

4 Problems with Procedures in Using the Madrid Protocol ^(*)

The international trademark registration system based on the Madrid Protocol is useful for making the process of obtaining trademark rights overseas easy and efficient. Its advantages for applicants have been expanding since the system was first enforced, due to an increase in the number of the member countries and many amendments to the regulations. However, the ratio of applications filed by Japanese users based on the Madrid Protocol System in all foreign applications filed thereby is not necessarily high. Therefore, in this research study, we first looked for problems with procedures for filing applications with the Japan Patent Office (JPO) as the office of the home country or the office of a designated country under the Madrid Protocol System in relation to problems with procedures in using the Madrid Protocol. After that, from the perspective of providing user-friendly services, we conducted a domestic questionnaire survey, domestic interview survey, overseas interview survey, and domestic and international literature search, including WIPO's statistic information, and considered improvements to the operations of procedures, etc. based on the Madrid Protocol System at the committee based on the survey and search results.

I Introduction

1 Background of Consideration

With the globalization of economic activities, the need for obtaining trademark rights overseas has been growing more quickly. The international trademark registration system based on the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, which was adopted on June 27, 1989 in Madrid (hereinafter referred to as the "Protocol"), is a useful system for making the process of obtaining trademark rights overseas easy and efficient. Its advantages for applicants have been expanding since the system was first enforced, due to an increase in the number of the member countries and recent amendments to the regulations. In fact, the number of applications based on the Protocol system that the Japan Patent Office (JPO) receives as the office of the home country increased by about 69% over the last five years. The Protocol system has become increasingly useful as a means of obtaining rights internationally. However, the ratio of applications filed based on the Protocol system by Japanese users in all foreign applications filed thereby is not necessarily high. Moreover, while discussions aimed at a system that is more convenient for users have been intensifying internationally, users have pointed out the lack of convenience, including cumbersome fee payment procedures and the inability to file applications on-line.

Therefore, it is necessary to first understand problems with the procedures for filing

applications with the JPO as the office of the home country or the office of a designated country under the Protocol system, and then to advance considerations on improvements to operations concerning procedures, etc. under the Madrid system, including improvement of the fee payment method and propriety of introducing an on-line application.

Therefore, we conducted this research study with the aim of improving the system's convenience, to enable users to use it more strategically by studying, organizing, and analyzing the actual conditions of use, etc. of the Protocol system, etc. and preparing basic materials for considering proposals of amendments to the regulations and improvements to operations in order to continue to operate the Protocol system in a functional manner.

2 Method of Conducting This Research Study

(1) Consideration at the Committee

In order to hold discussions on the procedural and institutional problems with the Protocol system through careful consideration, analysis, and obtainment of specialists' advice on this research study, a total of six experts recommended by intellectual property-related organizations (Japan Trademark Association, Japan Intellectual Property Association, and Japan Patent Attorneys Association) and industry groups (Japan Electronics and Information Technology Industries Association and Japan

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Foods & Biotechnology Intellectual Property Rights Center) composed a committee chaired by Jiro Hayashi, a patent attorney. The committee members held three discussions.

(2) Domestic Questionnaire Survey

We conducted a questionnaire survey concerning this research study, targeting 1,100 domestic companies, etc. that frequently use the Protocol system, and received replies from 462 (collection rate: 42%).

(3) Domestic Interview Survey

Using the results of the domestic questionnaire survey as reference, we conducted an interview survey on requests and improvements in relation to the issue of this research study, targeting nine companies and 12 trademark offices.

(4) Overseas Interview Survey

We conducted an interview survey targeting 13 interviewees, specifically, two companies and one trademark office (two trademark offices for South Korea) in the United States, Switzerland, Germany, and South Korea, respectively.

(5) Domestic and International Literature Search

We searched, organized, and analyzed useful literature for this research study by using books, papers, study reports, council reports, database information, Internet information, etc.

II Status of International Applications Filed by Japanese Users

With an increase in the number of the member countries, the Protocol system has become increasingly useful year after year as a filing system designed to make the process of obtaining trademarks overseas easy and efficient. In particular, nowadays when globalization of corporate economic activities has advanced, the necessity of obtaining trademark rights overseas has expanded, and the number of international applications filed by using the Protocol system has also been increasing steadily.

In 2011, the number of international applications filed and registered based on the Protocol system for the entire world exceeded 40,000; and the number of existing international registrations reached 540,000 as of the end of 2011. The number of international applications filed by Japanese users based on the Protocol

system that have been registered has been continuously increasing since Japan's accession. In 2011, the number increased by about 69% compared to five years previous, reaching 1,582. Moreover, the number of applications filed by foreign applicants based on the Protocol system while specifying Japan as a designated country took a downward turn in 2009, but recovered to a level exceeding 12,000 in 2011. However, the ratio of applications filed by Japanese users in the member countries of the Protocol system by using the Protocol system in all foreign applications filed thereby in such member countries is 20 to 30%, which is lower than the ratios in European countries, that is, 40 to 60%.

III Evaluation of the Protocol System by Japanese Users

1 Standards for Choosing an Application Route

When a Japanese user files a trademark application overseas, he/she has two options for application routes. The first option is the Direct Route, a method by which he/she directly requests a country's competent office for protection of the trademark. The second option is the Protocol Route, a method by which he/she requests protection of the trademark by obtaining an international registration of the trademark based on the Protocol.

(1) Users of the Protocol Route

According to the domestic questionnaire survey, most users of the Protocol system cite the number of countries in which they file applications and the breakdown of such countries as standards for choosing an application route. As a reason for using the number of countries in which they file applications as a standard for choosing an application route, they cited the fact that filing applications in multiple countries at a time costs less than filing applications through the Direct Route. In addition, as for the breakdown of countries in which they file applications, such countries are chosen based on procedures and systems peculiar to each country and compliance of the Protocol system with the specificity of designated goods and services.

(2) Nonusers of the Protocol Route

According to the domestic questionnaire survey, about 60% of nonusers of the Protocol system file applications overseas through the

Direct Route after considering using the Protocol Route. The following were cited as major reasons for having chosen not to use the Protocol Route: (1) Countries in which they want to obtain trademark rights have not acceded to the Protocol system; (2) They cannot fulfill the basic requirements for using the Protocol system. In addition, they also cited the effort of management required due to concurrent existence of trademark registrations through the Direct Route and those through the Protocol Route or concerns about central attacks.

Furthermore, it was revealed that about 40% of nonusers of the Protocol system choose the Direct Route without considering using the Protocol Route for such reasons that they do not find the Direct Route to be inconvenient and do not feel enough of an advantage would be gained from using the Protocol system to make them change the application route.

2 Advantages of Filing Applications through the Protocol Route

As the advantages of filing applications through the Protocol Route compared to the Direct Route, most cited cost advantage, followed by simple and easy application procedures, availability of lump-sum management of trademark registrations in multiple countries, and expansion of protection through subsequent designation. With regard to the cost advantage, many shared the opinion that in the case of filing applications in three or more countries, the cost for filing is lower through the Protocol Route compared to the Direct Route.

3 Disadvantages of Filing Applications through the Protocol Route

The limitation of countries in which applications can be filed (member countries), likelihood of rescission due to a central attack, and fulfillment of the basic requirements were frequently cited as disadvantages of filing applications through the Protocol Route compared to filing applications through the Direct Route. Concerns about the effectiveness of the Protocol system, including the probative force of a statement of grant of protection in exercising a right, and effort of management required due to concurrent existence of trademark registrations through the Direct Route and those through the Protocol Route were also cited as disadvantages.

4 Countries Where There Are Advantages/Disadvantages of Filing Applications through the Protocol Route

China (Reason: Though it is necessary to file an application with respect to each class through the Direct Route, it is possible to file an application for multiple classes when using the Protocol Route), Europe (Reason: It is rare to receive a notification of provisional refusal based on goods and services), and the United States (Reason: It is not necessary to submit evidence of use at the time of filing) were frequently cited as countries where there are advantages of filing applications through the Protocol Route compared to filing applications through the Direct Route. In addition, some were also of the opinion that there are countries where power of attorney and other procedures are not required through the Protocol Route as it is not necessary to individually take procedures in the case of using the Protocol system, and that it is possible to take procedures in countries where an applicant cannot understand the language used as it is possible to file applications in English in the case of using the Protocol system.

On the other hand, many held the opinion that there are disadvantages of filing applications by using the Protocol Route in China (Reason: A certificate of registration that is automatically issued through the Direct Route is not issued through the Protocol Route without application) and the United States (Reason: Period management is separately required as it is necessary to submit evidence of use via a U.S. representative five years after the date of registration in the United States).

IV Consideration of Problems in Using the Protocol System

As mentioned above, application procedures significantly affect the standards for choosing an application route and advantages of using the Protocol Route. Problems with the procedures are considered below.

1 Problems with Application Procedures by Using the Protocol System by Japanese Users

The procedural problems that need to be solved to improve convenience for Japanese users

are in the areas of (1) cumbersome method of paper procedure, (2) cumbersome fee payment method, (3) delay in administrative processing procedures at WIPO, (4) fulfillment of the basic requirements, (5) specificity of indications of goods and services, (6) impossibility of procedures for dividing an international application, and (7) lack of sufficient knowledge/experience concerning the Protocol system. We held discussions in these areas.

(1) Method of Paper Procedure

(i) Method of Submission

Only one method of submitting filing documents permitted under the current system requires them to be submitted with the JPO in writing. As a desirable method of submitting filing documents in the future, many Japanese users answered that it would be better if all documents could be submitted on-line. As reasons thereof, some held the opinion that it is possible to save the trouble of sending by mail and visiting the office, and that it is possible to prevent misprints from occurring in computerizing paper-based applications at WIPO. On the other hand, there was the opinion that there is not much need for on-line filing, because the number of applications is small. There was also a deep-seated request for flexible responses, such as replacement, in paper-based procedures. With an increase in the number of applications filed by using the Protocol system, request for introduction of on-line procedures is expected to further increase in the future. In this regard, there is information that a website-based application tool is now under development at WIPO. Therefore, it is necessary to verify the availability of the system while paying close attention to the status of development of the system.

(ii) Location to which an Applicant Submits Documents

With regard to the location to which an applicant submits procedural documents, more than a half submitted documents to the JPO that could be submitted to either WIPO or the JPO. In addition, many respondents requested the ability to choose the JPO as a location to which an applicant submits documents with regard to documents that can now be submitted only to WIPO. Therefore, if this becomes permissible, convenience for Japanese users is expected to further increase. On the other hand, behind Japanese users' desire to submit documents to the JPO are the impossibility of confirming that

the documents have been received by WIPO without fail in the case of submitting them to WIPO and procedural concerns, such as delays in procedures at WIPO. Therefore, it is also useful for satisfying the aforementioned request to inform Japanese users of the Madrid Portfolio Manager (it is possible to submit procedural documents to WIPO by uploading them on-line) which WIPO is newly providing.

(iii) International Application Formats

With regard to the formats for filing documents, there was no special request for improvement. However, some requested a review of the formats to ensure conformity to the systems of designated countries. This is because a notification of provisional refusal is issued in countries where a description of the mark is required, such as the United States, since the requirements for making a "description of the mark" in filing documents are limited. In addition, with regard to Word files that are available for input on the website, some respondents said that the styles break up and that it is difficult to tick boxes.

(2) Fee Payment Method

With regard to a fee payment method, there were many requests for the JPO to collect fees on behalf of WIPO, for fees that can currently only be paid to WIPO.

(3) Administrative Processing at WIPO

Although not many things were mentioned with regard to inconvenience in administrative processing at WIPO, some pointed out delays in procedures at WIPO.

(4) Specificity of Indications of Goods and Services

It was revealed that the specificity of determinations of indications of goods and services at the office of each country is an obstacle to using the Protocol system. For example, some respondents think that the Protocol system is frequently used in fields where indications of goods and services are fixed (pharmaceutical manufacturers, etc.) while it is difficult to use the Protocol system in the fields where indications of goods and services are not fixed (telecommunication equipment manufacturers, etc.) because applications are liable to be refused. When a Japanese user files an application by using the Protocol system based on a trademark application/registration he/she

filed/obtained in Japan, he/she files the application by translating a Japanese indication of goods and services, which is included in the basic application, into English. However, many users expressed the following opinions in this regard. (1) The JPO determines that goods and services in Japanese, which are included in the basic application, and goods and services in English, which are included in an international application, are not identical. (2) An indication of goods and services in English prepared based on the basic application/registration are not accepted by WIPO, and a notification of irregularity is issued. (3) An indication of goods and services in English that has been accepted by WIPO is not accepted at the national phase of each designated country after international registration, and a notification of provisional refusal is issued. It thus becomes necessary to provide a response through a representative in the designated country, and the cost advantage of the Protocol system therefore diminishes. (4) There are deviations in the interpretation of classes among the office of the home country, WIPO, and the offices of designated countries, and it is necessary to delete subject goods and services particularly because it is impossible to change classes at the national phase of a designated country. In addition, (5) there were opinions concerning a vague anxiety about whether the intended goods and services are protected in the scope of protection because subject matters indicated by an indication of goods and services differ depending on differences in countries' commercial trade practice and culture.

(5) Procedures for Dividing an International Registration

There was a request for a division system that provides early grant of a right only for the registrable part in cases where a reason for refusal exists in some goods and services. On the other hand, more than half of those who responded positively to this also stated that it would be better if the division system existed as an option, though there has been no specific case where non-existence of a division system became a problem. No strong need for early introduction of such a system could be comprehended. With regard to an envisioned division system, as a result of the interview, many respondents requested a system under which they would be permitted to divide goods and services with respect to each designated country and such information would be reflected on the

International Register.

(6) Provision of Information Concerning the Protocol System

It was confirmed that Japanese users obtain information on the Protocol system from the JPO's website, WIPO's website, or seminars and workshops. On the other hand, Japanese users scarcely obtain information from permanent information sources, such as JPO's website and WIPO's website, as needed. Therefore, it seems necessary to devise ways of providing information, including introduction of a system to provide registrants with the latest information on the Protocol system by using a mailing list, etc.

2 Problems to Be Solved for Further Utilization of the Protocol System by Japanese Users

It was revealed that many Japanese users still point to the following institutional factors as reasons that so few of them use the Protocol system, in addition to the aforementioned procedural problems: (1) There is a small number of member countries, and countries in which they want to file applications have not acceded to the Protocol system; (2) It is necessary to fulfill the basic requirements; (3) A registration may be rescinded due to a central attack; (4) A statement of grant of protection is insufficient as proof of a right. These institutional problems are further explained below.

(1) Expansion of the Member Countries

At present, 88 countries (as of November 2012) have acceded to the Protocol system. Although the number of the member countries has been on the rise, more than 70% of Japanese users stated that they desired further increase in the number. In particular, many Japanese users request the accession of Asian countries, which are major markets for Japanese companies, including Taiwan, India, Thailand, Hong Kong, Indonesia, and Malaysia, as well as countries with promising markets, such as Brazil and Canada. The current member countries do not necessarily meet the application need of Japanese users. Therefore, an appeal for expansion in member countries in conformity to the need of Japanese users is requested.

(2) Basic Requirements

With regard to the basic requirements, it was revealed that one major constraint is the identity

of marks or the requirement that an indication of goods and services is within the scope of the basic application. In addition, it was also revealed that there are problems such as the impossibility of filing an application due to non-existence of a basic application when developing a new product and launching it globally at the same time that it is launched nationally, existence of a prior trademark in Japan, or non-existence of distinctiveness in examination in Japan. Many Japanese users requested abolition of the basic requirements, and hoped for a system like the one for PCT international applications, under which an international application is deemed to be the first application and a Japanese applicant specifies Japan as a designated country, into the Protocol system when abolishing the basic requirements. On the other hand, many foreign users said that the basic requirements were not particularly hindering and that there was no problem.

(3) Central Attack

The results of the questionnaire survey revealed that many Japanese users still consider central attacks to be the disadvantage of the Protocol system. However, there have actually been very few cases in which an international registration of a company is rescinded due to another company's action. The majority of central attacks occur because an amendment, etc. made in the examination process of a basic application filed in Japan affects an international registration when an applicant files that international application through the Protocol Route based on the application filed in Japan. In addition, most Japanese users do not consider a central attack to be a method of rescinding other companies' international registrations. Moreover, many Japanese users said that there is an adverse effect—the result of an examination in Japan can affect an international registration that is part of an effort to file in each country—and that this effect is larger even in consideration of the existence value of a central attack as such a method. Many Japanese users said that they wanted to have the scope of rights defined with an early examination for domestic applications that will become the basis of applications based on the Protocol Systems. This is because most central attacks actually occur because an amendment, etc. that was made in the examination process of a basic application can affect international registrations.

On the other hand, in the interview survey with foreign users, more cases were mentioned in

which a foreign user actually rescinded another company's international registration at once by using the central attack system. In addition, foreign users conduct sufficient searches with regard to their own trademark applications before filing, and their registrations are thus unlikely to be rescinded by a central attack. Therefore, some foreign users rather desired the continued existence of the central attack system as a method of rescinding other companies' trademark registration covering multiple countries at once.

(4) Notice of Protection

The issuance of a document to confirm a grant of protection has been desired in the past. It was confirmed that many Japanese users enjoyed the effect of a statement of grant of protection in member countries, because issuance of a statement of grant of protection by a designated country has become obligatory in recent years. It was revealed that a statement of grant of protection was used as a document to confirm the grant of protection in a designated country, an in-house management document, or a proof of registration at the time of using a trademark. However, it has been frequently reported that, in some countries, a certificate of registration issued by the government is required as a document written in the official language of the country at the time of exercising rights. Many Japanese users thus requested a certificate of registration for the purpose of confirming goods and services for which protection was granted. Moreover, some Japanese users desired the unification of formats of a statement of grant of protection in the form of including a statement of goods and services, so as to make it easy to understand the content of rights finally protected in each country.

With regard to foreign users, many U.S. and South Korean users hoped for issuance of a certificate of registration separately from a statement of grant of protection, in the same manner as Japanese users.

3 Problems Unique to Cases Where a Foreign User Files an Application in Japan by Using the Protocol System

The following were cited as problems that occurred when a foreign user filed an application by using the Protocol system while specifying Japan as a designated country: (1) The fee payment method based on the two-part payment system is cumbersome; (2) Special provisions

concerning the period for amendment become an obstacle to responding to a notification of provisional refusal; (3) Provision of information on procedures in Japan as a designated country to foreign users is not sufficient.

(1) Two-Part Payment System

These questionnaire and interview surveys did not provide us with very many cases where a registration was actually rescinded due to failure to pay the second part of the individual fee. However, representatives who provide services as a representative in a designated country pointed out that the system was still not commonly recognized among foreign users, though they take measures such as providing explanations of the system to foreign users and reminding foreign users of the payment procedures after a decision of registration has been rendered.

In addition, foreign users also requested introduction of a system that emphasizes ease of the Protocol system, including changing from the two-part payment to a lump-sum payment.

(2) Special Provisions Concerning the Period for Amendment

When filing an application through the Protocol Route while specifying Japan as a designated country, the period for submitting a written amendment to the JPO in response to a notification of provisional refusal is limited to three months (the period can be extended by one month by filing a request for extension). Therefore, a representative in a designated country cannot submit a written amendment to the JPO after this period passes, and it is necessary to make an amendment by submitting a request for the recording of a limitation to WIPO via the applicant (or a representative in the home country). Many foreign users pointed out that this procedure was cumbersome. There were many requests for abolition of the special provisions concerning the period for amendment and grant of the period for amendment in the same manner as ordinary domestic applications.

(3) Provision of Information to Foreign Users

With regard to the application of the main paragraph of Article 3, paragraph (1) of the Trademark Act, which was put in force on April 1, 2007 (documents, etc. which should be submitted for examination to confirm use of a trademark or intension to use a trademark), many foreign users

said that it was difficult to understand the way of counting similar group codes. In addition, there were many requests for strengthening the transmission of information in English from the JPO, including information concerning said system, and improvement of an English version of the website for searches.

V Conclusion

Through this research study, we studied problems that arise when using the Protocol system, as identified by both Japanese users and foreign users (while specifying Japan as a designated country) from both procedural and institutional perspectives; and we considered improvements for these problems and a Protocol system that is easier for Japanese and foreign users to use.

As procedural problems, many Japanese users hope for realization of an on-line application, simpler and easier fee payment procedures, and a system that makes it possible to choose the JPO as a location to which an applicant submits procedural documents. Therefore, it is hoped that discussions will be held on the possibility of their introduction in the future. Furthermore, this research study revealed that the specificity of indications of goods and services at the office of each country was an obstacle to using the Protocol system. We hope that these problems will be solved through expansion of a list of indications of goods and services acceptable to multiple countries and active provision of information concerning indications of goods and services acceptable to each designated country.

While the aforementioned procedural problems were revealed, it was also revealed that problems peculiar to the Protocol system were still significant obstacles to using the Protocol system. In particular, a main cause of the sluggish ratio of use is the fact that countries in which Japanese users are interested, mainly, Asian countries, have yet to accede to the Madrid Protocol even though the number of member countries has been on the rise. Therefore, the JPO is expected to continue to support such countries' efforts for accession thereto. In addition, it was also confirmed that fulfillment of the basic requirements and likelihood of a central attack were still significant obstacles to using the Protocol system. Therefore, it is hoped that continued discussions will be held in Japan and abroad with the aim of realizing a system that is easy for Japanese users to use. The system for a

statement of grant of protection was evaluated as helping to confirm registrations because an issuance of a statement of grant of protection was made obligatory. However, it was also revealed that many users had concerns about the effectiveness of exercising rights based on a statement of grant of protection. Efforts will be made to ensure that a statement of grant of protection is appropriately recognized as proof of a right in the member countries, and it is hoped that discussions will be held toward further improvements, including a mechanism whereby the content of a right can be more easily understood, such as making a description of goods and services finally protected.

With regard to problems that occur when a foreign user files an application in Japan by using the Protocol system, it was revealed that two-part payment and special provisions concerning the period for amendment had not been sufficiently recognized by foreign users as systems peculiar to Japan and that those systems were considered to be cumbersome. Therefore, it is hoped that discussions will be held on systems that are truly desirable for foreign users, including making lump-sum fee payment possible and applying special provisions on the period for amendment to such applications in the same manner as ordinary domestic applications.

It is hoped that the JPO will lead discussions toward improvements with regard to the problems indicated in this research study and that continued discussions will be held toward realizing a more user-friendly system among the patent offices of the member countries and related organizations, such as WIPO.

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