue creating activities of trademark representatives.\textsuperscript{54}

5.1.1 Facilitate Registration of Marks

5.1.1.1 Registrant

The Madrid Protocol offers a simplified manner of applying for trademark protection. It allows the filing of one application using one set of documents accomplished in one language and payment of one fee to achieve one registration which is effective in some of the world’s biggest markets, such as the United States, the European Union, Japan, China and Australia.

Under the Madrid Protocol, the trademark owner is issued a single registration number and registration date, thereby resulting in a single renewal date. This simplifies management of trademarks for trademark holders at all stages, from filing to renewal to amendment and assignment. There is even greater economic benefit after an international registration has been obtained as it allows a holder of an international registration to make simple amendments to its multiple trademark registrations at minimal costs. Instead of amending several trademark registrations in several countries, the holder can simply file one amendment application with the IB.

The procedure under the Madrid Protocol which allows the registration through one set of documents also results in significant cost savings in terms of amendments and renewals. Only one amendment application needs to be filed with the IB. Trademark right holders also save time and money on maintaining and recordation of transfers in ownership.

5.1.1.2 Trademark Office

The Madrid Protocol can help ease the workload of the trademark office in relation to the procedural requirements of the applications for the registration of marks, and the

issuance of certificates of registration to entitled trademark applicants. Under the Protocol, the formality examination, classification and checking of the classification of the lists of goods and services, and assignment of a filing date is left to the IB. Further, trademark offices do not have to accept or process requests for renewal. All applications for renewal are effected by payment of fees directly to the IB. In addition, the IB will also publish issued trademarks, record assignment of trademarks, and maintain records and databases to allow the examination of issued marks.

5.1.2 Flexibility

Compared to other systems for the international registration of marks, such as the Community Trademark and even the Madrid Agreement, the Madrid Protocol offers trademark applicants greater flexibility. A trademark applicant not only can choose which Office of origin in which to file the basic application or registration, but he also has the freedom to choose which countries to designate. This is important considering that a mark which is considered distinctive in a particular Contracting Party may violate the standards for registrability in another. By designating only those countries where he is confident of a favorable outcome, an applicant will be able to avoid the potential expenses associated with defending his mark against an opposition or attack. A denial in any designated country, other than the Office of origin within the five-year dependency period, will not affect the registration in other countries.55

In addition, a holder of an International Registration has the option of designating additional countries at any time after filing the International Registration. A holder can expand the protection for his mark as the number of countries acceding to the Protocol increases. Designation can be done through the Office of the Contracting Party or directly with the IB.

However, since the term of protection of the subsequent designation runs from the date of receipt by the IB to the end of the term of the original International Registration, it may not be cost effective to file a subsequent designation near the end of the ten-year term of an International Registration.

5.1.3 Expedited Review

Accession to the Protocol may also result in expedited registration of Protocol applications, due to the requirement that an Office of a Contracting Party has 12 or 18 months to declare in a notification of refusal that protection to the mark cannot be granted in the said Contracting Party.56

Within the same period, trademark offices also have to give notice of the possibility that oppositions may be filed after the expiry of the 12- or 18-month time limit. In the Philippines, the opposition period is 30 days from publication in the TM e-gazette.

56 Madrid Protocol, art. 5.
Further, the notification of the refusal based on an opposition must be made within a time limit of one month from the expiry of the opposition period and, in any case, not later than seven months from the date on which the opposition period begins. Failure to do so will disqualify Trademark Offices from raising any objections against the application, and the registration will proceed.

This means that a Protocol application may be processed faster than a direct national application. This is an advantage for trademark holders who need to establish protection in a particular jurisdiction within the soonest possible time, whether for business, litigation, or customs enforcement reasons.

5.1.4 Significant Cost Savings

5.1.4.1 Trademark Holder

At present, a trademark owner needs to file separate applications in each country where he wants his mark to be protected. Under the Madrid Protocol, depending on the amount charged by the various national offices, the fee would be significantly less as countries that charge an individual fee are required to charge an amount not higher than the equivalent of the amount which said Contracting Party’s Office would be entitled to receive from an applicant for a ten-year registration, or from the holder of a registration for a ten-year renewal of that registration, of the mark in the register of the said Office, the said amount being diminished by the savings resulting from the international procedure.57

Trademark applicants can easily predict the cost of their Protocol applications by using the fee calculator on the WIPO website. The tool will automatically calculate the fees due to the IB, taking into account the basic fee collected by WIPO, the number of countries designated and the number of classes in the application. Using the fee structure, it would be less expensive to designate the EU through the Madrid Protocol than to designate some but not all of the individual EU member countries, or even to file national filings in individual EU countries. However, if the designation is of EU as a whole, the applicant cannot be selective and designate only countries where there is no clear conflict or an expectation of a refusal on absolute grounds.

In addition, the Protocol empowers trademark holders, particular small and medium sized entities, to apply for trademark protection without need of an intermediary at the initial stage of application. The system makes it possible for trademark holders, with perhaps some guidance from the local trademark office on how to operate the system, to conduct their own search and file their own application directly and independently. More importantly, there is no need to contract foreign representatives to handle their applications in each designated country. They will legal representation only when their registration is opposed.

57 Madrid Protocol, Art. 8(7)(a).
There are also significant cost savings for mergers that involve a large trademark portfolio. The simple amendment procedure for changes of ownership, name, address and other particulars can be accomplished by filing one form and paying one fee with the IB.

Finally, the possibility of achieving renewals through one filing and one fee every ten years is one of the Protocol’s major advantages. Any international registration, which does not include any change to its latest form, may be renewed for a period of ten years from the expiry of the preceding period, by the mere payment of the basic fee and individual or supplementary and complementary fees charged by the trademark office or renewal.58

This is important because trademarks can be renewed indefinitely after every ten years. This results in substantial renewal cost savings, and facilitates the management of a trademark portfolio, particularly for trademark right holders that plan on using a mark for a long time.

5.1.5 Right of Priority

The Madrid Protocol provides that every international registration shall enjoy the right of priority provided for by Article 4 of the Paris Convention for the Protection of Industrial Property.59 The Paris Convention (1883) provides for three major areas of agreement between the Member Countries: national treatment, right of priority and common rules over industrial property. The most important of these, in relation to the Madrid Protocol, is the right of priority.

The right of priority allows applicants who have filed for protection of industrial property in any of the contracting states to apply for subsequent protection in any of the other contracting States. These later applications will be considered as having been filed on the same day as their first application,60 as long as they file their subsequent applications for marks within six months. This gives the applications the right of priority over applications which may have been filed during the same period of time by other persons for the same industrial property subject of the application. Neither will these later applications be affected by any intervening event, such as publication of the invention or sale of the articles bearing the mark.

One of the great practical advantages of this provision is that, when an applicant desires protection in several countries, he is not required to present all his applications at the same time but has six or 12 months at his disposal to decide in which countries he wishes protection and to organize with due care the steps he must take to secure protection.61

58 Madrid Protocol, art. 7(1) re: arts. 8(7) and 8(2).
59 Madrid Protocol, art. 4(1).
60 According to WIPO in its Guide to the International Registration of Marks, “That earlier filing will normally be the basic application or the application which resulted in the basic registration. However it may also be: (a) another application made either in a country party to the Paris Convention or in a Member of the World Trade Organization even if the latter is not a party to the Paris Convention; or (b) an application which, under a bilateral or multilateral treaty concluded between countries of the Paris Union, is equivalent to a regular national filing.”
5.1.6 Maintaining Protection

Under the Protocol, an international registration is protected for ten years, and can be renewed for successive ten-year periods through a single filing and mere payment of the fees with the IB.\(^{62}\) Renewal also results in the renewal of the national rights obtained through extension of the Protocol registration in the designated countries. Protection resulting from extensions of the registration expires with the original registration. Thus, through a single filing and payment of the necessary fees, a trademark owner can avail of a centralized system that makes it very easy to maintain international trademark protection.

The WIPO has facilitated renewal even further by providing a system for the online renewal of international registrations. The WIPO Marks E-Renewal System\(^{63}\) allows a trademark holder to simply submit his International Registration Number online and pay the renewal fee by internet using his WIPO current account or a credit card. This system is not yet available for international registrations which have been the subject of a limitation or other modification.

5.1.7 Replacement

Article 4bis of the Madrid Protocol provides for the replacement of a national registration with an International Registration.

Existing national registrations for the same mark, held by the same owner and covering the same goods and/or services are automatically subsumed into the protection of the International Registration upon issuance of the extension of protection in that country. The rights afforded the holder of the International Registration extend to the prior established rights by operation of law.\(^{64}\)

This means that trademark holders can have their prior national registrations replaced with their international registrations and have the same rights accrued to a previously issued registration as long as the registration involves the same owner, same mark and same goods. The Office of a Contracting Party shall, upon request, be required to take note in its register of the international registration.\(^{65}\)

In practice, however, holders of International Registrations generally do not rely on replacement and allow prior national registrations to expire. One of the reasons, other than the dependency term, is that the procedure must be accomplished before the national Office, not WIPO, and not all Madrid Protocol countries have mechanisms in place for an acknowledgement of the replacement.\(^{66}\)

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62 Madrid Protocol, art. 7(1), Common Regulations, Rule 30.
63 https://webaccess.wipo.int/trademarks_ren/erenewal_en.jsp
64 Oblon et al., *Alternative Trademark Filing Strategies*, supra.
65 Madrid Protocol, art. 4bis.
5.1.8 **Transformation**

If an international registration is cancelled at the request of the Office of origin during the five year dependency period, the holder of the international registration may file, within three months of cancellation, an application for the transformation of the international registration into national or regional applications.  

The effect of transformation of an international registration into one or more national or regional applications is that an application to the Office of a Contracting Party for the registration of a mark which was the subject of an international registration designating that Contracting Party will be treated by that Office as if it had been filed on the date of the international registration or, where that Contracting Party has been designated subsequently, the date of the subsequent designation. Where the international registration claimed priority, the national or regional application will benefit from that claim.

Transformation is available only under the Madrid Protocol, and its benefits can be claimed only in a Madrid Protocol Contracting Party. It is not available for countries that are members of the Madrid Agreement.

5.1.9 **Increased Revenue Creating Avenues for Trademark Offices**

Article 8 of the Madrid Protocol provides that the Contracting Parties will share in the net proceeds of the annual product of the basic fees received from international registration. In addition, designated countries will have a proportionate share in the amounts derived from the supplementary and complementary fees. Contracting Parties also have the option to receive individual fees in connection with each international registration and renewal thereof, instead of a share in the revenue produced by the supplementary and complementary fees. Thus, participation in the Madrid system may result in a significant source of revenue for trademark offices.

Japan has opted to collect individual fees, payable in two parts: the first part to be paid before the international registration and the second part to be paid “after the examiner’s decision or trial decision has been made to the effect that the trademark in the application for international trademark is to be registered” and within the time provided by the Ordinance of the Ministry of Economy, Trade and Industry.

As for the Philippines, the IP Philippines will have to consider whether collecting individual fees or sharing in the proceeds of the supplementary and complementary fees will generate more revenues. The collection of individual fees will ensure parity of treatment between trademark holders filing national applications and those designating the Philippines under the Madrid system. The Philippines will not be entitled to supplementary and complementary fees if it opts for individual fees. Its share in the proceeds of supplementary

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67 Madrid Protocol, art. 9quinquies.
68 Guide to the International Registration of Marks, supra.
69 Madrid Protocol, art. 8(7)(a).
70 Trademark Law of Japan, sec. 68tricies.
and complementary fees also depend on the number of marks for which protection has been applied for in the Philippines.\(^71\)

5.1.10 Creation of a Favorable Climate for Investments

The international registration system offered by the Madrid Protocol also makes sense for international businesses, including franchises seeking to penetrate domestic markets. Both foreign franchises that want to establish and maintain their presence in the Philippines and Philippine franchises that are starting to make their mark abroad will find value in how the Madrid Protocol allows simultaneous acquisition, licensing, registration and renewal of trademarks.

5.2 Disadvantages

However, there are certain disadvantages to acceding to the Madrid Protocol, the principal one being that the system is not a substantive trademark law and an application filed under it does not result in a “Madrid Registration.” That is, while the registration issued under the Madrid System oftentimes is referred to as an “international registration,” it differs from registrations issued under the auspices of such collective organizations as the European Union because it is not a freestanding, supranational registration. Instead, the Madrid System provides a centralized mechanism for simultaneously obtaining, in effect, separate national registrations based either on a pending application or existing registration on file in the national trademark office of the applicant’s “home country.”\(^72\)

Thus, a Madrid application will not have any effect until the designated countries grant protection to the mark under their laws.

5.2.1 Dependency and Central Attack

Another major disadvantage to a Madrid Protocol Application is that the international application’s dependence on the national trademark application or registration on which it is based.

For a period of five years from the date of the international registration, the protection resulting from the international registration remains dependent on the mark registered or whose registration has been applied for with the Office of origin (basic application, registration resulting therefrom, or basic registration). The protection resulting from the international registration may no longer be invoked if, or to the extent that,

\(^71\) Madrid Protocol, art. 8(7).
the basic registration, or the registration resulting from the basic application is cancelled, renounced, revoked, invalidated or has lapsed, or if the basic application is the subject of a final decision of rejection or is withdrawn, either with that five-year period or as a result of an action commenced within that period.

This dependence is absolute, and is effective regardless of the reasons why the basic application is rejected or is withdrawn or the basic registration ceases to enjoy, in whole or in part, legal protection. The process by which an international registration may be defeated for all countries in which it is protected, by means of a single invalidation or revocation action against the basic registration has become generally known by the term “central attack.”

In addition, “if goods or services are deleted from the basic application or registration, whether voluntarily through examination or through the settlement of a potential proceeding, the deletion is reported to WIPO and the same goods and services are deleted from all designated countries in the International Registration.”

### 5.2.2 Cost of Addressing Official Actions

Cancellation or limitation of a Madrid Protocol Registration does not necessarily cost the trademark owner his rights and priority since trademark owners may transform their failed international registrations into national applications. However, these new national applications will entail filing fees and another round of national examinations. Also, a trademark holder has to respond to official actions issued by a designated Contracting Party regarding his request for territorial extension. This is where the expense of hiring local representatives to prosecute or defend the application comes in, the cost of which may impact on the savings generated by using the Madrid system.

An applicant also has the option of retaining counsel prior to filing if he cannot ascertain the outcome of the application. While this may result in legal fees, it may also help towards achieving a more favorable outcome, thus avoiding the cost of a protracted defense or prosecution of his mark.

### 5.2.3 Restriction on Amendment of Marks

There is no provision that allows a trademark holder to change the mark in a Madrid application or registration. At the time of renewal, the mark has to remain the same as in the basic application. Trademark holders whose marks are not intended to remain the same for a long period of time, or marks intended to be used for only a limited period, or those which use variations of the same mark depending on the language of the country where protection is sought may not find the Madrid system to their advantage.

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73 Guide to the International Registration of Marks, supra.
74 Oblon et al., supra.
The remedy is for the applicant to choose which marks to file under the Protocol and which ones will follow the national route. The applicant will have to make an economic determination if the benefit of registering in many countries even for only ten years, or less, will be cheaper for him than filing several applications in different countries.

5.2.4 Restriction on Assignments

The change in ownership in an international registration may relate to all, or some of the goods and services covered by the international registration. Until the IB records the change in ownership in the International Register, the former owner remains the owner on record. The change in ownership may be recorded only if the transferee is a person who is entitled to file international applications. If there are several transferees, each of them must qualify; otherwise, the change in ownership may not be recorded in respect of a given designated Contracting Party in which the transferee is not qualified. Otherwise, the transfer will be recorded as a partial change in ownership.

Further, under the Common Regulations, if the transferee is a national of a State bound only by the Protocol and has no domicile or establishment in any other country, the change in ownership can be recorded if the international registration extends to Contracting States bound by the Protocol, whether or not bound also by the Agreement. However, the change in ownership cannot be recorded if the international registration extends only to Contracting States bound exclusively by the Agreement.

As a result, “this can limit a holder’s ability to transfer rights in a mark, particularly where the country involved is a Madrid Agreement only country, as opposed to a Madrid Protocol/Agreement country. Then the assignee must have an establishment in a Madrid Agreement country in order for the transfer to be recorded by the International Bureau.”

An applicant who wishes to avoid this limitation can choose to assign his mark to a qualified holder. However, he “should be cautioned against assigning the basic application or registration apart from the designations of extension of protection during the dependency period because of the danger that the assignee could jeopardize the rights in the designated countries by discontinuing use, invalid licensing or assignment.”

5.2.5 Limited Membership

While the members of the Protocol have been increasing steadily since its adoption in 1989, many countries still have to accede to it. In particular, most of the members of the ASEAN region, except for Singapore and Vietnam, have yet to accede to it. Canada and Mexico, and most of the South American countries also have yet to signify their plans for accession. Considering that the ASEAN region remains the Philippines’ largest export market, it is a distinct disadvantage for trademark filers in the Philippines.

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75 See Guide to the International Registration of Marks, supra.
76 P. Jay Hines, Practical Considerations of Using the Madrid Protocol.
77 Id.
5.3 Challenges

5.3.1 Periods for Action

Both trademark holders and trademark offices have to make sure they meet the
deadlines imposed by the Protocol regarding trademark filing, opposition and maintenance.
Failure to meet these crucial time limits will result in the loss of rights.

For instance, the Office of origin has to transmit the international application to the
IB within two months from receipt so that the international registration will benefit from the
date of receipt of the international application by the Office of origin. Otherwise, the
international registration will bear the date on which the international application was
received by the IB. In the same manner, a designation made subsequent to the international
registration and presented to the IB by an Office of origin will bear the date on which it was
received by that Office if said designation is received by the IB within two months from that
date. Otherwise, it will bear the date of its receipt by the IB.

Irregularities in international applications have to be remedied within 3 months from
notice; otherwise, the application will be considered abandoned.

The Office of the Contracting Party has to communicate to the IB, within 12 or 18
month depending on the Contracting Party, that protection cannot be granted (“ex officio
provisional refusal”) or that oppositions have been filed (“provisional refusal based on an
opposition”); otherwise, it will lose the right to refuse registration of the mark. Moreover,
irregular notifications of provisional refusal have to be rectified by the Office of a
Contracting Party within two months from notice from the IB or else it will not be
considered.

Irregularities in requests for the recording of a license should be remedied within
three months from date of notice by IB or else the request will be considered abandoned.

Irregularities in a designation made subsequent to the international registration should
be remedied within three months from date of notice; otherwise, the subsequent designation
shall be considered abandoned.

If an international registration is invalidated by a “central attack” within the initial five
year dependency period, the trademark owner must file a request with the trademark office to
transform the cancelled registration into national applications within three months from
cancellation of the international registration.

78 Madrid Protocol, art. 3(4).
79 Common Regulations, Rule 24(6).
82 Common Regulations, Rule 20bis(2).
83 Common Regulations, Rule 24(5).
84 Madrid Protocol, Art. 9quinquies.
Requests for the recording of a change or a cancellation will also be considered abandoned if any irregularities are not remedied within three months from date of notification.  

An error in the International Register which is attributable to an Office and the correction of which would affect the rights deriving from the international registration may be corrected only if a request for correction is received by the IB within nine months from the date of publication of the entry in the International Register which is the subject of the correction.  

Finally, failure to pay the right amount of fees required for renewal of a designation on the expiry of the six months from the date on which the renewal of the international registration is due, and within three months from notification will result in the cancellation of the renewal.  

As a consequence, trademark offices need to be able to examine Madrid Protocol applications within the designated time limits for provisional refusals without discriminating against national applications. At the same time, registrants need assurance that Protocol applications will not given priority over domestic applications, and that trademark examiners will nonetheless properly disallow unqualified applications despite the need to meet deadlines and quotas while managing the existing backlog.  

Trademark offices have responded to the challenge of meeting the time limits in different ways. The Japan Patent Office no longer considers the 18-month period as an obstacle to review as it has reduced its average first action pendency to about seven months in 2005. It was able to achieve this “by improving examination efficiency through further automation of the examination process and use of private sector capacity.”  

The United States Patent and Trademark Office (USPTO) also initially required all Madrid Protocol applications to be submitted electronically, through the Trademark Electronic Application System (TEAS) until such system was amended due to unforeseen technical difficulties that delayed the deployment of Madrid-related TEAS forms.  

The system requires the applicant to select between two different forms, a prepopulated form or a free-text form. The prepopulated form will automatically display the exact information that is in the USPTO database for one specific U.S. serial number or registration number. If the applicant does not make any changes to this data, the international application will be certified and forwarded directly to the IB without [Madrid Processing Unit] (MPU) review of the data.

85  Common Regulations, Rule 26(2).  
86  Common Regulations, Rule 28(4).  
87  Common Regulations, Rule 30(3).  
89  37 C.F.R. §7.11(a).  
To shorten its processing time, IP Philippines has adopted the Trademark Online system, “an electronic filing system for filing applications for the registration of trademarks, service marks, geographical indications, and other marks of ownership.” The Office has also developed an electronic filing module for those without internet access. The module will be available to the public beginning May 2007.

However, the requirement that submissions be in electronic format may pose a burden to some trademark owners who do not have access to the internet. There is also need to convince more trademark applicants to avail of the facility. The IP Philippines first launched its electronic trademark filing facility in December 2004. As of 2006, only 555 out of 13,942 applications or 4% of trademark applicants availed of this option, with the remainder still filing paper applications. It should be noted, however, that majority of paper filings were made by trademark lawyers on behalf of their clients, and that individuals filing without the assistance of trademark agents usually take the online route.

5.3.2 Operational Demands

The necessary amendments to domestic trademark law to make it conform to treaty requirements will result in additional responsibilities for the trademark office. Well before implementation of any amendments, a trademark office needs to set up a support system to enable applicants, their representatives, and trademark examiners to become familiar with any substantive and procedural changes. This involves the institution of an information dissemination campaign and training program to provide the stakeholders with the necessary skills to utilize the Protocol.

A trademark office may also require additional staffing due to the need to assign a specialized group of examiners who will (1) check the conformance of the basic Madrid application with the national application filed with the trademark office as Office of origin, and (2) examine Madrid applications transmitted to the trademark office as designated office. This may result in additional operational costs in the event that new examiners need to be hired.

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92 https://trademarks.ipophil.gov.ph/tmonline/
93 Galicia, supra.
6 **Duties and Responsibilities under the Madrid Protocol**

Use of the Madrid System involves the following: the applicant, his representative, the trademark office as an Office of Origin, the trademark office as an Office of a Contracting Party, and the IB of the WIPO.

6.1 **Applicant**

To secure protection under the Madrid Protocol, an applicant in whose name the basic application or registration stands should be a national or is domiciled in a Contracting State or has a real and effective industrial or commercial establishment in said Contracting State. The issue of what constitutes “real and effective industrial or commercial establishment” is a matter of national law.

A trademark owner who qualifies by any of the above can thus have the choice of country of origin for purposes of filing under the Madrid Protocol. Since the protection resulting from the international registration depends upon the rights extended by the basic application or registration, a trademark owner with a choice of country of origin due to the existence of subsidiaries or related companies can be expected to consider which jurisdiction will provide him with the broadest rights.

Moreover, it would seem that it would not necessarily follow that a Philippine entity will file in the Philippines as its country of origin. The reverse may also be true, in that countries which offer narrower protection may wish to take advantage of a related company's country of origin to take advantage of the expanded rights that are available in that country.

The designation under the Madrid Protocol in countries other than country of incorporation may allow a business entity to “have identifications of goods and services as broad as the country of origin allows.” However, the business entity will have to deal with the limitations to trademark assignment and the rules and regulations of the country of origin regarding opposition and cancellation of marks for purposes of maintaining the life of the basic application and registration during the initial five-year period.

Although not dealt with explicitly in the Protocol, it would appear that the connection that Article 2(1) of the Protocol requires an applicant to have with a contracting party needs only to exist at the time of the filing of the international application. An international registration will therefore not become invalid because its owner ceases to have a connection with the office of origin or even if the owner ceases to have any connection with any contracting party of the Protocol. The question of whether a connection exists would only again become relevant at the time of any change in ownership of the mark, where it would (under Article 9 of the Protocol) be necessary for the new owner to be a person

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94 Madrid Protocol, art. 2.
95 Oblon et al., *Alternative Trademark Filing Strategies*, supra.
96 *Id.*
who, under Article 2(1), is a person entitled to file international applications.\textsuperscript{97}

The requirements of nationality, domicile or a real and effective industrial or commercial establishment in the country of the office of origin are filing requirements and not continuing conditions for the enjoyment of a trademark registration. It is a question as to whether the IP Philippines will require a Madrid Protocol applicant to maintain said connection after grant of the International Registration and until expiry of the initial five-year period, or if it will consider such connection relevant only at the time of any change in the ownership of the mark.

It would seem the latter, as under the present IP Code, trademark rights holders can file applications with the IP Philippines, regardless of nationality, domicile or existence of a real and effective industrial or commercial establishment in the Philippines. They are subject only to the requirement that (a) they inform IP Philippines of their name, address, name of State of which they are a national or where he has a domicile, name of State in which they have a real and effective industrial or commercial establishment, and (b) the appointment of an agent or representative, who must be a Philippine resident, if the applicant is not domiciled in the Philippines.\textsuperscript{98} Hence, nationality, domicile or existence of a real and effective industrial or commercial establishment in the Philippines are not continuing conditions for the enjoyment of a trademark registration.

It should be noted that “two or more parties (whether natural persons or legal entities) may jointly file an international application, provided that the basic application or registration is also jointly owned by them, and that

- Where the international application will be governed exclusively by the Agreement, or by both the Agreement and the Protocol, the country of origin is the same for each of the applicants;

- Where the international application will be governed exclusively by the Protocol, each of the applicants has the necessary connection through establishment, domicile or nationality with the Contracting Party whose Office is the Office of origin.\textsuperscript{99}

It is not necessary for the nature of the connection (nationality, domicile or establishment) to be the same for each applicant, but all must be entitled to file an international application with the Office of the same Contracting Party.\textsuperscript{100}


\textsuperscript{98} Rep. Act No. 8293, sec. 124.

\textsuperscript{99} Common Regulations, Rule 8; \textit{Guide to the International Registration of Marks}, supra, B.II.5.

\textsuperscript{100} Common Regulations, Rule 8; \textit{Guide to the International Registration of Marks}, supra, B.II.5.
6.2 Representative

A Madrid applicant has the option of appointing a representative before the IB, as long as such representative holds an address in the territory of a Contracting Party. Appointment is effected by simply providing the name and address of the representative in the international application and no power of attorney is necessary. The name and address should be sufficient “to satisfy the customary requirements for prompt postal delivery.”

This representative may or may not be the same representative authorized to represent the holder before the IP Philippines. If the address of the representative is not within the relevant territory, as required by the Rules, the International Bureau shall treat the appointment as if it had not been made and will continue to send all relevant communications to the applicant or holder, instead of to the invalidly delegated representative.

The appointment of a representative in the international application only empowers him to act before the IB. Trademark holders are free to appoint their choice of agents to represent them before the Offices of designated Contracting Parties, particularly in cases of refusal of protection. Such appointments will be governed by the law of the Contracting Party concerned.

Under the IP Code, “if the applicant is not domiciled or has no real and effective commercial establishment in the Philippines, he shall designate by a written document filed in the office, the name and address of a Philippine resident who may be served notices or process in proceedings affecting the mark.” The name of the representative, who may be an attorney or any other person authorized to conduct trademark practice, should be submitted to the Office within 60 days from filing date without need of notice. While no power of attorney or authorization is required at the time of filing, the IP Philippines may require any attorney or agent to submit one within 60 days from notice before he will be allowed to take an initial or further action in any application or registration.

Thus, it would seem that a Philippine representative is still required for trademark holders doing business in the Philippines who are not domiciled or have no real and effective industrial or commercial establishment in the Philippines. The representative, who should be a Philippine resident, will be responsible for receiving notices or process in proceedings affecting the mark. The appointment of a representative is also required under the Corporation Code, and the Rules of Court. Legal practitioners and trademark agents will still play an essential role in Madrid Protocol applications.

101 Common Regulations, Rule 3(1).
102 Common Regulations, Rule 9(4)(a)(iii).
103 Guide to the International Registration of Marks, supra, B.II.11.
104 Administrative Instructions, sec. 12.
105 Common Regulations, Rule 3(1)(b).
106 Common Regulations, Rule 3(3).
107 Guide to the International Registration of Marks, supra, B.II.11.
6.3 Trademark Office

6.3.1 Office of Origin

Under the Madrid Protocol, the Office of origin has the following tasks: receive applications for international registration \(^{111}\) and transmit the international application to the IB within two months from receipt in order for the international registration to bear the same date as the date of its receipt by the Office of origin.\(^{112}\)

It should certify that the particulars appearing in the international application correspond to the particulars appearing, at the time of the certification, in the basic application or basic registration;\(^ {113}\) and indicate the date and number of the basic application, and the date and number of the basic registration as the case may be.\(^ {114}\)

In association with the IB, the Office of origin also controls the indication of classes given by the applicant, although the opinion of the IB prevails over the Office of origin in case of disagreement.\(^ {115}\)

The Office of origin is also responsible for certifying the legitimacy of the use of certain elements incorporated in a mark\(^ {116}\)

It should also notify the IB of the withdrawal, lapse, renunciation or issuance of a final decision of rejection, revocation, cancellation or invalidation of a basic application or registration that occurs before expiry of the initial five-year period\(^ {117}\) and request the IB to cancel the international registration as a result of the failure of the basic application or registration.\(^ {118}\)

It can generate revenues from the international registration by fixing, at its own discretion, and collecting, for its own benefit, a fee from the applicant for international registration or from the holder of the international registration in connection with the filing of the international application or the renewal of the international registration;\(^ {119}\) and by receiving a share in the IB’s annual collections of the basic, supplementary and complementary fees.\(^ {120}\)

The Office of origin is also entitled to receive from the IB a number of copies of the periodical gazette issued by the IB free of charge and a number of copies at a reduced price\(^ {121}\) which it is required to make accessible to interested persons.

\(^{111}\) Madrid Protocol, art. 2(2).
\(^{112}\) Madrid Protocol, art. 3(2).
\(^{113}\) Madrid Protocol, art. 3(1).
\(^{114}\) Madrid Protocol, art. 3(1).
\(^{115}\) Madrid Protocol, art. 3(2).
\(^{116}\) Madrid Protocol, art. 5bis.
\(^{117}\) Madrid Protocol, arts. 6(4) and 6(3).
\(^{118}\) Madrid Protocol, art. 6(4).
\(^{119}\) Madrid Protocol, art. 6.
\(^{120}\) Madrid Protocol, art. 8.
\(^{121}\) Madrid Protocol, art. 3(5).
6.3.2 Trademark Office as an Office of a Contracting Party

As an Office of a Contracting Party, the trademark office receives requests for designation from the IB\textsuperscript{122} and determines if the subject mark is qualified for protection under domestic laws.\textsuperscript{123}

If warranted, it can refuse protection based on applicable legislation.\textsuperscript{124} Before expiry of the 12-month, or 18-month period if the Contracting Party has declared that the refusal period shall be 18 months, the trademark office shall inform the IB of the possibility that oppositions may be filed after said period.\textsuperscript{125}

If protection cannot be granted under applicable legislation based on grounds which would apply under the Paris Convention, the trademark office should notify the IB, together with a statement of all grounds, within the period prescribed by domestic law and before expiry of the period for notification (12 or 18 months, depending on the country).\textsuperscript{126} If the refusal of protection is the result of opposition to the grant of protection, the notification of refusal may be made after the expiry of the 18-month time limit, provided that the trademark office, before expiry of the 18-month time limit, informed the IB of the possibility that oppositions may be filed after the expiry of the 18-month time limit and the notification of the refusal based on an opposition was made within a time limit of one month from the expiry of the opposition period and, in any case, not later than seven months from the date on which the opposition period begins.

If no timely refusal of protection has been made, it shall extend protection to the international registration from the date of the registration or recordal with the IB.\textsuperscript{127} It shall take note in its register the international registration which shall be deemed to replace the national or regional registration.\textsuperscript{128}

It shall also receive national applications from persons who were the holder of an international registration which was cancelled at the request of the Office of origin. The trademark office shall treat such application as if it had been filed on the date of the international registration or the date of recordal of the territorial extension, with the same priority enjoyed by the international registration, subject to certain conditions.\textsuperscript{129}

Finally, it can generate revenues from the international registration through fixing, at its own discretion, and collecting, for its own benefit, a fee from the applicant for international registration or from the holder of the international registration in connection with the filing of the international application or the renewal of the international registration.\textsuperscript{130} It can also, if it so declares, receive a share in the IB’s annual collections of the basic, supplementary and complementary fees.\textsuperscript{131}

\textsuperscript{122} Madrid Protocol, art. 3ter.
\textsuperscript{123} Madrid Protocol, art. 4(1)(b).
\textsuperscript{124} Madrid Protocol, art. 5.
\textsuperscript{125} Madrid Protocol, art. 5(2)(c).
\textsuperscript{126} Madrid Protocol, art. 5(1), 5(2)(a) and 5(2)(b).
\textsuperscript{127} Madrid Protocol, art. 4(1)(a).
\textsuperscript{128} Madrid Protocol, art. 4bis.
\textsuperscript{129} Madrid Protocol, art. 9quinquies.
\textsuperscript{130} Madrid Protocol, art. 8.
\textsuperscript{131} Madrid Protocol, art. 8.
6.4 International Bureau

The IB of the WIPO is the body tasked to administer the Madrid System. It is responsible for international registrations and related duties, as well as all other administrative tasks, under or concerning the Madrid Protocol.\textsuperscript{132}

Under the Madrid Protocol, it should receive applications for international registration received through the Office of origin,\textsuperscript{133} determine if the applicable Madrid filing requirements have been met and the applicable fees have been paid, and indicate when international applications were received for purposes of determining priority.\textsuperscript{134}

It shall also classify the marks into the goods and services in the appropriate classes.\textsuperscript{135} It shall then notify the applicant and/or the Office of origin of any irregularities in the filing and register the marks filed in the International Register.\textsuperscript{136} Afterwards, it shall notify the international registration without delay to the designated offices\textsuperscript{137} as well as transmit a certificate of registration to the trademark holder.

It shall record requests for designations and notify designated offices without delay of such recordals for territorial extension.\textsuperscript{138} It shall receive timely notifications of refusal of protection from any Office of a Contracting Party\textsuperscript{139} and inform the holder of the international registration of the possibility, as communicated by the Office of the Contracting Party concerned that oppositions may be filed after the expiry of the 18-month time limit.\textsuperscript{140} If there are refusals, the IB shall also transmit copies of the notification of refusal to the holder of the international registration\textsuperscript{141} and transmit grounds for refusing a mark to any interested requesting party.\textsuperscript{142}

It shall also notify the interested parties and effect any publication concerning the withdrawal, lapse, renunciation or issuance of a final decision of rejection, revocation, cancellation or invalidation of a basic application or registration\textsuperscript{143} and upon request by the Office of origin, cancel the international registration to the extent applicable.\textsuperscript{144}

It shall send unofficial notice, six months before the expiry of the term of protection, to remind the holder of the international registration and his representative, if any, of the exact date of expiry.\textsuperscript{145} A six-month grace period is allowed for the renewal of the international registration, subject to the payment of a surcharge.\textsuperscript{146}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{132} Madrid Protocol, art. 11.
\item \textsuperscript{133} Madrid Protocol, art. 2(2).
\item \textsuperscript{134} Madrid Protocol, art. 3(4).
\item \textsuperscript{135} Madrid Protocol, art. 3.
\item \textsuperscript{136} Madrid Protocol, art. 3(4).
\item \textsuperscript{137} Madrid Protocol, art. 3(4).
\item \textsuperscript{138} Madrid Protocol, art. 3ter.
\item \textsuperscript{139} Madrid Protocol, art. 5.
\item \textsuperscript{139} Madrid Protocol, art. 5(2)(c)(6).
\item \textsuperscript{140} Madrid Protocol, art. 5(3).
\item \textsuperscript{141} Madrid Protocol, art. 5(4).
\item \textsuperscript{142} Madrid Protocol, art. 6(4).
\item \textsuperscript{143} Madrid Protocol, art. 6(4).
\item \textsuperscript{144} Madrid Protocol, art. 7.
\item \textsuperscript{145} Madrid Protocol, art. 7(4).
\end{itemize}
\end{footnotesize}
Upon request of the person in whose name the international registration stands, or at the request of an interested Office made ex officio or at the request of an interested person, the IB shall record in the International Registration any change in the ownership of that registration, provided that the new holder is entitled to file international applications.\footnote{Madrid Protocol, art. 9.} It shall record in the International Registration the matters concerning an international registration set forth in Article 9bis\footnote{Madrid Protocol, art. 9bis.} and collect fees for such recordal.\footnote{Madrid Protocol, arts. 9 and 9ter.}

The IB shall also be responsible for making the necessary translations into the Protocol’s official languages of English, French and Spanish and publishing the marks registered in the International Register, as well as recordals of territorial extension, in a periodical gazette.\footnote{Madrid Protocol, art. 3(4).} Copies of the Gazette will be distributed free of charge to all offices, and additional copies shall be made available at a reduced price.\footnote{Madrid Protocol, art. 5.}

The IB shall issue to any fee-paying a copy of the entries in the International Registration concerning a specific mark\footnote{Madrid Protocol, art. 5(1).} or undertake fee-based searches for anticipations among marks that are the subject of international registrations.\footnote{Madrid Protocol, art. 5(2).}

The IB shall charge an international fee, composed of a basic fee, a supplementary fee and a complementary fee, for the registration of a mark\footnote{Madrid Protocol, art. 8(2).} and divide equally among the contracting parties, the net receipts from the basic fee collected for international registration.\footnote{Madrid Protocol, art. 8(4).} The proceeds from the supplementary and complementary fees collected by the IB fees will be divided proportionately among the interested contracting parties.

Finally, it shall also make preparations for the conferences of revision of the Protocol, consult with intergovernmental and international non-governmental organizations concerning preparations for such conferences of revision and carry out any other tasks assigned to it in relation to the Protocol.\footnote{Madrid Protocol, art. 11.}
Part Two: Legal and Technical Issues of Accessing to the Madrid Protocol

The implementation of the Protocol will affect some provisions of Philippine law related to the procedural aspects of obtaining and maintaining trademark protection. While substantive provisions that govern registrability of marks, infringement, dilution and other trademark dispute cases will remain unaffected by accession, it may be necessary to amend the IP Code and its implementing rules and regulations to address procedural issues related to filing, examination, acceptance, maintenance and cancellation of the International Registration.

The IP Philippines will be also faced with the challenge of handling applications from three categories of trademark applicants: regular trademark applications under the IP Code, national applications with requests for territorial extension to other countries, and requests for territorial extension in the Philippines. Like the trademark applicants who will have to take note of any possible amendments to national law and rules and regulations, the trademark office will also have to keep track of the different procedural requirements for each filing method.

7 General Matters

7.1 Communications with the International Bureau

There are three kinds of communications under the Protocol:

(a) between the IB and the Office of a Contracting Party;

(b) between the IB and the applicant or holder, or his representative; and

(c) between the applicant or holder, or his representative and an Office of a Contracting Party.

The Administrative Instructions in relation to Rule 2 of the Common Regulations lay down the procedure for communications addressed to the IB. Communications that do not involve the IB are governed by each Contracting Party’s national law and practice.

Communications between an applicant or holder and the IB must be in writing. Communications between an Office and the IB may be in writing or may be sent on electronic media.157 These may be delivered by hand, mailed through postal or other delivery service, sent by telefacsimile,158 or sent by electronic means. This last method of delivery is reserved for communications sent by an Office to the IB and is not available to applicants or their representatives.159

The IP Philippines requires all business with the Office to be transacted in writing. It will accept applications for registration sent by personal delivery, mail, telecopier or electronic means.160

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157 Guide to the International Registration of Marks, supra, B.I.2.
158 Administrative Instructions, sec. 8.
159 Ibid. Administrative Instructions, sec. 11.
7.2 **Official Forms**

Applicants may use the official forms produced by the IB and available on the WIPO website, or generate their own forms, as long as their self-generated forms have the same content and adhere to the official format. IP Philippines should make available copies of the official forms and check to see if the applicants’ self-generated forms conform to the requirements of the IB. In accordance with Rule 401 of its rules and regulations, the IP Philippines may draw up and make available a standard application form for its applicants.

8 **Securing Protection through International Registration**

8.1 **Filing Requirements**

8.1.1 **Basic Application or Registration**

A mark may be the subject of an international application only if it has already been registered, or registration has already been applied for, in the trademark office of the Contracting Party with which the applicant has the necessary connection to be able to file an international application. All international applications must be presented on the official form and be certified by the Office of origin which shall then present it to the International Bureau. If the international application is presented direct to the IB by the applicant or does not comply with the language prescribed by the Protocol, the international application shall not be considered as such and shall be returned to the sender.

Before submitting an application under the Protocol, applicants should make sure that the details of the basic application or registration are accurate and any potential issues during the dependency period are addressed. Any discrepancies in the record with respect to ownership, address or some other error or omission should be corrected before proceeding with the filing. Otherwise, the application may be rejected or registration may be delayed due to the need to correct the record.

On its part, the IP Philippines may also need to review application forms accomplished by the applicants themselves to avoid irregularities referred to in Rule 11(4) that would lead to the International Bureau referring the international application back to IP Philippines to be remedied. Review of the application forms, however, should take into account the requirement that international registrations should be received by the International Bureau within **two months** from date of receipt of the Office of origin in order for the International Registration to bear the date on which the international application was received in the office of origin.

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162 Common Regulations, Rule 9.

163 Common Regulations, Rule 11(7).

164 Madrid Protocol, art. 3(4).
8.1.2 **The Application Form**

What should be the role of IP Philippines in the completion of the official form?

As Office of origin for the international application, the IP Philippines will be required to: (a) sign the international application; (b) certify that the particulars appearing in the international application correspond to the particulars appearing, at the time of the certification, in the basic application or basic registration, as the case may be; (c) indicate the date and number of the basic application, or the date and number of the basic registration, as well as the date and number of the application from which the basic registration resulted; and (d) indicate the date of the international application, before presenting the application to the International Bureau.\(^{165}\)

The certification check is not an examination of the application nor of its acceptability. This check is simply to ensure that the applicant meets the entitlement criteria and has a mark in one of the member countries of the Madrid system. The certification check does ensure that the application form contains all the information necessary for the case to be given a filing date. If information is missing, the office of origin cannot forward the case to WIPO.\(^{166}\)

The particulars of the certification are set forth in Rule 9(5)(d) of the Common Regulations.

IP Philippines has the discretion to decide whether it will allow or require the applicant to accomplish the official international application form, or whether the Office will complete the application form using information provided by the applicant. It may also provide its own forms for requesting the presentation of an international application, which may be different from the official international application form and which applicants may be permitted or required to use under Philippine law.

The IP Philippines can require applicants to accomplish the form themselves and submit it electronically to facilitate submission to the International Bureau within the deadlines provided by the Protocol, reduce the workload of office personnel, minimize errors and corrections caused by transferring information from the applicant's documents to the official form, and facilitate review and cross-referencing of international applications with the basic registration and application.

\(^{165}\) Madrid Protocol, art. 3(1), Common Regulations Rule 9, viz. Rule 9(5)(d).

\(^{166}\) UK *Trademark Examiners Manual*, found at http://www.patent.gov.uk/tmmanual-chap5-international.pdf
8.1.3 **Language**

An applicant filing under the Madrid Protocol may submit his international application in English, French or Spanish, subject to what is prescribed by the Office of Origin.\(^{167}\)

The IP Code of the Philippines already allows filing in Filipino or English.\(^{168}\) However, Philippine law as worded states that “The application for the registration of the mark shall be in Filipino or in English. . . .” Thus, it would seem that the language of choice is discretionary on the part of applicants. This should be addressed to conform to Rule 6(1)(b) of the Common Regulations governing the language of international applications. There may be need to modify the discretionary language of Philippine law to provide that Protocol applications should be filed in English. Otherwise, it may not be possible to prohibit the filing of Madrid Protocol applications in Filipino, or deny these applications outright on the basis of language of filing alone.

If applicants do not file in English, they may be required to provide an English translation. Otherwise, the Office itself will have to be responsible for translating the information into English to comply with the requirements of the Protocol. It is not recommended that the IP Philippines take on the responsibility of providing translations, particularly because of the risk of making erroneous translations that may change the description of the mark, or result in conflict between the translation and the application or registration on record. In addition, providing translation services will add to the examiners’ workload and contribute to delay in processing and transmitting the applications to the IB.

8.1.4 **Priority Claimed**

Madrid Registrations enjoy the right of priority provided for by Article 4 of the Paris Convention. Therefore, the Madrid Protocol enables trademark owners to benefit from the Paris Convention priority attached to their national filings without the need to institute separate national filings.\(^{169}\) Aside from the basic application or the application which resulted in the basic registration, priority may also be claimed on the basis of another application made either in a country party to the Paris convention or in a Member of the World Trade Organization (WTO) even if the latter is not a party to the Paris Convention;\(^{170}\) or an application, which, under a bilateral or multilateral treaty concluded between countries of the Paris Union, is equivalent to a regular national filing.\(^{171}\)

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\(^{167}\) Common Regulations, Rule 6(1)(b).

\(^{168}\) Rep. Act No. 8293, sec. 124(1).

\(^{169}\) INTA Issue Brief, supra.

\(^{170}\) The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), Art. 2(1) requires WTO Members to comply with Art. 4 of the Paris Convention.

\(^{171}\) Paris Convention, art. 4A(2).
The following table shows how a person who files a prior request designating a particular country to lose a priority battle against a later filer with Paris Convention priority:

<table>
<thead>
<tr>
<th>Date</th>
<th>Applicant A</th>
<th>Applicant B</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2, 2007</td>
<td>Files basic application in Japan and requests International Registration</td>
<td></td>
</tr>
<tr>
<td>March 2, 2007</td>
<td></td>
<td>Files basic application in the Philippines and requests International Registration</td>
</tr>
<tr>
<td>September 2, 2007</td>
<td>Files Request for Extension of Protection designating the Philippines. Can no longer avail priority under Paris Convention because request was made more than six months from the filing of the basic application</td>
<td></td>
</tr>
<tr>
<td>September 2, 2007</td>
<td></td>
<td>Files Request for Extension of Protection designating Japan and claims Paris Convention priority</td>
</tr>
</tbody>
</table>

The Protocol provides that the international registration “shall bear the date on which the international application was received in the Office of origin, provided that the international application has been received by the IB within a period of two months from that date.”\(^ {172}\) The Common Regulations state that as long as the international application received by the IB contains (i) indications allowing the identity of the applicant to be established and sufficient to contact the applicant or his representative, if any; (ii) the designated Contracting Parties; (iii) a reproduction of the mark; and (iv) the indication of the goods and services for which registration of the mark is sought, the international registration shall bear the date determined in accordance with said Article 3(4).\(^ {173}\) Otherwise, if the international application was perfected beyond the two-month time limit, the international registration shall bear the date on which the last of the missing elements reached the IB.

The IB shall also disregard any priority claim where the date of the earlier filing is more than six months before the date of the international registration.\(^ {174}\) No claim to priority can be made if the date of the international registration is more than six months after any priority date claimed.

In the Philippines, the grant of priority rights for marks registered pursuant to an international convention, treaty or agreement relating to intellectual property rights is governed by the IP Code.\(^ {175}\) The law provides that such applications shall be considered as filed as of the day the application was first filed in the foreign country, provided that no

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\(^ {172}\) Madrid Protocol, art. 3(4).
\(^ {173}\) Common Regulations, Rule 15.
\(^ {174}\) Common Regulations, Rule 14(2)(i).
\(^ {175}\) Rep. Act No. 8293, sec. 131 in re: sec. 3.
registration shall be granted until such mark has been registered in the country of origin by the applicant.

Under the Protocol, no copy of the earlier filing is needed, but merely “a declaration claiming the priority of that earlier filing, together with an indication of the name of the Office where such filing was made and of the date and, where available, the number of that filing, and, where the earlier filing relates to less than all the goods and services listed in the international application, the indication of those goods and services to which the earlier filing relates.”176

However, note that the Implementing Rules and Regulations of the IP Code requires applicants claiming right of priority to file their applications within six months from the date the earliest foreign application was filed, and to furnish IP Philippines with a certified copy in English of either the foreign application or the foreign registration that establishes the date of filing.177

Under the implementing rules of the IP Code, if the only issue remaining in an application based on foreign application claiming priority right is the submission of a certified copy of the foreign or home registration, the Examiner may provisionally allow the application and suspend the submission of the certified copy of the foreign or home registration for a period not exceeding twelve months counted from allowance, which can be extended for good cause upon approval of the IP Philippines Director and payment of a fee. Otherwise, upon failure to submit the certified copy within the maximum period of 24 months from allowance, the applicant may waive his claim to priority and instead request that the application be considered based on intent to use.178

8.1.5 The Mark

The registrability of marks subject of a Protocol application in each country will depend on the results of their examination under the laws of each of the designated countries. Section 123 of the IP Code governs the registrability of marks in the Philippines.

Applicants are required to provide clear reproduction of the mark, of a size not to exceed the 8cm x 8cm space provided in the official form. This size is different from what is provided the implementing rules of the IP Code.179 The size prescribed by the IB is also different from the size required by the IP Philippines TM Online system for marks submitted electronically. This system allows only the submission of image in .jpg format, not to exceed 2 megabytes and with dimensions of 50.8 mm (height) x 76.2 mm (width) (or 2 in. x 3 in.), in black or white unless color is claimed.180

176 Common Regulations, Rule 9(4)(a)(iv).
179 Rep. Act. No. 8293 Rules and Regulations, Rule 414. The small facsimiles of the Drawing, how prepared. — The ten small facsimiles of the Drawing must be printed in black ink or in color, if colors are claimed, one facsimile on Bristol board and the other nine facsimiles on an ordinary coupon bond paper and must be capable of being satisfactorily reproduced when published in the IPO Gazette. The size of the sheet on which these facsimiles are to be printed must be seventy millimeters (70 mm) long and thirty-five millimeters (35 mm) wide.
180 IP Philippines Office Order No. 125 (s. 2004).
The Common Regulations require the reproduction to consist of a two-dimensional graphic (including photographic) representation of the mark, which must be identical with the mark as it appears in the basic application or registration. If the basic application is in black and white, the reproduction must also be in black and white; otherwise, it should be in color. If color is claimed as a distinctive feature of the mark but the reproduction of the mark in the basic registration or basic application was in black and white (for example, because the Office of origin did not provide for registration or publication in color), the applicant should provide a reproduction of the mark both in color and black and white and both reproductions must be on the same page.  

Unlike the implementing rules of the IP Code, the IB does not require that the name of the proprietor of the trademark or service mark trade name be within the marginal lines, or that the drawing be signed or sealed by the owner or his Attorney of record.

Under the Protocol, the reproduction of the mark may be typed, printed, pasted or reproduced by any other means, at the option of the applicant and subject to what may be prescribed by the Office of origin. Under the implementing rules of the IP Code, the applicant may submit a drawing, or a computer print out, or even a typed drawing of the mark, provided that the typed drawing does not need to show special characteristics such as design, style of lettering, color, diacritical marks, or unusual forms of punctuation.

If the mark is not clear enough for the purposes of recording, publication and notification, the IB will treat the international application as irregular, and the application will be considered abandoned if not remedied within three months from notice. On the other hand, the IP Philippines may accept an informal or irregular drawing for purposes of examination as long as the owner corrects the drawing or furnishes a new one before the mark can be published for opposition or the application allowed.

Under the Administrative Instructions, where the international application is sent by the Office of origin to the IB by telefacsimile, the original of the page of the official form bearing the reproduction of the mark must also be sent to the IB; otherwise, the IB will not examine the application until the original has been received or until a period of one month has elapsed since the telefacsimile was received, whichever is earlier. The Office of origin is responsible for ensuring that the original is sent without delay. The original should be signed by the Office and contain sufficient indications to allow identification of the international application to which it relates.

Under the IP Code, when communications are made by telefacsimile, the original must also be received within thirty days from date of receipt of the telefacsimile. If the IP Philippines allows submission of Protocol applications by telefacsimile, then notwithstanding the thirty day period allowed to applicants under Philippine law, they should nonetheless submit the original application to the IP Philippines to allow that Office to forward the same to the IB as soon as possible.

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181 Guide to the International Registration of Marks, supra.
183 Guide to the International Registration of Marks, supra, B.II.14.
186 Administrative Instructions, sec. 9(a), Guide to the International Registration of Marks, supra, B.II.13-14.
8.1.6 Colors Claimed

A Protocol applicant who wishes to claim color as a distinctive feature of his mark must state this fact and file with his international application a notice specifying the color or the combination of colors claimed and to append to his international application copies in color of the said mark.\footnote{188}

With respect to marks for which color is claimed, the Madrid Regulations establish three requirements:

1. one drawing of the mark, in color, if the mark is presented in color in the national application or registration that serves as the basis for the Madrid Application (in this case, however, the mark will be published both in color and in black and white – the reproduction made by the International Bureau – in the WIPO Gazette of International Marks),

2. two drawings of the mark, one in black and white and one in color, if the mark is presented in black and white in the basic application or registration but contains a color claim (in this case, the mark will be published both in black and white and in color in the WIPO Gazette), and

3. a statement that color is being claimed, with an indication in words of the color or colors that are claimed and, in respect of each color, the principal parts of the mark to which each color relates.\footnote{189}

Under the IP Code, a mark cannot be registered if it consists of color alone, unless defined by a given form.\footnote{190} Applicants before the IP Philippines must also provide a statement claiming color as a distinctive feature of the mark, as well as the name or names of the color or colors claimed and an indication, in respect of each color, of the principal parts of the mark which are in that color.\footnote{191} They should also submit a substantially exact representation of the mark as actually used or intended to be used on or in connection with, the goods or services. Where color is a material feature of the mark as used or intended to be used, the color or colors employed may be actually reproduced in the drawings and facsimiles. Otherwise, a statement must be made giving the name or names of the color or colors claimed indicating the principal part or parts of the mark which are in such color or colors.\footnote{192}

To conform to the provisions of the Common Regulations, Protocol applicants filing with the IP Philippines who wish to claim color should not simply rely on a statement giving the names of the colors claimed, but should also provide a color reproduction of the mark.

\footnote{188}{See Madrid Protocol, art. 3(3).}
\footnote{189}{INTA Issue Brief, supra. Common Regulations, Rules 9(4)(a)(v), 9(4)(a)(vii).}
\footnote{191}{Rep. Act No. 8293 Implementing Rules and Regulations, Rule 400.}
\footnote{192}{Rep. Act No. 8293 Implementing Rules and Regulations, Rule 411.}
8.1.7 Miscellaneous Indications

Transliteration. Both the Common Regulations\textsuperscript{193} and the IP Code require applicants to provide a transliteration of the mark. While the implementing rules of the IP Code merely require it if the mark or some parts of the mark are “foreign words, letters, and characters, or foreign sounding,” the Common Regulations more specifically provides that it is necessary “where the mark consists of or contains matter in characters other than Latin characters or numbers expressed in numerals other than Arabic or Roman numerals.” Furthermore, the transliteration into Latin characters should follow the phonetics of the language of the international application.

Translation. The Common Regulations provide that a translation may be provided where the mark consists of or contains a word or words that can be translated. Where the application is governed exclusively by the Protocol, the translation may be into English, French and/or Spanish, irrespective of the language of the international application.\textsuperscript{194} The IB shall not translate the mark, nor check the correctness of any such translations.\textsuperscript{195} The IP Philippines also requests for a translation or transliteration when the mark is in a different language.

Transliterations of marks considered to be well known internationally and in the Philippines, whether or not registered in the Philippines, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services cannot be registered in the Philippines.\textsuperscript{196} The same goes for marks considered well-known and registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for, where the use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark, who is likely to be damaged by such use.\textsuperscript{197}

Indication that the Mark Cannot be Translated. The WIPO application form for Protocol registrations allows the applicant to indicate that the words contained in the mark have no meaning and therefore cannot be translated.

Special Type or Category of Mark. In addition to trade and service marks, the IP Code allows the registration of three-dimensional marks and collective marks. It does not allow the registration of sound marks and is silent in reference to certification or guarantee marks, which are specifically allowed under the Common Regulations. The Protocol does not require the Philippines to accept sound marks for registration and the IP Philippines may simply refuse to register any applications containing designations not covered by domestic law.

Description of the Mark. The Common Regulations provide that where the basic application or the basic registration contains a description of the mark by words, that same description may, if desired by the applicant or required by the Office of origin, be included in the application form.\textsuperscript{198} Such description may be included in the international application only if that description was included in the basic registration or basic application. Moreover it must be a

\textsuperscript{194} Common Regulations, Rule 9(4)(b)(iii).
\textsuperscript{195} Common Regulations, Rule 6(4)(b).
\textsuperscript{196} Rep. Act No. 8293, sec. 123(1)(e).
\textsuperscript{197} Rep. Act No. 8293, sec. 123(1)(f).
\textsuperscript{198} Common Regulations, Rule 9(4)(a)(xi).
description of the mark and not, for example, a statement concerning the use of the mark or its reputation.\textsuperscript{199}

Under the implementing rules of the IP Code, a drawing of a service mark may be dispensed with but the application must contain an adequate description of such mark.\textsuperscript{200} Rule 702 of the implementing rules provides that a description of the mark or trade name shall be included in an index of pending applications for public inspection after filing. The rules do not indicate who will prepare the description of the mark. If it is the applicant who prepares the description, then such description, if submitted to the IB, must tally with the description in the international application. If it is the Office of origin which prepares such descriptions, then if said description was not included in the basic registration or basic application, it need not be submitted to the IB on the international application.

\textit{Disclaimer}. Under the Common Regulations, an applicant can disclaim protection for any element of the mark by indicating in the international application that fact and the element for which protection is disclaimed.\textsuperscript{201} If however a disclaimer is included in the international application, it must be in respect of the international registration as a whole; it cannot be made for only some of the designated Contracting Parties.\textsuperscript{202} Such disclaimer is not obligatory, and the applicant may choose not to indicate in the international application the disclaimer that appears in the basic registration or basic application.

Under the IP Code, the IP Philippines may allow or require the applicant to disclaim an unregistrable component of an otherwise registrable mark but such disclaimer shall not prejudice or affect the applicant’s or owner’s rights.\textsuperscript{203} Sec. 48 of the implementing rules provides that generic terms, descriptive matters in the composite mark, and matters which do not function as a trademark, service name or trade name must be disclaimed when they form part of a composite mark. If the applicant fails to respond to communication from the IP Philippines about the need to disclaim an unregistrable portion of the mark, the examiner’s finding shall become final and the unregistrable matter shall be disclaimed.\textsuperscript{204}

8.1.8 \textit{Goods and Services for which International Registration is Sought}

The Common Regulations require the applicant to indicate the goods and services for which the international registration of the mark is sought. These must be grouped in the appropriate classes of the International Classification of Goods and Services, each group being preceded by the number of the class and presented in the order of the classes of that Classification. The goods and services should be indicated in precise terms, preferably using the words appearing in the Alphabetical List of the said Classification. The international application may contain limitations of the list of goods and services in respect of one or more designated Contracting Parties and the limitation in respect of each Contracting Party may be different.\textsuperscript{205}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{199} \textit{Guide to the International Registration of Marks, supra}, B.II.16.
\item \textsuperscript{200} Rep. Act No. 8293 Implementing Rules and Regulations Rule 404.
\item \textsuperscript{201} Common Regulations, Rule 9(4)(b)(v).
\item \textsuperscript{202} \textit{Guide to the International Registration of Marks, supra}, B.II.17.
\item \textsuperscript{203} Rep. Act No. 8293, sec. 126.
\item \textsuperscript{204} Rep. Act No. 8293 Implementing Rules and Regulations Rule 608.
\item \textsuperscript{205} Common Regulations, Rule 9(4)(a)(xiii).
\end{itemize}
\end{footnotesize}
While the Philippines is not a member of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, it uses the Nice Classification system.206 Like the Common Regulations, the IP Code also requires the applicant to indicate the names of the goods or services for which the registration is sought, and group them according to the classes of the Nice Classification together with the number of the class of the Nice Classification to which each group of goods or services belongs.

As Office of origin, the IP Philippines is required to “check that all the goods and services listed are covered by those appearing in the basic application or basic registration, so that it can make the declaration that accompanies the international application as required by Rule 9(5)(d)(ii) of the Common Regulations.207 The IP Philippines may also have to check the international application to see that it contains no irregularities with respect to the classification of goods and services; otherwise, the IB will make its own proposal for the classification and grouping, which will result in changes to the amount of fees due.208

8.1.9 Designated Contracting Parties

The International Application form allows Protocol applicants to designate countries by merely ticking the relevant boxes next to the Contracting Party, or by writing in the name of the Contracting Party.

Where a State or organization which has been designated has ratified the relevant treaty, or acceded to it, but the ratification or accession has not yet come into force, the Office of origin may cancel the designation and so inform the applicant; alternatively it may ask the applicant whether he wishes the designation to be cancelled or whether he would prefer the request to be put on one side and be deemed to have been received on the date on which the ratification or accession the question comes into force.209

Only States or organizations which are party to the same treaty (Agreement or Protocol) as the Contracting Party whose Office is the Office of origin may be designated.210

8.1.10 Signature by Applicant or Representative

The Office of origin may require or allow the applicant to sign the international application.211 While it is not required by the IB, such signature or other forms of self-identification from the applicant or his representative is required under the IP Code.212 Both the Administrative Instructions and the IP Code IRR provide that the signature may be

207 Guide to the International Registration of Marks, supra, B.II.16.
208 Common Regulations, Rule 9(12).
209 Guide to the International Registration of Marks, supra, B.II.18.
210 Guide to the International Registration of Marks, supra, B.II.18.
211 Common Regulations, Rule 9(2)(b).
handwritten, printed or stamped. A seal may also be used, although the IP Code requires such seal to be accompanied by an indication in letters of the name of the signatory.

The Administrative Instructions provides for another way of affixing a signature to the application sent by electronic communication and that is through a mode of identification agreed upon between the IB and the Office concerned. The IB will ignore irregular designations.

8.1.11 Declaration of Intention to Use the Mark

Where the Contracting Party notifies the Director General that, as a Contracting Party designated under the Protocol, it requires a declaration of intention to use the mark, then the international application should include such declaration, either annexed as a separate official form and signed by the applicant himself, or included in the international application.

Rather than a declaration of intent to use, the IP Code requires applicants to file a declaration of actual use of the mark with evidence to that effect within three years from the filing date of the application. This period is non-extendible, and failure to do so will result in the refusal of the application and motu proprio removal of the mark from the register by the IP Philippines.

8.2 Payment of Fees

In connection with the filing of an international application through the Office of origin, an applicant would be required to pay, in advance, an international fee to the IB and could be required to pay a separate fee to the Office of origin. The Office of origin may fix, at its own discretion, and collect, for its own benefit a fee which it may require from the applicant for international registration or from the holder of the international registration in connection with the filing of the international application or the renewal of the international registration.

An international application under the Madrid Protocol shall be subject to the payment of (a) the basic fee, (b) the complementary fee and/or the individual fee for any request for extension of protection under Article 3ter and, (c) where applicable, the supplementary fee for each class of the International Classification, beyond three, into which the goods or services to which the mark is applied will fall. The fees may be paid to the IB by the applicant or the holder, or to the Office of origin if said Office is willing to collect and forward such fees, and has notified the WIPO Director General of such fact.

214 Administrative Instructions, sec. 7, viz. sec. 11.
215 Common Regulations, Rule 7(2); Rule 9(5)(f).
218 Troicuk, supra.
219 Madrid Protocol, art. 8.
220 Madrid Protocol, article 8(2), Common Regulations, Rule 10.2.
221 Common Regulations, Rule 34.2.
Payment of fees can be facilitated by opening a current account with the IB and authorizing the IB to debit the account. Alternatively, the applicant or his agent or the Office of origin may pay the IB through (a) a Swiss postal cheque account or to any of the specified bank accounts of the IB, (b) a banker's cheque or (c) cash at the IB itself.\textsuperscript{222}

IP Philippines has to determine whether it is willing to collect and forward such fees to the IB, considering that Rule 35.1 of the Common Regulations provides that all payments made to the IB shall be in Swiss currency irrespective of the fact that, where the fees are paid by an Office, that Office may have collected those fees in another currency.

The IP Philippines will also have to consider the operational requirements of collecting (in Philippine peso or US dollars) and transmitting (in Swiss francs) the international fee to the IB. It should be noted that the application shall be deemed to have been abandoned if the necessary fees are not transmitted within the proper period.

The IP Philippines also needs to consider if it will serve as a collecting and remitting agent for renewal fees and other fees due to the IB.

8.3 \textit{Share in Receipts}

As provided in Article 8 of the Madrid Protocol, the Contracting Parties share in the net proceeds of the annual product of the basic fees received from international registration. In addition, designated countries have a proportionate share in the amounts derived from the supplementary and complementary fees.

Contracting Parties also have the option to receive individual fees in connection with each international registration and renewal thereof, instead of a share in the revenue produced by the supplementary and complementary fees. This amount “may not be higher than the equivalent of the amount which the said Contracting Party’s Office would be entitled to receive from an applicant for a ten-year registration, or from the holder of a registration for a ten-year renewal of that registration, of the mark in the register of the said Office, the said amount being diminished by the savings resulting from the international procedure.”

The Philippines will have to consider whether it will collect individual fees or share in the proceeds of the supplementary and complementary fees. The Philippines will not be entitled to supplementary and complementary fees if it opts for individual fees. Its share in the proceeds of supplementary and complementary fees also depends on the number of marks for which protection has been applied for in the Philippines.\textsuperscript{223}

Japan has opted to collect individual fees,\textsuperscript{224} and in accordance with Rule 34(3) of the Common Regulations, has made a declaration that the individual fee is payable in two parts: the first part to be paid before the international registration and the second part to be paid “after the examiner’s decision or trial decision has been made to the effect that the trademark in the application for international trademark is to be registered” and within the time provided by the Ordinance of the Ministry of Economy, Trade and Industry.

\textsuperscript{222} Administrative Instructions, sec. 19.
\textsuperscript{223} Madrid Protocol, article 8(7).
\textsuperscript{224} Trademark Law of Japan, sec. 68tricies.
8.4 **Forwarding Madrid Protocol Applications to the IB**

Communications sent through a postal or delivery service are prone to delay. Recognizing this, the Common Regulations provide that failure to meet a deadline shall be excused if the interested party can show that communications was mailed at least five days prior to the expiry of the time limit, or not later than five days after postal or delivery service, which had been interrupted due to acts of God. On the other hand, telefacsimile communications involve two stages before perfection, and are also not the most efficient system of submitting a Madrid Protocol application to the IB.

Electronic communications are perhaps the most efficient way of communicating with the IB. Section 11 of the Administrative Instructions governs electronic communications between the Office and IB. To facilitate the presentation of international applications by the Office of origin to the IB through electronic communications, the IP Philippines may have to require Protocol applicants to submit their applications to the Office electronically as well. Otherwise, the time spent to encode and confirm data from paper applications will negate the advantages of filing electronically. This will also minimize the errors in data encoding that can be attributable to the Office. It is also possible that this requirement will serve to encourage practitioners to use electronic filing not only for Protocol applications but for national applications as well.

8.5 **Irregularities**

After an international application is presented to the IB by an office of origin, the IB proceeds to check the application for irregularities. Where the IB considers that an international application contains an irregularity, it will notify both the applicant and the office of origin of the irregularity.

Rules 11, 12 and 13 of the Common Regulations govern irregularities with respect to fees, filing, classification and indication of goods and services, and other irregularities.

8.5.1 **Fee Irregularities**

Where the Office of origin transmits the fees payable to the IB, and the IB considers that the amount of the fees received is less than the amount required, the IB shall notify both the Office of origin and the applicant, and specify the missing amount. Either the Office of origin or the applicant should pay the missing amount within three months from the date of notification by the IB; otherwise, the international application will be considered as abandoned for failure to pay within the period. The regulations provide that the applicant may remit the missing fees directly to the IB. The Office of origin need not involve itself in the remittance of such missing fees even if its services included collecting and forwarding such

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225 Common Regulations, Rule 5.
226 *Troicuk, supra.*
227 Common Regulations, Rule 11(3).
fees, unless there is an agreement to that effect between the applicant and the Office of origin.

As to fee irregularities, trademark applicants may wish to consider establishing an account with the IB to facilitate payment. WIPO has issued guidelines governing the formalities for opening an account.

8.5.2 Filing Deficiencies

Rule 11(4) of the Common Regulations require the Office of Origin to address the following irregularities within three months after notification, failing which the international application will be considered as abandoned:

(a) failure to present the application in the correct official form, or not typed or otherwise printed, or not signed by the Office of origin;
(b) in cases of a telefacsimile application sent to the IB, the original of the page bearing the mark has not been received;
(c) irregularities concerning the entitlement of the applicant to file the international application;
(d) one or more of the following elements is missing from the application as received by the IB:
   (i) indications allowing the identity of the applicant to be established and sufficient to contact him or his representative;
   (ii) indications concerning the applicant’s connection with the Office of origin;
   (iii) the date and number of the basic registration or the basic application;
   (iv) a reproduction of the mark;
   (v) the list of goods and services for which registration of the mark is sought;
   (vi) an indication of the Contracting Parties designated;
   (vii) the declaration by the Office of origin.\textsuperscript{228}

The IB shall notify the Office and inform the applicant. The IP Philippines may address some irregularities on its own but other irregularities may require reference to the applicant.

8.5.3 Classification Irregularities

While many countries, including the Philippines,\textsuperscript{229} use the Nice Agreement to classify goods and services into one of 45 classes, its interpretation may vary across trademark offices. Thus, classifications of the same goods and services may differ from country to country. It is also possible that the IB will disagree with the Madrid applicant’s classification.

Article 3 of the Protocol provides that the IB shall control the indication of classes given by an applicant over the goods and services subject of the international application. While the IB exercises said control with the Office of origin, the opinion of the IB shall prevail in case of disagreement. Moreover,

\textsuperscript{228} Guide to the International Registration of Marks, supra,
although WIPO classification controls with respect to the Madrid registration, the trademark office may not necessarily accept it as controlling with respect to the national (“basic”) application or registration. This conflict may force an applicant to delete the goods or services in question in order to maintain both its basic application or registration and the Madrid registration.\footnote{INTA Issue Brief, supra.}

If the IB considers that the names of the goods and services for which the international registration of the mark is sought is not properly classified according to the International Classification, it shall make its own proposal for the classification and grouping and notify both the Office of origin and the applicant at the same time.\footnote{Common Regulations, Rule 12(1).} The IB shall also state the amount, if any, of the fees due as a consequence of the proposed classification and grouping.

The Office of origin may communicate to the IB an opinion on the proposed classification and grouping within \textbf{three months} from the date of notification. The IB may modify its proposal, in which case, the amount shall be payable within \textbf{three months} from the date of the communication by the IB of the modification or confirmation of its proposal, failing which the international application shall be considered abandoned. No fees shall be due if the IB withdraws its proposal.

The Rules does not provide the applicant with an opportunity to communicate with the IB regarding such classification. It will be up to the IP Philippines to communicate with the applicant, if it so wishes, before communicating to the IB its opinion on the proposed classification and grouping.

If no opinion has been communicated to the IB, the amount indicated by the IB shall be payable within \textbf{four months} from the date of the notification, failing which the international application shall be considered abandoned.

If the irregularity related to a reclassification of certain goods and services, WIPO may insist upon adopting their own proposal for reclassification of those goods and services and may require additional fees. If an irregularity is not responded to within the time allowed or if the additional fees are not paid, the international application will simply be abandoned. For irregularities relating to vague wording, WIPO will publish the wording but with a proviso that they consider the wording to be too vague for classification purposes. It is then left to individual designated contracting parties to object to the wording.\footnote{UK Trademark Examiners Manual, found at http://www.patent.gov.uk/tmmanual-chap5-international.pdf}

\textbf{8.5.4 Irregularities relating to Indications of Goods and Services}

The IB will notify both the Office of origin and the applicant if an indication of any of the goods and services in the international application is “too vague for the purposes of classification or is incomprehensible or is linguistically incorrect.”\footnote{Common Regulations, Rule 13.} The IB may also suggest a substitute term or the deletion of the term.
The Office of origin may make a proposal for remedying the irregularity within three months from the date of notice. If no proposal acceptable to the IB is made within the said period, inclusion of the term depends on whether the Office of origin has specified the class in which such term should be classified. If it has, then the term will be included in the international registration, with an indication that it is the IB's opinion why the term is inexact. If the Office of origin does not specify a class, the IB shall delete the term ex officio, with notice to the Office of origin and the applicant.

Again, the Rules do not provide the applicant with an opportunity to communicate with the IB regarding such terminology. It will be up to the IP Philippines to decide if it wishes to indicate a class in which said term should be classified or not.

8.5.5 Other Irregularities which Must be Remedied by the Applicant

If the IB considers that the international application contains irregularities other than those referred to in Rules 11(3), 11(4), 11(6), Rule 12 and Rule 13, it shall notify the applicant and at the same time inform the Office of origin. It will be the applicant's responsibility to remedy such irregularities by communicating directly with the IB within three months of notification.\(^{234}\) The international application will be considered as abandoned for failure to do so within the period so provided, unless the irregularity relates to deficiencies in indications concerning claims to priority or designation, in which case, the priority claim will not be recorded or the designation will be disregarded, respectively. The trademark office is not required to address these irregularities, although it may provide some assistance to applicants who need help in remediing the irregularities.

8.5.6 Declaration of Intention to Use Irregularities

Under the Common Regulations, where a declaration of intention to use the mark is required according to Rule 9(5)(f) but is missing or does not comply with the applicable requirements, the IB shall promptly notify both the applicant and the Office of origin at the same time.\(^{235}\)

If the IB receives the missing or corrected declaration within two months from date on which the request to present the international application was received by the Office of origin the declaration will be deemed to have been regularly filed. However, if the missing or corrected declaration is not received within the period, the designation of the Contracting Party will be deemed to not have been made. However, the designation of the said Contracting Party may be effected as a subsequent designation provided that such designation is accompanied by the required declaration.\(^{236}\)

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\(^{234}\) Common Regulations, Rule 13.

\(^{235}\) Common Regulations, Rule 11(6)(a).

\(^{236}\) Common Regulations, Rule 11(6)(b) and (c).
8.5.7  International Application Not Considered as Such

The IB shall return to sender all international applications that do not go through an Office of origin but are presented directly to the IB, or are not in English, French or Spanish, which are the official languages of the Protocol.

8.6  International Registration

8.6.1  Registration of the Mark in the International Register

If the international application conforms to the applicable requirements, the IB shall register the mark in the International Register, notify the Offices of the designated Contracting Parties, inform the Office of origin, and send a certificate to the holder. The protection resulting from the international registration shall extend to any Contracting Party expressly designated by the applicant.

From the date of the international registration, the protection of the mark in each of the designated contracting Parties shall be the same as if the mark had been deposited direct with the Office of that Contracting Party. If no refusal has been notified to the IB within the prescribed time limit, or a refusal so notified is not regarded as such or is subsequently withdrawn, the protection of the mark in the Contracting Party concerned is the same, as from the date of the international registration, as if the mark had been registered by the Office of that Contracting Party.

As Office of origin, the IP Philippines has the option to request that the IB send the certificate to the holder through IP Philippines.

8.6.2  Date of the International Registration

An international registration shall bear the date on which the international application was received in the Office of origin, provided that the international application was received by the IB within a period of two months from that date.

If the international application has not been received within said two-month period, the international registration shall bear the date on which the said international application was received by the IB, unless such late receipt was due to a postal irregularity. Such late receipt may be excused, provided that the interested party submits satisfactory evidence to prove:

(a) that the communication was mailed at least five days prior to the expiry of the time limit or, where the postal service was, on any of the ten days preceding the day of the expiry of the time limit, interrupted on account of war, revolution,

237 Common Regulations, Rule 14.
238 Madrid Protocol, arts. 3bis and 3ter.
239 Madrid Protocol, art. 4, Guide to the International Registration of Marks, supra, B.II.34.
240 Madrid Protocol, art. 3(4).
241 Madrid Protocol, art. 3(4).
civil disorder, strike, natural calamity, or other like reason, that the communication was mailed not later than five days after postal service was resumed;

(b) that the mailing of the communication was registered, or details of the mailing were recorded, by the postal service at the time of mailing; and

(c) in cases where all classes of mail do not normally reach the IB within two days of mailing, that the communication was mailed by a class of mail which normally reaches the IB within two days of mailing or by airmail.242

The Common Regulations provide similar rules for communications sent through a delivery service. Failure to meet a time limit shall be excused only if the evidence referred to above and the communication of a duplicate thereof are received by the IB not later than six months after the expiry of the time limit.243

Japan amended their trademark law so that the date of registration will harmonize with treaty requirements. The result is section 68undecies of their Trademark Law. In the Philippines, the date of registration is the 31st day from publication in the trademark Electronic Gazette. IP Philippines will have to revise its rules and regulations to adhere to the date of registration provided by the Madrid Protocol.

Applicants to the IP Philippines should note Rule 501 of the implementing rules of the IP Code, which provides a period of one month for applicants to complete or correct an application which does not satisfy the filing date requirements under the IP Code.244 In this case, the filing date is cancelled and a new filing date entered in the records of the Office, and this new filing date shall be the date on which the Office received the completed or corrected application.245

8.6.3 Irregularities as to Date

If the international application lacks necessary information related to (a) the identity of the applicant and his, or his representative’s, contact details, (b) designation of the Contracting Parties, (c) reproduction of the mark, (d) indication of the goods and services, the international registration shall bear the date on which the last of the missing elements reached the IB.246

However, if the IB receives the last of the missing elements within the two-month time limit, the international registration shall bear the date on which the defective international application was received, or deemed to have been received by the Office of origin.247

242 Common Regulations, Rule 15(1).
243 Common Regulations, Rule 5(3).
246 Common Regulations, Rule 5(1).
247 Common Regulations, Rule 5(1).
While the trademark applicant will be informed of the irregularity, it is the Office of origin which is responsible for remediying these defects. If he so wishes, the applicant can contact the Office of origin to ensure that the deficiency is addressed. The application will be considered abandoned if it is not corrected within three months of the date on which the Office of origin was notified of the irregularity.

Rule 15 does not explicitly state if the IB will give notice or inform the Office of origin or the applicant or both of the missing elements. However, Rule 11.2 provides that the applicant shall be notified by the IB of any irregularities other than those relating to fees, filing, declaration of intention to use, classification and indication of goods and service, and said applicant shall be responsible for remedying the irregularities within three months from date of notification of the irregularity.

These requirements still relate to the international application which the Rules require should be presented to the IB by the Office of origin. These requirements, which impact on the date of the international registration, emphasize the need for the IP Philippines to conduct a preliminary review of the international application to ensure that all elements are complete; otherwise, it is still the IP Philippines who will be ultimately responsible for transmitting the missing information to the IB.

This is a further argument in favor of the adoption of a system that will enable the intellectual property office to respond quickly to requests of applicants to transmit the missing information to the IB so that applicants can avail of the right of priority.

### 8.6.4 Amendments to the Basic Application or Registration

The validity of the international registration depends upon the validity of the basic application or registration, both for the first five years from registration, and in relation to any actions commenced within the five year period. Consequently, the Office of origin is required to notify the IB “the basic application or the registration resulting therefrom, or the basic registration, as the case may be, has been withdrawn, has lapsed, has been renounced or has been the subject of a final decision of rejection, revocation, cancellation or invalidation, in respect of all or some of the goods and services listed in the international registration.”

In turn, the IB shall record any notification relating to ceasing of effect of the basic application or the registration resulting therefrom, or of the basic registration. Upon request by the Office of origin, the IB shall also cancel, to the extent applicable, the international registration in the International Register, notify the Offices of the designated Contracting Parties and the holder, and effect any publication accordingly.

Thus, “certain amendments, if made before the presentation of the international application would affect the contents of the international application, certain amendments if made after the international application would need to be notified to the IB, and certain amendments would have no consequences at all in relation to the international application or registration regardless of when they were made.”

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248 Madrid Protocol, art. 6(3).
249 See Common Regulations, Rule 22.
250 Trocik, supra.
8.6.4.1 Amendments to the International Application

Amendments to the international application can be made before its submission to the IB as long as the Office of origin can certify that the particulars appearing in the international application correspond to the particulars appearing in the basic application at the time of certification. These particulars refer to the following: (a) the applicant; (b) the mark; (c) claims of color; (d) list of goods and services; as well as (e) indications relating to the (i) color or combination of colors; (ii) three-dimensional mark; (iii) sound mark; (iv) collective mark or certification mark or guarantee mark; and (v) description of the mark in words, provided that the description should be given in the language of the international application. On the other hand, amendments made after the Office of origin has issued the certification will require notice to the IB.

The implementing rules and regulations to the IP Code provide that the application “may be amended to correct formalities, to overcome objections made by the Examiner, or for other reasons arising in the course of examination.” Rule 701 will have to be read, and perhaps limited to ensure conformity with the two-month time limit for forwarding applications to the IB and the certification requirement for Offices of origin.

8.6.4.2 Amendments to the International Registration

Applicants filing with the IP Philippines can amend registrations for good cause as long as these amendments do not alter materially the character of the mark. Whether or not the IP Philippines needs to notify the IB of such amendment depends on whether the amendment occurred within the first five years. The trademark examiner has original jurisdiction over all matters relating to voluntary surrender, voluntary cancellation, voluntary amendment, and voluntary disclaimer of registration, and his decisions, when final, shall be subject to appeal to the Director of the IP Philippines.

Material changes to the registration attributable to IP Philippines or good faith mistakes by the applicant that do not involve any change in the registration that requires republication of the mark will involve correction of the registration and issuance of a new certificate of registration. If these changes to the basic application or registration occur within the first five years, the Office of origin is also required to notify the IB. Errors that are attributable to an Office and the correction of which would affect the rights deriving from the international registration may be corrected only if a request for correction is received by the IB within nine months from the date of publication of the entry in the International Registration which is the subject of the correction.

253 Madrid Protocol, art. 3(4).
254 Madrid Protocol, art. 3(1).
259 Common Regulations, Rule 28(4).
The IP Code also provides that “The use of the mark in a form different from the form in which it is registered, which does not alter its distinctive character, shall not be ground for cancellation or removal of the mark and shall not diminish the protection granted to the mark.”\textsuperscript{260} However, it should be noted that “there is no provision for a mark that is recorded in the International Register to be amended in any way, either on renewal or at any other time.”\textsuperscript{261} A holder has to file a new international application if he wishes to protect the mark in a form which differs, even slightly, from the mark as recorded, even if the mark has been allowed to be changed in the basic application, the registration resulting therefrom, or the basic registration.

Nonetheless, if he so chooses, he may rely on article 5C(2) of the Paris Convention. This provides that the “use of the mark in a form which differs from the mark as registered in respect to elements which do not affect the distinctive character of that mark does not entail invalidation and does not diminish the protection of the international registration in the designated Contracting Parties.”\textsuperscript{262}

It is not possible to extend the list of goods and services of international registration. If the holder wishes to protect his mark for additional goods and services, he must file a new international application, even if those goods and services were included in the basic application or the basic registration, or could have been included in the original international application but were omitted.\textsuperscript{263}

Rule 28 of the Common Regulations provides that in addition to requests of the holder or of an Office, the IB can also correct \textit{ex officio} what it considers are errors concerning an international registration in the International Register. The IB will then notify the holder and the Offices of the designated Contracting Parties at the same time, and publish the correction in the Gazette.

In turn, any Office so notified may declare in a notification to the IB that protection cannot, or can no longer, be granted to the international registration as corrected. This may be done where there are grounds for refusal of the international registration as corrected which did not apply to the international registration as originally notified to the Office concerned.\textsuperscript{264}

\textbf{8.6.4.3 Division or Merger of Basic Applications}

The Office of origin shall also notify the IB if the basic application is divided into two or more applications, or if several basic applications are merged into a single application within the initial five-year period. The IB shall record the notification and notify the Offices of the designated Contracting Parties and the holder. The same applies for the division of any registration or merger of any registrations which resulted from the basic application, or of the

\textsuperscript{261} Guide to the International Registration of Marks, supra, B.II.80, Madrid Protocol, art. 7(2).
\textsuperscript{262} Guide to the International Registration of Marks, supra, B.II.80, Paris Convention for the Protection of Industrial Property, art. 5(C)(2).
\textsuperscript{263} Guide to the International Registration of Marks, supra, B.II.80.
\textsuperscript{264} Guide to the International Registration of Marks, supra, B.II.80.
basic registrations during the initial five-year period. The division or merger has no legal effect on the international registration.

Both Japanese and Philippine trademark law allows division of any application referring to several goods or services into two or more applications. However, the implementing rules of the IP Code require that divisional applications must be submitted before examination of the initial application or within two months from mailing date of the first action of the Office. Furthermore, such division will result in the cancellation of the initial application together with its application number, although the divisional applications shall preserve the filing date and right of priority of the initial application.

8.7 Change or Cancellation of the International Registration

Upon request of the holder of the international registration, or of an interested Office made ex officio, or of an interested person, the IB shall record any change in the ownership of that registration, provided that the new holder is entitled to file international applications.

The IB, upon request, will also record any change in the name or address of the holder of the international registration; the appointment of a representative; any limitation of the goods and services listed in the international registration; any renunciation, cancellation or invalidation of the international registration; or any other relevant fact concerning the rights in a mark subject of an international registration.

9 Designations

Requests for extension of the protection resulting from the international registration may be made at the time of the international application, or subsequent to the international registration, provided that at the time of the designation, the holder is qualified under Article 1(2) and 2 of the Protocol to be the holder of an international registration.

9.1 The Philippines as a Designated Contracting Party

If the Philippines is designated as a Contracting Party, the IB will notify the IP Philippines, as the Office of a Designated Contracting Party, of the requests for extension of protection resulting from the international registration.

In examining the request for extension of protection, IP Philippines has the option to grant such request or refuse it based on grounds which would apply under Article 6quinquies(B) of

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265 Common Regulations, Rule 23.
266 Guide to the International Registration of Marks, supra, B.II.93.
267 Trademark Law of Japan, section 9quater. IP Code, sec. 129.
269 Madrid Protocol, art. 9.
270 Madrid Protocol, art. 9bis.
271 Madrid Protocol, art. 3ter.
the Paris Convention. Under that provision, trademarks may not be denied registration nor invalidated, except:

(a) when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;

(b) when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed; or

(c) when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.

This provision is subject, however, to the prohibition in the Paris Convention against unfair competition. Article 10bis of the Paris Convention prohibits:

(a) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

(b) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

(c) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

9.2 Subsequent Designations

Subsequent designations of Protocol contracting parties can be based on international registrations effected under the Protocol or, in some situations as set out in Rule 24(1) of the Madrid Regulations, on international registrations effected under the Madrid Agreement.272

Subsequent designations may be effected either because “protection in that Contracting Party was not requested at the time of international registration or because the mark is no longer protected in that Contracting Party as a result of a final decision subsequent to a refusal, an invalidation or a renunciation.”273 It also may be that, “at the time of filing the international application, the Contracting Party in question was not a party to

272 Troicuk, supra.
273 Guide to the International Registration of Marks, supra, B.II.48.
either the Agreement or the Protocol, or that it was not bound by the same treaty (Agreement or Protocol) as the Contracting Party of the holder.” 274

A subsequent designation may also be made for the goods and services recorded in the International Register which were not protected as a result of a partial refusal of protection or partial invalidation.

Either the holder or the Office may present the subsequent designation to the IB. In presenting subsequent designations, the [trademark office] would need to verify that the official form for subsequent designations was correctly completed, sign the form, certify the date on which it received the request to present the subsequent designation and then forward the form to the IB by mail, telefacsimile or electronic means. 275 Again, for a subsequent designation to bear the date on which it was received by the Office of origin, it must be received by the IB within two months of that date. 276

The subsequent designation should also contain or indicate (a) the number of the international registration concerned; (b) the name and address of the holder; (c) the designated Contracting Party; (d) whether the subsequent designation is for all or only part of goods and services listed in the international registration; (e) the amount of fees being paid and method of payment, or debit instructions for the account opened with the IB, and the identification of the party effecting the payment or giving the instructions; (f) where the subsequent designation is presented by an Office, the date on which it was received by that Office; (g) a declaration of intention to use if required by the Contracting Party. 277 It should also contain the signature of the holder or the Office, depending on who presents the form to the IB, and whether the Office requires the holder to sign the form as well. 278

Failure to comply with the requirements as to form and signature will result in the subsequent designation not being considered as such by the IB, which shall inform the sender accordingly. For this reason, it is recommended that the Office require the presenter to sign the form as proof that the information contained in the designation are complete and accurate.

It is possible for the holder to request that the subsequent designation take effect after the recording of a chance or a cancellation in respect of the international registration concerned or after the renewal of the international registration. 279

The IB will notify the holder, and if the subsequent designation was presented by an Office, that Office, if the subsequent designation does not comply with the requirements under Rule 24. Failure to remedy the irregularity within three months will result in the subsequent designation being considered abandoned.

If the subsequent designation is presented by IP Philippines as the Office of Origin, IP Philippines will have to ensure that the official form for subsequent designations was correctly completed and all irregularities have been addressed before signing the form and

274 Guide to the International Registration of Marks, supra, B.II.48.
275 Troicuk, supra.
276 Troicuk, supra; Common Regulations Rule 24(6).
277 Common Regulations, Rule 24.3.
278 Common Regulations, Rule 24(2).
279 Common Regulations, Rule 24(3)(c).
certifying the date on which it received the request to present the subsequent designation, before forwarding the same to the IB. In processing the subsequent designation, including checking for irregularities, the Office should keep in mind that Rule 24(6) of the Common Regulations provide that a subsequent designation shall bear the date on which it was received by the Office, provided that said designation was received by the IB within a period of two months from that date. Otherwise, it will bear the date of its receipt by the IB.

10 Trademark Search and Clearance

Accession to the Madrid Protocol has the following potential impact on trademark search and clearance: (1) the increase of non-national applications or extension requests filed with Offices of Contracting Parties will increase the number of marks to be searched and the potential for conflict; (2) there is a longer “period of uncertainty” (“time during which a search will not reveal all possible conflicts”), thus increasing the risk that a third-party application may have been filed in the interim, or the risk that a third-party application with superior Convention priority only later comes to light; 280 and (3) while the costs of conducting searches will potentially increase due to the need to expand the search to include WIPO’s trademark records, the value of such expanded search lies in the fact that each registration in the database of International Registrations potentially represents 71 other registrations. 281

The implementation of the Madrid Protocol will also require changes in the conduct of a thorough trademark search. Searches are expected to increase in cost and complexity and both trademark applicants and examiners have to adapt their search strategies to the demands of the new requirements under the Protocol. It will be necessary to include the Madrid system database to alert the examiner or potential applicant “to possible conflicting marks bearing earlier filing dates, or priority filing dates, that have not yet been notified” 282 to the trademark office and entered into the local trademark database.

It will also be important to conduct follow-up searches approximately eight months after filing of both the [basic registration] and the [international registration] to locate all conflicting Madrid filings with superior priority rights. 283 The eight-month period to conduct a follow-up search is because of the Paris Convention priority term of six months and the two months given to an Office of origin to certify and transmit a Madrid Protocol application to the IB.

It should be noted that “[h]aving an International Registration does not prevent others from obtaining an International Registration for the identical mark, so long as each is based on a basic application that matures into a registration.” 284 The identical mark could each be registered by an entity in Country A and an entity in Country B. Thus, their entitlement to priority depends upon the date of filing a request for extension of protection in a Contracting Party, or the earlier Paris Convention priority date, if applicable.

281 Viz INTA Issue Brief, supra.
283 P. Jay Hines, Practical Considerations of Using the Madrid Protocol.
However, the database of International registrations includes registrations from all members of the Madrid Protocol, “providing a large scope of potentially conflicting registrations, searchable online, and thus keeping costs, search and opinion time fairly manageable.”\textsuperscript{285} Also, the Protocol International Registrations from every country may all be viewed -- and searched -- in English, while many national trademark databases are in the country's national language only, potentially requiring many different translations.\textsuperscript{286}

There are several ways to access information about the contents of the International Register, or about a particular international registration. WIPO makes information easily accessible through the WIPO Gazette of International Marks; ROMARIN or the “Read-Only-Memory of Madrid Active Registry Information,” an electronic publication on CD-ROM of the current status of all international registrations in force; the electronic data base; extracts from the International Register and attestations concerning a given international registration; and the annual statistics.\textsuperscript{287} Thus, trademark holders can conduct their own search using the WIPO databases without need for a trademark agent, which would also reduce search costs.

\section{Refusal of Protection}

\subsection{Dependence on Basic Application or Registration}

For a period of five years from the date of the international registration, the protection resulting from the international registration, the protection resulting from the international registration remains dependent on the mark registered or whose registration has been applied for with the Office of origin (basic application, registration resulting therefrom, or basic registration). The protection resulting from the international registration may no longer be invoked in, or to the extent that, the basic registration, or the registration resulting from the basic application is cancelled, renounced, revoked, invalidated or has lapsed, or if the basic application is the subject of a final decision of rejection or is withdrawn, either within that five-year period or as a result of an action commenced within that period.

This dependence is absolute, and is effective regardless of the reasons why the basic application is rejected or is withdrawn or the basic registration ceases to enjoy, in whole or in part, legal protection. The process by which an international registration may be defeated for all countries in which it is protected, by means of a single invalidation or revocation action against the basic registration has become generally known by the term “central attack.”\textsuperscript{288}

\begin{thebibliography}
\item \textsuperscript{285} INTA Issue Brief, supra.
\item \textsuperscript{286} INTA Issue Brief, supra.
\item \textsuperscript{287} \textit{Viz Guide to the International Registration of Marks}, supra.
\item \textsuperscript{288} \textit{Guide to the International Registration of Marks}, supra, B.II.87. Madrid Protocol, art. 6(3).
\end{thebibliography}
11.2 Grounds for Refusal

Each designated Contracting Party has the right to refuse the protection of the international registration in its territory. Therefore, trademark owners should consider which marks will be subject of an application for protection under the Madrid Protocol, taking into consideration the distinctiveness of the mark, and the restrictions on registrability imposed by both of the Country of Origin and of the Designated Countries.

Section 123 of the IP Code sets forth the instances when a mark cannot be registered in the Philippines.

Also, a successful opposition by any person who believes that he would be damaged by the registration of the mark will also serve to deny the registration of the mark.

Failure to file a declaration of actual use of the mark with evidence to that effect within three years from the filing date of the application is also ground for refusal of the application or removal of the mark from the Register. Actual failure to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three years or longer is also ground for cancellation of the mark.

A registration may also be cancelled at anytime if the registered mark (a) becomes the generic name for the goods or services, or a portion thereof, for which it is registered; (b) has been abandoned; (c) was registered fraudulently or contrary to the provisions of the IP Code; (d) is used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.

A registrant may also voluntarily cancel his application upon application under oath and payment of the prescribed fee.

11.3 Time Limits for Refusal

The period in which a national office may issue a provisional refusal is twelve months, unless a contracting party makes a declaration that an 18-month period is required. Before the 18 months expire, the national office may be required to notify the IB that oppositions may be filed against the extension and to provide notification of refusal based on an opposition no later than seven months from the date on which the opposition period began. If an application is not refused within this time, the mark is deemed registered.

It is not necessary that a final decision on the refusal be taken within the applicable time limit; it is sufficient that all grounds for refusal are notified.
within the time limit. In other words, what must be sent within the applicable time limit is a *provisional refusal*.\footnote{Guide to the International Registration of Marks, supra, B.II.40.}

An Office may notify additional grounds with respect to that particular international registration in further notifications of refusal, provided that it sends such further notifications to the IB within the time limit. However, the Office may not base a final decision concerning the refusal on a ground which was not mentioned in a notification of provisional refusal made within the applicable time limit.\footnote{Guide to the International Registration of Marks, supra, B.II.40.}

IP Philippines Office Order No. 49 (s. 2006) provides that

If the only issue remaining in an application based on foreign application claiming priority right is the submission of a certified copy of the foreign or home registration, the Examiner may provisionally allow the application and suspend the submission of the certified copy of the foreign or home registration for a period not exceeding twelve months counted from allowance. On request of the applicant and subject to the approval of the Director and payment of the required fee, said twelve month period may be extended for good cause by an additional period not exceeding twelve months. Should the applicant fail to submit the certified copy of the foreign or home registration within the maximum period of twenty-four months counted from provisional allowance, the claim to priority right will be deemed waived. The application will thereafter be published for opposition upon payment of the required fees.

11.4 Declaration of Period of Refusal

Japan is one of the 32 countries so far which filed declarations for extending the refusal period to 18-months.

In the event the Philippines opts for the 18-month period for refusals including those arising from oppositions filed outside of the said period, said declaration may be made in the instruments of accession to the Protocol, and the effective date of the declaration shall be the same as the date of entry into force of the Protocol. Otherwise, the Philippines can make such declaration later, in which case, the declaration shall have effect three months after its receipt by the WIPO Director General, or at any later date indicated in the declaration.\footnote{Madrid Protocol, art. 5(d).}

11.5 Notification of Refusals

The possibility of notifying refusals based on an opposition after the expiry of the 18-month time limit was introduced in the Protocol\footnote{Madrid Protocol, art. 5(c).} in order mainly to take into consideration national or regional systems of Contracting Parties which provide both for a substantive examination and an opposition procedure and in respect of which the
examination and the opposition periods run consecutively, that is, the opposition period starts to run only after the examination stage has been completed and any ex officio refusal (based on absolute and/or relative grounds has been finally disposed of).\textsuperscript{300}

This is the case both in Japan and the Philippines, when the opposition period begins only after an application has been examined and registration has been effected, as established by the publication of the mark in a Gazette containing the trademark. In Japan, opposition to registration is allowed within two months from the publication of the Gazette containing the trademark\textsuperscript{301} while the Philippines only allows filing of an opposition within 30 days after publication of the registration.\textsuperscript{302}

In order to deal with the possibility that the opposition period will begin too late for any refusal based on an opposition to be notified by the Office of Origin to the IB within the 18-month time limit, the Madrid Protocol introduced Article 5(c), whereby a Contracting Party may declare that a refusal based on an opposition may be notified after the expiry of the extended refusal period, provided that:

(i) the Office informed the IB, before the expiry of the 18-month term, of the possibility that oppositions against the international registration may be filed after the expiry of the 18-month time limit;\textsuperscript{303} and

(ii) the notification of the refusal based on an opposition is made within a time limit of one month from the expiry of the opposition period and, in any case, not later than seven months from the date on which the opposition period begins.

\textbf{11.6 Irregular Notifications of Provisional Refusal}

There are two kinds of irregular refusals, those which will not be considered as such by the IB, and those can be remedied by the Office of the Designated Contracting Party.

\textbf{11.6.1 Not Regarded as a Notification of Provisional Refusal}

Notifications of provisional refusal by a designated Contracting Party shall not be regarded as such by the IB:

\begin{itemize}
  \item \textsuperscript{300} Review of the Refusal Procedure and the Safeguard Clause of the Madrid Protocol and Possible Amendments to the Common Regulations, prepared by the International Bureau of the WIPO for the Ad Hoc Working Group on the Legal Development of the Madrid System for the International Registration of Marks, Geneva, July 4-8, 2005. Found at http://www.wipo.int/edocs/mdocs/madrid/en/mm_ld_wg_1/mm_ld_wg_1_2.doc
  \item \textsuperscript{301} Trademark Law of Japan, sec. 43bis.
  \item \textsuperscript{302} Rep. Act No. 8293, sec. 134.
  \item \textsuperscript{303} In addition, Rule 16(1)(b) of the Common Regulations provides that, in addition to the information relating to the possible filing of oppositions after the expiry of the 18-month time limit, the Office concerned should also inform the International Bureau of the dates on which the opposition period begins and ends. If such dates are not yet known at the time when the Office informs the International Bureau, then the Office should communicate them at the latest at the same time as any notification of a provisional refusal based on an opposition.
\end{itemize}
(a) if it does not contain any international registration number, unless other indications contained in the notification permit the international registration to which the provisional refusal relates to be identified;

(b) if it does not indicate any grounds for refusal; or

(c) it is sent too late to the IB, that is, if it is sent after the expiry of one year from the date on which the recording of the international registration or the recording of the designation made subsequently to the international registration has been effected, it being understood that the said date is the same as the date of sending the notification of the international registration or of the designation made subsequently.\(^{304}\)

However, even if the notification of provisional refusal is irregular, the IB will still transmit a copy of the notification to the holder, while at the same time informing the holder and the Office that sent the notification of provisional refusal that the notification is irregular and the reasons therefor.\(^{305}\)

11.6.2 Irregularities that Can Be Remedied

For other irregularities in the notification of provisional refusal, the IB will nonetheless record the provisional refusal in the IR, and invite the Office to rectify the notification within two months. At the same time, it will send to the holder copies of the irregular notification of refusal and of the invitation sent to the Office.

This applies if the notification

(a) is not signed on behalf of the Office which communicated it, or does not otherwise comply with the requirements of Rule 2 (regarding communications addressed to the IB to be effected as specified in the Administrative Instructions) or with the applicable requirement under Rule 6(2) (regarding Protocol applications to be filed in either English, French or Spanish);

(b) does not contain, where applicable, the details of the mark with which the mark that is the subject of the international registration appears to be in conflict, in reference to Rule 17(2)(v)\(^{306}\) and Rule 17(3);\(^{307}\)

(c) does not comply with the requirements of Rule 17(2)(vi) (regarding an indication that the grounds on which the provisional refusal is based affect all

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\(^{304}\) Common Regulations, Rule 18(1)(a).

\(^{305}\) Common Regulations, Rule 18(1)(b).

\(^{306}\) Where the grounds on which the provisional refusal is based relate a possible conflict between the mark that is subject of the international registration and a mark which has been the subject of an application or registration, Rule 17 of the Common Regulations require the inclusion, in the notification of the provisional refusal, of the filing date and number, priority date (if any), registration date and number (if available), name and address of the owner, and a reproduction, of the latter mark, together with the list of all or the relevant goods and services in the application or registration of the former mark.

\(^{307}\) Rule 17(3) of the Common Regulations provide that if the provisional refusal of protection is based on an opposition, or an opposition and other grounds, the notification shall, in addition to the requirements referred to in Rule 17(2), contain an indication of that fact and the name and address of the opponent.
the goods and services or an indication of the goods and services which are
affected, or not affected, by the provisional refusal);

(d) does not comply with the requirements of Rule 17(2)(vii) (regarding the
time limit for filing a request for review of, or an appeal or a response to an
opposition and the authority to which this should be addressed);

(c) does not contain, where applicable, the name and address of the opponent and
the indication of the goods and services on which the opposition is based.\textsuperscript{308}

If the notification does not comply with the requirements of Rule 18(2)(vii), the
provisional refusal shall not be recorded in the International Register unless the Office sends
a rectified notification within the two-month period referred to in the invitation, in which case,
the IB will regard this rectified notification as having been sent on the date on which the
defective notification had been sent to it. If the Office fails to rectify the defective
notification within the said period, this will not be regarded as a notification of provisional
refusal.

Any rectified notification shall, where the applicable law so permits, indicate a new
time limit for filing a request for review or appeal of the provisional refusal, or response to
the opposition.

11.7 \textbf{Oppositions}

There would be need for IP Philippines to promulgate rules to provide for electronic
submissions of applications as well as oppositions and requests for extensions filed under the
Madrid Protocol. The IP Philippines has the option to make said electronic submissions
mandatory for Madrid Protocol applications, but discretionary for all other filings. However,
electronic submissions will enable the IP Philippines to fulfill its obligations under the Madrid
Protocol, particularly in relation to meeting the time limits for communicating with the IB.

Failure to do provide timely notification, particularly notification of “whether an
opposition has been filed within seven months from the date of the opposition period begins
or within one month after the end of the opposition period, whichever is earlier,” will result
in the dismissal of the opposition and the issuance of a registration to the applicant. The
processing time required for requests or communications by mail will make it difficult for the
IP Philippines to meet the deadlines, and will add to the time necessary to prepare and
forward communications to the IB.

On the other hand, electronic communications can be immediately received and
processed by the IP Philippines and communicated to WIPO without delay.

Moreover, requiring electronic communications will preserve the rights of potential
oppositors who oppose Madrid Protocol applications. The facility by which electronic
submissions of oppositions would ensure that the IP Philippines will be able to communicate
their protests to the IB within the 18-month window and consider them in examining the
application. Otherwise, the delays that will result from paper filings may defeat their rights.

\textsuperscript{308} Common Regulations Rule 18(1)(c).
Alternatively, an oppositor whose objection to the Madrid Protocol registration fails can still file a petition to cancel a registration of a mark under Sec. 151 of the IP Code.

11.8 Engaging Local Counsel

Where a provisional refusal is issued, local trademark agents or attorneys must still be engaged to prosecute the application in the jurisdiction where this “refusal” issues. It is expected that local attorneys and agents once engaged in national filing practice as well as prosecution will charge significantly higher prosecution fees when objections arise in a Protocol application. These fees may then be equal to what would have been expended had the application initially been processed through the local agent; any financial savings thereby evaporating. Local agents will thus recoup the loss of not having filed the national application. . . . The Protocol lowers the supply of cases for the private practitioner but once an Official Action issues, the result is the demand for the service of the private practitioner who must charge enough to assure continued existence until called upon to serve again.309

11.9 Procedure for Notifying the IB of the Ceasing of Effect of the Basic Application

Rule 22 of the Common Regulations provide the procedure for notification of the IB by the Office of origin of the ceasing of effect of the basic application, of the registration resulting therefrom, or of the basic registration.

Where the facts and decisions affect only some of the goods and services covered by the international registration, the notification must indicate which goods and services are affected or which goods and services are not affected. The obligation of the Office of origin to notify relates to relevant facts and decisions; where therefore a refusal, withdrawal, cancellation etc., affects the basic application, the registration resulting therefrom or the basic registration only in respect of goods and services which are not covered by the international registration, no notification should be sent to the IB.310

Where the Office of origin has sent the IB a preliminary notification about the pendency, at the end of the five-year period from the date of the international registration, of:

(a) a judicial action concerning the basic registration;
(b) an appeal against a decision refusing the effects of the basic application;
(c) an action requesting the withdrawal of the basic application;
(d) an action for the revocation, cancellation or invalidation of the registration resulting from the basic application or of the basic registration, or

309 Ladas and Parry, supra.
310 Guide to the International Registration of Marks, supra, B.II.90, Common Regulations, Rule 22(1)(a)(iv).
(e) an opposition to the basic application,

the Office should, once the decision has become final, promptly notify the IB. Where the Office is not directly notified of the decision, it should notify the IB as soon as it becomes aware of the decision. The IB shall record any notification and transmit a copy of the notification to the Offices of the designated Contracting Parties and to the holder.

The Office of origin shall, where applicable, request the IB to cancel, to the extent applicable, the international registration, and the IB shall proceed accordingly. It shall cancel to the extent applicable the international registration in the International Register, and notify the Offices of the designated Contracting Parties and the holder of (a) the date on which the international registration was cancelled in the International Register; and (b) which goods and services are affected by the cancellation.

11.10 Petition to Revive

If a petition to revive is not filed within the two months of the mailing date of the notice of abandonment, the trademark office will report the abandonment to WIPO, which will then cancel the International Registration and notify designated countries, triggering the three-month window for transformation.

11.11 Conversion

If the eventual basic application fails, either within the first five years of the International Registration or thereafter, provided the reason for such failure was initiated within the initial five-year term, the applicant has the opportunity to reapply in each foreign jurisdiction individually and retain the priority date of the original application as filed in the IB. This only mitigates the procedure of central attack, while not removing it. It is more difficult in countries with strict examination procedures, including citation of prior possible anticipations (e.g. Canada, Japan, Mexico, Republic of South Africa, and the United States) to obtain a home registration than in many Madrid member countries. Accordingly, the change in the basis of an international registration is not likely to make a significant difference in these jurisdictions.

It should be noted that the anomalous possibility exists where the prosecution of the basic application exceeds the five-year dependency period, after which it makes no difference as to the eventual outcome of the basis on which the International Registration was obtained, provided that the outcome

311 Guide to the International Registration of Marks, supra, B.II.91, Madrid Protocol, art. 6(4).
312 Common Regulations, Rule 22(2)(a).
313 Madrid Protocol, art. 6(4).
314 Common Regulations, Rule 22(2)(c).
315 Oblon et al., Alternative Trademark Filing Strategies, supra.
316 Ladas and Parry, supra.
was not a result of an action initiated before the dependency period expired.317

12 Effects of the International Registration

12.1 Period of Validity318

The Protocol provides that registration of a mark is effected for ten years from the date of international registration. Said mark registered under the Protocol may then be renewed for ten-year periods from expiry of the initial ten-year registration period, by the mere payment of the basic fee and any applicable supplementary and complementary fees. There should be no refusal or invalidation recorded in the International Registration in respect of all the goods and services concerned.

12.2 Statement of Grant of Protection

An Office which has not examined an international registration in which it is designated and found no grounds for refusal may issue a statement of grant of protection.319

The issuance of a statement of grant of protection is not required of a trademark office. It is a fundamental principle of the Madrid system that, if no notification of provisional refusal is sent within the appropriate time limit (12 or 18 months), the mark is automatically protected in the Contracting Party concerned for all the goods and services requested.320

If the IP Philippines does decide to issue a statement of grant of protection, it may send to the IB any of the following:

(a) a statement to the effect that all procedures before the Office have been completed and that the Office has decided to grant protection to the mark that is the subject of the international registration;

(b) a statement to the effect that the ex officio examination has been completed and that the Office has found no grounds for refusal but that the protection of the mark is still subject to opposition or observations by third parties, with an indication of the date by which such oppositions may be filed;

(c) where a statement in accordance with item (ii) has been sent, a further statement to the effect that the opposition period has expired without any opposition or observations being filed and that the Office has therefore decided to grant protection to the mark that is the subject of the international registration.321

317 Id.
318 Madrid Protocol, arts. 6-7.
319 Guide to the International Registration of Marks, supra, B.II. 39. Common Regulations Rule 17(6).
320 Guide to the International Registration of Marks, supra, B.II. 39.
321 Common Regulations, Rule 17(6)(a).
Any statement of grant of protection will be recorded in the International Register and published in the Gazette and a copy will be transmitted to the holder.\(^{322}\)

However, Japanese entities that have utilized the Protocol find that the non-issuance of such a statement leaves them uncertain as to the status of their application. Moreover, a statement of grant of protection "could be very useful in providing early notice situations where the office makes a decision not to refuse protection well before the end of the relevant time limit for refusal and the holder would otherwise have to wait until the end of the refusal period to know whether a notification of refusal will be issued."\(^{323}\)

Considering that the IP Philippines already issues Certificates of Registration to successful applications as "prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate,"\(^{324}\) it may also wish to consider the issuance of statement of grant of protection to Madrid applications designating the Philippines.

12.3 Replacement of a National Registration by an International Registration

The Protocol provides that where a national registration already exists in a country to which Madrid Registration extends, the Madrid Registration can replace the national registration.\(^{325}\)

Upon issuance of the international registration, the Office of origin and the designated countries will have to replace the national registration with the international registration. The IP Code needs to be amended to include a provision allowing for such replacement. There also has to be a mechanism so that the official records will reflect such replacement.

Japan provides for such replacement in section 68 decies of its Trademark Law. Another model provision is sec. 74 of the US Madrid Protocol Implementation Act of 2002, which provides simply:

> When a United States registration and a subsequently issued certificate of extension of protection to the United States are owned by the same person, identify the same mark, and list the same goods or services, the extension of protection shall have the same rights that accrued to the registration prior to the issuance of the certificate of extension of protection.

However, the question of allowing prior national rights to lapse after replacement and opting to rely solely on the International Registration has not been sufficiently addressed in the courts to make trademark rights holders and their counsel comfortable with dropping prior national rights. In addition, there may be reasons not to do so. For example, the goods and services covered by the prior national registration may be broader than in the newer International Registration; or the renewal term for the prior national registration may fall

\(^{322}\) Common Regulations, Rules 17(6)(b) and 32(1)(a)(iii).
\(^{323}\) Troicuk, supra.
\(^{325}\) See Madrid Protocol, Article 4bis, Rule 21.
within the five year dependency period of the International Registration, making official surrender of the prior national rights too risky.\(^{326}\)

### 12.4 Renewal of International Registration

Six months before the expiry of the term of protection, the IB shall send the holder of the international registration and his representative, if any, an unofficial notice of the exact date of expiry. Failure to receive the notice is not an excuse to comply with the time limit for payment of the fees for renewal.

The holder may pay the fee directly to the IB, or make arrangements with the Office of origin to transmit the fees to the IB on his behalf. It is up to IP Philippines to avail of the option provided by Article 8(1) and 8(7)(a) of the Protocol, which allows the Office of origin to fix and collect fees from the holder of the international registration in connection with the renewal of the international application.

The Protocol allows holders a six month grace period for renewing the international registration, subject to the payment of a surcharge.\(^{327}\)

The renewal shall be recorded in the International Registration with the date on which renewal was due, and the effective date of the renewal shall be the same for all designations contained in the International Registration, irrespective of the date on which such designations were recorded in the International Registration.

The International Registration shall notify the Offices of the designated Contracting Parties concerned of the renewal and shall send a certificate to the holder. The IB shall also notify the offices of all the Contracting Parties designated if the international registration is not renewed, or the concerned designated Contracting Party if a designation is not renewed.\(^{328}\)

Section 146 of the IP Code, which provides for the procedure for renewing a certificate of registration upon expiration of the initial ten-year period, will have to be amended to exclude renewals of Madrid Protocol registrations. Under the present law, a holder who wishes to apply for renewal has to pay a fee and file a request, which can be refused by the IP Philippines for any valid reason.\(^{329}\) This includes failure to file a declaration of actual use as required by section 124(2) of the IP Code.

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326 Oblon, et al., supra.
327 Madrid Protocol, art. 7(4).
328 Common Regulations, Rule 31.
13 Changes in the International Register

13.1 Assignment

Parties should embark on a careful study before affecting an assignment of rights to ensure that there will be continuity of the rights acquired under the Madrid Protocol, and that recording of the assignment with the IB is possible.

International Registrations are assignable, in whole or in part, by country designated or by division of goods or services. However, the assignee must be eligible to hold the right by having an establishment in, domicile in, or the nationality of an appropriate country in the Madrid System. This can limit a holder’s ability to transfer rights in a mark where the country involved is a Madrid Agreement country or a Madrid Agreement and a Madrid Protocol country. Then the assignee must have a country of origin in either a Madrid Agreement only country or a country that is party to both the Agreement and the Protocol in order for the transfer to be recorded by the IB.  

Rule 25 of the Common Regulations govern requests for recording of a change in the ownership of the international registration. The change in ownership may be recorded only if the transferee is a person who is entitled to file international applications, taking into consideration Article 2(1) of the Protocol. If there are several transferees, all of them must qualify in order for the change in ownership to be recorded. Otherwise, the transfer shall be recorded by the IB as a partial change in ownership as provided in section 16 of the Administrative Instructions.

Under the IP Code, assignments which are liable to mislead the public, particularly as regards the nature, source, manufacturing process, characteristics, or suitability for their purpose, of the goods or services to which the mark is applied, are null and void.  

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330 Id.
331 Rep. Act No. 8293, sec. 149(2).
14 **Recommendations**

A global system of administration of trademarks to simplify the cost and obtainment of rights across many countries can only be effective if each country has an efficient trademark administration system.

The observations made by Ingo Kobere in relation to the global patent system also apply to the system for the international registration of marks:

The recipe for creating a global patent is simple, but realizing it promises to be difficult: first, the global players must decide what kind of system they want to create - presumably one which does not weaken patents as economic tools. Secondly, they should decide how much of their sovereignty over the granting of patents they prepared to give up - recognizing patents granted by other international authorities would imply just that. Third, the various patent systems concerned would have to be harmonized both in terms of procedure and substantive law - lest patents subject to different regimes be allowed to co-exist on the same territory. Finally, desired quality standards should be determined and mechanisms ensuring adherence to those standards by the international granting authorities should be created.

The questions must therefore be asked: do all the global players have the political will to make the compromises necessary to build a sound global structure? If so, do they have the political means to implement the compromises agreed upon as well?332

14.1 **Amendment of Domestic Laws and Regulations**

If the Philippines is to accede to the Madrid Protocol, IP Philippines should institute the necessary policies and procedures to enable it to handle all aspects of the Madrid work. This includes processing applications for international registration and forwarding them to the IB, and applications from trademark owners from other countries designating the Philippines.

This paper has identified some areas of potential conflict between the Protocol and Philippine domestic trademark law and rules and regulations. It is possible that any amendments to Philippine trademark law and regulations in response to implementing the Protocol may affect all trademark owners seeking to register their trademarks with IP Philippines, and not just those filing under the Protocol. Trademark applicants, whether filing a national registration or under the Madrid System, should be on the alert to see how any possible amendments will impact on their filing strategy.

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14.2 Study of Economic Benefits

Accession to the Protocol would help Philippine businesses, especially small and medium-sized companies, protect their trademarks as they expand into international markets. The financial and administrative costs of trademark registration are mitigated to some extent if businesses are able to obtain trademark protection in Madrid Protocol Contracting Parties they have selected through a single trademark application in one language filed with IP Philippines.

A study of Philippine international trade data between 2001-2006 reveals that the value of Philippine exports is steadily increasing. Whereas the total exports in 2001 were worth P26.9 billion, the value for October 2006 was P39.2 billion. The biggest export products were garments; food and food preparations, particularly processed foods; resource based products, particularly mineral products; industrial manufactures and other resource-based commodities.333

In 2006, the Philippines’ biggest export markets in descending order were USA, Japan, Netherlands, China, Hong Kong, Singapore, Malaysia, Taiwan, Germany, Republic of Korea, Thailand, Belgium, Great Britain and Northern Ireland, Australia, Indonesia, Vietnam, Canada, Italy, France, and the United Arab Emirates.

The following table illustrates the Philippines’ biggest export markets from 2004-2006:

### Philippine Export Markets by Country

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</thead>
<tbody>
<tr>
<td>U.S.A. (Excl. Hawaii &amp; Alaska)</td>
<td>7,170,978,251</td>
<td>18.26</td>
<td>6,016,001,533</td>
<td>17.8</td>
<td>5,650,350,040</td>
<td>17.27</td>
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<tr>
<td>Japan</td>
<td>6,579,070,847</td>
<td>16.75</td>
<td>5,925,367,549</td>
<td>17.53</td>
<td>6,476,162,890</td>
<td>19.79</td>
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<tr>
<td>Netherlands</td>
<td>4,088,860,386</td>
<td>10.41</td>
<td>3,272,284,835</td>
<td>9.88</td>
<td>2,800,087,366</td>
<td>8.56</td>
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<tr>
<td>Hong Kong S.A.R.*</td>
<td>3,071,322,062</td>
<td>7.82</td>
<td>2,796,337,808</td>
<td>8.1</td>
<td>2,860,371,520</td>
<td>7.95</td>
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<tr>
<td>Singapore</td>
<td>2,927,889,539</td>
<td>7.46</td>
<td>2,204,389,998</td>
<td>6.52</td>
<td>2,209,684,140</td>
<td>6.75</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Malaysia*</td>
<td>2,156,871,258</td>
<td>5.49</td>
<td>2,005,878,368</td>
<td>5.94</td>
<td>1,765,700,212</td>
<td>5.4</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Taiwan*</td>
<td>1,685,431,547</td>
<td>4.29</td>
<td>1,543,016,113</td>
<td>4.57</td>
<td>1,920,320,792</td>
<td>5.87</td>
<td>8</td>
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<tr>
<td>Germany</td>
<td>1,449,930,748</td>
<td>3.89</td>
<td>1,074,948,197</td>
<td>3.18</td>
<td>1,251,597,555</td>
<td>3.83</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Korea, Rep. of (South)</td>
<td>1,186,379,986</td>
<td>3.03</td>
<td>1,184,144,720</td>
<td>3.5</td>
<td>876,345,167</td>
<td>2.68</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Thailand*</td>
<td>1,140,482,481</td>
<td>2.9</td>
<td>941,708,300</td>
<td>2.79</td>
<td>881,663,941</td>
<td>2.69</td>
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<tr>
<td>Belgium</td>
<td>577,868,843</td>
<td>1.47</td>
<td>227,446,426</td>
<td>0.67</td>
<td>212,351,148</td>
<td>0.65</td>
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<tr>
<td>Great Britain And Northern Ireland</td>
<td>397,158,340</td>
<td>1.01</td>
<td>360,681,022</td>
<td>1.07</td>
<td>477,166,521</td>
<td>1.46</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

333 A copy of the summary of Philippine Merchandise Export Markets by Regional Blocs and by product are attached as an annex to this paper.

334 Data from the Department of Trade and Industry website, found at http://tradelinephil.dti.gov.ph/betp/trade_stat.main
Australia 377,228,288 0.96 378,122,385 1.12 13 409,273,122 1.25 13
Indonesia (Includes West Irian)* 301,416,782 0.77 419,806,852 1.24 12 315,354,886 0.96 12
Vietnam 293,425,454 0.75 263,629,189 0.78 15 467,124,689 1.43 15
Canada* 239,540,870 0.61 222,178,740 0.66 17 233,596,906 0.71 17
Italy 172,728,751 0.44 141,766,786 0.42 19 104,773,336 0.32 19
France 171,397,891 0.44 154,001,867 0.46 18 158,767,285 0.49 18
United Arab Emirates* 130,487,272 0.33 97,231,569 0.29 23 86,850,110 0.27 23

* Not members of the Madrid Protocol

Furthermore, although Protocol member countries United States, Japan, Netherlands, China and Singapore comprise five of the Philippines’s biggest export markets, the ASEAN and other Asian countries remain the biggest consumer of Philippine exported products.

Philippine Export Markets by Regional Bloc

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</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EXPORTS</td>
<td>39,267,215,308</td>
<td>100</td>
<td>33,796,492,610</td>
<td>100</td>
<td>32,717,695,020</td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>1. ASEAN and other Asian countries</td>
<td>16,621,001,358</td>
<td>42.33</td>
<td>14,806,907,219</td>
<td>43.81</td>
<td>13,268,475,885</td>
<td>40.55</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2. Americas</td>
<td>7,750,260,382</td>
<td>19.74</td>
<td>6,532,220,812</td>
<td>19.33</td>
<td>6,553,741,940</td>
<td>20.03</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>3. Europe</td>
<td>7,372,382,859</td>
<td>18.77</td>
<td>5,753,597,047</td>
<td>17.02</td>
<td>5,621,888,898</td>
<td>17.18</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>4. Japan, Australasia, Oceania and other territories</td>
<td>7,056,444,048</td>
<td>17.97</td>
<td>6,373,707,402</td>
<td>18.86</td>
<td>6,957,009,786</td>
<td>21.26</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>5. Middle East and Africa</td>
<td>460,351,391</td>
<td>1.17</td>
<td>322,175,630</td>
<td>0.95</td>
<td>308,922,387</td>
<td>0.94</td>
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<td></td>
</tr>
<tr>
<td>6. Others</td>
<td>6,775,270</td>
<td>0.02</td>
<td>7,899,500</td>
<td>0.02</td>
<td>7,856,124</td>
<td>0.02</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

Considering the Philippines’s export trends, at present, the Philippines’s main export markets are in the ASEAN region, of which only Singapore and Vietnam have acceded to the Protocol. The Philippines also does a considerable amount of trade with Canada and Mexico, the United Arab Emirates, Taiwan, India, New Zealand, Bangladesh, Pakistan, Brazil, Argentina, Chile, Costa Rica, Panama, Guatemala, and Caribbean countries, none of which are Madrid Protocol Contracting Parties.

Based on preliminary economic data, it would seem that accession to the Protocol may timed to coincide with the accession of the major export markets of the Philippines, particularly the countries of the ASEAN region. Otherwise, Philippine trademark holders exporting to non-Protocol countries will not be able to maximize the benefits of a single Protocol registration. Even though subsequent designation of countries is allowed under the Protocol, the protection available to subsequent designations last only for so long as the basic registration. This advantage would become moot if the major export markets of the Philippines do not become members of the Madrid system. Trademark holders will have to weigh the cost of a Protocol application against the fact that his export markets are in non-Protocol countries.

335 Id.
336 Id.
However, in the same way that Japan took the lead in acceding to the Madrid Protocol, it is possible that early Philippine accession will encourage neighboring countries, particularly other members of the ASEAN community, to become members. The regional trade between members of the ASEAN region is one of the factors that could influence the accession of the other ASEAN countries. In addition, the ASEAN member countries have committed to “develop and harmonize an enabling intellectual property rights registration, protection and enforcement framework of policies and institutions in the region” by 2015.337

ASEAN member countries recognize the cost of information search and intellectual property rights registration. There is also strong awareness that the “considerable diversity in intellectual property rights laws, regulations and procedures” among the different ASEAN countries makes it difficult to maintain and protect intellectual property rights overseas. The ASEAN countries are in discussions to identify a practical way for the “simplification, rationalization, cost reduction and harmonization of IP framework and policies, including in trademark and design systems.”338

While as of March 2007, only two ASEAN member countries are Contracting Parties to the Protocol, the harmonization efforts may lead to these countries acceding to the Protocol in the next few years, regardless of whether they establish a regional filing system. Considering that it has been ten years since efforts at harmonization were initiated, and nothing yet has been agreed upon, perhaps the ASEAN member countries might consider regional accession to the Madrid Protocol as one of the means to promote ASEAN economic integration.

As for the Philippines, there are definite benefits to acceding to the Protocol ahead of the other ASEAN countries. Early accession will enable the IP Philippines to become more competitive since it would allow the Office to institute the necessary reforms and support structures to implement the Madrid System ahead of the other countries. While others are still preparing for accession, the IP Philippines will already have its systems in place and working like clockwork.

IP Philippines will also benefit as trademark holders from Madrid Countries designate the Philippines under the Madrid System. This represents potential income that can be harnessed by the Office.

IP Philippines may consider conducting further studies to correlate export data to trademarks data filed by Philippine trademark holders and exporters to establish how much of these exports are composed of Philippine brands. Trademark data analysis is also necessary to see how many new Philippine business entities are filing for trademark protection domestically as well as overseas, how many new brands these business entities introduce every year and how many of these brands survive in which markets and become viable product lines. While trademarks do not provide direct information about the quality of a country’s products, they can be used “to estimate the variety and quality of the goods produced and exported by an economy.”339

338 Id.
While initially, it may be sufficient to know that Philippine brands are penetrating the export markets, later on, it would be desirable to find out just how well they have retained their foothold. Product differentiation is usually seen as a means to build and maintain a competitive advantage [and] if trademarks are used as an indication of product differentiation, the differences in the intensity of trademark deposits across countries and sectors may provide new data on the factors affecting the magnitude and the direction of economic growth.\footnote{Id. Another paper which deals with the same issue is Mendonça, S. et al., \textit{Trademarks as an Indicator of Innovation and Industrial Change}, presented at the DRUID Summer Conference 2004, Denmark, June 14-16, 2004. Found at http://www.cem.ssup.it/WPLcm/files/2004-15.pdf} The number of trademark applications by Philippine trademark holders, particularly in the major export markets, may influence the Philippines’s decision regarding the fast-tracking of accession to the Madrid Protocol.

This decision will also be informed by a study of the number of possible designations that will received by the IP Philippines from trademark holders from Madrid countries. Both internal and external demand for an international registration system must be considered in determining whether the Philippines will accede to the Protocol.

14.3 Selective Use of the Madrid Protocol

It is possible to allay any fears by practitioners that accession to the Protocol will result in less practice for them. The Philippines’ accession to the Madrid Protocol would not make the Madrid system the exclusive venue for protecting marks. The Protocol is only one of the possible filing routes available to trademark applicants.

A trademark holder may file under the Madrid Protocol for countries where he feels that his trademark is secure, and file national applications in countries where he feels that his application would be vulnerable to cancellation. It is also possible for him to file in most or all of the Protocol countries, and benefit from the registration or not proceed with the international registration in those territories where he feels that the cost of doing business does not outweigh the cost of overcoming objections. He may also file under other international systems of protection, such as the Community Trademark System of the European Union, if his export markets are located predominantly in that continent. He need only keep track of which marks are national, Protocol or Community registrations, as there would be different legal, procedural and economic implications for renewal, cancellation and transfer recordal.

He may also, if he is not a national or domiciled in a non-Protocol country, but with real and effective industrial or commercial establishments in a Protocol country, take advantage of such ties and select which Protocol country to make as his Office of origin. Such decision will be informed by the consideration of how well his basic registration will survive the first five years of dependency. There are many options available to the applicant and different trademark portfolios may require various trademark protection strategies.

If the Philippines accedes to the Protocol, it is possible that entities in non-Protocol countries with real and effective industrial or commercial establishments in the Philippines will take advantage of the Philippine accession and file for protection of their trademarks.
with the IP Philippines. IP Philippines may wish to explore the possibility of serving as a hub for entities in non-Protocol countries to take advantage of the benefits of the Madrid system.

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