3 Problems Facing Japanese Users in Using the Madrid Protocol System

Japan became party to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) in 2000. By filing international applications under the Madrid Protocol, users can enjoy a number of advantages compared with filing applications directly with Offices of the respective countries. Such advantages include easier preparation of documents, simpler management of rights, lower filing costs, earlier ascertainment of examination results, and expansion of protection by subsequent designation.

The number of international applications filed by Japanese users has been increasing, but the rate of use of the Madrid Protocol system has been lower than that in major European countries. We can assume that this is attributable to some background circumstances or problems specific to Japan.

In the awareness of such problems, we conducted a questionnaire survey and interview survey of domestic users concerning problems in the Madrid Protocol system and practices, and investigated the opinions of overseas users and overseas Offices. We then conducted a study based on these survey results and made proposals concerning the problems in the Madrid Protocol system.

We hope that Japanese users will be able to better enjoy the advantages of the Madrid Protocol system through resolution of these problems and that international protection of trademarks will be further facilitated in the future.

I Introduction

1 Background of Study

The international trademark registration system based on the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) (hereinafter referred to as the "Madrid Protocol system") is a system that allows users to acquire trademark rights in other countries easily and efficiently.


According to WIPO statistics, the proportion of the number of international applications in the total number of applications filed overseas by Japanese users was low compared with that of major European countries. We can assume that this is attributable to some background circumstances or problems specific to Japan.

At the same time, it is extremely important for Japan to promote the use of the Madrid Protocol system in Japan and to allow Japanese users to better enjoy the benefits of the Madrid Protocol system.

Accordingly, for the purpose of this study, a committee was set up from a total of nine members, with Mr. Masayoshi Sumida, Professor at Tokai University Law School, as the chair, and other members from among persons with relevant knowledge and experience, corporate trademark practitioners recommended by intellectual property-related organizations (the Japan Trademark Association, the Japan Foods & Biotechnology Intellectual Property Rights Center (JAFBIC), the Japan Intellectual Property Association (JIPA), and the Japan Patent Attorneys...
Association), and patent attorneys. The committee held discussions over seven sessions.

II Overview of Factors Specific to Japan for the Infrequent Use of the Madrid Protocol System and Possible Resolution Measures

1 Factors associated with the Madrid Protocol system

(1) The central attack is a matter of deep concern for users.

For the time being, we desire this to be emphasized at explanatory meetings and seminars held by the Japan Patent Office (JPO) or other organizations that the occurrence of a central attack is very rare in Japan, so that such concern can be dismissed.

If the requirement referred to below that basic application or basic registration (hereinafter referred to as the “the basis requirement”) must exist in Japan is to be abolished, the central attack system is also likely to be abolished.

(2) Asian countries, in which Japanese users are interested, are not party to the Madrid Protocol.

We would be able to enjoy the benefits of the Madrid Protocol even more if other Asian countries become party to the Madrid Protocol.

We desire that a notice that protection has been granted be sent to the holder of the international registration from the Offices of all designated Contracting Parties. This notice can either be sent via the International Bureau or directly from the Offices.

If the Offices are to refuse to send such a notice because of the financial burden involved, there can be a system whereby the Offices send a statement that the trademark will be protected if the applicant makes such a request by paying certain fees.

(4) The basis requirement is serving as a restraint.

The basis requirement is considered to have the following two aspects. Requirement A should be abolished and Requirement B should be maintained.

Requirement A: The basic application or basic registration must exist in the Office of origin.

Requirement B: The applications filed with the respective States must contain the same trademark. (Unity requirement)

(5) It is unclear whether already owned trademark rights can be replaced with international registrations with no problem.

We desire that WIPO release material summarizing the systems of the Contracting Parties concerning such replacement of registrations at an early stage. We further hope that the procedures specific to the individual Contracting Parties will be unified in the future.

(6) The procedure for remitting the filing fee is troublesome.

We desire that payment by credit card, which is used for payment at the time of renewal, be accepted or any other simple payment method be adopted for the payment of the filing fee to the International Bureau.

We request that the deposit system may be used when paying the national fee to the JPO by providing for exceptions to the procedure, which include access to electronic filing.

2 Factors Inherent to Japanese Users

(1) Users lack sufficient knowledge and experience concerning the procedure.

We desire that, at explanatory meetings and seminars on the Madrid Protocol system held by the JPO or other organizations, not only the system be explained, but also that the participants be introduced to the examples of notices that they may receive from the International Bureau or Offices of
designated Contracting Parties after filing international applications, examples of possible responses, and successful cases of international applications.

3 Other Factors

(1) The filing cost per application is high.

We included this factor in the options in the survey, but it was not found to be a notable factor, as it is not an essential issue, but a subjective issue.

(2) Users are watching the filing trends of competitors.

We included this factor in the options in the survey, but it was not found to be a notable factor in the infrequent use of the Madrid Protocol system.

III Situation of Japan Concerning the International Application

1 Situation Concerning the International Application

The number of international applications filed in Japan has been growing, increasing to 148.1% compared with the previous year in 2004 and increasing to 191.4% compared with the previous year in 2005. Japan ranked 11th among all Contracting Parties in terms of the number of international registrations in 2005.

However, the number has also been increasing in other countries since 2003, and the rate of increase for Japan was smaller than that for other major countries.

2 Current Situation of the Rate of Use of the International Application System in Japan

(1) Situation of the use of the international application system (low rate)

The rate of the use of the international application system in all applications filed overseas in 2002 was 50% or more for major European countries, but the rate was 8% for Japan.

(2) Situation of the use of the international application system in Japanese users’ filings with South Korea, China and the United Kingdom (the rate differing according to the destination country)

The rate of the use of the international application system for applications filed by Japanese users with South Korea and China was less than 10%, while the rate for applications filed with the United Kingdom has been increasing every year, posting 42.5% in 2004.

(3) Awareness of the issue

The rate of the use of the international application system by Japanese users has been increasing, but the rate was low compared with other major countries. The factors which are assumed to be responsible for this situation are shown below.

3 Assumable Factors for the Infrequent Use of the Madrid Protocol System

(i) The central attack may be a matter of deep concern for users.

Japanese users may have concern about the central attack as a result of overemphasizing the disadvantages rather than advantages.

(ii) Countries in which Japanese users are interested may not be party to the Madrid Protocol.

The Contracting Parties of the Madrid Protocol are more concentrated in particular regions, so countries in which Japanese users are interested may not be party to the Madrid Protocol.

(iii) The fact that a notice that protection has been granted is sometimes not given even after 12 or 18 months may be causing inconvenience.

Since a notice that protection has been granted is not mandatory, in some cases such notice is given within 12 or 18 months, and in other cases it is not, even if the trademark has actually been given protection. Japanese users may want to receive such notice from all Contracting Parties.

(iv) The basis requirement may be serving as a restraint.

The Madrid Protocol has been designed for the purpose of expanding the territory of protection of the trademark registered in the country of origin,
the international application is filed based on a basic application and/or basic registration. However, Japanese users sometimes use different trademarks in Japan and overseas, so they may find the basis requirement inconvenient in such cases.

These were the assumed factors. In the examination process, the following points were also considered as challenges.

(v) It is unclear whether already owned trademark rights can be replaced with the international registration without any problem.

The requirements for application of the replacement system and the effects thereof are left to the national laws of the respective Contracting Parties, and the countries have different provisions. Japanese users may find the replacement system inconvenient.

(vi) It takes time before users are able to find out that protection has been granted.

The international registration will be maintained if no provisional notification of refusal is given within 12 or 18 months, and this has the merit of granting rights quickly. However, the trademark examination period in major countries has often become shorter than 12 months recently. Japanese users may find that it is taking too long before they can find out whether protection has been granted.

(vii) The procedure for remitting the filing fee is troublesome.

The filing fee for the international application must be paid prior to filing by remitting the fee in Swiss Francs to WIPO. Therefore, when the number of classes has been changed or the number of designated Contracting Parties has been increased prior to filing but after remitting the fee, the user must remit the extra amount once again. In addition, the payment to the JPO, which is the Office of origin, must be made in patent revenue stamps, which is troublesome.

Japanese users may find this aspect inconvenient.

(viii) Concerns about filing because of having no experience in filing the international application.

Japanese users may be hesitant to use the system due to their concerns about filing the international application resulting from the greater focus on the disadvantages, such as use of the English language in the filing documents and the procedure with the International Bureau, than on the advantages.

IV Details of Factors Specific to Japan for the Infrequent Use of the Madrid Protocol System and Possible Resolution Measures

The detailed information for deriving the proposals in Chapter II is outlined below.

1 Factors Underlying the Infrequent Use of the Madrid Protocol System by Japanese Users

(1) Situation of the experience of using the international application system

As a result of conducting a domestic questionnaire survey on the situation with regard to the use of the Madrid Protocol system by Japanese users, more than half (53.2%) of the companies had never used the Madrid Protocol system.

(2) Inconvenient aspects of the Madrid Protocol system

We examined the reasons for the infrequent use of the Madrid Protocol system based on the results of domestic questionnaire and interview surveys, results of overseas interview surveys, and discussions by the committee.

As a result of the domestic questionnaire survey asking about the inconvenient aspects of the Madrid Protocol system, we gained the following number of responses for each factor.

(i) The central attack is a matter of deep concern.

(121 companies)

(ii) Countries in which Japanese users want to acquire trademark rights are not party to the
Madrid Protocol. (101 companies)
(iii) A notice that protection has been granted is not
given even after 12 or 18 months. (86 companies)
(iv) The international application cannot be filed
without a basic application and/or basic registration.
(76 companies)
(v) It is unclear whether already owned trademark
rights can be replaced with international
registrations without any problem. (66 companies)
(vi) It takes time before users can find out that
protection has been granted. (47 companies)
(vii) The procedure for remitting the filing fee is
troublesome. (26 companies)
(viii) The filing cost per application is high. (23
companies)

(3) Reasons that Japanese users choose the
direct application with foreign countries
rather than the international application
(methods for strategic use of the international
application)

As a result of a survey on the factors for
Japanese users choosing between the direct
application and the international application, the
following factors were indicated. The figure in
parentheses indicates the number of companies
that responded.

(a) Number of countries in which the trademark is
planned to be used and the number of countries
with which an application is planned to be filed (327
companies)
(b) Type of trademark (66 companies)
(c) Priority of the application (51 companies)
(d) Satisfaction of the basis requirement (51
companies)
(e) Standard or strategy for selection (44 companies)
(f) Fee (44 companies)
(g) Trademark management (29 companies)

(4) Examination of the factors

In examining the issues, we limited them to a
certain number, focusing on issues that are
recognized by Japanese users and are somewhat
specific to Japanese users, by eliminating issues
that are also shared by users in other countries.

Meanwhile, the sixth-ranking factor “(vi) It
takes time before users can find out that protection
has been granted” can also be resolved by resolving
the third-ranking factor “(iii) A notice that protection
has been granted is not given even after 12 or 18
months,” so the former was included in the latter in
the examination.

As a result, we identified the following issues
as those specific to Japan. The figure in parentheses
indicates the number of companies that responded.

(i) The central attack is a matter of deep concern.
(121 companies)
(ii) Countries in which we want to acquire
trademark rights are not party to the Madrid
Protocol. (101 companies)
(iii) A notice that protection has been granted is not
given even after 12 months or 18 months. (86
companies)
(iv) We cannot file the international application
without a basic application and/or basic registration.
(76 companies)
(v) It is unclear whether already owned trademark
rights can be replaced with the international
registration without any problem. (66 companies)
(vi) The procedure for remitting the filing fee is
troublesome. (26 companies)
(vii) The filing cost per application is high. (23
companies)

Because some Japanese users (17 companies)
indicated that they had concerns about filing
because of having no experience in filing the
international application, and 201 companies
(53.2%) had never filed the international application,
we also discussed factors inherent to Japanese
users.
Examination on the Infrequent Use of the Madrid Protocol System by Japanese Users

(1) Factors associated with the Madrid Protocol system

(i) The central attack is a matter of deep concern for users.

Many Japanese users found the central attack to be a matter of concern (121 out of 249 companies [49%]).

The number of central attacks that occurred during the period from 2000 to 2005 was four. Two of them resulted from opposition to registration and the other two resulted from trial for invalidation of trademark registration. The number of international registrations cancelled as a result of a decision of refusal becoming final and binding was 63.

Among the Japanese users surveyed, 39% indicated a desire for abolition of the central attack system, 31% indicated a desire for maintenance of the central attack system, and 19% indicated a desire for shortening the 5-year dependence period.

In order to remove the concerns about the central attack, possible measures would be to maintain the system, abolish the system or shorten the dependence period.

The advantage of maintaining the system is that the protection in all designated Contracting Parties can be cancelled in one procedure even when the international registration has been made for a trademark that should not be registered. The disadvantage is that the international registration can be cancelled by a central attack.

The advantage of abolishing the system is that the registrations in the Contracting Parties would not be cancelled even if the basic application or basic registration were cancelled. The disadvantage is that users can no longer enjoy the benefit of a central attack.

The advantage of shortening the dependent period is that the period open to the risk of a central attack will be shortened. The disadvantage is that the period during which users can enjoy the benefit of a central attack will be shortened.

For the time being, we hope that it will be emphasized at explanatory meetings and seminars held by the JPO or other organizations that the occurrence of a central attack is very rare in Japan, so that such a concern will be removed. If the basis requirement is to be abolished, the central attack system will also be abolished and this factor would be resolved.

(ii) Asian countries, in which Japanese users are interested, are not party to the Madrid Protocol.

According to WIPO statistics, the rate of use of the international application system in Japan was 8% in 2002.

According to the results of the domestic questionnaire survey, the rate of use of the international application system by Japanese users was 23.2% in 2005 and when the destination countries were limited to Madrid Protocol Contracting Parties, the rate was 44.1% in 2005. This suggested a tendency of using the Madrid Protocol system for filing with the Contracting Parties.

Japanese users were found to have filed 52.7% of their overseas applications with Asian countries. Of the top 20 countries with which Japanese users have filed direct applications, 13 countries are not party to the Madrid Protocol, and seven countries among these 13 were Southeast Asian countries.

This suggested that the main countries that Japanese users desired would become party to the Madrid Protocol were Asian countries, particularly Southeast Asian countries.

The most notable factor in selecting the international application over a direct application was the number of designated Contracting Parties.

Overseas users only showed small dissatisfaction that countries with which they planned to file an application were not party to the Madrid Protocol.

If Asian countries become party to the Madrid Protocol, Japanese users will be able to enjoy further the advantages of the protocol. To that end, it would be necessary to encourage Southeast Asian
countries including Thailand, Malaysia, Indonesia and the Philippines to become party to the Madrid Protocol.

(iii) There are few countries with which trademark protection can be confirmed before the period for notification of refusal elapses.

Of the Japanese users surveyed, 87% responded that they wanted to confirm that protection has been granted before the period for notification of refusal elapsed. As for the desired route of notice that protection has been granted, 15% preferred the notice to be sent via the International Bureau, 11% preferred the notice to be directly sent by the Office, and 48% indicated that either route is fine.

Among foreign countries users, the demand for confirming the grant of protection before the period of notification of refusal elapsed was low in Europe, the United States and China, but such demand was high in South Korea.

When the notice that protection has been granted is given by the discretion of the Contracting Party, the advantage is that the workload associated with document management will be reduced, and the disadvantage is that users need to determine on their own whether a notice that has been sent has not arrived or no notice has been sent.

The advantage of obligating all Contracting Parties to send a notice that protection has been granted is that such standardized practice would allow stable trademark management; and the disadvantage is that an extra fee would be required in some cases.

With regard to this factor, we desire that all Contracting Parties be obligated to submit a notice saying that protection has been granted. The notice can either be sent via the International Bureau or sent directly by the Office. If the Contracting Parties cannot be so obligated, it is possible to adopt a system where the Office optionally sends a statement that protection has been granted when the applicant has made such a request by paying a certain fee.

(iv) The basis requirement is serving as a restraint.

While the rate of use of the international application system was high for trademark applications filed from Japan to the United Kingdom, the rate was not so high for applications filed from Japan to South Korea or China.

In the domestic questionnaire survey, the percentage of cases where the trademarks directly filed with foreign countries were the same as the trademarks in Japan in terms of their form was over 75% for those filed with Europe or the United States and around 60% for those filed with China or South Korea.

Of the Japanese users surveyed, 38% responded that the basis requirement should remain as it is, and 56% responded that they hope for its abolition or some amendment to it.

Many of the European and U.S. users responded that the basis requirement should remain as it is.

The rate of use of the international application system was found to be high in China because exports of daily commodities and food by Chinese companies were intended for Chinese people living in countries around the world, and goods attaching trademarks used in China were being exported.

At the meeting of the ad hoc Working Group on the Legal Development of the Madrid System held in June 2006 and January 2007, a proposal was made with regard to examining the abolition of the basis requirement, and this proposal was supported.

The basis requirement is considered to have the following two aspects.

Requirement A: The basic application and/or basic registration must exist in the Office of origin.

Requirement B: The applications filed with the respective States must contain the same trademark.

(Unity requirement)

The solution for Requirement A is either to maintain it or abolish it, while the solution for Requirement B is to maintain it or relax it.
(a) Plan to maintain the current situation (Requirement A: maintained; Requirement B: maintained)

This plan is unfavorable since it cannot deal with cases where an applicant wants to file the international application by changing the trademark from the one registered in Japan.

(b) Plan to change only Requirement B (Requirement A: maintained; Requirement B: relaxed)

This plan, which maintains Requirement A, cannot deal with cases where an applicant wants to file the international application for a different trademark based on a trademark that is not used in Japan. Other problems include the fact that it is difficult to set the scope of relaxation in a uniform manner and that, unless the scope of relaxation is clearly set, opinions may become divided between the Office of origin and the applicant as to whether the trademark falls within that scope. Therefore, it is difficult to adopt this plan.

(c) Plan to change only Requirement A (Requirement A: abolished; Requirement B: maintained)

This plan has a disadvantage whereby the central attack will not be available. However, this advantage has little impact considering that applications can be converted into national applications upon central attacks and that only a very small number of central attacks has occurred in the past. Therefore, this plan is worth adopting.

(d) Plan to change both Requirements A and B (Requirement A: abolished; Requirement B: relaxed)

One example of the international application that has no registered trademark as its basis where the unity of the trademarks filed with the respective countries is relaxed would be a case where an applicant states multiple trademarks in a single application and decides the designated Contracting Parties for each of those trademarks. If such an application is allowed, bundles of direct applications will be filed with various countries as international applications, which would be advantageous in terms of both procedural workload and costs for the applicants.

However, it is difficult to set the scope of the relaxation of the unity requirement and for the Office of each country to determine the scope of relaxation, so the details of the plan need to be examined in the future.

(v) It is unclear whether already owned trademark rights can be replaced with international registrations with no problem.

Since the replacement system is provided for by the national laws of the Contracting Parties, users need to check the national law of each Contracting Party in order to replace a trademark the user already owns into the international registration.

As a solution, we desire that WIPO release material summarizing the systems of the Contracting Parties concerning such replacement of registrations at an early stage, and that the procedures specific to the individual Contracting Parties will be unified in the future. The requirements, procedures, effects and certification of replacement to be unified should be examined in the future.

(vi) The procedure for remitting the filing fee is troublesome.

The procedure for paying fees for international applications is more troublesome compared with direct applications for which fees are paid at the time of or after filing. This is because if a change is made to the contents of the application before filing but after remitting the fee, the applicant has to go to the trouble of paying the extra fee once again, and the applicant also needs to make a repayment when there is any change to the individual fees of the respective countries.

In addition, fees for international applications are paid by remittance of foreign currency, and this
procedure is not necessarily simple and easy.

As a solution, we desire that payment by credit card, which can be used for payment at the time of renewal, be accepted or any other simple payment method be examined and adopted. We also request that the deposit system be usable when paying the national fee to the JPO by providing for exceptions to the procedure, which include access to electronic filing.

(vii) The filing cost per application is high.

This factor was one that had been suggested by the committee, but it was not found to be a notable factor, as it is not an essential issue, but a subjective issue.

(2) Factors inherent to Japanese users

(i) Users lack sufficient knowledge and experience concerning the procedure.

Although Japanese users have some knowledge of the Madrid Protocol system, they do not necessarily have sufficient procedural know-how such as the actual filing of the international application and dealing with English language documents.

As a solution, we desire that, at explanatory meetings and seminars on the Madrid Protocol system held by the JPO or other organizations, not only the system be explained, but also that the participants be introduced to the examples of notices that they might receive from the International Bureau or Offices of designated contracting parties after filing international applications, examples of possible responses, and cases of successful international applications.

(ii) Users are watching the filing trends of competitors.

This factor was not found to be an important issue according to the results of the domestic questionnaire survey.

V Conclusion

The purpose of this study is to clarify the problems of the Madrid Protocol system specifically facing Japanese users by comparing the aspects of the Madrid Protocol that Japanese users consider to be problems with the opinions of overseas users on these problems, thereby finding out whether it is possible to resolve these problems and what kind of Madrid Protocol system would be more convenient for Japanese users.

The following are additional remarks on major factors.

(1) The central attack is a matter of deep concern for users.

In the committee, it was found that the number of central attacks that has occurred in the past is not in fact well known, so we clarified with the cooperation of the JPO that central attacks have been extremely rare.

We found that “abolition of the basis requirement” is one of the agenda items of WIPO's working group.

Regarding central attacks, we made a two-step proposal that the issue should be resolved by removing Japanese users’ concerns about central attacks for the time being, and ultimately abolishing the basis requirement.

(2) Asian countries in which Japanese users are interested are not party to the Madrid Protocol.

Although the conclusion was what we had assumed, we clarified, as a result of detailed investigation and analysis of the Contracting Parties of the Madrid Protocol, that the filing destinations of Japanese users (foreign markets) were Asian countries, which were different from the filing destinations European and U.S. users (foreign markets), and the fact that these Asian countries are not party to the Madrid Protocol was one reason for the infrequent use of the Madrid Protocol system by Japanese users.

This result was achieved by carrying out an additional elaborate questionnaire survey.
(3) There are few countries with which trademark protection can be confirmed before the period for notification of refusal elapses.

The notice that protection has been granted should not be non-mandatory, but such notice should be given by all Contracting Parties in some form, and information on the kind of notification procedure provided for in each Contracting Party should be made accessible.

(4) The basis requirement is serving as a restraint.

The basis requirement is a basic requirement for achieving the expansion of the territory of protection of the trademark registered in the country of origin, so we started out our examination from whether or not it is actually posing a problem. We thought of relaxing the basis requirement to deal with cases where Japanese users change their trademarks depending on the economic zone, but we determined that this would give rise to a different problem. In contrast, we found that user convenience would be increased by abolishing the basis requirement, and by allowing users to file applications under the Madrid Protocol from the start without having to file a national application. If self-designation also becomes possible, the Madrid Protocol system is expected to become more attractive to users.

(5) It is unclear whether already owned trademark rights can be replaced with international registration without any problem.

Regarding this aspect, we acquired information from the JPO that WIPO is expected to collect and publish materials on the systems of the respective Contracting Parties concerning replacement. In this report, we disclosed matters such as the requirements and effects of the replacement systems of six countries.

It would be beneficial for Japanese users to identify an ideal form of alternative system and consider harmonization of the systems in the future.

(6) The procedure for remitting the filing fee is troublesome.

As the Madrid Protocol system allows users to pay fees through a single remittance to the International Bureau, the system only requires a much lighter workload and lower remittance charges compared with direct applications, but some users indicated that the procedure is troublesome.

Since credit cards have started to be accepted for the payment at the time of renewal of international registrations, if this service is also to be applied to the payment at the time of filing, this factor will be resolved.

(7) Users lack sufficient knowledge and experience concerning the procedure.

It will be favorable if books are published or explanatory meetings are held on how to prepare documents for the procedure with the International Bureau in filing international applications, and examples of effective uses of the Madrid Protocol system and examples of failures are disclosed in some form.

The committee, in anticipation that the factors causing the infrequent use of the Madrid Protocol system by Japanese users will be resolved and the system will be used in a facilitated manner, hopes that this report will contribute to the overseas trademark acquisition strategies of Japanese users and will provide the basic material for choosing appropriately between international applications and direct applications.

We also hope that this report will be used as material for reviewing the institutional problems of the Madrid Protocol.

Finally, we would like to express our gratitude to the Japanese and overseas respondents who kindly accepted and spared their valuable time to respond to the questionnaires and interviews the results of which provided the basic material for study by the committee.

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