CONGRESS TORONTO
14 – 17 September 2014

Plenary Session II – Q239
The basic mark requirement under the Madrid System

Tuesday, 16 September – 09.00 – 12.30

MINUTES

Chair of Session: David HILL (US)
Chair of Q239: Shane SMYTH (IE)
Co-Chair: Maria SCUNGIO (US)
Co-Chair: Aurélia MARIE (FR)
Secretary: Theresa CORNEAU (CA)
Responsible Reporters: Anne Marie VERSCHUUR / Sara ULFSDOTTER
Introductory Presentation: by David MULS, WIPO, Geneva, Switzerland

INTRODUCTION

David HILL ("DH") noted that Canada is preparing for Madrid accession, it is thus interesting and timely to consider the Basic Mark requirement, and as was mentioned in earlier remarks by AIPPI President John Bochnovic, we need to think about future in respect of IP law.

David MULS: we should think about the future for the Madrid system, will this system work for the future decades; from 1891-1970 membership was comprised only of EU countries, Vietnam and Egypt; in the 1980s there was significant expansion; the system has changed fundamentally each year since then at least two new members have joined; points to consider as we move forward:

✓ membership may go up for Madrid, as high as the Patent Cooperation Treaty ("PCT"), which is at 148;
basic mark – uniform trademark culture and practice has changed since the joinder of US/China/Japan, membership is far less homogeneous now; and

there is a question about whether system in current setup will work well for all.

Concrete current cases to demonstrate how much has changed since the Madrid system was first established:

(a) Linguistic expression of a mark -- large China-based company: is focused on China for next ten years, but then will export under own brand; investment in brand recognition; brand is currently only in Chinese characters, and will need different branding for export; manufacture for export may be considered trademark use; is it proper or desirable to continue to have registration and no use requirement; today's Madrid system does not support linguistic differences;

(b) Specificity of goods/services – large U.S. company: expansive CTM registration, but no Madrid filing, due to the basic mark requirement and the limits and specificity of U.S. prosecution; the result: distortions in use of system; and

(c) the state of the register in Korea – there is a high rate of invalidation of trademarks; it is a shaky foundation to have a Korean national registration as the basic mark for Madrid; Madrid can afford a mechanism for abusive or “hollow” registrations; this problem was recognized (1957), Article 6(3) Paris Convention is at tension with Madrid on this point, central attack.

Does it make sense to consider a looser basic mark requirement, for which we would still impose an important role on the national office; like the PCT system, a national office would still have a filtering role and WIPO/Bureau would have stronger role.

Closing question: Madrid has offered a mechanism to extend national right to multiple jurisdictions, but is that still true or accurate today? Shouldn't we regard Madrid as an integrated system for central filing and management of trademark rights internationally? Think about whether the system will work well for next 100 years.

Anne Marie VERSCHUUR – Comments, Slides on Q239 shown

(a) basic mark requirement; five year dependency

(b) WIPO meets regularly re: consideration of improvements, including discussion of removal of basic mark requirement; Trademark Committee commissioned the Q239 Study, considering: 1) how IRs used; 2) abolition or change of the basic
mark requirement; 3) translation issues; and 4) proposals.

There were 36 reports received from the national groups on Q239; and 35 were incorporated into Group Report; central attack used, mostly in negotiations. A majority of the national groups were against abolishment, but a notable number raised questions or were in favor of abolishment of the basic mark requirement.

A majority of the national groups were in favor of change in the term of dependency to three years, down from 5 years.

II. Shane SMYTH ("SS"), Q239 Chair- Introduction
The Working Committee session participation on Sunday, September 14 was summarized; resolutions presented today are short, with the exception of Resolution Three; we have maintained the status quo.

In the Working Committee session, the French, Italian and Australian national groups advocate abolishment of the basic mark requirement. However, the German, Dutch and Danish national groups are against abolishment.

The proposed Resolutions reflect that an International Registration and the Madrid system works and can work in future; and many working committee contributors viewed central attack as serving as useful deterrent participation in negotiation. After abolishment was voted down in the Working Committee session, a query was raised about possible change.

(a) the US and Australia – basic mark requirement need not and should not be the home country mark? Comments were made by others about the potential danger of forum shopping (e.g., Monaco, Andorra);

(b) Classification: binding if decided by WIPO, but no consensus on this issue;

(c) Dependency, reduction of term from five to three years, there was no big debate; the Dutch proposed six years but were the sole nation in support of that proposal.

DH: Remarks regarding resolution text available, re-set cellphones to off/silent; state name/group identification when you speak; voting procedures; abstention vote will be counted as “no” vote.

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III. Resolutions

III.A. Resolution 1 - AIPPI does not support an abolition of the basic mark requirement

Comments:

(1) China national group, Mr. Xiong Gang: the International Registration system is a mature system; is it possible to make the basic mark requirement ("BMR") more flexible? Should any member country national registration be permitted to meet the BMR? We support maintaining a BMR but how best to "relax" the BMR requirements; interested to discuss this in more detail.

SS: this was discussed in Working Committee; the concern raised was the forum shopping issue.

(2) US national group, Kelly HYNDMAN, in Resolution 1, remove "change to", which was discussed in the Working Committee;

(3) Germany, but speaking for Marques only, Jochen HOHFELD – the MAQUES group has explored thoroughly the BMR (a.k.a. Norwegian proposal); Marques has unanimous agreement on abolition of the BMR for the Madrid system; Marques supports abolition; central attack is the only benefit of the BMR and it is seldom used; in absence of central attack, still possible to oppose/cancel nationally;

(4) Netherlands, but speaking only for himself, Wouter PORS: surprised that there is interest in litigation in multiple countries;

(5) France national group, Eléonore GASPAR: shares the MARQUES view; would like to vote for abolition of the BMR; as was discussed in Working Committee session – the question was not made clear in the Committee session and there were indications from other national groups that change is needed and of interest; contrast and distinguish from patents; in a challenge to the BMR, geographic territory, relative grounds for central attack; TM rights are national/geographic;

(6) UK national group, but speaking for himself, James WATTS: – Per Regulation 18.8 – France has made motion that negates the meaning of the original motion; Vote on Resolution One.
DH: That is correct; it is not possible to amend a resolution.

France national group: “change to” must to be restored to Resolution 1; then put to a vote.

DH: It is possible for amendments to be restored.

UK national group, Jan VLECK: We have in proposed Resolution 3 contemplated the concept of change.

France national group: amend Resolution One to include: “but we’d support change of the BMR”; this is needed because Resolution Three only relates to dependency.

US national group: when we discussed the topic of changes to the Madrid system in the Working Committee session, it became clear that further studies needed to discuss changes in more fulsome manner; thus there was an amendment made to Considerations Par. 10 in the Working Session and now proposed today, to require further study; thus there is no need to amend Resolution One.

Swiss national group, Peter WITTE: it is not possible to add an unspecified amendment into Resolution One

ARG Sara Ulfsdotter: because the national group reports did not give ample details for change, there was a decision in the Working Committee session to put this into Considerations.

Mexico national group, but speaking for himself, Martin MICHAUS: in favor of abolition of the BMR, it should be removed.

UK national group, Justin WATTS: hard to approach IPO with request for change; if no specifics then not utile.

France national group: acceptable if the point about change is made clear in Consideration 10; would prefer to keep amendment with assurance that Resolution 1 amendment withdrawn.

David MULS: AIPPI does not support an abolition of BMR; however it encourages further reflection and study on its future evolution

Germany national group, Nils WEBER: necessary to propose specifics for changes, in favor of no amendment to Resolution 1 as proposed.
SS: it is not appropriate to identify need for further study in Resolution 1; however, it is possible to expand Clause 10 Consideration if desired.

**France national group**: would like removal of “however” clause;

**Chile national group, Felipe CLARO**: let’s put both parts to a vote.

**VOTE One**: – Addition of "but would support possible change to BMR"; addition of “however” is withdrawn; Votes of **32 Yes/73 No/2 Abstentions**

**VOTE Two**: “abolition only” text of Resolution 1 as originally proposed for Plenary Session; Votes of **78 Yes/21 No/11 Abstentions**

Resolution 1 as proposed to Plenary Session originally is adopted.

**III.B.**

**Resolution Two - AIPPI does not support abolition or freeze of the dependency on the basic mark**

France national group, but speaking for himself, Alain GALLOCHAT: define "freeze" in "freeze the dependency".

SS: in the national group reports, there was suggested an option to freeze, to see if the dependency works in practice.

**VOTE One**: 77 Yes/26 No/5 Abstentions

**III.C.**

**Resolution Three – AIPPI supports a reduction of the dependency period form five years to three years, as such would provide a more even balance between the interests of the trademark owner on the one hand (providing an earlier level of certainty) and third parties on the other hand.**

**Netherlands national group**: we would like to push for a six-year period, rather than the five-year period for non-use challenge; would provide certainty for third parties; prevent pollution of the International Register.

SS: this was already discussed in the Working Committee.

UK national group, but speaking for himself, Jan Vleck: non-use revocation as central attack; divide out non-use from absolute ground of attack; keep five year period
Germany national group, but speaking for himself, Jochen HOHFELD: for Resolution 3, I am in favor of a reduction of dependency from five to three years.

**VOTE One:** Dutch proposal of change in dependency period to six-year term; **10 Yes/96 No/5 Absentions**

Germany national group, but speaking for himself, Jochen HOHFELD: amend wording to end at "three years" and push clause up into Considerations/recitals.

**VOTE Two:** **26 Yes/80 No/8 Abstentions**

**VOTE Three:** on Resolution Three as originally proposed to Plenary Session; **82 Yes/25 No/4 Absentions**

**Vote Four:** All three Resolutions as a whole; **69 Yes/31 No/10 Abstentions**

**IV. Background Sections – Q239 Resolution**

**IV. A. Noting That:**

**VOTE One:** **100 Yes/3 No/5 Abstentions**

**IV. B. Considerations:**

France national group: would like to amend Consideration 10 to reflect that further studies should be undertaken in relation to possible changes to BMR, the Triple Identity requirement and the role of national Offices in tasks such as examination of classification of goods/services.

Aurelia MARIE, Co-Chair: the rule of Triple Identity is explained, requires same mark, same applicant and same goods/services.

UK national group, but speaking for himself, Jan VLECK: WIPO not involved in the role of examination.

Anne Marie VERSCHUUR: Question 5(a) in the Q239 raised whether the BMR should be abolished, and if the national group responding indicated NO to this question, then no particulars provided re: WIPO and its role.

UK national group: further study mandated as to WIPO’s role in classification of goods or services is mandated; the use of the word "should" binds hands as to what to study next; delete “should” “what we should study next”; have "could" instead of "should".
Anne Marie VERSCHUUR: disagrees as to the characterization that Bureau would be bound, with the use of “should” in Par. 10.

France: WIPO looks at absolute grounds when the trademark application is received, looks for distinctiveness, or whether the mark if registered is contrary to public policy; WIPO does NOT consider relative grounds (such as likelihood of confusion); full study is preferred, if change to the BMR is to be considered.

SS: the role of WIPO is limited, absolute grounds

US national group: tying hands with the wording suggested by the UK, the term "should" is aspirational whereas “shall” is compulsory; the US favored consideration of changes to the BMR.

Germany national group: already discussed in Working Committee; afraid Resolution is less persuasive with these suggested changes; prefers prior Resolution without changes.

France national group: we accept modifications proposed by US to Consideration Par. (10) regarding inclusion of the words “to potential changes of the BMR” and removal of “and to the role of Offices”.

Canada national group, but speaking for himself, Bruce MORGAN: restore “requirement”.

VOTE One: on the specific text proposed for the amendment to Consideration Par. 10; 95 Yes/52 No/2 Abstentions

VOTE Two: all Considerations in Total, with Par. 10 as modified– 81 Yes/22 No/3 Abstentions

VOTE Three: the entire Resolution – 72 Yes/32 No/4 Abstentions