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A Madrid Conundrum

With India's recent accession to the Madrid Protocol, which will likely be followed by a number of Asian countries including Thailand and Malaysia, joining the Madrid system will continue to be a burning topic among stakeholders. **Anna Zhang** talks with lawyers around the region to find out what's behind the simple one-filing system.

On July 8, 2013, Asian powerhouse India officially joined the Madrid system, a big step forward in the government's ambition for its IP regime to better comply with international standards.

term impact remains to be seen.

"The real impact, both at the Registry level and the enforcement level, will only become apparent after three or four years," says Priyanki Sah, a senior associate at Wadia Ghandy & Co in Mumbai.

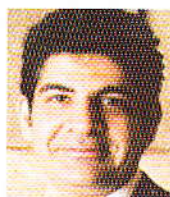
Sah says that at this stage, "it is not certain whether the Indian Trade Marks Registry would be in a position to handle the further applications under the Madrid System within the existing machinery."

Given India's unique trademark registry system, Safir Anand, senior partner and head of trademarks at Anand and Anand in Noida, further points out that "the Madrid system, despite its cost and administrative convenience, may not be conducive for India."

One of the reasons, says Anand, is because "India is perhaps the only country in the world with five trademark offices. There is no nationalized office for handling matters." Thus for overseas applicants, the jurisdiction of filing is determined by the address of their agents.

The problem with this is that "while the majority of filings are happening in Delhi, the Trade Mark Registry tries to assign all

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The Madrid system, despite its cost and administrative convenience, may not be conducive for India.

- Safir Anand, senior partner, head of trademarks,

Anand and Anand, Noida

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IP practitioners in the country, many taken by surprise by the government's rather sudden announcement, suggest that the accession will generally be welcomed by Indian companies, especially small-and-medium-sized entities, but that the long-

international filings to the jurisdiction of Mumbai," Anand explains. "Under the protocol, when a foreign proprietor files with the international office, he does not get to choose jurisdiction quite as

In addition to India's recent accession, the Philippines and New Zealand joined the system in 2012. By 2015, Thailand, Malaysia, Indonesia, Myanmar, Brunei and Laos, all of the Association of Southeast Asian Nations (ASEAN), will join as part of the ASEAN Economic Community.

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Local counsel are in the best position to advise on the proposed mark, conduct clearance searches, ensure compliance with the requisite formalities and monitor third party marks based on prevalent law and practice in the jurisdiction.

- Shie Ying Liew, partner,
Wong Jin Nee & Teo, Kuala Lumpur

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Central Attack

Practitioners in the region see exciting times ahead for promoting IP and improving awareness. But concerns are also raised regarding the Madrid system and its application in each contracting parties.

One of the most visible difficulties using Madrid is the threat of a central attack. The Madrid system allows applicants to file only once at a particular home base with the International Bureau of WIPO, who will then designate the application to targeting jurisdictions. However, the system also provides that during the first five years of a Madrid filing, once the basic application was refused or cancelled, all the international registration based on it will also be cancelled. This process is

also known as the central attack.

"Central attack may pose a problem in a common law jurisdiction such as India where 'use' confers better than rights," says Vikram Grover, an experienced IP lawyer and principal of Grover Law in Delhi.

In more common cases, the administrative set-up rather than the legal system is the cause of this problem. Naqeeb Nawab, principal associate at ZeusIP in New Delhi, points out that in a

he does by 'selection' of his agent." Anand says the arrangement will likely result in additional administrative expense rather than a cost savings for most IP owners, as they may have agents spread across India.

Ashutosh Kane, a partner at WS Kane & Co in Mumbai, agrees that whether or not Madrid works well in India will largely depend on how effectively it is utilized and how efficiently it is maintained and implemented by the Trade Marks Registry offices.

And right now, this seems quite a challenge for the offices. "Given the large backlog in clearing requests filed to record changes in ownership, the issue of proprietorship is likely to become a thorn in the flesh of the Trade Mark Registry in cases where a request to record assignment or change of name is still pending re applications intended to be used as 'home applications/registrations' for Madrid filings," says Samta Mehra, a partner with Remfry & Sagar in Gurgaon.

To make matters worse, Anand adds that the Trade Mark Registry also lacks training for the examination. He cites a recent order by the Intellectual Property Appellate Board which held that "an examiner is only competent to issue objections but neither to hear an application for acceptance nor to hear any opposition." He also says that many senior Registrars are due for retirement in the next few months which will expose the system to either a deficit of manpower or an inexperienced lot of examiners.

While authorities in India are still working towards a smooth transition to Madrid, the system has also been on the agenda of IP offices elsewhere in the region. There has been, and will continue to be, a trend for Asia-Pacific countries to join the world's most widely-used international trademark registration system.

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In India, a decision in opposition takes about five to six years. Thus any negative decision in India would result in international registration being cancelled during the time period.

- Ranjan Narula, partner,
Ranjan Narula Associates, Gurgaon

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jurisdiction like India, where large numbers of both domestic and international trademark applications and registrations are already on the records of Trademarks Registry, chances of attack on the basic application or basic registration by way of objections from the Trade Mark Registry or opposition by third party are high.

In Malaysia, Shie Ying Liew, a partner at Wong Jin Nee & Teo, says central attack will be a big problem once the country joins

Madrid. "At present, the Malaysian trademark examiners apply a fairly high standard when it comes to determining whether or not a mark is capable of distinguishing compared to other jurisdictions such as the United Kingdom, and Singapore," says Liew.

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Most of the international filings will be made by established and successful Indonesian businesses, not the notorious trademark pirates that still file domestically.

- Januar Jahja, partner,

Januar Jahja & Partners, Jakarta

Also, Liew says that the examiners have the tendency to cite prior marks against pending trademark applications where there is a common word or element appearing in the prior marks even though the prior marks may not necessarily be confusingly or deceptively similar to the pending applications.

Thailand tends to have similar situation due to strict examination requirements. "The Thai Trademark Office is very stubborn in terms of having rather unreasonably strict requirements for trademark registration," says Rutorn Nopakun, a partner at Domnern Somgiat & Boonma in Bangkok.

Say Sujintaya, a partner at Baker & McKenzie in Bangkok, agrees that central attack will become a major difficulty for Thailand based Madrid filings as "Thailand is probably one of the most difficult jurisdictions in which to register trademarks."

"The Thai trademark registrar is conservative in considering distinctiveness issues; it would be quite risky for an applicant to rely upon Thailand for their basic application and base their international registration on the same," adds Sujintaya.

Another administrative challenge comes from the speed applications are processed in local trademark offices. "For Madrid applications emanated from India as the home country, central attack might be a problem because it usually takes very long time for the trademark offices to dispose of the opposition matters. That's why it is difficult to conceive that how the refusals and decisions on oppositions can be done within five years," says Sushant Singh, an advocate at Sushant Singh & Associates in New Delhi.

"In India, a decision in opposition takes about five to six years. Thus any negative decision in India would result in international registration being cancelled during the time period," explains Ranjan Narula, a partner at Ranjan Narula Associates in Gurgaon.

Lawyers agree that it is difficult to avoid central attack completely, but applicants will have advantages filing in jurisdictions with shorter examination period. "We advise our clients to at least have the basic application accepted/past the opposition period where possible and ensure that a basic registration is not vulnerable for removal for non-use or otherwise vulnerable," says Sue Ironside, a partner at Baldwins in Auckland.

Ironside says the Intellectual Property Office of New Zealand is usually quick issuing a Notice of Acceptance or a Compliance Report – in most cases, within four to six weeks of filing an application. "As New Zealand includes examination on both relative and absolute grounds, a New Zealand application can therefore give an early indication of potential registrability issues," she adds.

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Not A Problem

While some practitioners are concerned central attack's potential damages, others seem less threatened.

Cheah Chiew Lan, a partner at Tay & Partners in Kuala Lumpur, tells Asia IP that central attack will not be a huge problem in Malaysia as higher examination standards tend to result in trademark registrations with better quality and the number of marks being attacked within the first five years of registration may not be substantial.

Indonesia will likely find itself in similar situation according to Januar Jahja, managing partner at Januar Jahja & Partners in Jakarta. "Most of the international filings will be made by established and successful Indonesian businesses, not the notorious trademark pirates that still file domestically. These applications are more likely to be stronger and less open to

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There are two ways to attack a registered mark in Thailand, by grounds of non-use or bad faith filing. It is very difficult to succeed in a non-use cancellation.

- Darani Vachanavuttivong, co-managing partner,

Tilleke & Gibbins, Bangkok

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opposition or cancellation, thus creating few real opportunities to centrally attack such an application."

Sushant Singh says that central attacked should be seen as a mechanism to protect trademarks internationally. "India should not be affected as if there is a foreign applicant, whose application has been refused in home country then the same shall be treated as refusal in India," says Singh.

Hemant Thadhani, an associate at Krishna & Saurastri in Mumbai, agrees that central attack was designed to maintain a balance between the advantages made available by the Madrid system to international applicants and the interests of third parties.

For instance, he says, central attack provides an opportunity to restrain extension of protection of the basic application to other countries wherein the basic application has been copied or adopted dishonestly and in bad faith.

After all, as Hemant Singh at Intl Advocare puts it, ousting an international application with a central attack is nothing easy. "The base registration will most likely be the strongest protection available for the particular trademark in the home jurisdiction of the applicant, implying prior use and a statutory right. Therefore, an opponent may choose to thwart the registration in the interested jurisdiction only, rather than engaging in a central attack," he adds.

Any Way Out?

Practitioners in the region have offered a variety of ways to get around central attack under the Madrid system. First of

all, suggests Grover, if the mark in question is vulnerable, the trademark owner may try to resolve the dispute with the person who attacks the basic application or registration. "This may prevent the trademark owner from losing rights in the home country," he adds.

But in Thailand, while a counterstatement or rebuttal might work with an opposition or cancellation attack, appealing to the Trademark Board in the case of a Registry objection might be "an exercise in futility," according to Sujintaya.

"The Trademark Board is as strict as, if not stricter than, the Trademark Registrars. The Trademark Board rarely overturns objections in respect of distinctiveness raised by the Registrars. As such, an appeal is often like flogging a dead horse; it may relieve some frustration, but it will not get you anywhere," adds Sujintaya.

Adequate preparation is also needed in order to avoid central attack. Jose Madan, executive director at Khaitan & Co in Mumbai, tells *Asia IP* that in India, it is necessary for a trademark to be used continuously to avoid attack on grounds of non-use.

"One may consider carrying out an availability search in each designated contracting parties of interest prior to filing a Madrid

Are ASEAN's Madrid preparations adequate?

The seven ASEAN countries that have yet to sign onto the Madrid Protocol have less than two years until their official accession is scheduled, according to goals set out in the Association of South East Asian Nations (ASEAN) Intellectual Property Rights Action Plan 2011-2015. Most ASEAN members are already preparing for the accession, though some countries seem to be struggling with manpower and funds while seeking to make vital preparations.

While ASEAN members have strategic plans embodied in the action plan, there needs to be dramatic legal and administrative changes to accommodate the coming influx of registrations. Adjustments to the IP offices of the ASEAN countries should aim to streamline the examination process and to shorten trademark registration time.

Improvements to Administration

Karen Abraham, a partner and head of the IP department at Shearn Delamore & Co in Kuala Lumpur, tells *Asia IP*: "Though there were delays previously, the authorities are aggressively trying to put things in place." She adds that the Intellectual Property Corporation of Malaysia has recruited 20 or more examination officers and training is already underway.

The office has already expedited most of the backlogs as it "wants to clear everything up and put an infrastructure in place before officially signing on to the Madrid Protocol," she says.

Such anticipatory actions are shared by the Indonesian IP office, says Toeti Roosseno, an IPR consultant at Biro Oktroi Roosseno in Jakarta. "Since 2012, the Directorate General of Intellectual Property (DGIP) has begun using the Industrial Property Automation System (IPAS) for filing IP applications. Hopefully, by 2015, the use of this system can support the high volumes of trademark application filed through the Madrid Protocol."

Further, Roosseno says, DGIP has signed a cooperation

agreement with WIPO to develop the IPAS system. For trademarks, the system was finalized in May 2013. The system for patents is expected to be finalized in October 2013, and the industrial design system in November 2013. If DGIP succeeds in developing the IPAS system with the infrastructure needed to run the program, it will be able to manage the high volumes of applications, he says.

However, not all ASEAN countries have taken sufficient measures to prepare for the adoption of the Madrid Protocol, some because the country is simply unable to do so. Mouane Simoungkhot, general director and senior consultant at Lao Interconsult in Vientiane, explains to *Asia IP* that the challenges Laos needs to address includes the "delay in trademark registration, refusal, opposition, cancellation grant and infringement action." The greater problem for Laos however, "is due to lack of resources, in [both] manpower and funds."

On the other hand, Nettaya Warncke, a partner at Domern Somgiat & Boonma in Bangkok, says that although the Thai trademark office is speeding up the processing of applications, it may actually be sharpening a double-edged sword. She explains that the office is "trying hard to cope with the increasing volume of applications. The adoption of several methods to speed up the examination process has led to the waiting period being successfully reduced, but the incomprehensibility of official notices increases."

Legislative Amendments

Simoungkhot says that Lao "procedure, regulations and even laws need to be amended accordingly, though this will take some time and will need international assistance," he adds.

Conversely, Laos' ASEAN allies have already made or are making amendments to laws so as to comply with the Madrid Protocol.

Warncke points out that the Thai trademark office has been fully aware of necessary changes to the legislation and has incorporated them in the draft amendment of the Trademarks

application so that the prior applicants in these countries do not consider attacking the Indian mark," suggests Madan.

The safest way, as Thadhani suggests, is to simply file an international application on the basis of a basic application after a period of five years when the international applications become independent from the basic application.

Franck Fougere, managing partner at Ananda Intellectual Property in Bangkok, says that central attack is something to be aware of but not something to be scared of. "The risk can be mitigated. If you go only with marks registered for more than five years, it doesn't exist anymore."

Fougere says this will very likely be the case in Thailand. "I don't think the first generation users of Madrid in Thailand will be SMEs. As IP attorneys, we will firstly recommend large Thai companies who have international activities apply for trademark internationally."

If five years are too long to wait, experts suggest using a local registration rather than application as basic registration for international filing under the Madrid system. Darani Vachanavuttivong, co-managing partner at Tilleke & Gibbins in Bangkok, explains the situation in Thailand:

"There are two ways to attack a registered mark in Thailand, by grounds of non-use or bad faith filing. It is very difficult to succeed in a non-use cancellation as the burden of proof is on the petitioner. So a central attack against a basic registration will not be a big problem as cancellation action based on bad faith is the only feasible option to attack a registered mark."

With a basic application in Thailand, Vachanavuttivong says the situation will be quite the contrary, as the application can be easily turned down due to non-distinctiveness. And only 10% or less of these refusals are successfully appealed with the trademark board.

In addition, with some jurisdictions that applicants might expect difficulties to base an international filing, they can choose to base their filings somewhere else. Priyanki Sah says that if it is foreseen that the Indian basic application may not be legally on a firm footing and may fail, then an Indian central attack can be avoided by seeking national registration in another Madrid Protocol country and then using it as a basic application for filing an international application designating India under the Madrid Protocol.

A French lawyer with more than 10 years' experience dealing

Act. "The act will definitely come into force before the deadline Thailand has committed to adhere to Madrid," says Warncke.

In Malaysia, actions have been taken to amend the Trademarks Act 1976, to incorporate regulations to fulfill requirements of WIPO such as the 18-month timeline to register trademarks, says Abraham.

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Not all ASEAN countries have taken sufficient measures to prepare for the adoption of the Madrid Protocol. Laos, for example, faces a lack of resources, in both manpower and funds.

*- Mouane Simoungkhot, general director and senior consultant,
Lao Interconsult, Vientiane*

Roosseno notes that because Indonesian Trademark Law No. 15 does not regulate the Madrid Protocol, "the government is now preparing and drafting a regulation regarding the Madrid Protocol where the draft is tailored to comply with the Madrid Protocol."

Court Infrastructure

The litigation process is crucial to trademark enforcement. Countries thinking about joining the Madrid Protocol should have

a court system experienced and efficient enough to deal with the increasing volume of litigation.

Jyeshta Mahendran, a partner at Shearn Delamore & Co in Kuala Lumpur, says that the Malaysian IP courts "are seeing more activity in both civil courts and criminal courts, from a few cases last year to about a dozen this year." She expresses confidence in the court's experience and manpower, saying that they are "excellent and deal with cases very swiftly."

In Thailand, says Warncke, the IP court itself runs rather smoothly in the scheduling of hearings and judges appear to be knowledgeable and usually provide sound reasons for their rulings. But "there may be problems with manpower at the level of the Supreme Court because it takes about three years for a decision to be given to an appeal at the Supreme Court."

However, Indonesia seems to be dealing with inexperience and lack of expertise, as Roosseno says that although the commercial court can manage it, judges in the commercial court are regularly rotated. He believes it would be better if the judges in the commercial court would stay for longer periods to gain better expertise in IP.

Similarly in Laos, Simoungkhot expresses his worries, calling the Lao court system's ability to handle IP cases "very weak." The commercial court in charge of trademark matters is a department of general affairs within the court. "Judges are not sufficiently trained or experienced in dealing with an IP suit," he says.

- George Chow

with international filings, Fougere also suggests that applicants alike can opt for countries having faster registration or no examination at all, such as France.

But even if it happens, central attack will not be the end of the world. The issue with central attack is a historical one with the Madrid Agreement Concerning the International Registration of Marks signed in 1891. To tackle the problem along with other issues, a Protocol Relating to the Madrid Agreement was signed in 1989 by all contracting parties except for Algeria, which provides a transformation from international to national filing within three months since the cancellation of the international registration. "Yes, the transformation may cost more money, but it's a solution to the problem. You won't lose your right," says Fougere.

"Trademark owners should wait for the outcome of the central attack and if the central attack is successful, they should apply for transforming the international registration into a series of applications in each designated jurisdiction," says Nawab at ZeusIP.

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New Zealand is a net IP importer, which means that there will be far more incoming Madrid applications than outgoing Madrid applications.

- Earl Gray, partner,
Simpson Grierson, Auckland

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Sushant Singh also says that although transformation is an "expensive and time consuming option of last resort, the resulting application receives the application date of the international registration and enjoys a priority date which is claimed in the international application."

On top of the additional costs incurred, applicants should also be aware that when a designated international application is transformed into a national application, it will be re-examined as a national application in local trademark offices, warns Priyanki Sah.

Christopher Young, a partner at Minter Ellison Rudd Watts in Auckland, also points out that in some jurisdictions, New Zealand included, national trademark registration can still be challenged "for a similar period post registration on many of the same grounds as trademark opposition proceedings."

Specified Challenges

In addition to central attack, experts have also named a few limitations applicants should keep in mind while filing for Madrid. An obvious example is the restraint in the specification of goods. Under the Madrid system, explains Hemant Thadhani, the scope of goods covered in international application should only be the same or narrower than the basic registration, meaning "if a trademark is registered in a given country for a particular set of goods based on which the owner files an international application under the Madrid System, he will not be able to exceed the scope

of goods covered in the basic registration in any designated jurisdiction."

This could be particularly troublesome with countries having unique sets of specification of goods. "Applicants will need to consider whether the same specification can be used in each country they wish to designate, or whether amendments will be required in certain jurisdictions such as the US and China," says Young.

Indian lawyers explain the application in India. Samta Mehra at Remfry & Sagar says that the Indian Registry has issued a circular stating that specifications be limited to the particular goods or services in respect of which an applicant uses its mark in India.

"Therefore the breadth of protection accorded to a trademark by the Indian Registry may be narrower than that offered in other member countries which employ a more lenient view towards specifications, for example Benelux permits registration of marks for class-wide headings," adds Mehra.

Vachanavuttivong says the scope of protection on the specification of goods and services is an important disadvantage for Thai applicants. She says that the Thai trademark office accepts goods and services specifications based on their meanings in the Thai language and that the wordings are usually very specific. As a result, she says, the scope of protection of an international registration can be narrow.

The Madrid system also does not allow any amendments to be made to the representation of the trademark, says Karen Abraham, partner and head of IP at Shearn Delamore & Co in Kuala Lumpur.

She says while the Malaysian laws and regulations allow amendments that do not significantly alter the mark, using the Madrid system, applicants will have to file new applications even with the slightest change to the mark.

Indian applicants will likely find themselves in similar situation. Mehra says the Indian Registry allows non-material changes to a mark, both during prosecution and post registration. "Since Madrid does not allow any amendment, if the owner makes a minor change to the mark later on, it will appear differently with the registration, and this might raise a potential risk of dispute or even lead to cancellation on non-use grounds," she adds.

Further, Shie Ying Liew at Wong Jin Nee & Teo also notes that the Madrid system will not allow series mark applications.

Despite the ease of a single application to cover international trademark protection, one should be reminded that the Madrid system is members only. Earl Gray, a partner at Simpson Grierson in Auckland, points out that an international registration can only be assigned to an entity that has a real and effective place of business, or is a resident, in a country that has acceded to the Madrid Protocol. A number of jurisdictions are not members yet, including Canada, Hong Kong and Taiwan.

This limitation of assignment could also work as potential interference with an otherwise lawful asset sale or acquisition. Further explaining in the context of India, Safir Anand says that "one needs to treat with utmost caution for the assignment process of Madrid marks as one consideration paid for a global assignment with an Indian nomination could be treated as if the

entire consideration amount is taxable in India.”

Other than shared concerns, each contracting party might find local glitches while applying the Madrid system. A particular concern for New Zealand is the potential for “cluttering” of the trademark register, says Gray. “New Zealand is a net IP importer, which means that there will be far more incoming Madrid applications than outgoing Madrid applications.”

Gray tells *Asia IP* that the IPONZ estimated that there would be 7,000 to 9,000 incoming applications during the first year that the Madrid system was in place and only 200 to 400 outgoing applications. “Cluttering of the register may lead to more disputes, particularly at the opposition stage of the registration process, and an increase in non-use revocation actions,” he adds.

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The Thai trademark office so far has been operating entirely in Thai. When Madrid comes in, they will have to communicate with WIPO in English. This is going to be a problem if they don't change.

- Rutorn Nopakun, partner,

Domnern Somgiat & Boonma, Bangkok

In Thailand, the impact of international registration might be a hazard for local applicants. Daniel Greif, head of IP at Siam Premier in Bangkok, explains that this is because once Thailand becomes a party of Madrid, it will be bound to provide protection for those international registered trademarks. “This could lead to difficulties for the local trademark owners to register trademark that are similar or identical to the international registered trademarks and obtain protection within Thailand.”

Counsel or No Counsel?

The simplified administrative process for multi-national trademark registration is the single most important reason that the Madrid system is so popular. Cost is saved not only from various official fees of national filings but also from attorney fees as no counsel is required in designated jurisdictions.

Through the Madrid Protocol, a trademark applicant is only required to file one international registration with WIPO and designate the jurisdictions of interest. All could be done in the home country, says Cheah Chiew Lan at Tay & Partners.

But is that all?

Not really. Cheah says if the application is being queried or objected to in a designating country, a local trademark agent will be appointed to respond to the relevant office actions.

“It is a good idea to have counsel in, for example, New Zealand in order to have a local contact in order to avoid delay in receiving an examination report or other correspondence and then having to appoint a local agent,” says Sue Ironside at Baldwins.

Greif says this is particularly true in Thailand if an objection is raised. “If the application is deemed to be against any Thai

trademark regulations such as lacking distinctiveness or if the mark is too similar or identical to an existing trademark in Thailand, the trademark owner will have to amend or correct such inaccuracy accordingly to Thai regulations. In such cases, it will be best for the trademark owner to use Thai trademark counsel,” he adds.

Also in Thailand, Nopakun points out the language barrier brings about the crucial role of a local agent. “The Thai trademark office so far has been operating entirely in Thai. When Madrid comes in, they will have to communicate with WIPO in English. This is going to be a problem if they don't change.”

“Local agents are not allowed to handle the translation at the moment. This has to change. It is very important to have the information properly translated, especially the specification of goods,” adds Nopakun.

Hemant Singh says that although Madrid streamlines and simplifies the procedural aspect of filing and maintaining the registrations, in any dispute scenario, be it opposition, infringement, passing off, national laws still apply and therefore, all such actions will be executed as per the local laws.

The large backlog in India's trademark registry calls for special solutions with local agents. “The Trademark Registry has acknowledged a backlog of 10 years in the acceptance of marks and oppositions. And Madrid will only work if the backlog is controlled to 18 months.” Safir Anand says there is a good chance that the trademark offices, in order to meet the obligation, will just grant

conditional refusals to all Madrid applications. “This will bring into role of local counsel as foreign applicants cannot directly appear before the trademark offices.

In Malaysia, Abraham says counsel will be needed to respond to objections but it is still not certain that a local agent is mandatorily required. “We wouldn't advise applicants to respond directly with WIPO regarding a Malaysian designation because knowledge of local laws, regulations and practices would be needed.”

In the Philippines, counsel is needed to comply with the declaration of use requirement, says Joseph Sarmiento, a partner at Betita Cabilao Casuela Sarmiento in Manila. “Philippine trademark regulations require trademark owners to submit declarations of actual use within three years from the international registration date as well as within one year from the fifth year anniversary of the registration date. Otherwise, the mark will be removed,” he adds.

Many lawyers also suggest it might be worth to use local counsel even before any objection is raised. “Given the amount of ‘junk’ already in the system, foreign filers using Madrid to file in Indonesia would do well to consider asking local counsel to conduct preliminary searches and registrability opinions first,” says Prudence Jahja, an associate at Januar Jahja & Partners in Jakarta. “This can save applicants tremendous amounts of time and ultimately money by identifying problematic prior registrations or stolen marks before filing.”

Although Madrid only requires a single application, localization is sometime the key to a successful registration. “Local counsel are in the best position to advise on suitability and registrability

of the proposed mark, conduct clearance searches, ensure compliance with the requisite formalities and monitor third party marks based on prevalent law and practice in the jurisdiction," says Grover.

Damian Broadley, a partner at AJ Park in Wellington, tells *Asia IP* that he has seen a number of Madrid filings designating New Zealand that have not been drafted for New Zealand law. "The Madrid system allows you to tailor your goods description for each country, although it can't be broader than the basic registration. It is important to make sure that the application is optimized for each jurisdiction," he says.

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Local counsel are in the best position to advise on the proposed mark, conduct clearance searches, ensure compliance with the requisite formalities and monitor third party marks based on prevalent law and practice in the jurisdiction.

- Vikram Grover, principal,
Grover Law, Delhi

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"There is no point, for example, basing a New Zealand application on a US registration with a very narrow description of goods. So some initial advice from a local attorney might be worthwhile," he says. Broadley also says that this is especially true in places like China where "goods description might look quite different to other countries to take into account the Chinese sub-classes and authorized goods descriptions."

For applicants in Thailand, Vachanavuttivong says it is advisable to consult Thai IP lawyers because without substantial experience in registering trademarks in Thailand, it is quite difficult to accurately determine the availability and registrability of the mark.

The Madrid Kind

While the application on the ground for Madrid might differ from jurisdiction to jurisdiction, practitioners around the region seem to agree that a suitable filing for Madrid needs to be based on strong home registration that is less likely to be attacked. Shie Ying Liew in Kuala Lumpur says trademarks consisting of invented words and with no presence of prior marks are the most suitable for the Madrid system.

"It is really a question of cost," says Abraham, as it may not be as cost-effective to use if filings are only for a few countries. Kane agrees that it only makes sense to file through Madrid when international registration is sought in larger number of countries that are members of the treaty.

Gray at Simpson & Grierson also notes that one has to consider the ownership structure of a group's trademark portfolio to decide whether to go with Madrid. "If all trademarks are owned by the

same entity worldwide, the Madrid system may be suitable. But where an international business has various local subsidiaries that own the trademarks, individual filings are likely to be more suitable," he adds.

On top of business and legal strategies, Mehra at Remfry & Sagar says marks which are of vital importance to the applicant, such as a house mark or company logo, should preferably be filed separately at the national trademark offices so that potential hindrances, including amendment, assignment or licensing, can be obviated.

For applications not suitable for the Madrid system, as Broadley puts it, there is always the good old-fashioned, locally-filed application. Currently, there is no real alternative for applicants seeking worldwide trademark protection. The Office of Harmonization of Internal Market provides the platform of the Community Trade Mark for 27 countries within the European Union and the African Regional Intellectual Property Organization offers a similar programme to 18 countries in Africa, but neither programme provides a filing system on a global scale.

Divided Impact

As part of an international treaty, many practitioners believe joining Madrid will somewhat help trademark enforcement in the country. Jyeshta Mahendran, a partner at Shearn Delamore in Kuala Lumpur, says that in Malaysia, Madrid filings would be examined quicker compared to national filings in order to

abide by the strict timelines, "which will make it easier to enforce rights in trademark infringement." Fougere says he expects quicker examination in Thailand as well.

Grover also points out that a trademark under the Madrid system may raise a presumption in favour of the owner of having international presence and rights in other jurisdictions. Fougere agrees. "An international registration system will possibly help with trademark registrability issues currently arising in Thailand such as registration of well-known marks and evidence of distinctive character of a mark which would have been accepted in foreign countries."

"Right now the courts and registry might say they are not bound by anything which happens outside Thailand. But when they are part of the international system with common laws and procedure applying, I hope that Thailand will learn from this international experience," says Fougere.

An overall increase of filings is expected by practitioners from all the jurisdictions recently joined or about to join the Madrid system. Local businesses in Asia's emerging markets will be the biggest beneficiaries of the accession.

"The implementation of Madrid in Thailand will result in a greater number of trademark applications in Thailand, especially by SMEs. This will be a positive development for trademarks in Thailand and assist commerce for the benefit of Thai society," says Greif.

Thadhani also says that the cost advantage offered by the Madrid System may encourage SMEs to consider India as an option for designation and ultimately get their trademarks enforced more easily in case of infringement.

In the Philippines, accession to Madrid might also help alleviate trademark squatting, says Editha Hechanova, a veteran IP practitioner at Hechanova & Co in Manila. "Joining Madrid could encourage overseas trademark owners to designate the Philippines, because it would be less costly for them, compared to filing directly."

Mahendran at Shearn Delamore sees similar trends in Malaysia. "One-step filing procedure and designation of countries will result in a higher probability of foreign owners wanting to register their marks in Malaysia. Third parties would therefore be more cautious in their actions in adopting trademarks which they do not own," she adds.

Sushant Singh also notes that for designated countries, the examination process will likely take place simultaneously in two or more countries. "This brings promptly to the notice of the registrants the infringers existing on records of the registry. The infringer would in most cases falter to copy the trademark of a genuine proprietor. This will also help to reduce piracy to a great extent," he adds.

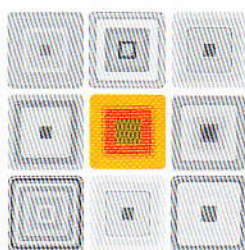
However, many lawyers are not as convinced that trademark infringement cases will be reduced by introducing an international filing system. Broadley says that in theory, having Madrid might make it easier for a trademark owner to register marks, but he has not seen any significant increase in number of trademark applications being filed in New Zealand since Madrid came into force.

Gray says that in New Zealand, Madrid might actually increase the incidence of trademark infringements and infringement proceedings. "This is because," he explains, "as the trademark register becomes more cluttered with trademark registrations, so too will the risk that infringements will occur. Multinationals that have obtained a trademark in New Zealand may also take an aggressive approach to enforcing their rights."

Many Indian lawyers are also skeptical about the impact on infringement cases. Priyanka Sah says foreign trademark owners do not have to register their marks in India to enjoy the protection. "Courts in India have been granting very effective orders even at the interim stage where there is a clear case of trademark infringement or passing off. Trans-border reputation is well-recognized by courts for unregistered marks."

"Madrid is a filing system that might weaken geographical boundaries for the purpose of registration trademarks, but it doesn't control the use of a mark," says Madan. "At the most, Indian infringers may think twice and conduct a search on the Madrid database for ascertaining the mark's position before using it."

In Indonesia, Prudence Jahja expects hardly any decrease in trademark squatting after the introduction of Madrid. "Trademark squatting has developed into something of a cottage industry in Indonesia over the years. Although the increased foreign filings might make it harder for squatters, joining Madrid will unlikely make actual difference on this situation," she says. **AIP**



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