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**WORKING GROUP ON THE MODIFICATION OF THE COMMON
REGULATIONS UNDER THE MADRID AGREEMENT
CONCERNING THE INTERNATIONAL REGISTRATION OF
MARKS AND THE PROTOCOL RELATING TO THAT
AGREEMENT**

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REFUSAL OF PROTECTION IN THE FRAMEWORK
OF THE MADRID SYSTEM

Document prepared by the International Bureau

Introduction

1. One of the main features of the Madrid system for the international registration of marks lies in the possibility for the Office of each designated Contracting Party to refuse protection, in its territory, to a mark which is the subject of an international registration if the mark in question does not fulfil the substantive conditions of protection provided for by its national (or regional) legislation. The principles concerning refusal of protection are laid down in Article 5 of the Madrid Agreement and of the Madrid Protocol.

2. Many different systems for examination and refusal exist among the countries of the Madrid Union. They may be broadly categorized as:

(a) *ex officio* examination only;

(b) *ex officio* examination plus opposition by third parties, the examination and the opposition period running concurrently;

(c) *ex officio* examination plus opposition by third parties, the examination and the opposition period running consecutively, that is, the opposition period starts only after the examination stage has been completed and any *ex officio* refusal has been finally disposed of¹.

3. The implementing provisions concerning the notification of refusals and final decisions subsequent to refusals are set out in Rules 16 to 18 of the Common Regulations. These provisions are much more detailed than the corresponding provisions of the Regulations under the Madrid Agreement which existed before the Common Regulations came into force on April 1, 1996. This is because the Common Regulations were drafted with a view to accommodating the variety of systems operated by countries already or about to become party to the Protocol, as described in paragraph 2, and ensuring that the information which is recorded in the International Register and published in the Gazette is such as to enable third parties to determine what is the state of the protection of a mark in a given Contracting Party. Unfortunately however, while the aim of the system established by these provisions was completeness and transparency, that system is perhaps too complex. It has been noted that these provisions are often misunderstood or interpreted in different ways by the national Offices. This is of particular concern in view of the fact that, for the year 1999, the International Bureau received, every month, an average of approximately 6,000 notifications of refusal and decisions subsequent to refusal.

4. The present document attempts to identify those areas which most frequently give rise to difficulties in the context of refusals of protection and gives, where appropriate, an overview of possible solutions. At this stage however, no specific proposals are made for amending the Common Regulations since it would first appear necessary that the Working Group pronounce on the matters set out below. Following discussions within the Working Group and the emergence of principles or approaches, proposals for amendments may be submitted to the Working Group at its second session.

¹ In some countries, the opposition stage may take place after protection has been granted; in this connection, see paragraph 43.

Terminology

5. Within the framework of the Madrid system, the terms “refusal” and “refusal based on an opposition” convey a meaning somewhat different from that which they usually carry at national level. This very often generates problems of interpretation as well as of practice. It seems therefore useful to recall how these terms should be understood within the meaning of the Madrid system.

6. In its natural meaning, the term “refusal of protection” suggests a definitive decision, and this is the meaning of the term in most national trademark systems. In contrast, under the Madrid system, what the Offices of the designated Contracting Parties are required to do within the applicable refusal period (12 or 18 months, as the case may be) is simply to indicate the grounds which may lead to a denial of protection for the mark concerned. In other words, the term “refusal” should be interpreted as referring to a statement of objections or a provisional decision of refusal, or what is sometimes referred to in the national procedure as an examiner’s report or a first office action. The provisional nature of a refusal in the framework of the Madrid system is not however apparent from the definition of “refusal” in Rule 1(xix), which refers to a notification that protection cannot be granted² in the Contracting Party concerned.

7. There is on the other hand no time limit imposed by the Madrid system for completing the procedure and notifying a final decision concerning the grant of protection³.

8. At the national level, to say that a mark has been the subject of a refusal based on an opposition suggests that the opposition has been successful. Under the Madrid system, however, when an Office notifies a “refusal based on an opposition”, that Office is simply stating that an opposition has been lodged by a third party against the international registration concerned; the fact that such a refusal is notified to the International Bureau does not mean that the Office has taken even a preliminary view as to whether the opposition is well founded or not. As with *ex officio* refusals, there is no deadline imposed by the Madrid system to reach a final decision on the opposition.

9. This interpretation is not immediately apparent from a reading of the provisions concerning refusals and, as a consequence, users and third parties are often confused. These latter may be led to believe, in the case of a refusal based on an opposition, that the Office concerned has already taken a position regarding the said opposition by issuing a “refusal”.

² These words derive from Article 5(1) of the Agreement and of the Protocol.

³ It is interesting to note that the terms “provisional or final decision of refusal” and “provisional or final refusal” are used in Article 5(5) of the Agreement and Article 5(5) of the Protocol respectively. They do not however appear in any other provision of the Agreement or Protocol or the present text of the Common Regulations.

10. The discrepancy between the wording used within the framework of the international registration system and the terminology used at national or regional levels is not only bound to cause confusion, but also appears unnecessary. In order to eliminate this discrepancy, as well as to ensure that the recording and publication of information concerning refusals is as simple and transparent as possible, a possible solution could consist in:

- replacing the present definition of “refusal” in Rule 1(xix) by a definition of “provisional refusal” whose wording makes clear that it relates to the notification by an Office of the grounds of refusal found by that Office and may take the form of, for example, an examination report or a first official action;

- including also in Rule 1 a definition of “opposition” which makes clear that it corresponds to the “refusal based on an opposition” that is referred to in Article 5(2)(c) of the Protocol and that it relates to the mere notification by an Office that a third party has filed an opposition;

- using the terms “provisional refusal” and “opposition”, as so defined, in the text of Rules 16 to 18;

- recording and publishing these events under the respective headings “provisional refusals” and “oppositions”; since they are of a completely different nature one from another, proceeding in this way would give a clearer indication to third parties as to the true state of affairs concerning the mark.

Facts and Decisions Subsequent to the Notification of Refusal

11. In accordance with Rule 17(4)(b)(i), where a request for review or an appeal has been lodged against a refusal, or where the applicable time limit has expired without a request for review or an appeal having been lodged, the Office that has issued the refusal should inform the International Bureau of these facts. These communications, whose format and content are agreed upon between the International Bureau and the Office, are effected under the codes “RAL” (Review or Appeal Lodged) and “TLE” (Time Limit Expired) and simply indicate the numbers of the international registrations concerned.

12. It has been noted that a number of Contracting Parties (approximately two-third out of the 66 members of the Madrid Union) do not communicate this information (Rule 17 does not provide any consequence in case of non-compliance).

13. Moreover, even when these communications are sent, it appears that they have different meanings and implications according to the Contracting Parties concerned. In particular, as far as “TLE” communications are concerned, it should be pointed out that:

- (a) in some Contracting Parties, the sending of the information “TLE” replaces the sending of the final decision; this is accounted for by the fact that, in those Contracting Parties, whenever the time limit has expired without a review or an appeal being lodged, the initial refusal is not reviewed by the Office concerned; the refusal automatically becomes final without any formal decision being issued, and no further review or appeal may be lodged by the holder (either before the Office or before another administrative or judicial body);

(b) in other Contracting Parties, the sending of the information “TLE” is always followed by a final decision; this results from the fact that, although the time limit has expired without a request for review or an appeal having been lodged, the initial refusal is nevertheless automatically reviewed *ex officio* by the Office concerned and a formal decision issued, which may in some cases reverse the initial refusal. Moreover, irrespective of the fact that no review has been requested within the time limit and that the Office concerned has confirmed the initial refusal, it may still be possible to lodge a request for review or an appeal (not before the Office, but before another authority such as, for example, a court);

(c) finally, in other Contracting Parties, the sending of the information “TLE” is followed by a final decision on the refusal only where such decision, following an *ex officio* re-examination carried out by the Office or a further review or appeal lodged before a different body, reverses totally or partially the initial refusal.

14. This situation generates uncertainty for users and third parties who cannot ascertain the scope of the “TLE” information or know whether it will be followed or not by a final decision. Moreover it should be noted that the International Bureau is required to notify the holder only of final decisions, and not of “TLE” information. Furthermore, problems concerning the possibility to file a subsequent designation with respect to the Contracting Party that issued the refusal, as mentioned in paragraph 32, below, might also arise in this case.

15. To the extent that the system of information set up by Rule 17(4)(b)(i) creates more confusion than legal certainty for users, one could contemplate to end that procedure. As a result, Offices would only be required to notify the initial (provisional) refusal or opposition, and the corresponding final decision, without any need to send intermediate information. For those Contracting Parties whose system is referred to in paragraph 13, items (a) or (c) above, the final decision could take the form of a notification which simply and formally states that the initial refusal has become final as a consequence of the expiry of the time limit allowed for requesting review or appeal or as a result of *ex officio* re-examination of the refusal. (See also the remarks in paragraphs 29 and 30 concerning the communication of final decisions.)

Requirements for the Sending of Refusals Based on Opposition After the Expiry of the 18-Month Time Limit

16. In accordance with Article 5(2)(c) of the Protocol, the possibility of notifying a refusal of protection based on an opposition after the expiry of the 18-month time limit⁴ implies that:

(i) before the expiry of such a term, the Office concerned has informed the International Bureau of the possibility that oppositions with respect to a given international registration may be filed after the expiry of the 18-month period, and

⁴ This possibility is allowed only for those Contracting Parties that have made the declaration referred to in Article 5(2)(c) of the Protocol, namely: China, Denmark, Estonia, Finland, Italy, Kenya, Lithuania, Norway, Sweden and the United Kingdom.

(ii) the notification of refusal based on an opposition is made within a time limit of no more than seven months from the date on which the opposition period begins; if the opposition period expires before that time limit of seven months, the notification must be made within one month from the expiry of the opposition period.

17. In order for the International Bureau to be in a position to apply this provision, Rule 16 states that the Office must indicate in the communication under (i) the dates on which the opposition period begins and ends, if these dates are then known. Should this not be the case, these dates must be communicated to the International Bureau as soon as they become known.

18. Irregularities arise from a wrong understanding or implementation of this Rule, with the possible consequences that the corresponding notifications of refusal are not regarded as such (and therefore not recorded in the International Register) or are found to be irregular. By way of example, sometimes the information referred to in paragraph 16, item (i) above is received by the International Bureau after the expiry of the 18-month time limit. In other cases, the dates of the opposition period are indicated by reference to a specific event (such as, for example, the date of publication in the national Gazette) without providing the actual dates.

19. Moreover, some Offices have failed to take account of the fact that Article 5(2)(c)(i) and Rule 16(1) require them to identify individually those international registrations which are liable to be the subject of opposition after the expiry of the 18 month period and have instead proposed to inform the International Bureau that late oppositions may be filed in respect of *all* international registrations designating them. Such information however amounts to no more than a restatement of the fact that the Contracting Party concerned has made the declaration provided for in Article 5(2)(c) and cannot be regarded as sufficient for the purposes of Article 5(2)(c)(i) and Rule 16(1).

20. Rule 16 could be redrafted in order to set out with more clarity the procedure which must be followed by Offices.

Multiple Refusals

21. The following paragraphs are prompted by the difficulties encountered by the International Bureau and by the Office of a designated Contracting Party with regard to the notification and recording of six oppositions, each relating to a different part of the list of goods and services, filed in respect of a single international registration. While this may be an extreme case, instances of more than one opposition, or an *ex officio* refusal plus an opposition, are not uncommon⁵.

⁵ Multiple oppositions might be expected to increase when the European Community becomes party to the Madrid Protocol, since it is inherent in the Community trademark system that a mark is susceptible to opposition on the basis of marks registered in the respective Member States.

22. Under a system of *ex officio* examination without opposition, there will normally be a single notification of refusal, issued by the Office. Where there is both *ex officio* examination and a possibility of opposition, there may be two or (in the event of several oppositions) more refusals in respect of a given international registration. In that case, several questions arise with regard to the implementation of Rule 17.

23. In the case where the *ex officio* examination and the opposition period are concurrent, these questions may be expressed thus:

- should these refusals be consolidated into a single notification of refusal?
- if not, should these refusals be sent all at the same time or as and when they arise?
- should these refusals be the subject of separate final decisions or a single consolidated final decision?

At present, these questions are settled by each Office concerned, in accordance with its own legislation or practice, and the International Bureau records and publishes the notifications as and when they are received. The resulting disparities make it difficult for third parties to interpret the International Register.

24. In the case where the *ex officio* examination and the opposition period are consecutive, it is axiomatic that a refusal based on an opposition will be sent later than any *ex officio* refusal. The first two of the above questions therefore arise only where the examination and opposition stages are concurrent or in the case of multiple oppositions. The third question however remains pertinent in all cases where a refusal is issued as a result of the *ex officio* examination, since it is necessary to decide whether the final decision in respect of this refusal should be notified when it is made or whether the Office should wait to see whether in fact any oppositions are filed.

25. With regard to the first question, it is to be noted that the requirements for the notification of a refusal not based on an opposition and of a refusal based on an opposition are different and are dealt with in different provisions, namely paragraphs (2) and (3) of Rule 17. Moreover, in the case of a refusal based on an opposition, the notification must contain, *inter alia*, the name and address of the opponent and an indication of the goods and services affected (or not affected) by the refusal. In some cases, it may be a relatively straightforward matter to consolidate several refusals into a single notification. In more complicated cases, a separate notification for each opposition may be more appropriate; the problems of indicating in a single notification that, for example, opponent A is opposing in respect of classes 1 and 2, opponent B in respect of class 3 and part of class 4 and opponent C in respect of a different part of class 4 and also part of class 1, may be such that sending separate notifications is the only practical course. These oppositions would then be recorded as separate events in the International Register; since this reflects what has actually occurred, this would mean that the International Register would correspond more closely with reality and therefore be more transparent.

26. With regard to the second question, if the *ex officio* refusal and the or each opposition is made the subject of a separate notification of refusal, the timing of the sending of the notifications may appear less important. A grouping of all grounds for refusal, including oppositions, in one single communication would however seem more user-friendly in that it would allow the holder of the international registration better to assess his chances of overcoming all grounds and therefore to take a better informed decision as to whether or not to respond to the objections raised by the Office and to the oppositions.

27. The third question may be expressed as follows: where an Office has issued an *ex officio* refusal which has become final or on which a final decision has been pronounced, should the Office notify that fact or that decision to the International Bureau straight away, or should it wait until either the opposition period has ended without any opposition being filed or until any opposition has been finally decided, and only then notify a final decision consolidating the effects of the various separate decisions? Suppose for example that an Office has notified an *ex officio* refusal which has resulted in a final decision of partial acceptance plus three oppositions, one of which has been rapidly settled by agreement, while another has been decided by the Office a year later and the third is the subject of an appeal to a court and which may therefore not be decided for several years. It could be argued that the International Bureau should be notified as soon as each final decision is given (or as soon as a refusal becomes final). Such separate notification of final decisions would require that any final decision identify the notification of refusal to which it relates, for example by specifying whether it was an *ex officio* refusal or an opposition and the date on which it was issued; this would probably necessitate amendment of the Regulations.

28. However, it may be felt that such a procedure would risk making the International Register even more complicated and difficult to interpret, thereby running counter to the aim of greater transparency and simplicity, as well as creating a burden for the Offices and the International Bureau. Moreover a decision in one opposition may render the others nugatory.

29. Although it could be argued that sending separate final decisions in the case where there have been several refusals would provide more information for third parties, a third party who has seen from the International Register that a mark is the subject of an *ex officio* refusal or an opposition in a given Contracting Party and who has a serious interest in the outcome is likely in the first instance to enquire of the Office concerned. A simpler course would be for an Office that has notified an *ex officio* refusal or an opposition to send to the International Bureau a single statement summarizing the state of protection of the mark after all proceedings have been terminated, that is, after any objections raised *ex officio* have been resolved and either the opposition period has expired without any opposition being filed or all oppositions filed have been finally disposed of⁶.

⁶ Relevant to this suggestion is the proposal that the International Bureau is making to the Madrid Union Assembly during the meeting of the Assemblies of Member States of WIPO in September-October 2000. This proposal relates to the possibility for the Office of a designated Contracting Party which has not issued a refusal of protection to issue instead a statement of grant of protection (see document MM/A/32/1).

30. To sum up, what is suggested is that there should be
- where an Office finds *ex officio* that there are grounds for refusing protection, a single notification of provisional refusal;
 - where one or more oppositions are filed by third parties, a separate notification of opposition in respect of each;
 - where a provisional refusal and/or one or more oppositions have been notified, a single statement setting out the final state of the protection of the mark after all the objections and oppositions have been disposed of.

Meaning of “final decision”

31. This raises the question of what is meant by “final decision”. In accordance with Rule 17(4)(b)(ii) of the Common Regulations, the Office that has communicated a refusal has to notify the International Bureau of the final decision on the review or appeal. This decision should specify whether the initial refusal is totally or partially confirmed or reversed. The expression “final decision” is intended to mean a decision which is no longer subject to any review or appeal (whether administrative or judicial). If there is still the possibility of filing a request for review or an appeal, such decision is not final and should not therefore be sent to the International Bureau, since the latter does not have to be informed of intermediate decisions taken between the initial (provisional) refusal and the final decision.

32. The International Bureau frequently receives notifications referred to as “final decisions” even though it is indicated in the notification that a further review or appeal may still be lodged. These decisions are nevertheless recorded in the International Register as final decisions, since the International Bureau is not entitled to question the qualification given by an Office to the decisions transmitted by it. As a result, several decisions referred to as “final” may be recorded in the International Register in respect of the same international registration. This generates not only confusion for users, but also difficulties for the International Bureau since, for example, the possibility to record in the International Register a subsequent designation for a given Contracting Party in relation to which a refusal had been issued depends on whether that refusal is considered to be final or not.

33. The International Bureau has suggested that Offices should send a final decision only after the time limit for filing an appeal to a court or an administrative tribunal has expired. Some Offices have however commented that they are unable to follow this course because the information concerning the filing of such appeals is not always communicated to them. The Working Group is invited to comment on this question.

Publication of Refusals

34. In accordance with Rule 32(1)(a)(iii), the International Bureau publishes in the Gazette all refusals recorded under Rule 17(4), with an indication as to whether there is a possibility of review or appeal, but without the grounds for refusal. Within each section of the relevant

chapter of the Gazette, the refusals are grouped according to the designated Contracting Party whose Office has issued the refusal. For the initial notification of refusal, the publication takes the form of

- in the case of a total refusal, simply the number of the international registration concerned;
- in the case of a partial refusal, the number is supplemented by an indication of the goods and services affected, or not affected, by the refusal; the form of this indication is essentially determined by the Office making the notification; it may simply refer to the classes refused (or not refused) or may mention specific goods or services.

Final decisions with regard to refusals are published in three categories, as follows:

- decisions confirming the refusal of protection;
- decisions reversing totally the refusal of protection;
- other decisions (i.e. those which partially confirm and partially reverse the initial refusal).

In the case of the first two categories, the publication consists of the number of the international registration and an indication of the issue of the Gazette in which the initial refusal was published. For the third category, this information is supplemented by an indication of the goods or services refused or accepted.

35. In order therefore to be able to establish what is the state of protection of a mark in a given Contracting Party following the publication of a final decision, it is usually necessary for the reader to consult the earlier issue of the Gazette in which the initial notification of refusal was published. In the case where the initial refusal was partial and the final decision partially reversed that refusal, it may be necessary to carry out a detailed comparison of the two publications in order to establish the scope of protection of the mark.

36. It is recalled that, under Rule 31(1) of the Regulations under the Madrid Agreement which existed before the Common Regulations came into force on April 1, 1996, the initial notification of refusal was not published in the Gazette; only final refusals and final decisions following refusal were published. The practice of publishing the initial notification of refusal was introduced into the Common Regulations in order to enable third parties to be aware as early as possible that the protection of the mark might ultimately be refused in a given Contracting Party (whether *ex officio* or as a result of an opposition). However, having regard to the remarks in the foregoing paragraph about the need, under the present system of publication, to consult earlier issues of the Gazette in order to determine the state of protection of a mark, the International Bureau suggests that Rule 32(1)(a)(iii) be amended so that the first publication of a refusal will indicate only the number of the international registration concerned, with an indication of whether the refusal is total or partial and, in the latter case, the number(s) of the class or classes of goods or services affected, but without an indication of the actual goods or services affected. This would alert the reader to the fact of a refusal, leaving those interested to request an extract from the International Register (which will include a copy of the notification of refusal) or to enquire with the Office concerned in

order to obtain precise information concerning the scope of the refusal. Details of the goods and services for which protection is refused or is granted would be published only in respect of the final decision. It is recalled that it is suggested in paragraph 29, above, that this final decision should take the form of a statement summarizing the state of protection of the mark after all refusal proceedings have been terminated. As well as making it easier for readers of the Gazette, such a change would greatly reduce the extent of the part of the Gazette which is devoted to refusals, as well as reducing the amount of material that needs to be translated, thereby reducing costs.

Possibility of Requesting Review or Appeal of a Refusal

37. Rule 17(2)(vii) provides that a notification of refusal shall indicate “whether the refusal may be subject to review or appeal and, if so, the time limit, reasonable under the circumstances, for any request for review of, or appeal against, the refusal...”. According to Article 5(3) of the Agreement and Article 5(3) of the Protocol, the holder must have the same remedies as if the mark had been deposited direct with the Office concerned. So far as the International Bureau is aware, in no Contracting Party is the possibility of at least one level of review or appeal excluded. It is accordingly suggested that the words “whether the refusal may be subject to review or appeal and, if so,” be omitted.

38. Although the question of what is meant by “time limit, reasonable under the circumstances” is left to the Contracting Parties, it is to be noted that Rule 5(1) of the Regulations under the Trademark Law Treaty (TLT), which currently binds 26 States, including 19 members of the Madrid Union, requires a Contracting Party to give an applicant whose address is outside the territory of the Contracting Party at least two months to remedy a formal defect in an application. It might be considered therefore that the period allowed to respond to a refusal made on substantive grounds should be at least as long as this.

Correction of Irregular Refusals

39. The Common Regulations are silent as to the way in which irregularities concerning notifications of refusal (which are listed under Rule 18) must be rectified. This gives rise to a variety of ways of remedying irregular refusals. While some Contracting Parties issue a completely new refusal, others simply correct the irregularities raised.

40. Even though both methods are compatible with the Madrid system, it should be stressed that, given in particular that corrections of irregular refusals are notified by the International Bureau to the holder of the international registration concerned, confusion sometimes occurs as to the nature of these communications (i.e. whether they have to be considered as a new refusal or a correction of an earlier refusal).

41. In order to prevent misunderstandings, Rule 18 of the Common Regulations could require that any communication remedying a defective refusal contain a specific indication to that effect.

Invalidation

42. The provisions which concern the invalidation of the effects of an international registration are Article 5(6) of the Agreement and of the Protocol, which provides that the invalidation may not be pronounced without the proprietor having been afforded the opportunity of defending his rights, and Rule 19, which provides for the invalidation of the effects of an international registration to be notified to the International Bureau only after it has become final.

43. It should be understood that the term “invalidation” covers any proceeding, whether administrative or judicial, which results in protection that has been granted being terminated (whether *ex nunc* or *ex tunc*). It may for example result from a finding that requirements in the national law concerning the use of the mark, including requirements to furnish evidence of use or a declaration of intention to use, have not been complied with. Or it may result from a finding, following an action brought by a third party before the Office or before a court or other tribunal, that protection of the mark should not have been granted (this covers also the case of the so-called post-grant opposition).

44. In order to make the position clear, it is suggested that a definition of invalidation might be introduced into Rule 1.

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