

Working Group on the Legal Development of the Madrid System for the International Registration of Marks

Twenty-Second Session
Geneva, October 7 to 11, 2024

PROPOSAL BY THE DELEGATION OF CHINA

Document prepared by the Secretariat

1. In a communication dated June 3, 2024, the International Bureau received a proposal from the Delegation of China concerning dependency for consideration by the Working Group on the Legal Development of the Madrid System for the International Registration of Marks, at its twenty-second session to be held in Geneva from October 7 to 11, 2024.
2. The said proposal is annexed to this document.

[Annex follows]

ANNEX: PROPOSAL BY THE DELEGATION OF CHINA

(Received by the International Bureau on June 3, 2024 – Original version: Chinese)

Proposal to limit and narrow the grounds for applying dependency

Brief introduction:

To give better play to the positive role of dependency and reduce the negative impact of dependency on the Madrid System, it is proposed that the grounds for applying dependency be limited and narrowed.

I. Background

Article 6 of the Madrid Protocol (“the Protocol”) establishes the principle of dependency for the international registration of trademarks, whereby the protection of the international registration is dependent on the effect of the basic application or registration for a period of five years from the date of international registration.

In cases where the trademarks of right holders are squatted by others who consequently obtain protection in multiple Contracting Parties through the Madrid System, the existence of the dependency principle enables right holders to file requests for opposition, revocation or invalidation with the competent offices of the basic marks, thereby solving the problem of trademark squatting with a one stop “central attack”, and significantly reducing the cost of safeguarding their rights.

However, the existing dependency principle merely associates the effect of international protection to that of the basic mark, without considering the specific grounds for terminating the effect of the basic mark. This overly broadens the scope of central attack, adversely affects the certainty and fairness of international protection, and has become one of the important factors that many users are reluctant to choose the Madrid System.

Therefore, it is necessary to adapt the dependency principle to reduce its negative impact and enhance the competitiveness and friendliness of the Madrid System.

II. Content of Proposal

To give better play to the positive role of dependency and reduce the negative impact of dependency and of the overly broad scope of central attack, it is proposed that the grounds for applying dependency be limited and narrowed. The present proposal sets out the following options for limiting and narrowing the grounds for applying dependency for the Contracting Parties to choose from:

1. Dependency shall not apply in case of revocation of the basic mark due to non-use in the country of origin.
2. Dependency shall not apply in case of relative grounds for refusal of registration.
3. Dependency shall not apply in either of the aforementioned scenarios.
4. Dependency shall apply to specific grounds that involves only the public interest.

III. Benefits of limiting and narrowing the grounds for applying dependency

(i) Reducing the complexity of the Madrid System and the management cost for the registration holders.

In response to the disadvantages of the current principle of dependency, the Protocol establishes a procedure for transforming international registrations into domestic ones. But such practice increases not only the complexity of the Madrid System, but also the costs and burden for the holders to use the Madrid System. Limiting and narrowing the grounds for applying dependency will reduce the frequency and number of central attacks, and the transformation from international registrations into domestic ones will decrease accordingly.

(ii) Refraining from applying dependency in case of revocation of the basic mark due to non-use in the country of origin aligns with the current trends of international trade, and attracts more users for the Madrid System

With the booming of international trade and the rapid development of cross-border e-commerce industry, enterprises are increasingly engaging in investment and trade activities, and are seeking for trademark protection overseas. As a specialized mechanism for coordinating the international registration and protection of trademarks, the Madrid System is supposed to be an enabling tool for those users. However, in reality, the trademarks used by enterprises in overseas markets may not be suitable for use in their countries of origin due to differences in language, culture and customs. Owing to the existing dependency principle, once the basic marks are cancelled in the country of origin due to non-use for a consecutive period of three years or five years, the same marks actually used by holders in the overseas markets are at the risk of not being able to obtain protection. In order to avoid the risk, some users of the Madrid System have to symbolically use the basic mark in the country of origin to maintain its registration, but this will also increase the corresponding management costs. Some other enterprises are therefore compelled to abandon the Madrid System and instead seek overseas protection for trademarks by filing applications directly with other national offices. Contracting Parties may choose to exclude this situation from the application of the dependency and central attack, thereby enhancing the willingness of multinational corporations and foreign trade enterprises to opt for the Madrid System, so that they can enjoy the convenience brought by the Madrid System while reducing the risks and costs.

(iii) The exclusion of relative grounds for refusal of registration from central attack is conducive to enhancing the fairness and certainty of the Madrid System and promoting a balance between the effect of international and domestic protection.

The relative grounds for refusal of trademark registrations address primarily the conflict between the trademark registration and the prior application or registration of others as well as other prior rights. The basic marks may be refused, cancelled or invalidated due to such conflicting rights in the country of origin, but it is likely that the same conflicting rights do not exist in other Contracting Parties that have granted territorial extension of protection. Thus the consequential loss of the effect of the international protection is unfair to the holder, since the mark in question may not violate the law of the designated state. Such a situation leads to an imbalance between the protection of international and domestic registrations, and also increases the uncertainty as to the effect of protection of international registrations, since some potential conflicts of rights need to be detected by third party objection and evidence. This uncertainty resulting from dependency implicates all marks that have been granted protection in the designated states as well. Contracting Parties may choose to exclude relative grounds for refusal of registration from the application of the dependency to avoid this situation and enhance the fairness and certainty of the Madrid System.

(iv) Applying dependency to specific grounds that involves only the public interest to give better play to the positive role of central attack.

In addition to being able to choose which grounds for non-application of dependency, Contracting Parties may also choose to apply dependency to specific grounds involving only the public interest. For example, the basic mark violates the provisions of forbidden use in the law of the country of origin, or is contrary to public order and morals, or the registration has been obtained through dishonest means such as deception. These circumstances are often detrimental to the public interest of the Contracting States and are prohibited by the laws of the Contracting States. Therefore, the office of origin shall be allowed to apply dependency to prevent such trademarks from obtaining protection through the Madrid route. In doing so, the majority of unjustified circumstances can be excluded from the application of dependency and central attack. In the meantime, the principle of dependency can better play its positive role to safeguard the public interest of the Contracting States and the legitimacy of international registrations.

[End of Annex and of document]