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AD HOC WORKING GROUP ON THE LEGAL DEVELOPMENT OF THE MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS

Fourth Session
Geneva, May 30 to June 1, 2007

CONTRIBUTION BY JAPAN

Document prepared by the International Bureau

1. In a communication dated May 8, 2007, the International Bureau received a contribution from Japan on the discussion of the future development of the Madrid system, for consideration by the *ad hoc* Working Group on the Legal Development of the Madrid System for the International Registration of Marks, at its fourth session to be held in Geneva from May 30 to June 1, 2007. Japan has requested that its contribution be translated and circulated as part of the documents for that session.

2. The said contribution is annexed to this document.

3. *The ad hoc Working Group is invited to note the contents of the attached contribution by Japan.*

[Annex follows]

ANNEX



JAPAN PATENT OFFICE

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

Contribution by Japan

On the Discussion of the Future Development of the Madrid System

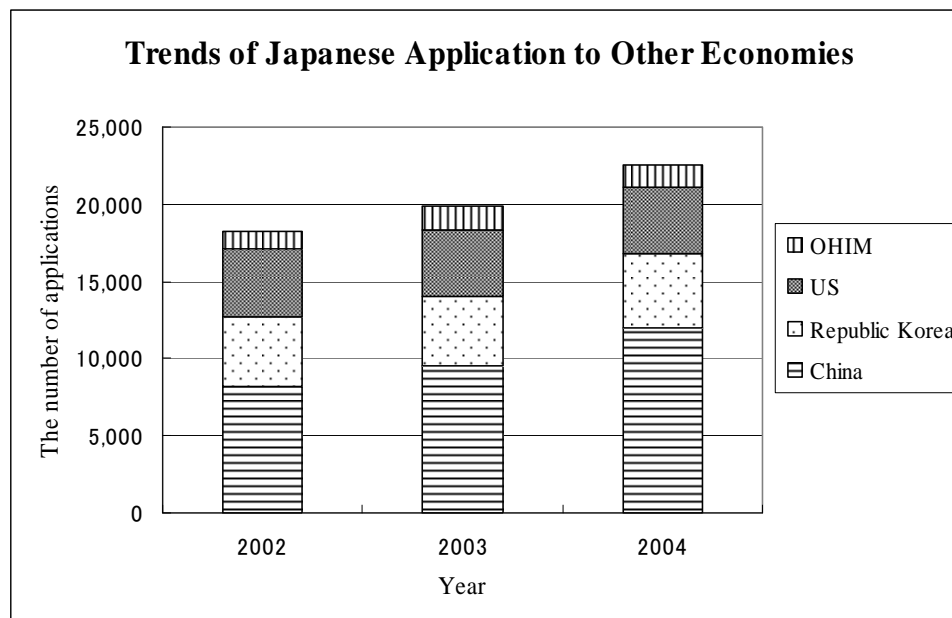
The outline of this document

1. The proposal by Norway at the previous Ad Hoc Working Group on the Legal Development of the Madrid System for the International Registration of Marks has raised the issues associated with the requirement that a mark in an application for international registration shall be exactly the same mark in the basic application or the basic registration (hereinafter referred to as "the requirement"). This paper provides information about the situation of Japan with regard to the international applications to facilitate discussion on how the Madrid System could be improved in the future.
2. The analysis in this paper suggests that flexibility in "the requirement" to address the linguistic diversity can 1) improve the utility of the Madrid system for the current Contracting Parties, and 2) increase the merits to become a Contracting Party for emerging economies with diverse linguistic backgrounds. Needless to say, more Contracting Parties mean more benefits for the existing members.

(1) Japanese applications to other economies are growing sharply

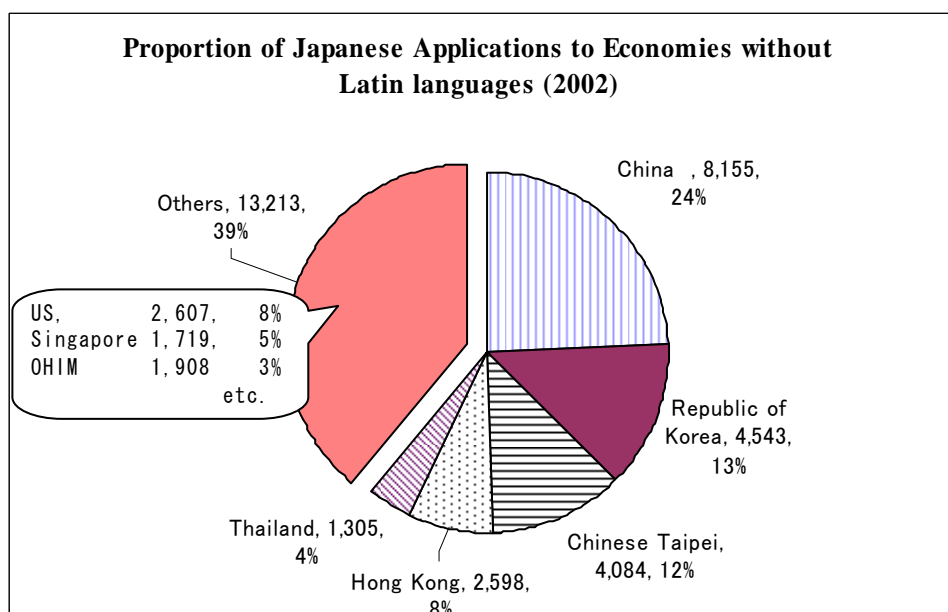
3. The number of Japanese applications to other economies is sharply increasing in the last years. (Please refer to Graph 1-1).¹

Graph 1-1



4. The number of Japanese applications to China, the Republic of Korea, Chinese Taipei, Hong Kong and Thailand accounts for 61% of all Japanese applications to other economies. The five economies are among the top ten economies which receive applications directly from Japan. (Please refer to Graph 1-2).²

Graph 1-2



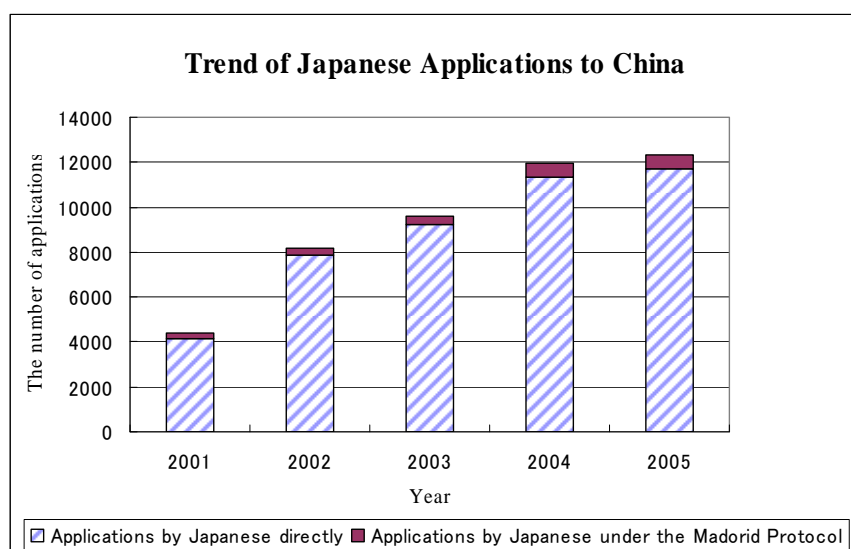
¹ Source: WIPO Statistics and Annual reports of relevant patent offices

² Source: WIPO Statistics and Annual reports of relevant patent offices

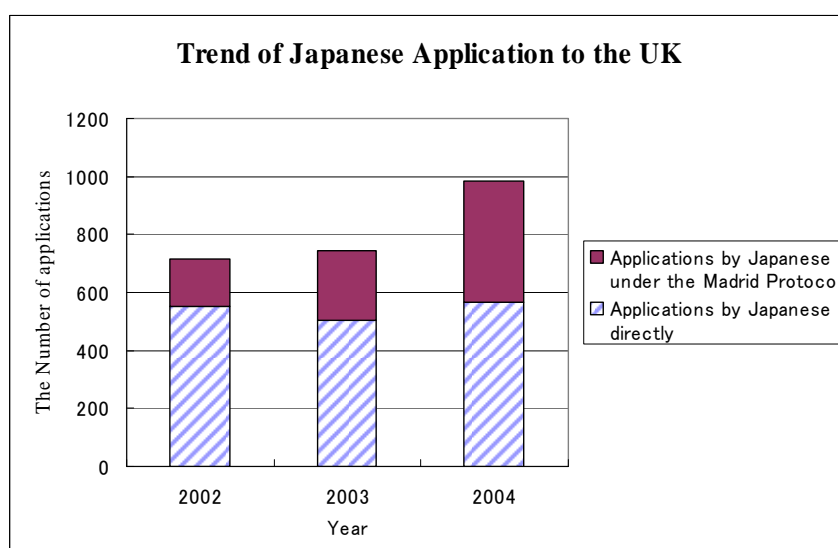
(2) However, the number of applications under the Madrid System remains modest.

5. Although the number of Japanese applications to other economies is growing fast, it is not so for the applications under the Madrid System. The applications from Japan to China under the Madrid System accounted for only 5% of the total number of applications, despite the fact that China is a Contracting Party to the Madrid System. (Graph 2-1). The situation is similar in the applications to the Republic of Korea.
6. Meanwhile, a sharp contrast is seen in the situation of the applications from Japan to the United Kingdom, where the Madrid Protocol applications accounted for 42% of the total number of applications in 2004. (Graph 2-2).³

Graph 2-1



Graph 2-2

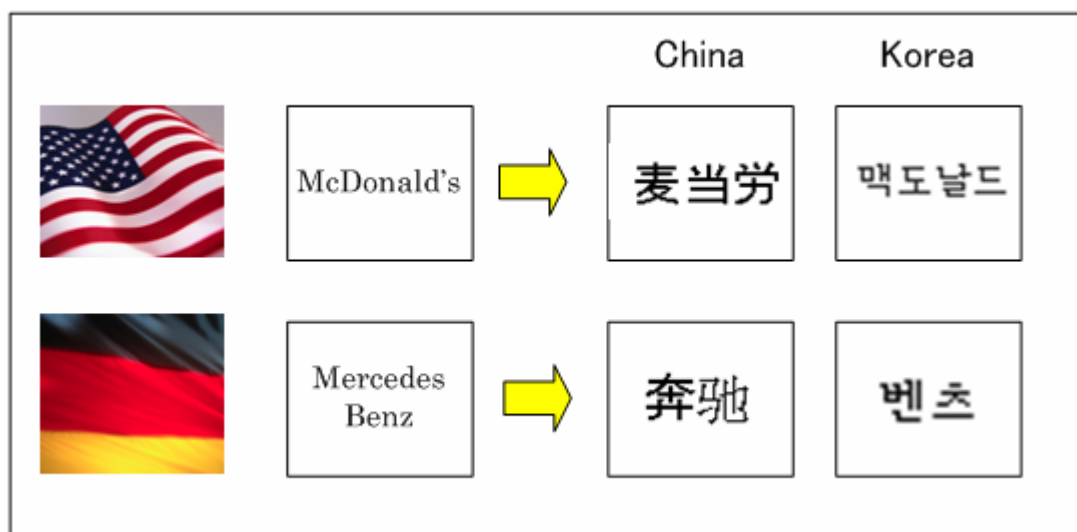


³ Source: WIPO Statistics and Annual reports of relevant patent offices

(3) Companies modify the trademarks to adopt local languages

7. According to an ongoing survey of Japan Patent Office (JPO) about the Madrid System, many Japanese applicants modify the original trademarks to fit to the language of the country they are applying to, for example, using Chinese characters to describe the same meaning or similar sounds of the trademarks when they apply to China.
8. The applicants are unable to modify their trademarks like they do in the aforementioned way under the Madrid System due to “the requirement”. This results in much fewer applications under the Madrid System from Japan to China as compared to the total number of applications.
9. Is “the requirement” a problem only to Japanese companies? Obviously not. A number of companies in the world modify their trademarks to adapt to the international markets by using the language in the markets. A couple of well known examples of a European and an American companies are shown below.

Fig.1

(4) Conclusion

10. The ratio of one-twentieth between the trademark applications under the Madrid System and directly from Japan to China suggests that the constraint of “the requirement” in the System is quite substantial. This also suggests that the flexibility in “the requirement” could significantly increase the utility of the Protocol, bringing about

win-win situations to all the interest parties including the international businesses, existing Contracting Parties, new members, and the International Bureau. It is worth initiating a study on how such flexibility can be installed into the System in the future.

ANNEX

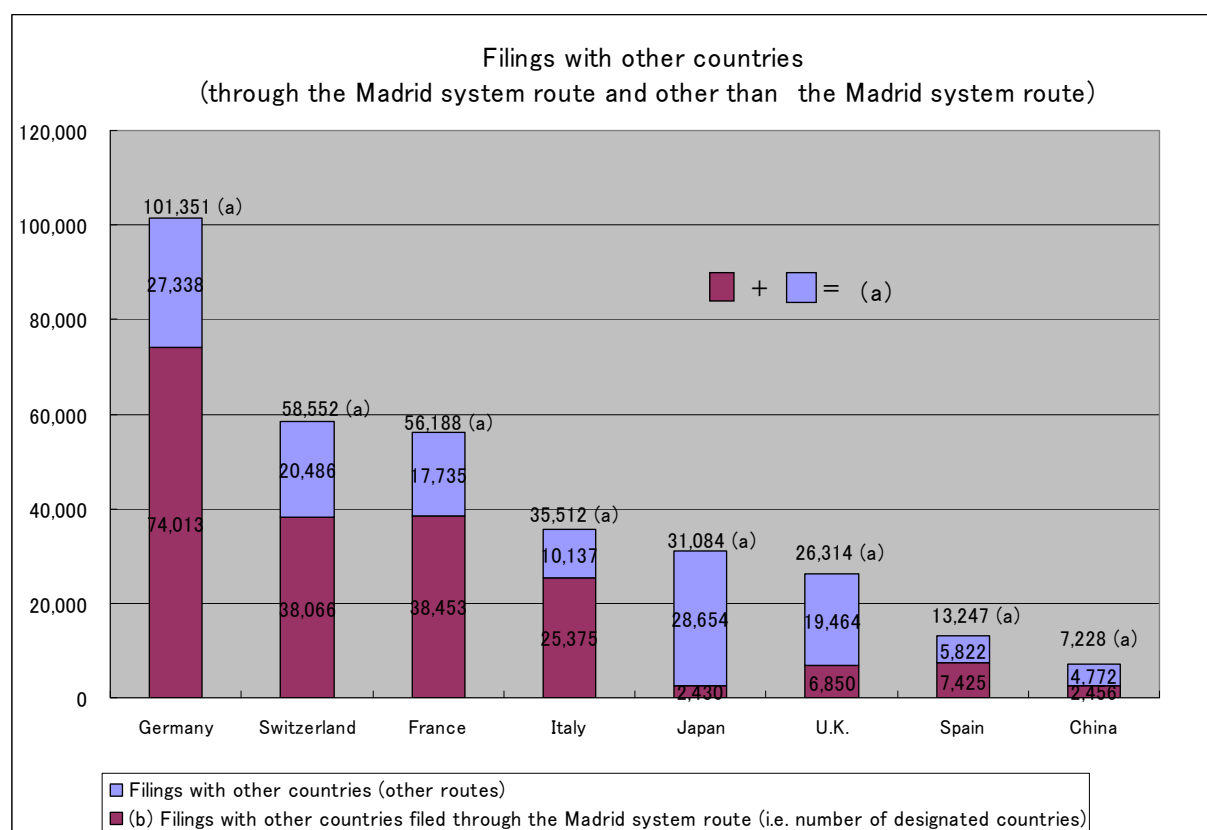
Purpose

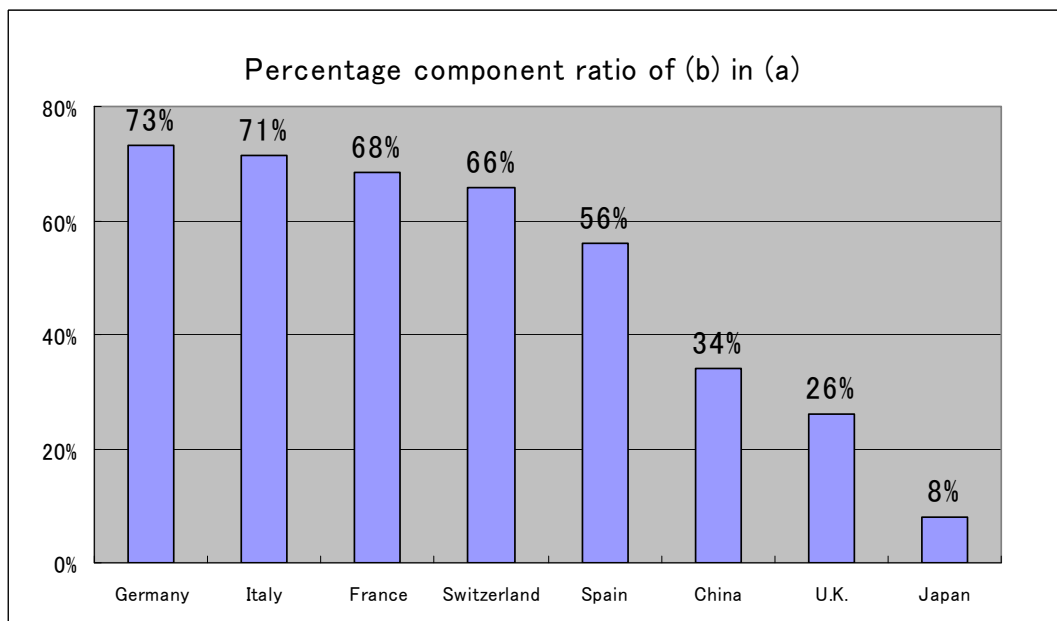
1. At the Third Session of the Ad Hoc Working Group on the Legal Development of the Madrid System for the International Registration of Marks, Japan distributed a document entitled “Contribution by Japan on the Discussion of the Future Development of the Madrid System” and introduced the Japanese survey on the Madrid Protocol as an interim report.
2. After the Third Session, Japan continued to conduct the survey and discussed how to improve the utility of the Madrid system. In this annex, Japan presents some key results of the survey.

Reasons for modest use of the Madrid System by Japanese users

3. The number of Japanese applications filed with the IP offices of other economies through the Madrid System accounted for only 8% of all applications filed with the IP offices of other economies.

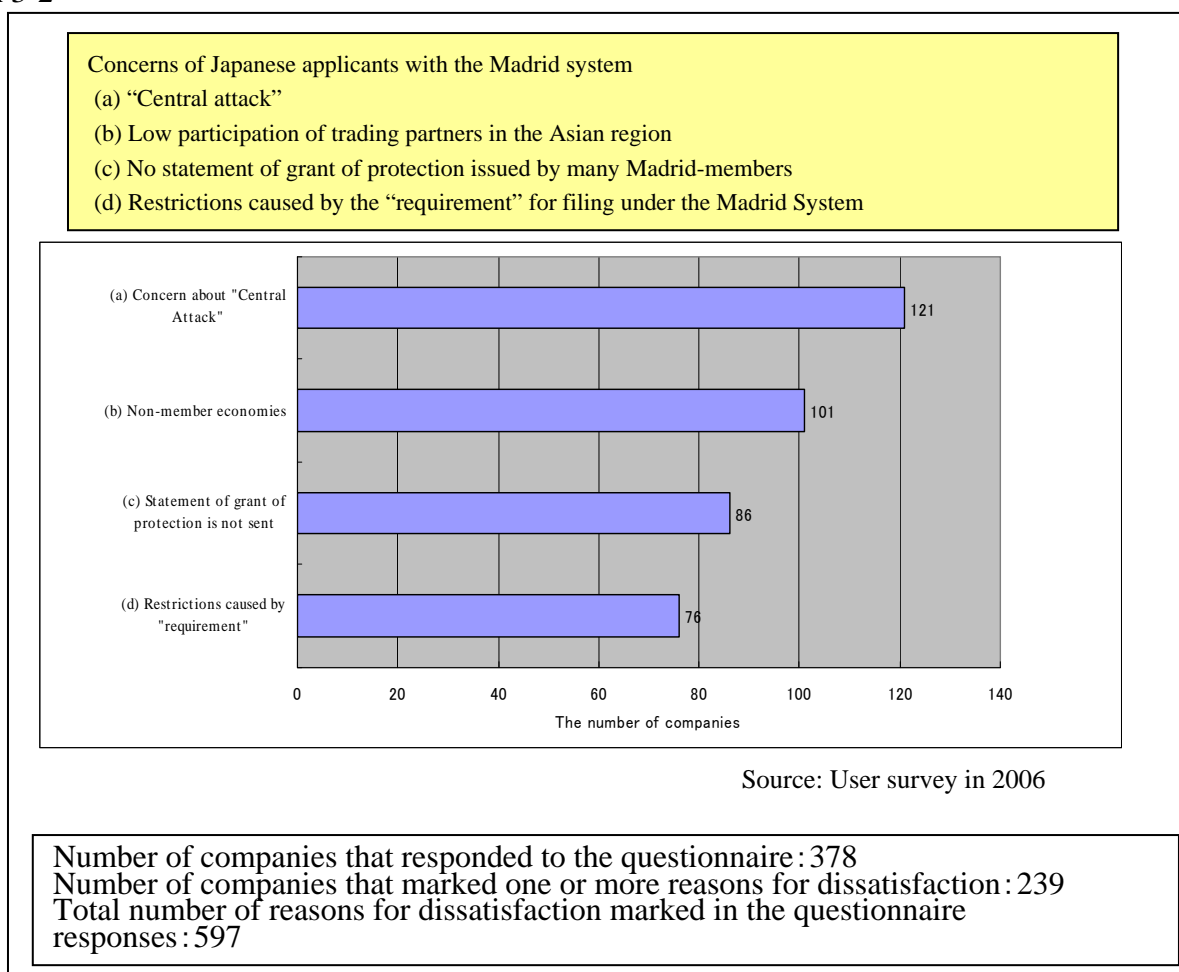
Graph 3-1





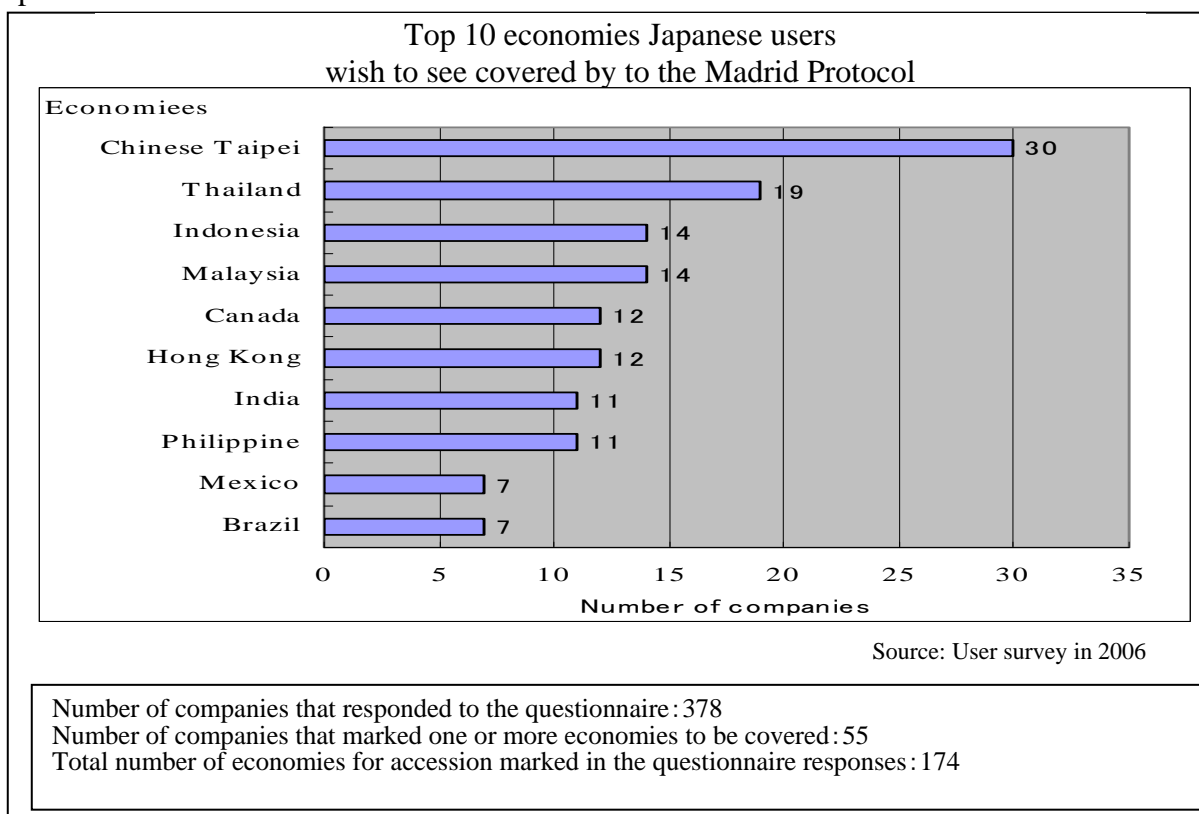
4. A survey conducted by the JPO, revealed that Japanese users were concerned about (a) the “Central Attack”, (b) low participation of trading partner economies in the Asian region, (c) statement of grant of protection not issued in many Madrid-members, and (d) restrictions caused by the basic “requirement” for filing under the Madrid System. This suggests that there is much room to improve the Madrid system.

Graph 3-2



5. As illustrated in Graph 1-2, the number of Japanese applications to China, the Republic of Korea, Chinese Taipei, Hong Kong and Thailand accounted for 61% of the total number of applications filed by Japanese applicants with the IP offices of other economies. Japanese users wish that South-eastern Asian economies, including Chinese Taipei, Thailand, Malaysia, Indonesia, Hong Kong, India and the Philippines, be covered by the Madrid Protocol. Expansion to these economies should create significant merits for not only to Japan but all Contracting Parties.

Graph 3-3



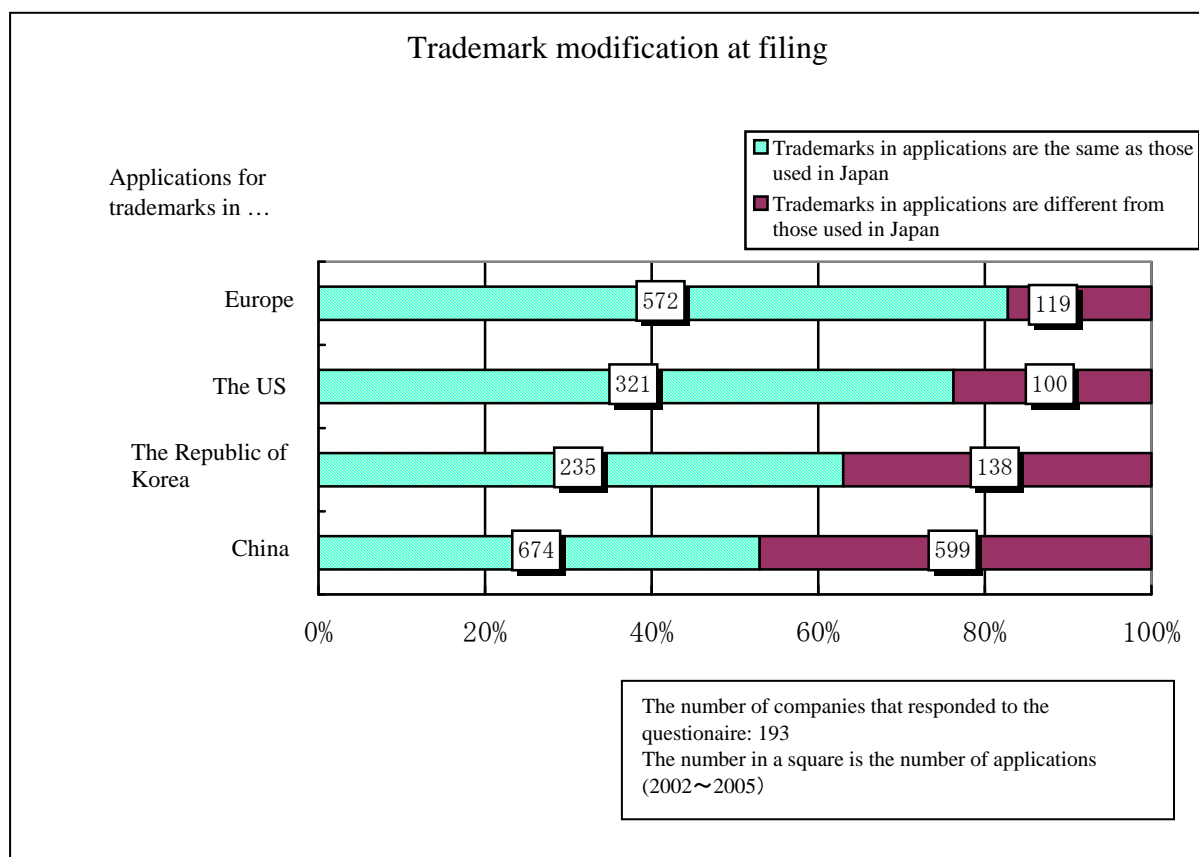
6. Despite the fact that there were many users who were concerned about “Central Attack,” only 4 central attack cases occurred during the period between 2000 and 2005 out of 2,679 international applications. Therefore, it was understood that Japanese users were overly concerned about the risk of the “Central Attack.”
 On the other hand, some Japanese users stated that “Central Attack” could be used in a strategic way to oppose the same or similar trademarks filed by others.

Trademarks modified to fit local languages

7. As illustrated in Graph 2-1, the applications from Japan to China under the Madrid System accounted for only 5% of the total number of applications filed by Japanese with the IP offices of other economies.

8. Trademarks are often modified to fit local languages, for example, replacing the letter part of the marks with those of the local language expressing the same or similar meaning or sound. The number of modified trademarks filed with the IP offices of European economies accounted for less than 20% of all trademark applications filed with the IP offices of these economies. On the other hand, the number of modified trademarks filed with the IP office of China accounted for about 50% of all trademark applications filed with that office.

Graph 4



For the “Future Development of the Madrid System”

9. The three things below are closely related as JPO previously presented.
- (a) Linguistic flexibility
 - (b) Expansion of participation
 - (c) More effective functioning of the “Central Attack”.
10. As discussed here and in the last meeting, linguistic flexibility to allow application of modified trademarks to fit the language of particular members increases the merit of acceding the Protocol. The merit is significant also for the existing members if their applicants plan to do business in economies which use different languages.
11. Linguistic flexibility eliminates the necessity to file a trademark, which the applicant does not use in its country for linguistic reason, as the base for international application. Thus, the applicant can avoid the risk of rejection of the base trademark for the reason of non use.

Conclusion

12. Japan suggests studying the issue of “linguistic flexibility” further in the discussion of the future Protocol. It should be useful to study the reality of the modified trademark in other parties to identify the potential needs for such flexibility. Then, we may want to clarify possible technical and policy issues associated with this issue.

[End of Annex and of document]