

Madrid Experience Sharing Report

Japan's Experience in Joining
and Using the Madrid System

Report

2014

The present publication is the result of a WIPO research report on Japan's experience in acceding to the Madrid system for the international registration of marks.

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1. INTRODUCTION	1
2. TRADEMARK LAW IN JAPAN	1
2.1 PRIOR TO ACCEDING TO THE MADRID SYSTEM.....	1
2.2 THE AGREEMENT OR THE PROTOCOL.....	1
2.3 STRUCTURES LACKING AND NECESSARY CHANGES.....	2
2.4 BENEFITS OF ACCESSION.....	3
3. MAKING THE DECISION TO ACCEDE	3
3.1 REASONING BEHIND ACCESSION.....	3
3.2 DECISIONS TAKEN TO CONFORM JAPANESE TRADEMARK LAW TO THE MADRID PROTOCOL.....	5
3.2.1 SHORTENING THE REFUSAL PERIOD.....	5
3.2.2 CHARGING AN INDIVIDUAL FEE FOR EACH INTERNATIONAL DESIGNATION.....	5
3.2.3 RECORDING OF LICENSES IN THE INTERNATIONAL REGISTER.....	5
3.2.4 CANCELLATION OF AN INTERNATIONAL FILING AND TRANSFORMATION.....	5
3.2.5 FILING AN INTERNATIONAL APPLICATION WITH THE IB THROUGH THE JPO.....	5
3.2.6 THE PUBLICATION OF NEW GAZETTES.....	6
4. OPPOSITION AND OTHER OBSTACLES	6
4.1 OPPOSITION WITHIN THE JAPANESE GOVERNMENT.....	6
4.2 OPPOSITION AMONG TRADEMARK REPRESENTATIVES AND JAPANESE COMPANIES.....	6
4.3 MEASURES TAKEN TO EDUCATE AND CONVINCE THE PUBLIC AND TRADEMARK PROFESSIONALS.....	7
5. GOVERNMENTAL PROCESSES OF IMPLEMENTING THE MADRID PROTOCOL	7
5.1 NECESSARY CHANGES IN JAPAN’S TRADEMARK LEGISLATION.....	8
5.1.1 SHORTENING THE REFUSAL PERIOD.....	8
5.1.2 INTERNATIONAL REGISTRATION THROUGH THE JPO.....	8
5.1.3 INCREASING PROTECTION PRIOR TO REGISTRATION.....	9
5.1.4 DESIGNATION OF JAPAN THROUGH THE PROTOCOL.....	9
5.2 REFORMS REQUIRED FOR HARMONIZATION AND IMPLEMENTATION OF THE NEW LEGISLATION.....	9
5.2.1 CREATION OF NEW SECTIONS WITHIN THE JPO.....	9
5.2.2 MADRID PROTOCOL RELATED TRAINING AND SEMINARS.....	10
5.2.3 LANGUAGE TRAINING.....	10
5.2.4 PUBLICATIONS.....	10
5.2.5 PAPERLESS SYSTEM.....	11
6. CHANGES NECESSARY FOR USERS	11
6.1 ORGANIZATIONAL CHANGES RESULTING FROM PROTOCOL ACCESSION.....	11
6.2 NECESSARY CHANGES AND DIFFICULTIES FACED IN IMPLEMENTATION.....	12
6.3 COST OF CHANGES AND RESULTING EFFECTS.....	13
6.4 LOBBYING THE GOVERNMENT TO JOIN THE PROTOCOL.....	13
6.5 HOW JOBS CHANGED.....	14
6.6 MADRID FEARS: REALIZED OR UNFOUNDED?.....	14
6.6.1 FEAR 1: LOSING JOBS.....	14
6.6.2 FEAR 2: CENTRAL ATTACK.....	16
6.6.2.1 RESEARCH.....	16
6.6.2.2 TRANSLITERATION.....	16
6.6.2.3 TRANSFORMATION.....	17
6.6.2.4 MARKS WITH NO VERBAL ELEMENTS.....	17

6.6.3 FEAR 3: THE PROTOCOL IS TOO DIFFICULT AND COSTLY TO USE	17
7. ADVANTAGES AND DISADVANTAGES	21
7.1 ADVANTAGES FOR THE GOVERNMENT AND JPO	21
7.1.1 REVENUE CREATION.....	21
7.1.2 NO FORMALITY CHECKS	21
7.2 ADVANTAGES FOR COMPANIES, REPRESENTATIVES AND OTHER USERS	22
7.2.1 ONE APPLICATION	22
7.2.2 QUICKER REGISTRATION	22
7.2.3 SUBSEQUENT DESIGNATION	22
7.2.4 COST-EFFECTIVE.....	22
7.2.5 EASIER MANAGEMENT.....	23
7.2.7 TRANSFORMATION.....	23
7.2.8 FACILITATING INVESTMENT	23
7.3 DISADVANTAGES FOR USERS.....	23
7.3.1 LANGUAGE.....	23
7.3.2 LIMITED MEMBERSHIP	24
7.3.4 CENTRAL ATTACK.....	24
7.3.5 MARK AMENDMENT RESTRICTIONS.....	24
7.3.7 POTENTIAL ADDITIONAL COSTS	24
7.3.8 NO CLEAR INTERNATIONAL DEFINITION OF GOODS AND SERVICES.....	25
7.4 DISADVANTAGES FOR THE GOVERNMENT.....	25
7.4.1 INCREASED WORKLOAD	25
7.5 DISADVANTAGES FOR REPRESENTATIVES	25
7.5.1 RISK OF FEWER CLIENTS.....	25
7.5.2 LANGUAGE.....	25
7.5.3 NEW MANAGEMENT SYSTEMS REQUIRED	25
7.6 EXAMPLES OF OVERCOMING DISADVANTAGES	26
7.6.1 THE GOVERNMENT	26
7.6.2 APPLICANTS AND REGISTRATION HOLDERS.....	26
8. RESULTS OF IMPLEMENTATION	26
8.1 SPECIFIC EXAMPLES AMONG EACH GROUP.....	26
8.1.1 THE GOVERNMENT	27
8.1.1.1 INTERNATIONALIZATION OF THE JPO	27
8.1.1.2 DIGITAL IMPLEMENTATION.....	27
8.1.1.2 INCREASED SUPPORT FOR SMES.....	27
8.1.2 APPLICANTS, TRADEMARK HOLDERS, AND REPRESENTATIVES	28
8.1.2.1 NEW MANAGEMENT SYSTEMS ADVANTAGEOUS.....	28
8.1.2.2 CENTRAL ATTACK RESOLVED.....	29
8.1.2.3 NON-JAPANESE BASIC APPLICATION SAVES MONEY AND TIME	29
8.1.2.4 AN INOPPORTUNE CASE FOR A PROTOCOL APPLICATION	29
8.1.2.5 A LONG ROAD TO REGISTRATION	30
9. LESSONS LEARNED	30
9.1 COST-EFFECTIVE FROM AN APPLICATION AND MANAGEMENT STANDPOINT	30
9.2 THE PROTOCOL IS ONLY COST-EFFECTIVE IF MANY COUNTRIES ARE DESIGNATED	31
9.3 A PROTOCOL APPLICATION MAY TAKE MORE TIME.....	32

9.4 LANGUAGE CONCERNS MEAN A BASIC REGISTRATION SHOULD BE USED INSTEAD OF A BASIC APPLICATION	32
9.5 THE PROTOCOL MAY NOT BE EFFECTIVE FOR SHORT LIFECYCLE PRODUCTS.....	33
9.6 LESS WORRY ABOUT RENEWALS AND OTHER DEADLINES.....	34
9.7 THE PROTOCOL IS IDEAL FOR CORPORATE MARKS	35
9.8 DETERMINING THE CORRECT CLASSIFICATION CAN BE TRICKY	36
9.9 CENTRAL ATTACK IS NOT A SIGNIFICANT RISK.....	37
9.10 THE INITIAL LEARNING PERIOD CAN BE OVERCOME QUICKLY AND SAFELY	37
9.11 USE OF DOMESTIC AND INTERNATIONAL REPRESENTATIVES ARE DESIRABLE	38
9.11.1 DOMESTIC REPRESENTATIVES.....	38
9.11.2 LOCAL REPRESENTATIVES.....	38
9.12 IMPLEMENTATION OF NEW SYSTEMS IS NOT DIFFICULT OR COSTLY.....	39
9.13 THE PROTOCOL CAN FACILITATE ENTERING INTO AND EXPANDING NEW MARKETS.....	39
9.14 MORE SOUTHEAST ASIAN PROTOCOL MEMBERSHIP IS DESIRABLE	39
9.15 THE PROTOCOL CAN BE USED TO COMBAT TRADEMARK INFRINGEMENT	40
9.16 THE MADRID SYSTEM IS A POSITIVE INFLUENCE ON THE LOCAL IP SYSTEM	40
9.17 JOBS ARE NOT LOST AS A DIRECT RESULT OF USING THE MADRID SYSTEM	41
10. CONCLUSION	42
ANNEX I - INTERVIEWEE LIST	I
ANNEX II - ADDITIONAL EXAMPLES FROM INTERVIEWEES.....	IV
ANNEX III - NOTES	XIII

1. Introduction

Japan has a long and rich history of creating successful, well-known brand names worldwide, and Japanese companies have made prodigious use of the IP system both at home and abroad. Trademark law in Japan has been in place for over one hundred years, and as Japan's global economic position increased in the latter part of the twentieth century, so did trademark applications in foreign countries by Japanese companies. These applications proved to be complex, time consuming, and costly, because each country has its own trademark laws, application procedures, and language. In order to lessen these burdens, increase market access and also promote more foreign investment in Japan, in 1997 the Japanese government made the decision to accede to the 1989 Madrid Protocol Relating to the Madrid Agreement (the "Madrid Protocol" or the "Protocol")¹, which it did in March 2000. This report shares Japan's experience of implementing the Madrid Protocol and describes in detail the pros and cons of accession to the Protocol, including lessons learned through the process by companies, representatives, and the Japanese government.

2. Trademark Law in Japan

2.1 Prior to Acceding to the Madrid System

Japanese trademark law is characterized by three important facets: (1) the first-to-file rule; (2) substantial examination to determine the viability of a registration; and (3) publication before and after registration. Trademark law in Japan is based on the "registration principle," which means that the Japan Patent Office (JPO) does not grant an exclusive right to a trademark application before a mark is registered.

Japan's first trademark law was the Trademark Ordinance of 1884, which established the principles of trademark registration and examination, and implemented the first-to-file rule. The Trademark Ordinance was revised three times during its lifespan, in 1888, 1899, and 1909. In 1921 the Trademark Ordinance was replaced with the Trademark Law, which would prove to be the most extensive change to Japanese trademark law. In April 1959, the findings of a post-war commission tasked to investigate amending the 1921 Trademark Law led to the passage of the Trademark Act of 1959, which came into force on April 1, 1960. The new law had many significant additions, such as the requirement for a trademark to be distinguishable from other marks and a new thirty-four-category classification system to work in harmony with international classifications of the time. In June 1975 an amendment to the Trademark Act was passed and enacted on 1 January 1976 with the goal of increasing transparency and eliminating the backlog in applications. A number of additional amendments followed the 1975 amendment, including the Nice Agreement revision of 1992 and compliance to the TRIPs Agreement in 1994. Further amendments came in 1996 and 1998 before the 1999 amendment, which implemented the Madrid Protocol in Japan and established a prompt publication system for trademark applications and registrations. For a detailed list of the milestones in the history of Japanese trademark legislation, please see Annex II.

2.2 The Agreement or the Protocol

Although the Madrid Agreement has been in effect since 1891, Japan never became a signatory because of the country's focus on the domestic market and a lack of many of the necessary structures for international trademark applications at the time. In addition, the

language issue was a substantial hurdle because applications under the Agreement must be submitted only in French, and the risk of Central Attack was also a concern. The introduction of the Madrid Protocol made the Madrid System more attractive to Japan by addressing the language and Central Attack concerns.² With regards to language, the Protocol made it possible for applications to be filed in English, Spanish, or French. With regards to Central Attack, under the Protocol, when an international application is subject to a Central Attack and canceled, the international application may be transformed into national applications in each of the designated Contracting Parties, maintaining the priority date of the original international registration. Since the Protocol addressed many of the shortcomings of the Agreement, by the time Japanese companies were increasing their international presence and Japanese trademark law was becoming harmonious with international laws, the Protocol became a very attractive option.

An additional major advantage the Protocol brought was its longer refusal period. Japan, along with other countries such as the United Kingdom (UK), the United States of America (USA), and Singapore, traditionally had an extensive and detailed examination system.³ This made the refusal period of the Agreement less attractive to Japan, as it requires all international examinations – no matter their difficulty or other constraining circumstances – to be completed within twelve months. The Protocol, however, allows for the refusal period to be twelve or eighteen months, which was much more in line with the practices of the JPO and made it even more attractive than the Agreement.

Yet another advantage was the fact that inter-governmental organizations could make applications under the Protocol instead of only individuals or corporations, as is the case under the Agreement. This has far-reaching implications, as an application under the Protocol designating an entity such as the European Union (EU) would only count as one designation yet the application would be valid in all EU member states. The JPO recognized that the Madrid system would be an important and cost-effective means to allow Japanese companies to remain more competitive through designating many countries through one easy application.⁴ Lastly, the Safeguard Clause (which assures member states that they can accede to the Protocol but still be bound by the terms of the Agreement) made the Protocol much more desirable.

2.3 Structures Lacking and Necessary Changes

Under the rules of the Protocol, the Office of a Contracting Party must process all trademark granting procedures. Therefore the changes that Japan adopted for Protocol accession were implemented for the entirety of the Japanese trademark registration system, regardless of whether the applicant was making a national or international application. The 1975 amendment significantly shortened the time required for trademark examinations; however, a further reduction was still necessary because the amendment did not result in completion of examination within eighteen months for all cases.

The first step taken to reduce the examination period was for the JPO to outsource certain workflows and increase the number of examiners and staff to conduct the necessary research for examination. Secondly, the Japanese government implemented regulations pertaining to international applications in general, and more specifically to submitting documents necessary for applying to the IB for international registration from Japan. The third way was through devising special exceptions concerning applications for international trademark registration, including regulations for applicants seeking international protection under the

Madrid Protocol when the Contracting Party is not Japan but designates Japan in the application. Fourthly, additional special exceptions relating to international trademark registrations were created in the form of regulations for central attack (to be discussed later). Lastly, the JPO computerized the maintenance and communication means of all international trademark registration applications, which positively impacted the speed of the examination process and the management of all applications.

It was also necessary to establish a new section within the JPO to handle the formalities required by Madrid applications, and to implement all required elements, such as a means to easily communicate with the International Bureau (IB) of WIPO, make the necessary fee payments, and to communicate the requirements, correspondence, and renewal notices to applicants. To comply with the Madrid Protocol, the JPO established the International Trademark Application Division and the Examination Division to specifically handle Madrid Protocol applications.

Perhaps the most important and fundamental necessary change was the establishment of Article 7-2 in the 1999 amendment of the Trademark Law. This article regulates international trademark registration through the Japanese national trademark registration system, which is in harmony with the Madrid Protocol and the international industrial property right system. Because an international application through the Madrid Protocol is based on a national application, without the establishment of Article 7-2 Japan would not have been able to accede to the Madrid Protocol. Moreover, in order to provide protection for marks as soon as possible, Japan established a complimentary system that enabled the applicant to obtain a certain amount of protection for a trademark prior to its actual national registration. In addition, it introduced a system that granted an applicant the right to seek damages prior to official registration. These two systems were necessary in order to become compliant with the Madrid Protocol, which grants an applicant advanced protection in all designated member states.⁵

2.4 Benefits of Accession

The overarching reasoning behind Japan's decision to accede to the Protocol was multifaceted, and the country's leaders took into account the Madrid Agreement as well when the decision was made. The Protocol was chosen because of the following benefits:

- International applications could be submitted in English, French, or Spanish;
- Cost-effective means of international trademark registration;
- Sufficient examination period to notify applicant of refusal (the 18-month "refusal period"); and
- Easy and fast international registration due to basis on a national registration or application.

3. Making the Decision to Accede

3.1 Reasoning behind Accession

In 1997, the Japanese government commissioned the Industrial Property Council Subcommittee on Trademarks (the Subcommittee) to undertake a feasibility study of joining the Protocol, and address concerns such as what problems the Japanese legal framework for trademarks posed to acceding to the Protocol.⁶ Of specific concern were the examination

period, effectiveness of international registration, the register, publication, replacement, and central attack. An important way in which the Subcommittee addressed these issues was through a survey with Japanese companies and a series of meetings with the JPO and representatives of the IP industry.

Table 1

Top Disadvantages of Direct National Applications (45% response rate)	
1	Expensive
2	Complicated application and registration procedures
3	Difficulty in integrated management of rights after acquisition
4	High variance of time required to establish rights depending on the country
5	Language difficulties

The survey asked respondents to specify the disadvantages of making direct national applications abroad and whether or not accession to the Protocol would mitigate these disadvantages enough for them to use it instead of making direct national applications. In total, 94% of respondents agreed that the benefits of the Protocol would considerably – if not entirely – mitigate these disadvantages, and 81% said that they would consider filing applications through the

Protocol if Japan acceded.

Furthermore, 22% of the respondents believed that Japanese accession to the Protocol would promote the accession of the Protocol in other Asian countries. In total, 94% of respondents agreed that accession to the Protocol would be beneficial and 95% replied that they would consider using the Protocol for future international applications⁷. The results of the survey and the meetings with the JPO played a significant role in convincing the Japanese government that accession to the Protocol would give Japanese companies a more effective and convenient way to make international applications and promote the adoption of the protocol in other countries, particularly in the Asia-Pacific and North American regions. Accession to the Protocol also meant that Japan’s brands – some of its most important and vital exports – could be more easily protected and controlled internationally. Moreover, the benefits of the Protocol would make it easier not just for large multinational companies, but also for SMEs, to protect their trademarks abroad. Improvements in the domestic trademark application examination procedures meant that the JPO could keep up with the level of promptness that was required by the Madrid system. Furthermore, the Protocol helps multinational Japanese companies implement their expansion plans faster, which ultimately benefits the economy.

Two equally important changes happened outside of Japan at the time that contributed to the government’s decision of Protocol accession. First, the number of Protocol members increased from four at the time of the Protocol’s establishment to 33 by the time the Subcommittee finished its work.⁸ These members covered 40% of the countries in which Japanese users filed applications abroad, and also included major markets in Europe and China, where Japan was anticipating having a continued high level of export trade. Second, the USA – one of Japan’s major export markets – was indicating its intention to accede to the Protocol. The Subcommittee completed its report in late 1998, and on 26 November of that year recommended accession to the Protocol to the Japanese government.

3.2 Decisions Taken to Conform Japanese Trademark Law to the Madrid Protocol

3.2.1 Shortening the Refusal Period

In accordance with Article 5(2)(b) of the Protocol, the decision to reduce the refusal period to 18 months was made out of necessity. Without meeting the terms of this Article, Japan would not be in compliance with the Protocol. At the time, the refusal period was generally around twenty months or longer, so Japan implemented new procedures and a Cabinet Ordinance to reduce this to a maximum of eighteen months from the date of the application filing.⁹

3.2.2 Charging an Individual Fee for Each International Designation

Pursuant to Article 8(7)(a) of the Protocol,¹⁰ member states have the right to charge an individual fee in connection with each international designation and the renewal of any such registration. Japan decided to implement the requirement for an individual fee for two reasons. First, it would result in equal treatment of national and international registrations in that they would be generally subjected to the same fees. Second, Japan traditionally has relatively high registration and renewal fees, and if these are kept for international registrations, they can serve as a deterrent to applicants who wish to register their trademarks but have no intent to use them. Japan availed itself of Rule 34(3)(b) of the Common Regulations of the Protocol, which states that the individual fee can be paid in two equal parts.¹¹

3.2.3 Recording of Licenses in the International Register

Although Japanese trademark law provides for the recording of licenses, the country decided not to extend this to the recording of licenses in the International Register,¹² and thus those that are recorded in the International Register have no effect. This is in reference to Rule 20bis(6)(b) of the Common Regulations.¹³

3.2.4 Cancellation of an International Filing and Transformation

Because of the new provisions outlined in the Protocol that mitigate the risk of central attack, an international application may be transformed to a national application as a designated country.¹⁴ Taking this into consideration, in the case an international filing is cancelled under Article 6(4)¹⁵ of the Protocol, the holder may file a national application in Japan within three months from the cancellation of the international registration. In the case of an international registration having effect in Japan on the date of denunciation under Article 15(5)(b)¹⁶ of the Protocol, the holder is no longer entitled to file the international application because of the denunciation. However, they may file a national application within two years from the date on which the denunciation under Article 15(3)¹⁷ of the Protocol took effect.

3.2.5 Filing an International Application with the IB through the JPO

According to the rules of the Protocol, an international application must be made to the Office of Origin. New applications are therefore submitted to the JPO, which then files them with the IB. In addition, Japan implemented a procedure for designating Japan for an extension of territorial protection that can be undertaken through the JPO.¹⁸ Fees for these services are paid directly to the IB at WIPO. Such changes required corresponding changes

to Japan's trademark law, and also required the amended law to reflect the repercussions outlined in the Protocol should these fees not be paid within the allotted time period.

3.2.6 The Publication of New Gazettes

As the amended trademark law of Japan would provide a certain level of protection to those trademarks that have been subject to application but not yet to registration, Japan started publishing two new gazettes: the *Publication of International Trademark Applications* and the *Publication of Registered International Trademarks*¹⁹.

4. Opposition and Other Obstacles

4.1 Opposition within the Japanese Government

In the case of Japan's accession to the Protocol, there was no discernable opposition within the Japanese government, specifically those governmental arms tasked with its implementation – the JPO and the Ministry of Foreign Affairs (MOFA).²⁰ This is due to a number of factors, not the least of which is the fact that the impetus for joining the Protocol came within the Japanese government.²¹ Indeed, interviews with the JPO confirmed that there was little, if any, opposition in the government to Protocol accession.²² The first steps taken to implement the Madrid Protocol into Japanese legislation took place as early as 1996, and by the time accession was achieved in 2000, the speed and success at which Japan joined left little room for opposition to accession in the government.²³

4.2 Opposition among Trademark Representatives and Japanese Companies

Because of the nature of the Protocol, an argument can be made that representatives have the most to lose.²⁴ However, there was little opposition voiced from Japanese representatives, which is due to a number of factors. First, Japanese users (companies, organizations, or other applicants) have traditionally relied on the services of representatives, and even though these users would be able to make Protocol applications directly themselves, there was little need for fear on the part of representatives that this would occur en masse. This in

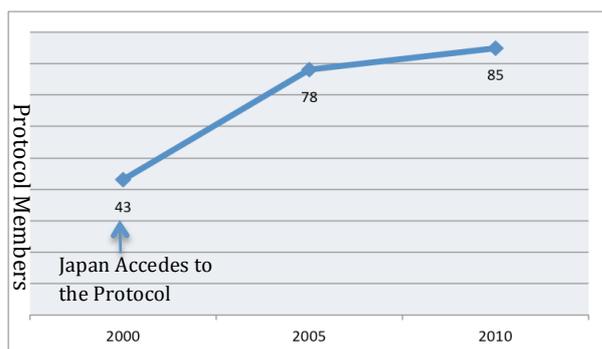


Figure 1 - Madrid System Membership Increase

fact turned out to be the case, as approximately 80% of all Japanese users continue to use representatives even for Protocol applications.²⁵ Second, results of JPO surveys among major Japanese companies found that 81% of them planned on using the Protocol to make international applications.²⁶ Because this number was so large, there was little cause for concern among representatives that business would decrease, since Japanese users traditionally use representatives, Protocol application or not. Furthermore, before accession a JPO sponsored survey found that only 2% of respondents were of the view that the Protocol had no positive merits.²⁷ Lastly, when Japan acceded to the Protocol many countries in major markets for Japanese users had yet to accede.²⁸

Although the number of member states in the Madrid System has increased since Japan acceded, a good portion of the major markets of Japanese users are still considering accession, which means national applications and representatives are still required.²⁹ Indeed,

most of those representatives interviewed stated that business has continued to be healthy overall.³⁰

While representatives have not been overly concerned about the Protocol's effect on their business, that is not to say that there were no initial concerns. During the JPO's public relations activities in the buildup to Protocol accession, on a number of occasions representatives expressed their concern that business might go down and jobs might be lost.³¹ A number of interviewees³² also explained that while there was some worry among representatives, it was not great enough to warrant an official community-wide opposition. Furthermore, most of the representatives interviewed explained that they feel the Protocol is an important and useful framework for Japanese users and the Japanese trademark system, and that the harmonization with the international IP system made possible by the Protocol will have more lasting benefits than drawbacks. Finally, overall interviewed representatives are more concerned with successfully making Protocol applications for their clients than with any minor loss in business.

4.3 Measures Taken to Educate and Convince the Public and Trademark Professionals

When the Japanese government decided to take the necessary steps to accede to the Protocol, the JPO worked with MOFA on a number of public relations (PR) campaigns to convince Japanese users that the Protocol was not only in their best interest, but also in the best interest of Japan.³³ The first major initiative undertaken was to conduct seminars on the background and use of the Protocol in major commercial centers throughout Japan. This raised public awareness of the Protocol and also gave the government the opportunity to take into consideration the opinions of potential users to better implement the Protocol.³⁴ As of 2011 these efforts continue, as the Japanese government is regularly conducting at least four seminars per year at major commercial centers in the country such as Tokyo, Osaka, and Kobe.³⁵ Open to users, trademark agents, and industry representatives, the seminars have been very helpful in educating the public and demystifying unsubstantiated fears surrounding the Madrid system. While these seminars are not specifically targeted at small and medium-sized enterprises, the information is presented in a way that all potential users can benefit, regardless of their size. Because SMEs represent a group that can enjoy significant gains due to using the Protocol, the government has also implemented a number of local information centers and help desks throughout the country to provide the same information to potential users such as SMEs who are based outside of the major commercial centers.³⁶

5. Governmental Processes of Implementing the Madrid Protocol

The first step the JPO took in implementing the Protocol was to create a Preparation Group (PG) to develop a process for how Japan would join the Protocol.³⁷ While the JPO's experience in joining the Patent Cooperation Treaty (PCT) was helpful, the strikingly different nature of the Protocol meant that they could not go about it in exactly the same way. Comprised of three individuals, the PG had weeks of high-level meetings with WIPO and made a detailed analysis of what impact the Protocol would have on Japan, what was necessary for accession, and how the changes would be achieved.³⁸

5.1 Necessary Changes in Japan's Trademark Legislation

Accession to the Protocol required a number of changes in Japanese trademark legislation. As a result, in May 1999 Japan enacted an amendment to its Trademark Law, which added a chapter entitled "Special Provisions under the Protocol of the Madrid Agreement."³⁹ This new chapter – Chapter VIIbis – provided a legal means to implement the decisions the JPO outlined in Section 3 of this report, among other aspects. A number of the more important features of Chapter VIIbis are described in further detail below.

5.1.1 Shortening the Refusal Period

Cutting the first action period from twenty months or longer down to eighteen months represented one of the biggest challenges Japan faced when it implemented the Protocol. To do so, the JPO adopted several important strategies. First, it introduced a paperless system for application procedures, which significantly modernized and sped up the workflow. Second, it increased the number of application examiners dedicated to implementing the Protocol. Lastly, it outsourced certain routine steps of the examination process. This allowed examiners at the JPO to focus on the more substantial aspects of an examination and the resulting decision.

Since the amendments made to Japanese trademark law to comply with the Protocol were significant, the government took steps to ensure that those involved in the process were adequately educated on the amendments and their repercussions. Important ways in which it did so were to revise the Trademark Examination Manual (which was first introduced in 1981) and ensure that information about the JPO's examination procedures and standards were available to the public and thus more transparent. In addition, it also made trademark search systems and databases publically available and ensured that information on well-known Japanese trademarks were available in English. The wealth of new information available allowed applicants to more easily predict the results of a trademark application, which significantly reduced the number of applications that were destined to be refused from the start.

In addition, the JPO introduced a system for filing trademark applications via the Internet. Applications submitted online could be in hypertext-markup language (HTML, a major coding language of the Internet) and be accompanied with high quality, full color images in standard formats, which is important for trademarks with color attributes. The JPO also set up the necessary infrastructure to allow for online applications for appealing an examiner's decision. All of these strategies reduced the JPO's first action period from an average of twenty months to seven months.

5.1.2 International Registration through the JPO

Article 7-2 of Chapter VIIbis in the Application for International Registration Section of the amendment represents one of the most important aspects of the 1999 amendment. This article regulates the process of Protocol international trademark registrations through the JPO, with the aim of international harmonization in the IPR system. Under Article 7-2, any Japanese national or other equivalent (such as a non-Japanese national with a real commercial presence and interest in Japan) may file an international application on the basis of a registration or application completed under the amended Japanese Trademark Act via the JPO as the Office of origin.⁴⁰ A single application, based on a national application or

registration, serves as the international application. The working language for international applications made to the JPO is English. The JPO chose to apply the individual fee, and for an application to be made this must be paid to the IB. Subsequent designations, renewal, or change of ownership of an international registration may be filed directly with the IB or through the JPO.

5.1.3 Increasing Protection prior to Registration

Because of the necessity to harmonize Japanese law to the provisions of the Protocol, the 1999 amendment established a system that enables an applicant to obtain a certain amount of protection for their trademark prior to its actual registration. In addition, the system grants an applicant the right to seek damages for infringement prior to trademark registration.

5.1.4 Designation of Japan through the Protocol

Accession to the Protocol meant that applicants from other countries could designate Japan through the Protocol, and as such a corresponding system needed to be established. As a result, the 1999 amendment states allows for subsequent designation of Japan for existing applications or registration. In the event of a request for a subsequent designation, the application or registration shall be treated as a trademark application filed on the date on which the subsequent designation pertaining to the international registration is recorded in the International Register. Such a request, while regarded as an international trademark application, is treated equally with domestic applications and therefore subject to examination and trial judgment. An exception is made to this for the renewal of a registration and transfer of trademark rights. In addition, if an application originating from abroad and designating Japan was terminated due to a central attack, a new domestic application may be filed to conform to the transformation policy of the Protocol.

5.2 Reforms Required for Harmonization and Implementation of the New Legislation

Training JPO staff and educating the public and those involved with international trademark registration was equally important to the necessary legislative changes. The Japanese government – through the JPO and other partners – implemented these initiatives through many comprehensive phases and educational programs, which served to help JPO staff prepare for the Protocol, effectively handle incoming Protocol applications and those applications designating Japan, and provide a high level of education for users, lawyers, trademark agents, and all other related parties.

5.2.1 Creation of New Sections within the JPO

In order to appropriately deal with the influx of Protocol applications, the JPO created a separate department to deal exclusively with Protocol applications. At the outset, the department had only three examiners, which eventually increased to twenty examiners, ten trial examiners, and ten clerical staff by 2011.⁴¹ The department consists of two divisions: the International Trademark Application Office (the Application Office) and the International Trademark Application Examination Office (the Examination Office).

The Application Office is primarily responsible for receiving applications from Japanese users and conducting the formalities of an initial examination, and also examining documents needed for procedures in Japan when Japan is designated in a Protocol

application. The Examination Office is primarily responsible for undertaking the more substantive application examinations for international applications that designate Japan and originate from abroad, and is the first point of contact with the IB. To ensure the efficient operation of these two offices, the JPO prepared examination manuals and developed a computer system for the easy management of Protocol applications.

5.2.2 Madrid Protocol Related Training and Seminars

Many of the aspects of the Protocol were new to JPO staff members, Japanese users, trademark agents, and prospective Protocol applicants. As such, it was necessary to provide adequate training to ensure that applications made under the Protocol are completed correctly, and to dispel any fears concerned parties may have had⁴². To do so, the JPO sponsored training sessions at WIPO headquarters in Geneva, Switzerland, for JPO examiners and also provided them with foreign language training. Externally, regular seminars and yearly working level briefing sessions in four major Japanese cities targeting the IP community have served as a tool to increase publicity for the Protocol and educate potential Japanese users. The JPO also continues to implement training through the independent National Center for Intellectual Property Information and Training (NCIPI). Furthermore, the JPO Training Committee (JPOTC) develops additional training projects and an annual training plan, among other activities.

5.2.3 Language Training

Language training has been critical to the Protocol's success in Japan.⁴³ Because of the linguistic nature of the Protocol (applications in English, French, or Spanish) and the higher level of English ability in Japan compared to French or Spanish, the JPO decided that all Protocol applications would be processed, examined, and managed in English. Because of the specialized nature of the English required, the JPO used the services of external English instructors with the necessary skills to help JPO staff navigate the intricate and complex sentences that accompany Protocol applications. This did include bring with it an additional cost, however the JPO is of the view that this was necessary and minimal overall.⁴⁴

Through the NCIPI, the JPO continues to make a concerted and comprehensive effort to provide as much language training as is feasible. In addition to the Protocol specialist, a number of oral English courses are provided. The JPO officials interviewed for this report stressed this issue, and said that because communication between WIPO and the JPO is in English, an advanced skill level is vital for the continued success of the Protocol in Japan.⁴⁵ As a complement to oral training, the JPO provides training in written English to ensure that examiners and staff develop language skills that are sufficient to effectively handle documents in English that originate from abroad. In addition, training is provided to help staff master their language ability more fully so they can participate in and manage meetings on an international level. The JPO has also implemented at regular intervals specialized language training for those who are, or who will be, engaged in Protocol examinations.

5.2.4 Publications

The JPO publishes a wide array of informational material such as "How to use the System for International Trademark Registrations," which serves as a guide for new users, outlining the Protocol and explaining the necessary procedures, fees, advantages, disadvantages, and other key points of the Protocol. The JPO also publishes a book – "Guidance on the

Procedures for Application for International Registration” – that describes the Protocol in greater detail, and explains how users can apply for international registration through the JPO and also how they can apply for an international registration through a designated country’s trademark office. A companion book – “Application Forms for International Registration” – provides detailed descriptions in Japanese on the appropriate way in which to fill out application forms. The JPO has also taken upon itself to translate many related forms into Japanese for reference purposes, and many secondary publications are also available through the efforts of the NCIPI.

5.2.5 Paperless System

Prior to the Protocol going into effect on January 1, 2000, the JPO already had a paperless system in place, as it started receiving online applications for patents and utility models as early as 1990. This had to be expanded to trademarks, so in 2000 the JPO developed an advanced computer system for administering the information for all Protocol applications and registrations and to also implement an effective means of electronic communication.⁴⁶ Four years following the implementation of the electronic system for trademarks, over 80% of all trademark applications (domestic and international) to the JPO were filed electronically. Still in use, this system has been continually updated and is an integral component to the continued successful management of the Protocol in Japan.⁴⁷

6. Changes Necessary for Users

6.1 Organizational Changes Resulting from Protocol Accession

Before Japan’s accession to the Protocol, international registration by Japanese entities could be defined by three broad types: (Type 1) those who made many direct national applications abroad for a wide array of products and services; (Type 2) those who only made direct national applications abroad for their major products, services, or corporate brands; and (Type 3) those who did not make any international applications. Although both before and after Protocol accession most Japanese users avail themselves of the services of representatives, the Protocol has espoused a variety of organizational changes for each type of user.

Because most Type 1 users have extensive experience with international registrations, they found that the Protocol has not completely negated the need for national applications. While these users have implemented appropriate organizational changes when necessary, most reported that there was no major change to the management of their organization and IP division or increase in workload. Over half of these interviewed users stated that they decided to use the Protocol because it would require less work. In addition, a few of these interviewed users explained that the Protocol allows them to easily manage all of their trademarks under one roof (i.e. at the user’s headquarters). Because Type 1 users tend to have subsidiaries in other countries that are members of the Agreement, little training to prepare for the Protocol was necessary. Out of those interviewed, most decided to use a mix of national and Protocol applications while the remaining decided to file Protocol applications exclusively.

Type 2 users – which represent most of those interviewed – are those users in Japan that have broad market reach through a number of major products and brand names, but who are more focused on the domestic market, other specific regional markets, and/or have

products and/or services that do not require the use of trademarks to a great extent (such as those with extremely short lifecycles). Among Type 2 users, about a quarter of them tend to have a major corporate brand (or brands) that is tied to their products and/or services with different names for different markets. These users have a small number of international marks, while they have many different regional marks abroad. Among this type of user, half decided to use the Protocol for their major international marks and continue to use national and regional systems for other marks, about two-fifths decided to use the Protocol on a strict case-by-case basis founded on a pre-determined set of criteria, a few decided to use the Protocol for all of their marks (provided it is in their best interest), and a few more decided to abstain completely from using the Protocol for the time being, despite prior experience.

Those in Type 2 that did decide to use the Protocol stated that some internal changes were necessary, but most stressed that these were not substantial. Some users developed intricate ranking systems for their products and associated marks, and make the decision based on a mark's rank. All of the interviewed users that utilize such ranking systems use a combination of Protocol, national, and regional (e.g. CTM) applications to compensate for extraneous factors (such as provisional refusal or unforeseen legal challenges). Another commonly used method for almost all Type 2 users is a cost-benefit analysis of using the Protocol for each mark. Because Type 2 users tend to have more localized goods and/or services, over half of these interviewed users said that a Protocol application is unnecessary in many cases. The rest of interviewed Type 2 users make Protocol applications only for their major worldwide marks. Nearly all interviewed users stated that the organizational changes implemented for the Protocol were of minimal cost and time, and most said that they desire to increase their use of the Protocol.

Our final type of users – Type 3 – are those interviewed users that decided not to continue to use the Protocol after trying it once or on a number of occasions. As expected, they have required little, if any, organizational change. All of these interviewed users stated that it was indeed unfamiliarity and a perceived increase in workload – among other concerns – that led them to decide to not use the Protocol.

6.2 Necessary Changes and Difficulties Faced in Implementation

The single most important change that was necessary for a majority of interviewed users was

the introduction of a policy to determine if a Protocol application is beneficial (e.g. cost-effective, faster, etc.) and also if the proposed mark would be viable as a Protocol registration. Figure 1 shows how interviewed users handle this new research burden. Some explained that because so many countries can be designated in one application, protection is sought for a mark in more countries than might be the case for national applications. Out of those

interviewed, most enacted a cut-off policy for when a Protocol application is made or not, while the remaining had no official policy but made the decision on a case-by-case basis. Of

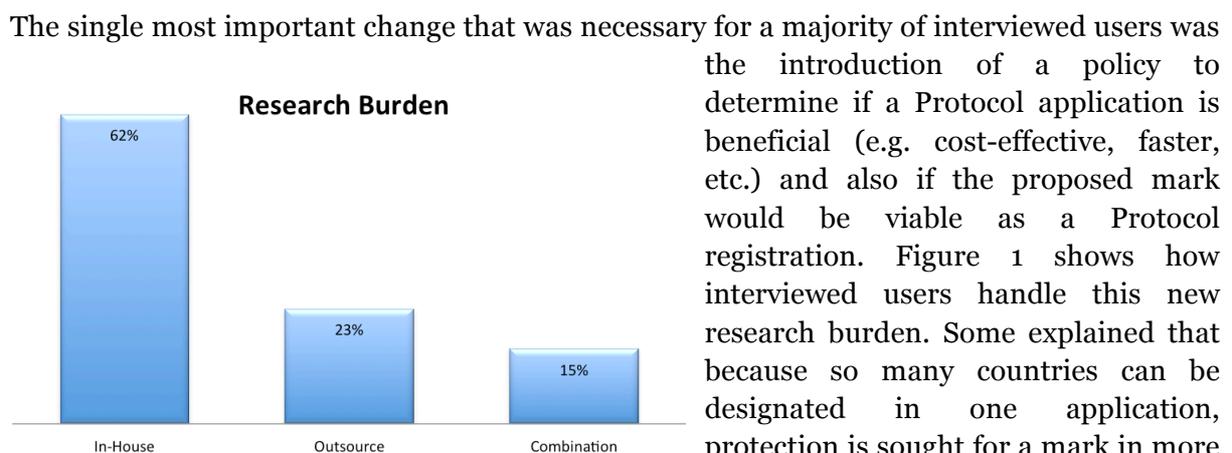


Figure 2 – Delegation of Research Burden

those users with the policy, a few use the Protocol if three or more countries will be designated, about 2/5 use it if there are five or more designated countries, and less than 1/5 use it if there are ten or more designated countries, while over half have no such specific rule set firmly in place. However, all interviewed users stated that, provided it met all other internal policies, the Protocol would be used for a mark if protection were sought for in more than ten countries. Some interviewed users stated that the deciding factor was the number of Protocol countries in which they planned to use the mark in the future and were Protocol members.

Accession to the Protocol generally meant that, for those interviewed users that utilize it, a new internal maintenance system was necessary. These changes fell into three broad categories: (1) updating the previous system; (2) developing a new system solely for Protocol applications but that complements the system for national applications (this was the most commonly cited change); or (3) the creation of a completely different maintenance system that encompasses all types of trademark application (national, CTM, Protocol, etc.). Regardless of the type of maintenance system, most stated that implementation caused no major financial, time, or human resource burden because they already had the capability and/or financial resources available. This shall be examined further in Section 9.11.1.

6.3 Cost of Changes and Resulting Effects

For almost half of interviewed users, a cost-benefit analysis of implementing necessary changes found that the cost is negligible and would not be a core reason why the changes would not be implemented.⁴⁸ For nearly every interviewee a new internal policy was implemented, which consists of a simple set of new guidelines that demanded no major cost. This is due to the fact that the new policies are simple to enact and do not require tangible resources (for example, office equipment that physically exists): including the Protocol in the list of options, developing criteria for when the Protocol is used and when it is not used, and going over the pros and cons of the Protocol for a specific mark during the decision-making process. Interviewed users tended to agree that the most significant cost for implementing such policies is time and that while this did lead to some late nights, there were no significant negative effects on their business operations as a result.⁴⁹ For those that implemented a new management system specifically for Protocol applications, most explained that this change brought minimal cost, and that the end result was a positive effect on their overall trademark management system.⁵⁰ Some interviewed users used the opportunity to harmonize the rest of their trademark management systems with that of their new Protocol management system, which saved time and money while increasing efficiency. A few interviewed users stated that the new systems made management more difficult, but they mentioned that this was likely more to do with the unique nature of their trademarks and system than with an issue concerning the Protocol.

6.4 Lobbying the Government to Join the Protocol

After the Protocol went into effect in 1990 (before Japan was a member), a number of Japanese companies with subsidiaries or regional headquarters in Protocol member states started to make Protocol applications.⁵¹ Impressed with the ease of use, cost-effectiveness, and speedy processing of a Protocol application, these users realized that it would be very beneficial if they could make international applications from their home country. As interest grew and the years went by, the JPO received a number of requests from potential Japanese users lobbying for Japan to accede to the Protocol.⁵² Realizing that it could no longer ignore

the demand, in 1996 the JPO entered into a feasibility study to first determine if it would be possible and in Japan's best interest to join the Protocol.⁵³ With the results coming back affirmative, in 1998 Japan submitted a survey to over 1,000 of the largest potential users, of which over 700 responded. A majority of 90% stated that they would use the Protocol if Japan acceded. With the knowledge that accession would be feasible and in Japan's best interest, the JPO, MOFA, and METI worked together to successfully accede to the Protocol.⁵⁴

6.5 How Jobs Changed

While no two users are exactly alike, interviewed users in general specified three major ways in which their jobs changed: (1) workload; (2) trademark management; and (3) research. Regarding workload, nearly every interviewee explained that there was a change; however there was a good deal of variation as to the type of change. As we can see in Figure 2, most interviewed users stated that their workload has gotten less while the remaining said that their workload has increased. Among those, Figure 2 and Figure 3 provide a further breakdown, in which nearly half said that their workload is only less if they use a third party representative, while some found that there was no change and others explained that it increases even if a representative is used. Furthermore, most interviewed users stated that the volume of work increased initially, but as they got used to how the Protocol works they experienced a decrease in workload.

From this information we can see that a majority of interviewed users experienced an increase in workload when they first used the Protocol, even if they used a representative. Representatives as well experienced a similar increase. This is due mostly to unfamiliarity with the system and the work necessary to actually make successful Protocol applications. For those that had more initial capacity (that is, money, time, and human resources), the increase in workload was negligible. For those with less initial capacity, the increased workload made more of an impact. Furthermore, users in Japan tend to talk amongst themselves about the Protocol and learn from one another. Early adopters were at a disadvantage because they did not have a mentor, but those that came after learned a great deal from their predecessors and used that knowledge to lessen the any negative impact(s) of an increased workload. Second, most interviewed users found that the overall workload when it comes to making and managing trademarks through the Protocol diminishes as time passes. Finally, we can see from Figure 2 that the workload has either not changed or is significantly less for those users that utilize representatives, and it has also decreased for those users without representatives.

6.6 Madrid Fears: Realized or Unfounded?

When Japan first acceded to the Protocol, a minority in the IP community feared that the disadvantages would be too great and cause a number of problems. The following are the top fears that were voiced by the interviewed users for this report.

Table 2

Top Fears of Accession Among Interviewed Users	
1	Job Losses
2	Difficult and Costly to Learn/Use
3	Central Attack

6.6.1 Fear 1: Losing Jobs

Prior to accession, there was some fear that the ease of making a Protocol application could result in the loss of jobs. However, at the time of this writing, all interviewed users stated that not a single person lost their job as a direct result of the Protocol's use. One interviewed

user did face a minor restructuring of their IP department in which some positions were deemed redundant, but this was not a direct result of using the Protocol. A few interviewed users have actually increased the number of people in their trademark divisions since using the Madrid System and some others feel that more jobs will be required because of using the Madrid System. Because the bulk of the work continues to be undertaken by representatives, there has not been the necessity to restructure trademark and IP sections simply due to Protocol use.

Interviews were conducted with trademark agents and lawyers⁵⁵ in Japan to gauge the effect of Japan's accession to the Protocol on their business. Every interviewee stated that they believe the Protocol is an effective means to easily protect and manage trademarks around

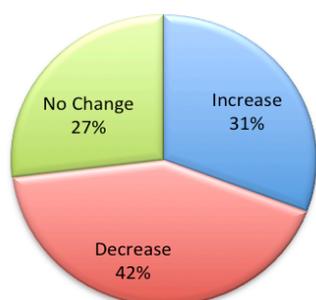


Figure 4 – Change in Overall Workload since Using the Protocol

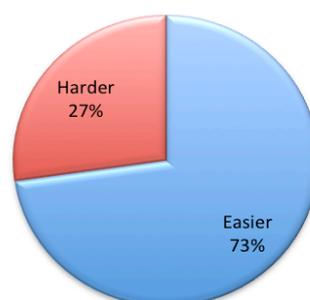


Figure 3 – Ease of Making a Protocol Application Compared to a National Application

the world and that SMEs in particular stand to reap many benefits. At the same time, these interviewees are aware that the ease of use of the Protocol may result in changes in their workflow and, perhaps more importantly, the amount of business they receive. Before Japan acceded to the Protocol, some fear was voiced from representatives in the country as to possible negative consequences.⁵⁶ However, because of the historical relationship between Japanese users and representatives, a majority of representatives were confident that Japan's accession to the Protocol would not significantly hinder their business.

Interviews have yielded three possible scenarios Japanese representatives could encounter:

1. A majority of the firm's clients move towards exclusive in-house use of the Protocol for international applications;
2. A majority of the firm's clients use a mix of Protocol and other types of applications; and
3. A majority of the firm's clients extensively use the Protocol but still remain clients.

It is fair to say that a firm's business would suffer, and job losses could occur, if one of the first two scenarios were to occur. Interview results have shown that the last scenario holds true for most cases, which is due to two important factors. First, a majority of Japanese users continue to use representatives because of issues ranging from language difficulties to easier management. Second, Protocol use among Japanese users is still relatively low, hovering around 25% as of late 2011, and most users continue to procure the services of representatives for all of their other trademark applications, Protocol or otherwise. As a result, most interviewed representatives stated that there has been no major impact on

revenues as a direct result of Japan's accession to the Protocol, with the remainder explaining that there has been a minor reduction.

Since a Protocol application goes through the IB at WIPO, there is technically no need for local legal representation for Protocol applications originating from other countries and designating Japan. Additionally, more Protocol applications translate into fewer direct national applications. Combined, these two issues could decrease revenue and jobs for local representatives. In Japan, it is true that there has been some reduction in the procurement of the services of representatives for outside Protocol applications.⁵⁷ However, while the number of clients may have diminished, for nearly every interviewed representative, the overall financial loss has been negligible. This is because once any Official Action (objection, provisional refusal, etc.) takes place in a designated country, local representation is required to resolve the issue.⁵⁸ Fees charged for such legal services are generally high, so while the number of clients may decrease, local representatives and agents can recoup any losses incurred by providing legal services in response to Official Actions.

6.6.2 *Fear 2: Central Attack*

In Japan, before accession to the Protocol companies and other users were not overly concerned about Central Attack. After eleven years of Protocol use at the time of this writing, the interviews conducted for this research has shown that this remains to hold true. Out of those interviewed, some stated that Central Attack caused them some concern, and a few have decided not to use the Protocol extensively because of fears of Central Attack. Although some interviewed users did have experience with Central Attack, they still continue to use the Protocol and viewed the "attacks" as a learning experience. In addition, all of those interviewed users that were subject to Central Attack were able to successfully resolve the problem through transformation or other means.

6.6.2.1 *Research*

If an applicant is not familiar with the rules and formation of the Protocol it may be easy to come to the conclusion that because one application is necessary for many countries, significant prior art research is unnecessary. However, because the Protocol does not create an official "international" application but instead facilitates the easy processing of many national applications, the degree of research required is therefore the same as it would be for many direct national applications. Because the nature of Protocol applications is laid out clearly in the rules and regulations, and also because applicants in general are aware of the importance of research, it is rare that an international application would be made through the Protocol without any prior research. In fact, out of those interviewed for this report, not a single applicant indicated that no research was carried out. Most interviewed users said that research was the most important part of an application, and all of them stated that they put a significant amount of resources into ensuring that enough research is done.

6.6.2.2 *Transliteration*

Many Protocol applications coming from Japan have a basic application that is written in one of Japan's three official writing scripts – *Kanji* (Chinese characters), *hiragana* (a phonetic script), or *katakana* (a phonetic script primarily used for loan words). When these holders and/or applicants make a Protocol application on this basis, some interviewed users stated that they take into significant consideration how it will be transliterated. Once the

transliteration has been decided on, they carry out their research both for the original Japanese application or registration domestically and the transliterated form for all other countries. Because the transliteration is more often than not simply Japanese in the target script, it is generally a rare case for the same word(s) to be registered as a trademark in a country other than Japan. Many transliterated marks are not for the domestic market,⁵⁹ therefore the risk that another entity has already registered the mark is low, which correspondingly reduces the risk of central attack. Transliteration of a mark has an added benefit in that there will also be a relatively low risk of refusal in designated countries. This is because there are a limited number of applications coming from Japan consisting of transliterated Japanese words, which means there is a low likelihood a mark would already be in use in a designated country.

6.6.2.3 Transformation

Generally considered to be a last resort option, transformation does allow the mark to be successfully registered but also entails additional paperwork and fees.⁶⁰ In addition, the benefits of the Protocol are lost, as now numerous applications, fees, and renewal dates must be managed instead of a single Protocol application. Because transformation is a rather expensive undertaking, SMEs might find transforming a Protocol application to be prohibitively expensive. At the same time, if transformation is regularly required it will pose a financial challenge to both large and small entities. A few interviewed users stated their limited use of the Protocol was because they did not want to have any risk of Central Attack and bear the cost of transformation. Notwithstanding, transformation brings with it an important feature: maintenance of the registration date. This saves considerable time as opposed to stopping the Protocol application entirely and making national applications independently. Out of those interviewed for this report that were concerned about Central Attack, all stated that transformation essentially negated the risk and it is in fact something users can rely upon to reduce the impact of a successful Central Attack. Out of those interviewed users that experienced a Central Attack, most were able to successfully use the transformation provision.

6.6.2.4 Marks with no Verbal Elements

A number of interviewed users stated that because marks with no verbal elements are not based on a language, an even greater amount of research and development is put into their creation to ensure the mark's uniqueness. As a result, the risk of Central Attack is all but completely mitigated, as it is much easier to find similarities between graphical marks than it is with verbal marks, whether or not they have been transliterated. In addition, countries with written languages based on pictographs have an added advantage, as they can take the same mark that they have applied for and/or registered in their home country and use it as a basic application for the Protocol but simply omit any transliteration. Using marks with no verbal elements for basic applications is a tactic that a number of users in Japan have utilized to successfully mitigate any risk of Central Attack even further and has proven to be effective, especially when the mark contains no text or the text is in a script that must be transliterated.

6.6.3 Fear 3: The Protocol is Too Difficult and Costly to Use

The language barrier, unfamiliarity with numerous forms and procedures, and an entirely new set of rules and regulations to learn, among others, fueled speculation and concern as to

the ease of use of the Protocol. Many users realized that continued use of representatives could mitigate these concerns, but doing so, they surmised, would negate the cost benefit of the Protocol. Therefore even though 90% of users stated that they wanted Japan to accede to the Protocol and 85% stated that they would utilize it, official accession was met with some trepidation. After eleven years of accession, however, the interviews conducted for this report yielded results that prove that the Protocol is neither too difficult nor too costly to use.

Table 3 - Initial Degree of Protocol Difficulty among Interviewed Users and Representatives

Minimal	52%
Moderate	33%
Minimal + Moderate (52% + 33%)	85%
Significant	15%
Moderate + Significant (33% + 15%)	48%

Regarding costs, while nearly every interviewee recognized that Protocol applications were on average 30-70% cheaper than going the national route and can save users up to 90% in application and management costs, some of these same interviewees also said that the many additional procedures associated with a Protocol application negated the cost savings.

Each follow-up action requires the payment of various fees, not to mention the human resource costs due to the time required. In addition, some interviewed users have stated the complexity involved with different legal frameworks in target markets has led them to abstain from using the Protocol.⁶¹ However, overall interviewed users stated that such cases are rare. Japanese users therefore tend to only use the Protocol when they are certain of the cost benefit.⁶²

While some interviewed users have experienced increased costs due to application errors, most of them explained that it was because either they were still not used to the Protocol or there was an error due to a language problem. These costs were largely mitigated as users got used to the Protocol's rules, regulations, and application procedures. Furthermore, these interviewees stated that the use of representatives does not completely negate the cost-benefits that an in-house Protocol application can bring.⁶³ There are also aspects after the initial application that can decrease the overall cost. For example, as opposed to national applications, designating additional countries in a Protocol application requires a check of a box and payment of the appropriate fees (one fee for each additional designated country). Indeed, some interviewed users have stated that this is one of the fundamental reasons for use of the Protocol.

Particularly difficult was learning what to do in certain situations – such as using the correct classification – and how to respond to notices from the IB. Called Irregularity Notices, some interviewed users stated that they held up the application process. In addition, a few interviewed users stated that they receive many more notices and other correspondence that requires attention from the IB than they would receive from a traditional national application, and some complained that in many cases they are unsure of the appropriate response. As a result, most of the aforementioned interviewees (which represent a few of all interviewed users) explained that this somewhat negates the ease of use of the Protocol. However, interviewed users were able to quickly solve any problems either through their own know-how or by contacting the JPO or the IB at WIPO for assistance.

Yet another concern raised by over half of interviewed users is the classification of goods and services. Although the Protocol requires one application for many countries, this does not mean that there is one governing legal body. The Madrid System is governed by the “International Classification of Goods and Services for the Purposes of the Registrations of Marks” (the Nice Classification), and interviewed users pointed out three major challenges

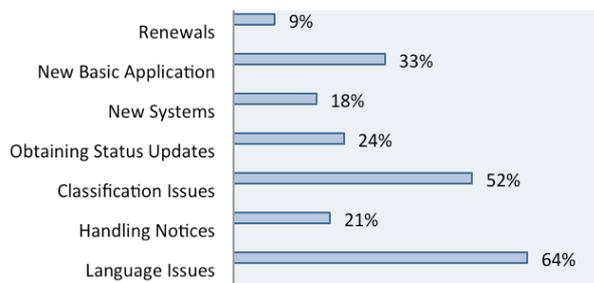


Figure 5 - Major Difficulties Faced by Interviewed Users

with this. First, while the classifications are the same for each member country of the Nice Classification, there are exceptions to its interpretation in many countries, which can lead to a delay in the registration of a mark. Second, different classifications may be required for the Protocol application than were for the basic application. For example, a good may be classified only under Classification 1 in a basic application

or registration in Japan, but in another country it may require classification under Classifications 4, 18, and 31, which could translate into more work. Lastly, it is possible for an applicant to select indications of goods and services that are not listed in the Nice Classification. If an applicant chooses to do this and has not correctly classified these goods and services in accordance with the Nice Classification, the application will be held up and an Irregularity Letter will be issued.

Table 4 – Interviewed Companies that Incurred Time Costs

Use Representatives		Do Not Use Representatives	
A few applications or 6 months or less	59%	A few applications or 6 months or less	0%
Many applications or 6 months or more	41%	Many applications or 6 months or more	100%

For interviewed users, the overall difficulty of making an application abroad through the Protocol has not increased. In general, a majority of interviewed users said that they were able to get used to the Protocol after making a few applications, and that this took between a few weeks to one or two months at most.⁶⁴ Data obtained from the interviews, as represented in Table 4, shows that the length of time required (represented as time costs) to get used to

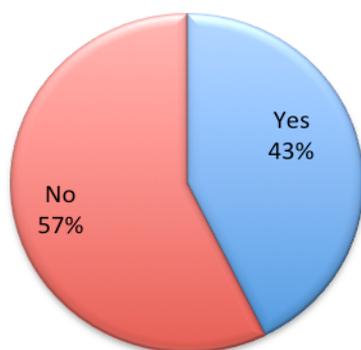


Figure 6 - Interviewed Companies that have the HR Capacity to Make Protocol Applications without Representatives

learn how to make a Protocol application is different for those companies that use representatives compared to those that do not use representatives.

The above results are dependent upon a number of variables, the first of which is the available human resources (HR). As illustrated in Figure 6, without the HR capacity, it is difficult to stop utilizing the services of representatives. Second, a number of interviewed users prepare the initial Protocol application, conduct research, and decide on the classification, among other things,

and then forward the application to their representative for submission. These steps are, according to many interviewed users, much easier in general than the steps required for many national applications, and because their representative then deals with all of the required follow-up procedures, the user is not burdened with any Irregularity Notices or other official correspondence. Therefore most of interviewed companies who rely on representatives stated that the Protocol was an easy method to use, even if there is a learning curve. If, however, as illustrated in Table 5, a representative is not used, the learning curve will take longer which in effect increases the difficulty of using the Protocol. Even so, many of those interviewed users that do not rely on a representative said that the Protocol is an easy method to use. Once the initial learning curve was overcome, most interviewed users said that making a Protocol application was not a difficult process.

Table 5 - Protocol Applications Compared to Direct National Applications

Interviewed companies that use Representatives (85% of Interviewed Users)		Interviewed companies that do not use Representatives (15% of Interviewed Users)	
To Learn How to Use the Protocol		To Learn How to Use the Protocol	
Easy	81%	Easy	75%
Difficult	19%	Difficult	25%
To Make a Protocol Application		To Make a Protocol Application	
Easier	70%	Easier	75%
More Difficult	30%	More Difficult	25%
To Manage a Protocol Application		To Manage a Protocol Application	
Easier or no Difference	82%	Easier or No Difference	50%
More Difficult	18%	More Difficult	50%

As for difficulties surrounding classification, this was brought up by over half of the interviewed users. However, while some of them stated that more research was required only in certain instances than before the Protocol, a few concluded that it actually made a Protocol application more difficult overall than many national applications. The interviewed users that raised these concerns also pointed out that a similar, if not greater, amount of research is required for direct national applications because in some cases a national application may be under more scrutiny because many countries do not use the Nice Classification and have broader or narrower classification interpretations.⁶⁵ A Protocol application allows the applicant to enjoy the overlapping commonality of the Nice Classification, with additional research only required where differences emerge.⁶⁶ The last variable is the frequency of Protocol applications. A few interviewed users stated that they experienced difficulty making and managing Protocol applications because of infrequent use.

Interviews with members of the JPO who were involved in the implementation of the Protocol in Japan provided the perspective of the government. Regarding costs, the JPO

stated that there were none involved that were so great that it would result in Japan not acceding to the Protocol. The most expensive costs were the implementation of a computer system to handle communications with the IB and Protocol applications. At the time (1997-1999), the JPO's system was predominantly paper-based, but WIPO and the IB were fast moving to the digital age. The JPO was also in the process of computerizing its system, but it did not have the Protocol in mind when this initiative started. Structures therefore needed to be implemented in the new system to handle the Protocol, and while of course the JPO incurred costs for this, overall it was not prohibitively expensive.⁶⁷

As in any new system there is a learning curve, but most interviewed users stated that this is something that can be easily overcome. When asked what the major advantages of the Protocol are, most stated that ease of use was in the top three. Even taking potential challenges into account, the Protocol is by and large a much cheaper method for international registration, with nearly every interviewed user stating that it is the number one advantage of the Protocol and over half saying that money was saved through its use.

Table 6 - Major Classification Issues Brought up by Interviewees

Interviewed Companies and Representatives:	Yes	No
Are of the view that classification problems can occur	52%	48%
That actually experienced classification problems	45%	55%
That found more research was required to solve these problems	33%	67%
That found the time to registration of a Protocol application became longer as a result	30%	70%
Of the view that classification problems make a Protocol application more difficult overall	24%	76%

7. Advantages and Disadvantages

7.1 Advantages for the Government and JPO

7.1.1 Revenue Creation

Countries that are designated in international applications enjoy a proportionate share of the amounts received from the supplementary and complementary fees, but can also opt for individual fees.⁶⁸ Japan has opted to collect individual fees payable in two parts, the first before the international registration and the second after the examiner's decision or after a judicial decision has been made and the trademark is to be registered. Individual fees have helped the JPO take in more revenue while making international trademark registrations cheaper.

7.1.2 No Formality Checks

Under the Protocol, all formalities surrounding the examination, classification and checking the lists of goods and services, assignment of a filing date, renewals, and maintenance of

records is taken care of by the IB at WIPO. This can therefore help ease the workload of national trademark offices when it comes to procedural requirements for an application and/or registration and issuance of registration certificates to applicants.

7.2 Advantages for Companies, Representatives and other Users

7.2.1 One Application

Unlike filing direct national applications, Protocol applications require one application in one language and one fee in a single currency. One application also means that changes to an application can all be easily completed through a single procedural step that updates the information in the International Register. The Protocol also allows for any desired changes or the registration transfer to apply to some of the designated Contracting Parties or goods or services.

7.2.2 Quicker Registration

When an applicant makes an application under the Protocol, they can know for sure that in no more than eighteen months the examination process will be concluded and that, provided there was no opposition, their trademark will be registered in all of the designated Contracting Parties.⁶⁹ Interviewed users highlighted two advantages in particular: the knowledge that the application process will be completed in a timely and pre-determined fashion; and the peace of mind that, provided there was no opposition, they can use their trademarks in no later than eighteen months. Some interviewed users stated that these advantages played a major role in the decision process regarding usage of the Protocol. Moreover, these interviewees found the Protocol helped them keep on their product and/or service release schedule. Because of this, these interviewees were able to protect their marks in new markets, particularly those that traditionally had long examination periods.

7.2.3 Subsequent Designation

Under the Protocol, users can simply extend an existing application to another Contracting Party by filing a subsequent designation. This makes it very easy and efficient for a user to expand the scope of their business. Furthermore, a subsequent designation can be made to a Contracting Party that was not party to the Agreement or Protocol at the time of the international application, expanding even further the number of possible target countries.

7.2.4 Cost-Effective

Among those interviewed for this study, all expressly stated that the affordable nature of the Protocol is one of the underlying reasons why it is used in place of direct national applications. Since the Protocol includes intergovernmental members, an applicant can designate, for example, the EU and thus cover all EU countries in one designation, which is a much cheaper option as opposed to filing direct national applications in each EU country. Users may also file Protocol applications without representation. A few interviewed users said that the ability to do so translated into significant cost savings. Moreover, representation abroad is not always required, providing even more savings. The Protocol's simple amendment procedure and easy online renewal system (one renewal for all designated countries) also ensures that it remains a cost-effective option.

7.2.5 Easier Management

Most interviewed users stressed that the management of a multitude of different renewal dates, fees, laws, rules, and opposition histories can be difficult, confusing, and almost always time consuming. A number of interviewed users noted that their registrations were at risk of cancellation due to non-renewal or other factors because of inadequate HR and management systems. Some interviewed users even developed elaborate in-house management systems that, while effective, were far from ideal. Over half of interviewed users stated that the centralized nature of the Protocol resulted in easy management and the saving of time, money, and frustration.

7.2.7 Transformation

The Protocol mitigates the risk of Central Attack by allowing an international registration to be transformed into a national or regional application if it is cancelled at the request of the Office of origin during the five-year dependency period. Transformation must take place within three months of the cancellation. Among interviewed users, nearly half stated that transformation mitigates the risk of Central Attack, and most of those that experienced a Central Attack successfully used transformation.

7.2.8 Facilitating Investment

The harmonized system of international trademark registration that the Protocol provides helps facilitate investment both abroad and at home. It has been of particular advantage to Japanese companies that wish to either enter the international market for the first time or strengthen their presence abroad, and has also been helpful for Japanese SMEs and companies that have numerous production facilities in different countries. The Protocol also creates a climate that is favorable to investment from abroad. In fact, nearly every interviewed user stated that if more countries were members of the Protocol – specifically in Southeast Asia – they would make more Protocol registrations and thus increase their presence in those respective countries.

7.3 Disadvantages for Users

7.3.1 Language

Under the Agreement, the sole working language is French. The Protocol changed this and introduced three working languages: French, Spanish, or English. However, even though English is now an option, the language issue is still pervasive and was raised by over half of interviewed companies and representatives, as they would prefer Japanese to be an official working language. Having three official working languages has also brought concerns. Some interviewed users stated that while they successfully completed and filed their application in English, difficulties arose when correspondence arrived in French or Spanish, in which their capacity was limited. Language difficulties were an underlying reason for why some interviewed users continue to use representatives, while others stated that they would either not use representatives or seriously consider not using them if the language issues were resolved.

7.3.2 Limited Membership

As of early 2012 the Protocol has 84 members,⁷⁰ and among them are some of the largest markets in the world in North America, Europe, and Asia. However, there are large portions of the world that are missing, notably in South America, Africa, Southeast Asia, and the Middle East.⁷¹ Some of those interviewed for this study stated that this was a contributing factor to not use the Protocol, and as previously mentioned nearly all said that they would use the Protocol more if it had more members, with the Southeast Asian region highlighted as the most important, South America as second, and Africa as third.

7.3.4 Central Attack

An international application under the Protocol is dependent on either a national application or registration on which it is based for five years, and this can be a disadvantage because it gives way to the possibility of what is known as “Central Attack.” If at any time during the five-year period the basic application is cancelled, renounced, revoked, invalidated, lapses, or is rejected or withdrawn, the protection resulting from the Protocol application is revoked.⁷² However, if a basic application is not subject to a Central Attack after the first five years, the international registration becomes independent of the basic application, provided that no adverse action taken during the five-year period could still result in the cancellation of the national registration after the five-year period has expired. In addition, if an international registration is cancelled the applicant has the option to transform it into national applications in the designated countries, maintaining the priority date of the original international registration. A few interviewed users experienced Central Attack, and most are of the view that with transformation and proper research, there will be almost no risk.

7.3.5 Mark Amendment Restrictions

Under the Protocol, there is no provision that allows a holder to change the mark in an application, registration, or renewal. In the case of Japanese users, most of them expressed their dissatisfaction that language issues create a situation in which amendment of certain marks becomes challenging or impossible. Among these interviewees, a few stated that they chose to abstain from or limit their use of the Protocol, while nearly half stated that they chose to use the Protocol only for major corporate brands and went the national route for other marks, including for those marks that have a short lifespan.

7.3.7 Potential Additional Costs

The Protocol brings potential additional costs, such as when a Central Attack is successful (thus losing the one fee advantage) or when responding to official actions from a designated country. Furthermore, if a significant number of oppositions are filed, maintenance of a Protocol registration may actually become more costly. In Japan, most interviewed users also secure the services of local representatives in designated countries to avoid such issues and advise on local issues and risks such as Central Attack. While it is an additional cost, nearly all of them stated that it was worth it and that in the end using the Protocol is still a more cost-effective option.

7.3.8 No Clear International Definition of Goods and Services

Each member state of the Protocol has its own definitions and interpretations of goods and services, and this means that what is acceptable for one country may not be acceptable for another. Among the interviewed users, over half stated that this was a concern, which is validated by the fact that most cases of provisional refusal under the Protocol are based on issues surrounding various interpretations of goods and services classifications among the member states.⁷³

7.4 Disadvantages for the Government

7.4.1 Increased Workload

Because international applications under the Protocol are filed through the Office of Origin, and it is also this office that handles those applications that are designating the Office of Origin, there is the potential for an increase in workload. There is also the possibility that costs will be incurred by creating additional sections, training staff, and publishing new materials related to educating users on the Protocol, among others. The considerable steps Japan took described in Section 5 to implement the Protocol required an equal portion of resources, and the workload was initially increased to a minor extent.

7.5 Disadvantages for Representatives

7.5.1 Risk of Fewer Clients

Because a user can make an application without representation,⁷⁴ there is the risk that representatives may lose clients, which could cause a drop in revenue and loss of jobs. For those representatives that rely on international applications both from Japanese applicants and from applicants abroad for a large portion of their business, it is clear that they face a greater risk to their overall job security than do applicants.

7.5.2 Language

In general in Japan, the research for this report has found that representatives tend to have greater linguistic capacity than applicants themselves, and this is one of the fundamental reasons why Japanese applicants continue to use the services of representatives for Protocol applications.⁷⁵ Even so, interviewed representatives explained that they still face similar language issues as applicants. Furthermore, because they are generally expected to work effectively in any of the official languages, some have incurred costs to train or hire the appropriate personnel to make up for any insufficiencies.

7.5.3 New Management Systems Required

Because Japanese users tend to rely on representatives, the necessity of new management systems does hold a potential disadvantage. For example, one interviewed representative explained that while they implemented a new management system, it was only to manage Protocol renewals because their representative managed all other aspects of their applications and registrations.⁷⁶ Conversely, another representative explained that their new management system was much more comprehensive and took more time and cost to implement.⁷⁷

7.6 Examples of Overcoming Disadvantages

7.6.1 The Government

Developing the structures to communicate with the IB and a complementing electronic management system represented one of the JPO's most substantial challenges. Japan's accession to the Protocol came at a fortuitous time, however, as the Internet and electronic communication was already becoming ubiquitous in the country. The JPO developed an advanced computer system that not only handled all Protocol applications appropriately, but could also be used to internally manage these applications and successfully communicate all relevant information to the IB. The implementation of this new computer system on the organizational level was essential, as international trademark applications made under the Madrid Protocol are made under national trademark jurisdiction first, and then sent to the IB for the international portion of the process. Even though the cost of this new system was in the millions of Japanese Yen (tens of thousands of US dollars) and did take some months of intensive work to get everything up and running in preparation for accession,⁷⁸ the timing of it fit well into the JPO's overall organizational plans, which minimized the cost incurred.⁷⁹

7.6.2 Applicants and Registration Holders

Consider the case of an applicant that has experienced Central Attack on multiple occasions. When questioned as to why they experienced it so many times, the applicant stated that they were not completely sure. This applicant performed their research, due diligence, and application procedures to the same extent as they had always done and found no major cause for concern. Despite this uniform and detailed attention to their international applications, the user experienced Central Attack on numerous occasions. However, the user stressed that even though a number of its applications were subjected to Central Attack, it will continue to use the Protocol because an application can be easily transformed and the overall benefits of the Protocol far outweigh the risks.

For our second example we shall take a look at an applicant that was adversely affected due to a Central Attack. After developing a new mark for an innovative product, the applicant used a subsidiary abroad to make a basic application. Once the basic application was made a Protocol application quickly followed and the applicant was well on their way to be able to use the mark within their planned timeframe. However, it turned out that the basic application was not accepted by that country's trademark office, and as a result was refused. With no basic application, the Protocol application was accordingly refused and/or canceled in all designated countries. However, the transformation option was available, and after considering all other possibilities, the applicant chose to avail itself of this provision. The mark was therefore successfully registered in all other countries besides the country that the basic application was made in, and because the original application date of the international application still applied, the applicant was able to follow its original business plans with a minimal delay.

8. Results of Implementation

8.1 Specific Examples among Each Group

Each group of interviewee (the government, applicants and trademark holders, and representatives) has experienced similar and different results that had both positive and negative repercussions.

8.1.1 The Government

8.1.1.1 Internationalization of the JPO

Accession to the Protocol brought with it a true sense of internationalization and changed the culture in the JPO somewhat, as many within the office were excited and motivated to be a part of the harmonization of Japan's trademark laws with the international system. An equally high number became motivated to learn English. Prior to the Protocol, most examiners and JPO staff would deal only in Japanese through domestic agents and trademark lawyers, even if the application came from abroad. With the Protocol, however, JPO staff now had the opportunity to communicate directly with WIPO in English. Because of the nature of Japanese governmental offices, staff are frequently rotated to new sections after a number of years, and therefore people were not sure if they would go to the Protocol sections or not. As a result, many took the initiative to utilize the new and existing English specialists at the JPO to improve their written and communication skills with a view to increasing their chances of being transferred to one of the new sections. This had an overall positive impact on the JPO, as not only did staff learn new skills and improve existing ones, but it also ushered in an exciting time of new, interesting work, strong satisfaction levels among staff, and a true sense of internationalization.⁸⁰

8.1.1.2 Digital Implementation

An important part of the JPO's digital portfolio is the Industrial Property Digital Library (IPDL), which was launched in 1999 to coincide with Protocol accession. The IPDL is a searchable database that contains detailed information (in Japanese and English) on over six billion official IP documents that have been published since 1885, including domestic and Protocol trademarks. For each entry, the legal status of the application, registration, and any appeal information is also provided. In addition, the JPO created an online learning program called the "Outline of Procedures for Madrid Protocol Applications," which is a free learning tool that is available at any time for users, agents, lawyers, students, and others in the IP field. The JPO also installed personal computers (PCs) at its branch offices nationwide for public use. With these PCs, users can complete electronic applications, edit necessary documents, and conduct research. Not only do these PCs help those who do not have the necessary equipment or Internet connection, but they also enable more efficient operations as it reduces the amount of paper-based applications, is faster, and much more accurate.

8.1.1.2 Increased Support for SMEs

Apart from multinational Japanese corporations, there are large numbers of SMEs who are poised to gain substantial advantages through the accession of the Protocol. Traditionally, SMEs have played a large part in the Japanese economy (SMEs account for 99.7% of all enterprises and 70% of all jobs in Japan⁸¹), and therefore the Japanese government has implemented a comprehensive program to help SMEs make the most of the Protocol.⁸² Much of this support comes through seminars and introductory informational sessions targeting SMEs and conducted by JPO trademark and Protocol specialists. These seminars and other events are either launched at the impetus of the JPO or by request from a group of SMEs or related organization.⁸³ The JPO specialists also visit the SMEs individually and provide free consultation on the Protocol to raise awareness, support its use, and help foster increased knowledge and thus developing the skills of the IP sections of the individual SMEs. In

addition, the JPO provides consultation services on the IP systems of other countries, as the Protocol provides SMEs with an opportunity to expand their market reach.

Throughout Japan there are also local patent offices at the Regional Bureau of Economy, Trade and Industry, and these offices help facilitate various kinds of support. Each regional office offers regular consultation services covering the entire process of a Protocol application. INPIT also offers similar consultation services that cover all types of inquiries from users in person, through e-mail, or by telephone.

8.1.2 Applicants, Trademark Holders, and Representatives

8.1.2.1 New Management Systems Advantageous

Through their experience with using the Protocol, many interviewed users have found their new management systems to be advantageous. Let us consider, for example, interviewee A (called “IA” for the purposes of our example), who decided to start using the Protocol shortly after Japan acceded.⁸⁴ Once IA made this decision, they realized that they needed to implement a new computer system to make and manage all Protocol applications. Although this took time and HR, because this new system is essentially a new set of rules (such as making applications electronically) and the creation or procurement of new software for managing applications and communicating with the IB, little, if any, new physical equipment was required. IA stated that although implementation of this new system took place over a few hectic months, it had lasting positive repercussions as it introduced a new system that could be used in other areas of its entire trademark management strategy. This saved IA a significant amount of money in the following years, as it became much cheaper to manage its trademark portfolio. IA’s experience is just one example: other interviewed users relayed similar stories in that they learned that starting to use the Protocol when they did facilitated the implementation of new systems which stimulated a significant overall cost savings.

When it comes to representatives, the most important concern tends to be focused on potential job losses. We shall briefly examine another example of how a representative – Number One Trademark Firm (N1, a fictitious name for privacy concerns) overcame the difficulty in implementing a new management system for the Protocol. Following Japan’s accession to the Protocol, N1 developed a new electronic management system for managing Protocol applications and registrations. Although N1 explained that they did have a number of concerns over the success of the new system, it assembled an in-house team of ten computer and trademark specialists and developed the system in approximately six months. Because this was all done in-house with existing staff and resources, there were no necessary additional costs. For the first eighteen months following Japan’s Protocol accession, N1 was not sure how its new system would work because it had yet to receive any official correspondence or registrations from the IB to put it to the test. During this time the firm experienced some uncertainties in how entries and various details would be made into their new system. While this caused some difficulties, after this time period lapsed and following a few applications, N1 was able to successfully harmonize its new system with the requirements of the Protocol and the IB. Once this was achieved, the firm explained, there was minimal work required and few, if any, problems. Furthermore, the new system is managed by a specific group in their in-house IT department, which sends the trademark team reminders and other vital information related to their clients’ Protocol application and registrations. This has proven very beneficial and allowed N1’s system to be successful despite an initial challenging period. Moreover, N1 stated that it believes because the IB and

WIPO have even more support features and capability than it did when Japan first acceded, new Protocol members will not face the same degree of difficulty when they implement their own computer management system.

8.1.2.2 Central Attack Resolved

Although there is always a risk of Central Attack, interviewed users have been able to resolve this risk without any significant problems. One interviewed company was in danger of experiencing a central attack when they started due diligence for a Protocol application. The basic application was already registered in Japan, but the interviewee's research turned up another entity that had made a nearly identical application. This information saved the interviewee from a potentially costly and time-consuming central attack process, and the interviewee stressed that this was an example of the importance of effective and thorough research. As long as extensive research and prior art searches are conducted in Japan and abroad before a Protocol application is made, the interviewee said, the risk of central attack is low or almost non-existent. A number of other interviewed users had similar circumstances in which there would have been a greater risk of central attack if proper research was not conducted.⁸⁵

8.1.2.3 Non-Japanese Basic Application Saves Money and Time

A feature of the Protocol that makes it more attractive than the Agreement is the ability to use a non-Japanese application as the basic application. One interviewee with most of their operations outside of Japan (though they are based in Japan) found this useful. The company's products are mainly targeted for international markets and many are not even sold domestically.⁸⁶ The company explained that an international application based on a national Japanese application would, therefore, make little sense. Under the Protocol, the company could instead make a basic application in another country in which it has a real business presence. This allowed it to protect its mark more quickly and negated the need for an additional basic application in Japan, which could be at risk of ultimate cancellation for non-use due to the mark's orientation to a non-Japanese market. Some interviewed companies have stated that this is an important strategic advantage of the Protocol for their business.

8.1.2.4 An Inopportune Case for a Protocol Application

As we have previously discussed, unique circumstances mean that a Protocol application may not always be the most advantageous route. Let us take one interviewee as an example (names of both the company and countries have been changed for privacy concerns). This user – called “Hoshi” for the purposes of this example – has a large, extremely autonomous subsidiary in “Country A” in Europe (called “Hoshi – Country A” for the purposes of this example). Although the final say rests at Hoshi's headquarters in Tokyo, Hoshi – Country A develops new prototypes, manages its own finances, conducts research and development (R&D), and also handles all of the trademarks for the products that it sells in the region. If Hoshi releases a new product in Japan called “Product A,” but Hoshi – Country A determines that it would sell better in the European market if it were called “Product B,” and if headquarters in Tokyo then approves this name for the European market it will be Hoshi – Country A's responsibility to autonomously apply for the appropriate trademarks. Because the new product will be sold under the “Product B” label in Europe, it does not make sense

for Hoshi – Country A to make a Protocol application, as it can instead easily make a CTM application.

8.1.2.5 A Long Road to Registration

The Protocol provides an extremely easy and cost-effective means to secure trademark rights abroad; however it may not always be the fastest. One interviewed user explained their pleasure at Japan's accession to the Protocol and the ability to make applications in English. Learning the ins and outs of the Protocol took a few months, but they felt that they were able to successfully complete all of the necessary forms and procedures in English. However, their application was returned to them due to errors resulting from an unclear understanding of certain aspects of the application and language mistakes. This made their application take longer and meant that their related product(s) had to be put on hold until the application problems could be resolved.

9. Lessons Learned

Over the past eleven years, users, lawyers, agents, and the government in Japan have learned many lessons about the Protocol. The number of lessons learned expressed by the interviewees for this study is too great to go into detail on every one, therefore we shall focus on the most frequently cited, meaningful, and relevant lessons learned among interviewees.

9.1 Cost-Effective from an Application and Management Standpoint

Every user interviewed for this report learned that the Protocol is a cost-effective choice from both the application and management standpoint. Because one application is required for many countries, most interviewed users found that the application process under the Protocol could be from 1/3 to 1/2 cheaper than taking the national route. This extends beyond the initial application, as every interviewee said that all facets of the Protocol are cheaper in general (by up to 70%), and most found the Protocol be cheaper regardless of any subsequent action required while some stated that it is cheaper than other options provided everything goes smoothly.

Of those interviewed users that have had direct experience with Protocol registration renewals, over half of them found a Protocol renewal easier to manage than many national renewals. For the remaining interviewed users that have yet to experience Protocol registration renewal, all recognized that the benefits would manifest as their registrations come up for renewal in the coming years. Beyond renewals, nearly half of the interviewed users said that they learned that the centralized nature of the Madrid System has helped them overcome any human error when it comes to trademark management, as it is easy to keep up with dates, changes and new requirements for many countries through one application. Furthermore, one refusal period for all designated countries means that it is easier for an applicant to manage the goods and services associated with the registration, as the trademark(s) will be ready for use.⁸⁷ Easy management therefore translates into more cost-savings, and over half of the interviewed users confirmed that this is the case. Intimately related to the application and management process is language, and some interviewed users explained that the ability to make a Protocol application in English reduces the required overall costs compared to national applications. These interviewees explained that when they make national applications, language concerns require them to spend financial resources on in-house training, hire a third party consultant, or rely on a

number of different representatives to assist them. However, when these same interviewees used the Protocol, they already had the necessary language skills. For those interviewed users that did not, most used Japanese representatives to assist with Protocol applications, including help with any language issues, which nearly half of these interviewees explained was the primary reason for using representatives. At first glance, one may think that using a representative for Protocol applications negates one of the most important cost benefits. However, when a cost-benefit analysis for using the Protocol is undertaken, an important variable must be taken into consideration regarding Japanese users: they use representatives for international trademark applications, regardless of the application route taken.⁸⁸ Therefore regardless of the application route, the applicant will incur fees from their representative(s).

Beyond the use of Japanese representatives there is the issue of the use of local representatives. When the national route is taken, over half of interviewed users stated that they also used a local representative, while the remaining stated that their use of a local representative is in coordination with their use of a Japanese representative regardless of the application route. In the case of the latter interviewed users, double fees are incurred (one fee for the local representative and another for the Japanese representative) whenever a trademark application is made abroad. However, if a Protocol application is made, an applicant is not always required to secure the services of a representative in the designated country. This can result in even more cost savings. In addition, less time and effort is required by its Japanese representation to make the Protocol application, which then brings in further savings.

9.2 The Protocol is Only Cost-Effective if Many Countries are Designated

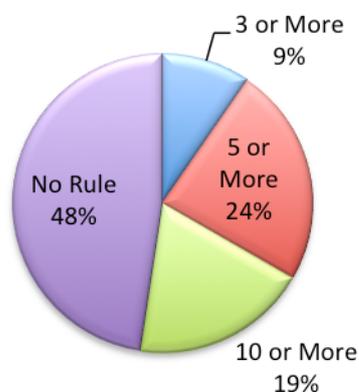


Figure 7 - Number of Countries Designated Among Interviewed Companies

Although the cost-effective nature of the Protocol is not in doubt, over half of interviewed users felt that there are some cases in which the Madrid System is only cost-effective if many countries are designated. Indeed, perhaps the largest merit of the Protocol is that an applicant can cheaply designate *many* countries, not only a *few*. It is important for us to now ask the question: how many is “many”? When asked what constitutes many countries, each interviewee had a different response. Some stated that the Protocol was

only useful if twenty or more countries were designated, while others said that the Protocol would be used when designating as few as three countries (see Figure 7). Nearly half of interviewed companies have no rule set in stone but instead take a case-by-case approach, while some were of the opinion that, through their experience, the Protocol is only cost-effective if ten or more countries are designated. A few were on the opposite spectrum, as they learned that the Protocol is cheaper if three or fewer countries are designated. The most common opinion among interviewed companies was that the cost-effective nature of the Protocol comes into play when five to ten countries are designated. Adding interviewed

representatives into the equation brings the total to nearly half of all interviewed users. Among the interviewed users who have a rule on the cost-effective use of the Protocol, each has a different perspective as to how the word *many* is interpreted. However, all interviewed users learned that the real value of the Protocol comes into play when many countries are designated, regardless if they have a specific rule or their individual interpretation of how many is “many.”

9.3 A Protocol Application May Take More Time

One of the most important advantages of the Protocol often cited by interviewed users is that it can be a fast process, with nearly half stating it is one of the reasons why they choose the Protocol. However, because all Protocol applications are processed at each country’s respective IP office, the changes made to shorten the examination period for a Protocol application tend to trickle down to the national level. Because many member countries have radically increased their efficiency in processing national applications, some interviewed users have limited or completely stopped designating certain countries in Protocol applications.

Even though many countries have gotten faster overall in their national examinations, this does not mean that national applications will always be faster. Each application is unique and must be taken on its own, and a number of external factors such as the complexity of the mark, the number of classifications, and the associated designated products, all could increase the time it takes for a national application to be registered. The examination period for a Protocol examination, however, must be completed within eighteen months, and gives the applicant a sense of security and the ability to easily plan ahead. Some interviewed users stated that these were two important benefits of the Protocol in regards to the speed of the processing of an international application.

Depending on the industry, the speed at which the examination period is completed may or may not matter. Eighteen months is more than an adequate time period for many users in certain industries with slower mark life cycles. Of those interviewed for this report, most stated that they feel the Protocol is fast enough and that any insufficiency in speed is not the major factor in their decision making process regarding application routes.

9.4 Language Concerns Mean a Basic Registration should be used Instead of a Basic Application

A common theme among the opinions of interviewees was the issue of language and how it relates to the basic application. Over half of interviewed users ran into language difficulties, and learned that it can be an uphill battle to use a Japanese application or registration as the basis for a Protocol application. These difficulties arise from the language, as nearly half of the interviewed users explained that Japanese applications made in one of the three Japanese writing scripts (Table 7) are frequently rejected or unsuitable to use as a Protocol application. While an international application under the Protocol can be accepted for a mark written in Japanese, each member state has its own laws that must be respected, and not all accept applications in scripts such as Japanese. As a result, many designated countries may refuse the application, which would undermine the benefits of the Protocol.

To overcome this problem, some interviewed users transliterate the concerned mark into another language (usually English) and make a new Japanese application. Although most

ran into no problems, some did find that this new application made just for the purposes of making a Protocol application can bring in a host of other problems. First is the time, effort, and cost involved with making a new Japanese application. Although it is a single application and relatively straightforward, the resources required cannot be ignored when doing a cost-benefit analysis for using the Protocol. Second, problems can arise from the transliteration, and if it is not completed correctly – or if the JPO does not accept the transliteration – it will be returned to the applicant for correction and resubmission.⁸⁹ Third, transliteration may actually make it impossible to make a new Japanese application. If an Applicant A, for example, transliterates a mark into English, it may find that Holder B has already registered the transliterated mark, making a new basic application for Protocol purposes impossible.

There is also the issue of classifications, which over half of the interviewed users learned further increases the difficulty of using a new Japanese application as the basic application for the Protocol. In Japan, certain products overlap others in the national classification scheme, and this can actually prohibit registration of a new mark. Some interviewed users stated that they have learned that it is more difficult to use a new Japanese application as the basic application for the Protocol, and that it is much easier, safer (less risk of Central

Attack), and preferable to use a Japanese registration instead. Furthermore, if an insufficient amount of research and detailed consideration is done and a Japanese application is used, using the Protocol

Table 7 - Japanese Writing Scripts

Script	Example	Use
Kanji Characters	(Chinese) 漢字	Nouns, Adjective Stems, Verb Stems
Hiragana	ひらがな	Inflected Verbs, Adjective Endings, Particles, Words With No Kanji, Difficult Words
Katakana	カタカナ	Loan Words, Other Special-Use Words

may end up costing more and taking more time as compared to the national route.⁹⁰ Please see Annex III, Section 2 for an example. Using a Japanese registration as the basic registration, however, has never resulted in Central Attack or any other problems when a Protocol application was made,⁹¹ and nearly half of interviewed users stated that they feel that this is a problem unique to Japan and other countries that use pictographic writing scripts.

9.5 The Protocol May Not Be Effective for Short Lifecycle Products

For products and/or services with short lifecycles, some interviewed users stated that they learned that the Protocol might not be an effective application route. Two major intertwined factors underlie why this is so: industry and competition. Of the interviewed users, over half are operating in industries that are in a near constant state of innovation, which comes from entities such as research institutes, governmental institutions, and the industrial participants themselves. Since the climate of these industries is so fluid, members have to develop new products and services at a much faster rate than other industries. Over half of interviewed users involved in commercial activities stated that they release products and/or services at a much faster rate than the eighteen-month examination period of the Madrid System. For such cases, by the time a Protocol application has been registered, it may no longer be of any use to the applicant.

Another reason why products and services with short lifecycles may not be suitable for the Protocol is that some interviewed users learned that many of them are simply not suitable due to regional, linguistic and cultural issues. While it is not true for all industries, among interviewed users' activities their products and services with short lifecycles tend to be very focused on a specific culture, language, market, and/or group.⁹² Language is also an important issue, as what may be an easily recognizable and popular mark in one language may prove to be just the opposite in another. Significant research, time, and cost would be required to adapt the mark to a new language, and on a number of occasions some interviewed users have learned that for short lifecycle products, such efforts might be unsuccessful and not economically viable. As a result such products and services might not be suited for any other region, which then lessens the advantages of the Protocol. Furthermore, even if the product can be adapted for another region, language and culture, not all countries in that region may be Protocol members.

Beyond the aforementioned reasons, short lifecycle products and services may simply not be suited for trademark protection in general. Some of the interviewed users with such products and services said that this is the case. Even if the Protocol is used, it is simply too much of an economic risk to constantly protect marks for products and/or services that will only be around for a short time. Moreover, some interviewed users stated that they risk losing their competitive edge if they are always waiting to register a mark before they release a new product or service. Protocol or otherwise, trademark registration is not always necessary before a product or service is marketed.

9.6 Less Worry About Renewals and Other Deadlines

One of the most important features of the Protocol is easy renewal, which is due at the same time for all designated countries and requires one easy-to-pay fee. This is a significant advantage that was recognized by over half of the interviewed users, who have accordingly become less worried about renewals. Secure in the knowledge the IB will send a renewal notice at least six months in advance and that all designated countries will be renewed, any uncertainty is eliminated. Moreover, these interviewees responded that less time worrying about renewals means more time to focus on other activities such as combating trademark infringement. Interviewed representatives explained that their clients will become more mindful of the benefits of the Protocol renewal system, and therefore more inclined to use the Protocol further.

Table 8 – Major Concerns of Renewing a Protocol Registration

Concern Raised	Interviewed Users
Ambiguity in deadlines, fees, correct procedures, etc.	< 10%
Laws and rules regarding renewals differ by member States	< 5%
Management of renewals under the Protocol is more difficult	< 10%

Over half of the interviewed users have learned that it is difficult, costly, and time consuming to manage multiple renewal dates and constantly keep abreast of different laws, rules, and regulations. Furthermore, they stated that they have learned that the renewal system of the

Protocol dramatically reduces the burden of trademark management. As a result, most of these interviewees said that they already have plans, or are developing plans, to transition to using the Protocol more. Most interviewed users explained that because renewal notices and/or invoices for direct national applications come at such sporadic times, it can be difficult to manage them. In a Protocol application, however, trademark holders know exactly when they can expect to receive such correspondence, and nearly all of the interviewed users stated that this transparency has helped them worry less and feel more secure when it comes to renewals. Despite these advantages, a few interviewed users did raise some concerns over Protocol renewals, which are listed in Table 8.

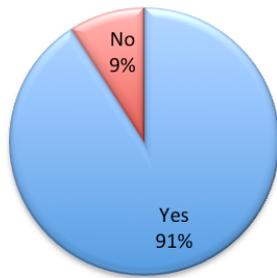


Figure 9 – Interviewed Users that Feel Renewal of Protocol Applications is Easier to Manage Overall

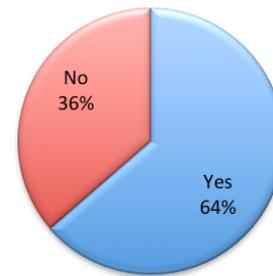


Figure 9 – Interviewed Users that Said the Ease of Renewals Plays a Role in Future Protocol Use

9.7 The Protocol Is Ideal for Corporate Marks

In Japan, half of interviewed users have stated that they learned the Protocol is the ideal application route for protecting corporate marks. This is due to the following factors:

1. The Protocol brings savings in time, money, and effort when an applicant wishes to protect a mark in as many countries as possible;
2. The Protocol is fast, allowing for faster use of a mark and faster action against any infringement;
3. Corporate marks have far less risk of Central Attack;
4. Designating additional countries is easy and cost-effective in a Protocol application, which can facilitate trademark registration in new countries;
5. Subsequent designation is simple and cost-effective; and
6. Amending one Protocol application to reflect desired changes is easier and more cost-effective than doing so individual in all of the countries where the corporate mark is registered.

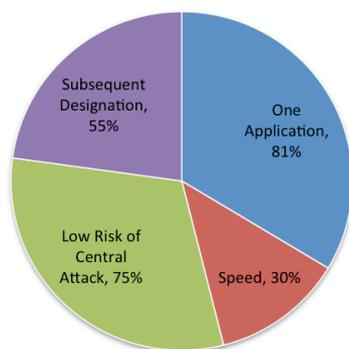


Figure 10 - Ideal Use of the Protocol for Corporate Marks (Among All Interviewed Users)

All of the aforementioned reasons are the result of interviewed users' direct experiences, and because of the positive results, most expressed their desire to transition from many national trademark registrations to one Protocol application, especially for corporate mark(s) that are still protected by national registrations. Even if an applicant's desired countries cannot all be designated, these interviewees have stated that it is still beneficial to use a mix of national applications and the Protocol for those countries

that can be designated, as a good portion of the interviewed user's target markets are members of the Protocol. The Protocol is therefore ideal for corporate marks because an application is easy to make, manage, and change. It is also fast, can facilitate increasing the number of designated countries, and there is a low level of risk involved.

9.8 Determining the Correct Classification Can be Tricky

One recurring instance brought up by over half of the interviewed users is regarding the classification system of the Madrid System, specifically as to how it is different than that of each Member state. While the Nice Classification is applicable to the Madrid System, it does not override the national classification system of each member state. Each member state has their own interpretation of what goods and services should be classified in what way, and although this aligns nicely in many cases with the Nice Classification, in many other instances it does not. As a result, some interviewed users stated that more research is required to overcome classification issues and a few have learned that a Protocol application might take more time and resources because of the difficulties in determining the correct classification in designated countries.

Not only does an applicant need to consider that its basic application or registration meets the requirements of the Nice Classification, but it also needs to ensure that it meets the requirements of each classification system of each designated country. Indeed, nearly half of the interviewed users have had difficulties with a Protocol application because of this. A common theme among interviewed users' experiences was that they learned that they often had to add classifications to a basic application or registration or make an entirely new basic application or registration to ensure classification compliance with WIPO and all designated countries. Such additional work was pointed out as somewhat negating the benefits of the Protocol, and was further exacerbated when language issues come into play, as some countries have different classification system based on different writing scripts.

Interviewed users who brought up concerns over classification issues also recognized that it is not a reason to abstain from using the Protocol. One of the most important reasons cited why this is so is the abundance of resources provided by WIPO, particularly on its Website. Furthermore, these interviewees also stated that once you become familiar with the Protocol and correct classification, there is not a substantial increase in the amount of research required. For example, one interviewee that did have some concerns stated that while they ran into some classification problems in the beginning that required an additional basic application for their first Protocol application, once they learned how classifications work in the Madrid System and availed themselves of WIPO's online classification resources, they have been able to make many successful Protocol applications without any classification problems.

A final way that makes determining the classification difficult is the scope of the classification. A number of interviewed users expressed their desire to cover as broad a classification range as possible by using the Madrid System. However, there are times when an applicant may not be able to cover as wide a range as possible because of the various interpretations among member states. These interviewees therefore learned that when this is the case, they must use creativity in their classification choices to ensure that they not only cover as broad a range as possible, but also use the correct classification for WIPO and each designated country.

Regardless of the aforementioned concerns, it is important to note that those interviewed users that experienced difficulties due to classification problems also recognized that this was due to the fact that the basic application or registration was one that was targeted specifically for Japan and not changed in a significant way for use in a Protocol application. In the cases of new basic applications or registrations, these interviewees stated that the risk of running into any classification issues is negligible.

9.9 Central Attack is Not a Significant Risk

The issue of Central Attack has already been discussed in detail in Sections 2.7 and 6.7.2, and while a portion of users are wary of Central Attack, only a few stated that it was an underlying reason to abstain from further use of the Protocol. Most explained that through their experience, they have learned that central attack is not a significant risk. Some interviewed users actually experienced a Central Attack, but all were able to ultimately gain trademark protection in the desired countries and/or regions through successfully making a new Protocol application that solved any of the issues that resulted in central attack, or were able to successfully transform the Protocol application into direct national applications. Of those interviewed users that experienced Central Attack, some stated that they were not surprised that it occurred because they knew the application was risky, while the remaining interviewed users stated that their experience taught them the importance of proper due diligence. If proper due diligence is conducted, most interviewed users stated that risky applications can be avoided and nearly all Central Attack risk mitigated. As the data presented here and in Sections 2.7 and 6.7.2 shows, Central Attack is nearly a non-issue and users learned that any fears they may had before Japan acceded to the Protocol were allayed after they actually used the Protocol.

9.10 The Initial Learning Period can be overcome Quickly and Safely

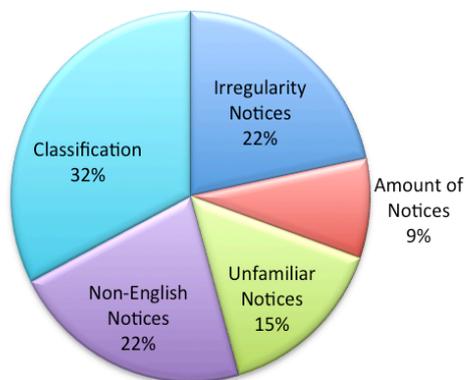


Figure 11 - Correspondence from the IB

A common concern that arises among potential users of the Protocol (in both Protocol member and non-member states considering joining) is that the process of learning how to effectively use the Protocol will require too much time and effort.⁹³ While a good portion of interviewed users faced difficulties in the early days of using the Protocol in Japan, Table 6 shows us that nearly none stopped using the Protocol simply because of this initial hurdle.

Furthermore, the data also shows that the initial learning period does not take a long time (from a few months to a year or more), and for those that did, nearly three-fourths responded that this was because they only made a few applications per year.

In general, we can organize the initial difficulties interviewed users faced into five broad categories: (1) learning how to correctly make the application; (2) learning how to correctly classify goods and services; (3) learning the appropriate responses to various notices from the IB; (4) the language barrier; and (5) incorporating a new management system specifically for Protocol applications and registrations. Regardless of this, most interviewed users stated that they overcame the learning curve after they made a number of Protocol applications.

Users that made many applications per month learned quickly, while others took more time because they made fewer applications over the same period.⁹⁴ For more detailed examples of some of the challenges interviewed users faced and how they were overcome, please see Annex III.

9.11 Use of Domestic and International Representatives are Desirable

Most interviewed users continue to use third party representatives (at home and abroad) for Protocol applications. This shows a trend towards the desirability of representatives among Japanese Protocol users.

9.11.1 Domestic Representatives

In the Japanese IP community, there is a long tradition of using domestic representatives to make applications and manage registrations at home and abroad. Trademark registration in Japan has followed this trend for decades, and it has continued even after the country acceded to the Protocol. Table 10 lists the top recurring reasons for the continuation of using domestic representation among interviewed users. For more detail into each of these reasons, please see Annex III.

Table 9 – Top Reasons for the Use of Domestic Representation

1	Culture and Tradition
2	Safety and Security
3	Workload
4	Language
5	Know-how and Experience
6	Communication

9.11.2 Local Representatives

Equally important as representation in Japan, nearly half of the interviewed users learned that the use of local representatives in other countries and/or markets could be vital to the success of a Protocol application. Table 11 shows the top reasons why this is the case. For a more detailed explanation of each reason, please see Annex III. Table 12 shows the number of interviewed users that use local representation for different types of applications, and the reasons behind this.

Table 10 – Top Reasons for the Use of Local Representation

1	Experience, Know-How, and Knowledge of Local Laws
2	Prior Art Research and Due Diligence
3	Language
4	Basic Applications and/or Registrations Outside Japan
5	Infringement

What we can see from these reasons and examples in Annex III is that using local representatives is equally important – and in some cases more important – than using Japanese representatives to a good number of interviewed users. Furthermore, over half of interviewed users stated that even if they use a Japanese representative and local representative abroad, a Protocol application is still more cost-effective, especially if five or more countries are designated.

Table 11 – Interviewed Users⁹⁵ and Local Representation

Interviewed Users that also use Local Representation		
For Direct National Applications		62%
For Direct National and Protocol Applications		46%
Because of Language Issues	Also Use Domestic Representatives	85%
	Do Not Use Domestic Representatives	15%
Have a Long-Standing Relationship with a Set of Local Representatives		8%
Local Representation Does Not Lessen the Protocol's Cost-Effectiveness		94%

9.12 Implementation of New Systems is Not Difficult or Costly

While interviewed users explained a variety of different systems they used to implement the Protocol, two were found to be recurring: (1) an electronic application, registration and renewal management system; and (2) a new decision-making policy. On the surface it may appear that these new systems would be difficult or costly to implement, however, most explained that this was not the case, while some said that the new systems brought additional benefits to the user as a whole. Many of these systems have already been discussed in detail in other sections; therefore, please see Annex III for more information on the two main identified new systems.

9.13 The Protocol Can Facilitate Entering Into and Expanding New Markets

Although it ultimately can be more complicated than simply checking a box, some interviewed users learned that use of the Madrid System can directly facilitate entrance into new markets (with a few describing the relationship as indirect) and also expansion into recently entered markets. Even though this is a relatively small number of interviewed users, it is an important benefit that deserves further examination because it can bring significant and long-term benefits to a user. Please see Annex III, Section 1 for these examples,⁹⁶ which show us that even though there was a general consensus among interviewed users that using the Protocol does not always directly result into entering new markets, there are situations in which it does in fact facilitate this and can help a user expand its market reach. Furthermore, a number of interviewed users explained that the Protocol has made it easier for them to develop and protect marks in certain regions, which in turn helps them expand into new markets more effectively.

9.14 More Southeast Asian Protocol Membership is Desirable

Southeast Asia represents one of the largest and most important regions for interviewed users, and as a result one of the major reasons behind Japan's relatively low use of the Madrid System is because there are simply not enough Protocol members in the region.⁹⁷ Overall, interviewed users explained that the Southeast Asian region is one of their largest markets, and through experience with the Madrid System they have learned that the more countries in this region that joined, the easier it would be for them to protect their marks and ultimately enter these markets. Seven major reasons were identified why this is the case and

as such why the interviewed users would like more Southeast Asian countries to accede to the Protocol:

1. Interviewed users have manufacturing, R&D, and/or regional headquarters in Southeast Asia;
2. Some countries in this region have intensive examination procedures or different infrastructure than other countries, which makes national applications difficult;
3. Many countries in Southeast Asia allow the registration of marks in *Kanji*, negating the need for an additional basic Japanese application;
4. Southeast Asia is one of their largest markets;
5. Market access in Southeast Asia would become easier through a Protocol registration, and would complement interviewed users' expansion goals;
6. Many of their products and services are marketed under the same name throughout Asia and Southeast Asia; and
7. It is an effective means to combat trademark, product, and other types of infringement.

For more detail into each reason, please see Annex II for a number of real-world examples provided by interviewed users.⁹⁸

9.15 The Protocol Can Be Used to Combat Trademark Infringement

IP infringement is something that plagues a number of industries, and some interviewed users have found the Protocol to be an easy and cost-effective way to combat trademark, product, and other types of IP infringement. For a number of interviewed users, even though they may not have a significant market presence in specific regions, they still make direct national registrations in order to protect their marks and brands. This is especially true for those interviewed users that have manufacturing, R&D, or other facilities in those regions. However, because of different IP systems, laws, and regulations, direct national applications are not always the most effective means of securing the necessary rights. If Protocol registrations could be made in these countries, however, these interviewees explained that they would use the Madrid System to make more applications designating many countries in the region. Some of them explained that combating infringement is one of the key considerations taken into account when they make Protocol applications. Furthermore, these interviewees explained that since they started using the Protocol they have been able to implement a new approach to easily and cost-effectively designate countries in an application in which they have experienced infringement and have many rivals. Using the Madrid System in this way allows such applicants to curb infringement, protect their marks, and provides a safe way to bring their brands to new markets. Less risk of infringement can bring more opportunity, both for the user and the designated country. The more countries that join the Protocol, be they in Southeast Asia or other regions, the more these benefits can propagate and be useful to a wider range of consumers, and economies.

9.16 The Madrid System is a Positive Influence on the Local IP System

One such benefit that those interviewed from the JPO (and also a number of users) recognized was that the Madrid System played an important role in positively influencing the Japanese IP system. From the government's standpoint, three important positive influences were isolated: (1) an increase in language ability; (2) the modernization of internal systems; and (3) a positive change in culture. From the perspective of users, we can also isolate three

important positive influences the Madrid System brought: (1) shorter examination period and increased efficiency; (2) language; and (3) simplified procedures. For more detailed information on the aforementioned reasons, please see Annex III.

9.17 Jobs Are Not Lost as a Direct Result of Using the Madrid System

When Japan first considered acceding to the Protocol, one valid concern raised by some in the IP community was whether or not it would lead to the loss of jobs.⁹⁹ This issue was discussed in further detail in Section 6.6.1 from the overall effect of Japan acceding to the Protocol. While we will not repeat that information, we will briefly look at the issue from a different perspective and examine how Japanese users learned that using the Protocol is not in fact a direct risk to current jobs. Enacting legislation to accede to an international agreement like the Protocol and actually using it are two different issues, and in this section we will examine the latter. Simply because Japan acceded to the Protocol did not mean that Japanese companies, organizations, and other entities were required to use it. Indeed, Japan's 20% adoption rate shows that this is clearly not the case. For those that did choose to use the Protocol, then, what effect has it had on jobs, if any? At first glance, it is easy to see why there is cause for concern, both from the perspective of users and from representatives. For users, the entire application and management process would become significantly easier, decreasing the amount of work required and theoretically also decreasing the number of required positions. For representatives, because users can easily make a Protocol application themselves, their services might no longer be required, which, for many (particularly those focusing on international registration services), could translate into significant job cuts.

The interviewees' experiences – both users and representatives – have shown that there is no cause for alarm when it comes to job reduction and the Protocol. Not one single interviewee said that use of the Protocol directly resulted in job losses, and most interviewees believe that there is no direct correlation. This is due to a number of factors, which are slightly different for users and representatives, and we shall first briefly look at what users have learned. First, some of the interviewed users explained that regardless of whether they use the Protocol or not, there is always more than enough work related to the management of trademark applications, registrations, and renewals. Furthermore, as was discussed in greater detail in Section 9.3, there are many additional issues that require action after the initial application, and even though the Protocol is easier overall, jobs are still necessary to appropriately handle this work.¹⁰⁰ For example, one interviewee actually increased the number of people in its trademark division since using the Protocol from three to five, and some interviewed users stated that they think jobs will increase, rather than decrease, because of the Protocol. Second, these interviewees also explained that they still have a good deal of work to attend to besides trademark applications, registrations, and renewals. Combating infringement, conducting due diligence and R&D, and developing new marks are all examples of other work that interviewed users explained they are intimately involved in. Yes, the Protocol made their work easier to an extent, they said, but the overall workload has not decreased enough to warrant mass layoffs. For example, one interviewee explained that while the Protocol has made it easier to manage their applications and registrations that resulted in fewer files, the time savings would not warrant any job cuts. Lastly, as we have already stated throughout this report, Japanese users tend to rely on the services of representatives, regardless if the application is made under the Protocol or through the direct national route. The overall work load has therefore not significantly changed, and again would not necessitate any HR changes.

From the perspective of representatives, most have found that their work has gotten somewhat easier through using the Protocol. However, just as is the case for users, the reduction has not been a driving factor to directly cause any reduction in jobs. Three major factors again come into play here. First, as previously mentioned over 85% of Japanese users continue to utilize the services of representatives even when the Protocol is used, therefore the reduction of clients, if any, is minimal. Second, representatives have found that they are able to bring in new clients in the form of Madrid System users from abroad that are designating Japan and require help solving issues such as provisional refusals. Just as a Japanese user might need the services of a local representative abroad for a Protocol application, so too may a user from abroad who is designating Japan in a Protocol application. Lastly, language still plays an important role. This issue was approached in further detail in Sections 7.3.1, 7.5.2, and 9.4, and what representatives have discovered is that language issues make representatives' services more desirable because they are better equipped with the linguistic capability than the trademark departments of users. One interviewee explained that from its own experience it feels that non-English speaking countries in particular are at little risk of losing jobs due to language issues.¹⁰¹

Although these reasons provide us with an overall picture of the job loss correlation with the Protocol, it is important to recognize that some interviewed users have experienced a reduction in jobs. In the case of users, some interviewed users have undergone restructuring that resulted in a few positions becoming redundant. In the case of representatives, easier international applications via the Protocol have led to less work and a reduction in billable time, which has had an effect on HR. Regardless, all interviewed users that have experienced such circumstances stated that it was not a direct result of using the Protocol, but rather a combination of a number of factors of which the Protocol is just one. Furthermore, the JPO has never received any complaints or information of people losing their jobs as a direct cause of using the Protocol.¹⁰² A majority also expressed their belief that concern over possible job losses should not be considered as a main reason to abstain from acceding or using the Protocol.¹⁰³

10. Conclusion

Throughout this report we have covered in-depth the experience of the Japanese government, users, and representatives in implementing and using the Madrid Protocol. We have seen that although there were fears and concerns prior to and following accession, these have been allayed for the most part. Even though Japan's use of the Protocol remains low compared to other countries, most interviewed users expressed their desire to use the Protocol more, and this is likely to increase. As users become more familiar with the long-term benefits of the Protocol, we have found that they are very likely to increase their use and make it more a fundamental part of their IP strategy. Moreover, many of the difficulties that Japan faced when it acceded to the Protocol were because it was one of the first countries in Asia to do so. A number of unique issues came up, such as cultural and linguistic differences, but even so Japan was able to successfully accede and make the Protocol an integral part of its IP system. At the same time, harmonization of Japan's domestic IP system with the international IP system brought many concrete advantages that continue to manifest themselves in a variety of important ways. With Japan's experience as a guide, many other countries – especially in the Southeast Asian region – are also poised to reap innumerable benefits from accession to the Madrid Protocol.

ANNEX I – INTERVIEWEE LIST

This report is indebted to the following interviewees for their kind and invaluable participation.

I. Companies

1. Ajinomoto Group
2. Asahi Group Holdings
3. Asahi Kasei Corporation
4. ASICS
5. Bandai Corporation, Limited
6. DIC Corporation
7. Daiichi-Sankyo Corporation, Limited
8. Eisai Corporation, Limited
9. Honda Motor Corporation, Limited
10. Hoya Corporation
11. Kao Group
12. Kirin Brewery Company
13. Mitsubishi Rayon Corporation, Limited
14. Nikon Corporation
15. Nissan Motor Company Limited
16. Panasonic Corporation
17. Shimano Incorporated
18. Shiseido Corporation, Limited
19. Sony Corporation
20. Sony Computer Entertainment, Incorporated
21. Toray Industries, Incorporated
22. Toshiba Corporation
23. Toyobo Corporation, Limited
24. Yamaha Corporation
25. Yamaha Motor Company
26. Yokogawa Electric Corporation

II. Representatives

1. Asamura Patent and Trademark Office
2. Eikoh Patent and Trademark Office
3. Hikari Patent Office
4. Iijima Patent and Trademark Office
5. Kyowa Patent Office
6. Shimizu & Daigo Patent and Trademark Office
7. TMI & Associates

III. Government Officials

1. Mr. Kuniyoshi Ito, Japan Patent Office
2. Mr. Sunao Sato, Japan Patent Office

ANNEX II – History of Japanese Trademark Legislation

Table 12 - Major Developments in Japanese Trademark Legislation (1884 - 1999)

Trademark Ordinance		
Type	Date	Main Content
Enactment	1884	<ul style="list-style-type: none"> - Trademark Registration - Trademark Examination - First-to-File Rule
Revision	1888	<ul style="list-style-type: none"> - Submission of applications to the Ministry of Agriculture and Commerce by Applicants or their Representatives
Revision	1899	<ul style="list-style-type: none"> - Agents Allowed to Act on Behalf of Individuals Abroad - Priority Regulations Implemented - Applicant Granted Right to Appeal to the <i>Daishin-in</i>¹⁰⁴
Revision	1909	<ul style="list-style-type: none"> - Introduced Associated Trademark System - Introduced System to Protect Well-Known Trademarks - Ability to Cancel Unused Trademarks - Allow Appeals Against Examination Results
Trademark Law		
Type	Date	Main Content
Enactment	1921	<ul style="list-style-type: none"> - Require Trademark Publication - Allowing Oppositions to be Filed Before Trademark Registration - Abolished Re-examination System - Permitted Appeals to Japan's Supreme Court - Introduced Collective Trademarks - Introduced Non-Claiming Right System - Introduced Trademark Cancellation
Trademark Act		
Type	Date	Main Content
Enactment	1959	<ul style="list-style-type: none"> - Defined Terms: Trademark, Registered Mark, Mark, and Use - Abolished Collective Trademarks - Abolished Non-Claiming Right System - Abolished Scope of Right Confirmation - Abolished Limits to Color Use in Trademarks - Requires a Trademark to be Distinguishable - Shortened Trademark Registration Term from Twenty to Ten Years - Established Free Transfer and Use System - Requirement to Set Up or Transfer Trademark Rights - Established Defensive Mark System - Established Trademark Judging System - Established 34 Categories to Match International Classification Standards
Amendment	1975	<ul style="list-style-type: none"> - Indication of Business Type Required on Application - Assigning Burden of Proof for Non-Use in a Non-Use Cancellation Proceeding - Examining Usage of a Registered Mark During Renewal
Amendment	1992	<ul style="list-style-type: none"> - Service Mark System Added

		- Adoption of the Nice Classification
Amendment	1994	- Compliance with the TRIPs Agreement
Amendment	1996	- Adoption of Multi-Class Application System - Development of a Three-Dimensional Trademark System - Adoption of a Standard Characters System - Allowing Registration Fees to be Paid in Installments - Abolishment of Substantive Examination on the Use of a Registered Mark on its Renewal - Abolishment of the Association Trademark System - Introduction of a Post-Grant Opposition System - Adoption of a Re-Classification System of Goods and Services
Amendment	1998	- Change in the Method for Calculating the Amount of Indemnity for Damages Caused by Infringements
Amendment	1999	- Implemented the Madrid Protocol - Establishment of a Prompt Publication System for Applications and Registrations

Table 13 - Major International Treaties and Agreements to which Japan is Party

Treaty / Agreement	Date
Paris Convention on the Protection of Industrial Property	1899
Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks	1990
Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPs)	1995
Trademark Law Treaty	1997
Madrid Protocol	1999

ANNEX II – Additional Examples from Interviewees

*Cost-Effectively Reaching the World – the Case of the PlayStation Vita (PS Vita)**

For a company like Sony Computer Entertainment Incorporated (SCEI), Japan's accession to the Protocol made a positive and lasting impact on the way in which the company applies for and manages their trademarks. In particular the Protocol has helped the company increase the number of countries in which they make international registrations, thus protecting their popular brand names in as many regions as possible. With a long history of utilizing the IP system through its parent company (Sony, Inc.), the introduction of the Protocol has led to SCEI developing its own ranking system for countries in which it will make trademark applications. The system scale is from A to D and is used to determine whether or not a Madrid application is necessary. Traditionally, Rank A refers to the company's major markets in North America, Europe, and Asia, while Rank B refers to South America and other emerging markets. Ranks C and D refer to smaller markets which are not of immediate priority to the company.

Without the Protocol, the chance is high that SCEI would not seek protection for its trademarks in C and D ranked countries. With the Protocol, applications can be easily made in these countries because it is cheap and convenient, as the company need only file one application and pay one fee regardless of the number of designated countries. This is especially helpful for the trademarks of SCEI's popular hardware, such as the PlayStation. In the case of hardware, the Protocol has made it easy for the company to designate countries that it does not have a traditional strong presence in to ensure not only that it can be used in the future, but also to avoid the risk that some other entity will infringe on the company's trademarks in that specific market.

SCEI's PlayStation Vita – popularly known as the PS Vita – handheld video game system is an example of the many advantages of the Protocol put into practice. After deciding on the name (PS Vita) for the innovative new product, SCEI conducted a thorough prior art search to ensure that no other company or entity was using the name. After confirming the originality of the name, they decided to use the Protocol to protect it because it is cost effective, efficient, timely, and convenient. Using the Protocol meant that SCEI could make one application for all countries in which it plans to release the product, including C and D ranked countries in which it may not seek protection if the Protocol was not an option. The company stressed that the Protocol was the best choice and through it they could secure trademarks for their new product, which is vital to the company's core business, in a timely manner for many countries through one application, and well in advance of showing the product to the public for the first time in January 2011. With the help of the Protocol, the PS Vita was successfully launched in Japan in December 2011, in North America and Europe in February 2012, and in other worldwide markets in the summer and autumn of 2012.

*This story appears with permission from Sony Computer Entertainment, Inc.

Saving Time, Money, and Human Resources with the Protocol – the Case of Hoya Corporation*

Hoya Corporation (Hoya), a major international manufacturer of optical products including filters, lasers, contact lenses, and eyeglasses, is an example of a Japanese user that has successfully utilized the Protocol to quickly, easily, and cheaply protect their corporate brand worldwide. Prior to the Protocol, Hoya was protecting its corporate trademark through over 150 direct national applications. This translated into a substantial amount of work managing all of the different renewal periods, becoming familiar with local laws and regulations, and hiring the services of local legal counsel to keep abreast of any legal changes and defend any opposition. Because Hoya's products are sold all over the world (for example, the company is one of the world's leading manufacturers of the filaments and glass layers used in mobile phone screens), it was essential that its name was protected worldwide, and with the absence of international trademark legislation in Japan, the company utilized the direct national application route. When Japan acceded to the Protocol, however, Hoya recognized that this was a great opportunity to quickly and easily protect its corporate name through one application, one set of fees, and one renewal date. In 2003 the company applied for international trademark protection under the Protocol for the Hoya name, and registration has been granted in most countries by 2011. The entire process took minimal time and registration came quickly, as Central Attack posed little threat because the company has over seventy years of history with national registered trademarks all over the world. Using the Protocol is only one tenth of the cost of national applications, and has made management and protection of Hoya's brand name easier, safer, more cost-effective, and more efficient.

1. Examples Relating to Section 9.13

Shortly after Japan acceded to the Protocol, Interviewee One (I1) analyzed how it could be best utilized, and soon discovered it could be used to secure trademark protection in countries in which it would have previously passed over. I1 works with an internal ranking system. Before the Protocol, when it was decided that a specific country did not achieve a high enough rank because I1 did not have enough market presence there, a direct national trademark application was not filed. However, because additional countries can be easily and cheaply designated, I1 determined that there were no disadvantages to utilizing more of their ranking system when a Protocol application is made. As a result, I1 was not only able to secure registration for its mark in more countries quickly and easily, thus making future entrance into these markets easier, it also served as a deterrent to would-be copycats, who would now be subject to litigation because of the Protocol registration. Interviewee Two (I2) – our second example – is similar, however it had a policy of not actually protecting its marks in countries in which it did not have a large enough presence. Cost was the primary concern, as I2 found it too costly to protect a mark that it may or may not continue to use a few months down the road. However, when I2 discovered the ease of use of the Protocol, it decided that it could not afford to *not* protect its marks in these countries, as the cost was minimal but the potential return much greater, provided the associated goods and/or services were successful. In our next example, Interviewee Three (I3) decided to enter new countries that were adjacent to countries in which it already had a strong presence. Again, the ease of designating an additional country, the cost-effective nature, and the potentially

significant resulting returns were all cited as reasons why this decision was made. In this case, I3's decision proved to be the right one, and its protected mark became a commercial success. Our final example, Interviewee Four (I4), recently acquired some companies in a new region. Before the acquisitions, I4 would not make trademark applications (Protocol or otherwise) in this region because it did not have an extensive market presence there. However, following the acquisitions I4 decided that the Protocol would be the ideal means with which to easily and cost-effectively protect the marks of its new companies because they did business in the region.

2. Example Relating to Section 9.4

Consider Holder A and Holder B, each of which may have a registration that mean the same thing (such as “dream”) and fall under the same classification but are in different languages (i.e. Japanese for Holder A and English for Holder B). When Holder A transliterates its Japanese mark into English to make a Protocol application, it would risk rejection of its basic application because the new mark's name and classification would overlap with the Holder B's prior registration. A combination of language and classification issues such as this could therefore further exacerbate the problem that Japanese users have when they use a basic application instead of a basic registration.

3. Examples Relating to Section 9.10

Interviewed users faced a variety of difficulties during their initial use of the Protocol, which internal and external forces helped them overcome. Under the Madrid System the forms and supporting documents required are of course different from those that are required for a national Japanese application. A JPO published Protocol application handbook and joint JPO-WIPO seminars and training sessions have helped all interviewed users that participated quickly learn how to make a Protocol application. Learning a new classification system also proved difficult. Japanese users had little experience with the Nice Classification,¹⁰⁵ and it took some time to ensure classifications were in accordance with the classification systems of all designated countries. As a result, almost half of the interviewed users said that problems arose or mistakes were made, making the application take longer than expected.

Some interviewed users explained that they found it difficult to know what to do when they received irregularity letters and other notices from the IB. These interviewees experienced an increase in workload that might not have occurred if it made a direct national application, as the user would already be familiar with the follow-up procedure for any such necessary action. However, these interviewees stated that they learned how to respond to such correspondence and ensure that it would no longer be received. Although it was a “trial and error” method, nearly half of the interviewed users said that they were able to overcome nearly every issue, and over half stated that their workload decreased as compared to making direct national applications.

No matter an applicant's proficiency in English, it is of course much more difficult to make an application, respond to official correspondence, and manage a trademark application in a second language. Furthermore, while the application itself is short, there are 17 additional forms that may be required throughout the process, and the possibility correspondence from WIPO to arrive in a different language than in which the application was submitted makes things more difficult.¹⁰⁶ Over half of the interviewed users singled out the language barrier as

an impediment to initial adoption, and a number had to increase their language capacity either by hiring new staff or providing language training classes in order to successfully make and manage Protocol applications and registrations. However, as users got used to the Protocol they were able to overcome language difficulties, and most stated that in the end no additional cost was required due to language.

Even so, there was a low initial rate of use of the Protocol in Japan. A number of factors contributed to this. First, a few interviewed users explained that getting information about the status and/or particulars of an application or registration was challenging. In particular, over half of the interviewed users learned in many cases an official registration certificate was required for certain uses of their marks but not provided by a number of designated countries. Secondly, the lack of detailed information on the application process and follow-up procedures created an air of uncertainty around the Protocol and the ultimate ramifications of using it. Lastly, many prospective applicants (and some interviewed users) would look to see what other users were doing first and try to learn from their experiences before making their own Protocol applications.

While it took some time for the above-mentioned interviewees, overall they enthusiastically explained that their previous concerns have been addressed. Continual improvement of application and management of Protocol applications and registrations at the IB has brought easier and quicker access to the information Japanese users desired, and much of it can be found on the Madrid System section of WIPO's website. Furthermore, the number of countries that provide official registration certificates has increased, and as Japanese users learned more about how the rules and regulations of the Madrid System work, the amount of time that was required to check on various issues was reduced.

4. Examples Relating to Section 9.11.1

In Japan, Protocol users traditionally use domestic representation for the following reasons: (1) Culture and Tradition; (2) Safety and Security; (3) Workload; (4) Language; (5) Know-how and Experience; and (6) Communication.

The first reason, while important, does not require a great deal of explanation. Because of the aforementioned tradition in Japan of using representatives, a few of the interviewed representatives expressed their belief that Japanese users continue to use representatives because it is part of their corporate culture and tradition. The relationship and trust built between users and their domestic representatives has become an essential part of the users' IP portfolio. Indeed, most interviewed users said that even though they are aware that they can make Protocol applications without the services of a representative, because of the long and rich user-representative relationship, it essentially goes against the grain of the user's tradition.

The second reason – safety and security – is intricately linked with the first. For Japanese users, there is a sense of safety and security that the representatives will not only be successful in their work, but will also have the best interests of the user at heart. Interviewed users therefore predominantly feel that if they use representatives, the Protocol application will be correctly submitted, safe from any problems such as Central Attack, and effectively maintained without incident. An important aspect of this sense of safety and security is the responsibility the representatives take for their work. When a user retains the services of a representative, that representative therefore assumes all responsibility for the success or

failure of the Protocol application. Because users know that their representatives will do everything in their power to avoid an unsuccessful application or problems with the application, some interviewed users said that this brought a sense of safety and security and is not simply about cost savings. Moreover, almost half of the interviewed users said that should anything go wrong, using a representative is safer. This is because the representative will take full responsibility, and whatever means necessary, to rectify the problem(s).

For a number of interviewed users that were first using the Protocol shortly after Japan acceded, the amount of work involved to successfully make Protocol applications and then manage the registrations seemed to be too much.¹⁰⁷ Because they have been using representatives for years, some interviewed users explained, their HR were not as well equipped to effectively manage all aspects of a Protocol application. Indeed, some interviewed users stated that despite the ease of a Protocol application, they just do not have the capacity to stop using the services of representatives. Moreover, other interviewed users explained that if they stopped using representatives their workload would increase and be much more difficult to manage.

Although some of the interviewed users described the inability to make a Protocol application in Japanese as a disadvantage, interviews with representatives yielded very different results. None of them cited language as a difficulty when it came to the Protocol. This is because they have been making trademark applications abroad for their clients for decades, and usually have more than enough in-house translating and linguistic ability that makes the language concern a non-issue. This therefore makes the use of representatives even more attractive, as they tend to have a greater overall linguistic capacity than the trademark divisions of users.¹⁰⁸ In addition, this greater linguistic capacity can translate into an actual monetary savings for users, as fewer in-house translators are required. Just taking into consideration the language issue alone, almost half of the interviewed users felt more safe and secure when using representatives.

Because of the generally long history of using representatives in Japan, some interviewed users stated that they felt more comfortable using representatives since they have more know-how and experience with using the Madrid System. A number of interviewed users have had a seemingly minor mistake negatively impact them through lost time and inability to use a mark. Interviewed users have found that this is beneficial when it comes to prior art research and due diligence for designated countries, as a few rely on their representatives for all such services, while most complete it in-house and then send it to their representatives for further checks. Experience meant representatives would make fewer mistakes because they are familiar with the appropriate procedures for issues such as fee payments, know how to effectively respond to various correspondence and irregularity letters, and are aware of the best recourse to take when a mark is refused. Furthermore, representatives tend to have access to a wide variety of information on the appropriate usage of the Protocol in many different languages, and experience with the Madrid Agreement also bolsters their knowledge.

Lastly, communication is another important reason why the utilization of representatives has remained relatively constant ever since Japan acceded to the Protocol. Interviewed users have found that it is easier for them to communicate in Japanese with representatives they have worked with for many years than try to directly communicate with the IB in English, French, or Spanish. Language errors may increase the communication gap, and using

representatives can limit misunderstandings. Most interviewed users have learned that it is safer to rely on representatives for handling communication such as irregularity letters, because they tend to have more in-house capability to turn around a faster response. A number of interviewed users ran into situations in which communication difficulties made it unclear as to the best approach to respond to correspondence from the IB, and they found that such problems would not be faced if a representative were utilized.¹⁰⁹

5. Examples Relating to Section 9.11.2

The first reason is logical: no matter how much experience a domestic representative has, there is no substitute for real-world experience on the ground in the respective country. In particular, these interviewees explained that local representatives have more knowledge on local rules and laws, IP legislation, and how to mitigate any potential issues. Directly related to this first reason, the experience and knowledge that local representatives have tends to translate into more thorough prior searches and any other necessary research. Local representatives are also in a good position to advise applicants on what type of mark has more chance of success and how to navigate IP systems that may not be as mature as others. Interviewed users found that this is especially true for those countries that have strict examination procedures or a research infrastructure that is more difficult and/or time consuming to use (such as a paper-based trademark search system).

Although representatives in Japan tend to have a high degree of efficiency in a number of languages, some interviewed users that rely on representatives stated that there were numerous occasions when the language of one or more designated countries were either too obscure for them to put resources into learning or not within the realm of their representative's expertise. Without knowledge in the local language, either in-house or through a representative, not only is it difficult to conduct prior trademark searches and other research, communication with the respective IP office(s) will suffer, and the applicant will risk making incorrect responses to irregularity letters, refusal notices, or other correspondence. Furthermore, it could be difficult to learn IP legislation in each respective country and keep up on any changes with no knowledge of the local language. Knowing the local language – or working with someone who does – will also give an applicant an advantage in understanding the culture and knowing how to effectively register a trademark through the Protocol in the respective countries.

It is important to understand that a large portion of Japanese users have operations abroad, and indeed nearly every interviewee had a significant international presence at the time of this writing. In many cases, products and services are developed for the local market, and as such the regional offices or subsidiaries make and manage trademark applications and registrations. While these goods and/or services tend to be regionally targeted, there are times when the consumer base widens and the user wishes to market them abroad. However, because of linguistic and cultural issues – and other issues such as market saturation and competition – these products may not be targeted to the Japanese domestic market. Indeed, over half of interviewed users had experience with such situations, and they learned that in such cases it does not make sense to make another application in Japan to use as the basic application or registration once it is approved. In such cases it is vital to use a local representative, as they are able to provide all of the benefits Japanese representatives would provide for a basic Japanese application or registration, and all the additional benefits of a local representative.

The last reason cited by interviewed users regarding the importance of local representatives is that they can provide invaluable assistance to combat trademark infringement. These interviewees explained that it is easier to counter and offset this problem by use of a local representative when making a Protocol application, because they have more knowledge of local IP laws and the regional environment, and can quickly take any necessary action.

6. Examples Relating to Section 9.12

Among those that implemented the first system, half explained that it was not too difficult or costly to implement because: (a) it was developed in-house; (b) the necessary hardware and infrastructure was already there; and (c) it did not take a significant amount of time, usually ranging from a few months to one year. A number of interviewed users explained that while their electronic systems have been beneficial for applications and correspondence, the benefits would be made even more apparent when it comes time for renewals. As for Japanese representatives, they generally explained that because of the nature of their work they required a more robust electronic system than their clients or even other users that do not rely on the services of representatives. It therefore took more time and effort to implement for some of these interviewed representatives. However, all stated that it was not prohibitively costly or difficult. Finally, most interviewed users explained that such a system would likely be easier for potential users in a new Protocol member to implement, because technology has become radically cheaper and more far-reaching in the years since Japan acceded to the Protocol.

Nearly all of the interviewed users learned that the second type of system was necessary to effectively capitalize on the benefits of the Protocol while making sure that it meets their needs and is suitable for a specific mark. The types of policies vary widely, and include features such as a ranking system to determine the viability of a Protocol application for a certain mark, implementing a new round of discussions specifically addressing the pros and cons of a Protocol application, and creating overall criteria for when a Protocol application should be made, e.g. only for corporate marks but not for localized marks. The common theme in all of these systems found by over half of the interviewed users is that they require little, if any, additional resources and time, because they are either simply new organizational policies or additional discussion phases.

It is important to briefly examine the additional benefits that interviewed users have learned can arise from implementing the two aforementioned systems. As for the electronic system, some interviewees stated that the benefits far exceeded expectations as their new system could also be used for management of domestic and direct national applications, registrations, and renewals, thus saving significant time and money. Moreover, many of these interviewees decided to create a common system for their entire trademark portfolio, thus increasing efficiency and ensuring that applications, registrations, and renewals are accurately and correctly processed and managed in a timely manner, all while saving time and money.¹¹⁰ As for implementing a new decision making policy system, interviewed users generally stated that they found it promoted new thinking and new ways in which their marks could be effectively protected and managed, regardless of the chosen route. Furthermore, they explained that such a system made them think more about the long-term benefits of the Protocol (such as the ease of making renewals), and that they started to consider making more Protocol applications.

7. Examples Relating to Section 9.14

First, over three-fifths of interviewed users explained that because they have manufacturing and/or R&D facilities in a number of countries in the region – plus regional headquarters – securing the rights to their marks is important. However, because of specific regional issues (such as a lack of a market for goods and/or services), it may not always be practical. Second, detailed examination process of some countries and many rules and regulations can be difficult for some users to follow, which means that it can take up to a few years for approval of a trademark application. A considerable linguistic disadvantage for a number of Japanese users of the Madrid System is that not all Protocol members allow for the registration of a mark in *Kanji*. In Southeast Asia, however, some countries have within their IP legislation the ability to register a mark in *Kanji*, and this is very attractive to Japanese applicants because a mark can be registered and protected unchanged from its original form.

The next reason is rather self-explanatory: the Southeast Asian region is one of the largest markets for nearly each interviewed user. Considering Japan's location in Asia, it makes sense that Japanese users desire more countries in the region to join, as many are left with little choice but to complement a Protocol registration with a number of direct national registrations. Moreover, this would directly complement the next recognized benefit to more Southeast Asian countries joining the Protocol: easier market access and expansion. Many interviewed users expressed their desire to expand their market by bolstering their international trademark registrations, and if more Southeast Asian countries joined this would come closer in reach. Moreover, more trademark registrations coming from abroad can bring in foreign direct investment (FDI), stimulate competition and the local economy, create jobs, and provide more choices for consumers.¹¹¹

Because Southeast Asian countries have many cultural and linguistic similarities, most interviewed users explained that their goods and services tend to be marketed under one name for the entire region. As a result, these interviewees have expressed that more Protocol membership in the region would allow them to better protect and market their common brands in many countries, all while bringing consumers the brands that they want and stimulating the local economy. Southeast Asia represents a major market for these interviewees, but access and expansion is at times impeded by the necessity of separate national applications. For example, almost half of interviewed users explained that it is much easier to have one application, which has allowed some of such interviewees (and some of the interviewed representatives' clients) to expand into more countries and regions. A majority of these interviewees desire to expand further, and have learned that the Protocol could help them achieve this goal.

Lastly is the issue of combating infringement, which some of the interviewed users recognized is as an advantage of the Protocol and one that would make entering Southeast Asian countries more attractive. Protocol accession can save time and money for users, help them combat infringement, remain competitive, and expand their activities into new countries. At the same time, more Protocol members could stimulate economic growth, and a number of interviewed users have explicitly stated that Protocol accession would be a deciding factor in moving jobs to countries in Southeast Asia.

8. Examples Relating to Section 9.16

Government

Regarding the first influence, most interviewed users explained that before accession to the Protocol they felt that foreign language ability within the JPO was relatively low. Because they needed to effectively communicate with WIPO and the IB, the JPO significantly increased the foreign language ability (mostly English) among its staff. Secondly, as detailed in Section 5.2.5, the JPO implemented an advanced internal paperless system to manage trademark applications and registrations,¹¹² and interviewed users explained that the JPO would not have likely introduced this system as soon as it did if Japan did not join the Protocol at the time. The JPO implemented this new system throughout the organization, which proved to increase overall efficiency, make management easier, and decrease the workload.¹¹³ Lastly, the introduction of the Protocol in Japan changed the culture of the JPO to an extent, as it introduced an international sense to the domestic IP office,¹¹⁴ which increased staff morale and job satisfaction.¹¹⁵

Users

First, accession to the Protocol meant that the JPO was required to decrease its examination period to a maximum of eighteen months. The JPO successfully achieved this in a short time period, and has gotten even faster with national applications, completing examinations in many cases in a matter of a few months.¹¹⁶ Users therefore found that not only could Protocol applications be processed quickly, but so too could national applications. Furthermore, because a new domestic application is often required for a Protocol application (see Section 9.4 for further details), the quicker a domestic application can be processed and registered the quicker a Protocol application can be made. Second, some interviewed users pointed out the ability to make an application abroad in English – no matter the designated country – through the JPO is extremely beneficial. In addition, users are able to communicate with the JPO in Japanese, and therefore the effects of the language barrier are lessened to a degree. Lastly, Protocol accession has provided users with a simpler way to make an application abroad. This has positively influenced Japan's IP system in that it has provided its participants with an easier and more effective path of international trademark protection. Japan's accession to the Protocol has brought benefits to not only those that avail themselves of the Madrid System, but also for the local IP system as a whole.

ANNEX III – NOTES

¹ The 1891 Madrid Agreement Concerning the International Registrations of Marks (the “Madrid Agreement”) is an international treaty governing international trademark registrations among its members. The Madrid Protocol addresses additional concerns (such as language) relating to international trademark registration. Together, they are known as the Madrid system and are administered by the International Bureau (IB) of the World Intellectual Property Organization (WIPO), a United Nations (UN) specialized agency. For further information, see: WIPO. *The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Agreement: Objectives, Main Features, Advantages*. Geneva, 2010. Publication No. 418(E), 4; and: WIPO. “What is WIPO?” *WIPO*. Accessed 7 December 2011, http://www.wipo.int/about-wipo/en/what_is_wipo.html.

² In a survey conducted by the Japan Patent Office before accession to the Protocol, 49% of respondents highlighted Central Attack as their greatest concern. Japan Patent Office. “The Madrid Protocol and Harmonization of the International Trademark System Research Report (Japanese),” *Japan Patent Office*. (Tokyo: 1998), 25.

³ Prior to Japan’s accession to the Protocol, the JPO took an average of twenty months from the initial application to the registration or notice of refusal. Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 18. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁴ JPO Officials, interview by the author, 15 September 2011.

⁵ Ono, Shoen, “The History and Development of Trademark Law,” in *Overview of Japanese Trademark Law, 2nd Edition* (Yuhikaku, 1999), 12.

⁶ Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 6. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁷ Babu, Nediamparambathu, *Effective Implementation of the Madrid Protocol with a Special Emphasis to the Organizational Setup in India* (2009), 41. Accessed 5 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2009wipo_india.pdf.

⁸ Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 8. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁹ Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 10. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

¹⁰ WIPO. “Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, List of the Articles,” *WIPO*. Accessed 12 August 2011, http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo016.html.

¹¹ WIPO. “Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement, Rule 34(3)(b),” *WIPO*. Accessed 12 August 2011, http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm#P890_129015.

¹² The International Register is a register of all marks that is managed by the International Bureau at WIPO in Geneva. WIPO. “Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, List of the Articles,” Article 2(1), *WIPO*. Accessed 2 August 2011, http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo016.html.

¹³ WIPO. “Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement,” Rule 20bis(6)(b), *WIPO*. Accessed 28 July 2011, http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm#P565_78481

¹⁴ Transformation may take place with respect to any of the Contracting Parties in the territory of which the international registration had effect, that is any of the designated Contracting Parties in respect of which the international registration had not been the subject of a total refusal, invalidation or renunciation.

¹⁵WIPO. "Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, List of the Articles," Article 2(1), *WIPO*. Accessed 2 August 2011, http://www.wipo.int/madrid/en/legal_texts/trtdocs_woo16.html.

¹⁶*Ibid.*

¹⁷*Ibid.*

¹⁸Trademark Law of Japan, Section 68tricies.

¹⁹Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 9. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

²⁰JPO Officials, interview by the author, 15 September 2011.

²¹Mr. Hisamitsu Arai, the Commissioner of the JPO at the time, brought about the first real efforts for Japan to accede to the Protocol in 1997, and the final decision was made in September of that year. JPO Officials, interview by the author, 15 September 2011.

²²JPO Officials, interview by the author, 15 September 2011.

²³JPO Officials, interview by the author, 15 September 2011. The JPO officials noted that potential users, representatives, or anyone in the government levied no opposition. While some representatives were concerned how the Protocol would affect their jobs, the number that expressed this was negligible.

²⁴Unlike a direct national application, a representative is not required to make a Protocol application. WIPO. "Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement," Rule 3, *WIPO*. Accessed 28 July 2011, http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm#P565_78481

²⁵JPO Officials, interview by the author, 15 September 2011.

²⁶JPO. "Third Meeting of the Industrial Property Subcommittee on Trademarks, Summary of the Minutes." Tokyo, Japan, 22 September 1998. Accessed 12 December 2011, http://www.jpo.go.jp/shiryou/toushin/shingikai/m_plot2.htm

²⁷*Ibid.*

²⁸Among the users interviewed for this report, North America, the European Union, South America, and Southeast Asia were highlighted as their major markets. When Japan acceded to the Protocol in 2000, many countries in these regions had not yet acceded. WIPO. "Members of the Madrid Union, List of Members," *WIPO*. Accessed 20 September 2011, http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf.

²⁹The number of 43 includes Japan and is for all those countries that were members as of 14 March 2000. The number of 84 is accurate as of 31 December 2011. WIPO. "Members of the Madrid Union, List of Members," *WIPO*. Accessed 20 September 2011, http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf.

³⁰86% of interviewed representatives have not experienced a financial loss directly due to the Protocol.

³¹Although no representatives officially lodged a complaint, some of those interviewed informally expressed their concern to the JPO.

³² For the purposes of this study, "interviewees" generally refers to all of those interviewed while "interviewed users" refers to those that use the Madrid system, including representatives.

³³JPO Officials, interview by the author, 15 September 2011.

³⁴Babu, Nediamparambathu, *Effective Implementation of the Madrid Protocol with a Special Emphasis to the Organizational Setup in India* (2009), 38. Accessed 5 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2009wipo_india.pdf.

³⁵JPO Officials, interview by the author, 15 September 2011.

³⁶Wenhui, Huang. *Establishing and Refining Trademark Examination System in China - Comparative Study on Trademark Examination System between China and Japan* (2005), 52. Accessed 19 October 2011, http://www.wipo.int/export/sites/www/about-wipo/en/offices/japan/research/pdf/china_2005.pdf.

³⁷JPO Officials, interview by the author, 15 September 2011.

³⁸ Ibid.

³⁹Government of Japan. “Trademark Act of 1959 (Japanese).” An English translation is available through a search at the Ministry of Justice’s law translation service. Accessed 13 December 2011, <http://www.japaneselawtranslation.go.jp>.

⁴⁰Government of Japan, “Trademark Act of 1959 (Japanese),” Article 7-2. An English translation is available through a search at the Ministry of Justice’s law translation service. Accessed 13 December 2011, <http://www.japaneselawtranslation.go.jp>.

⁴¹JPO Officials, interview by the author, 15 September 2011.

⁴²Babu, Nediamparambathu, *Effective Implementation of the Madrid Protocol with a Special Emphasis to the Organizational Setup in India* (2009), 42. Accessed 5 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2009wipo_india.pdf.

⁴³In the pre-accession survey conducted by the JPO in 1998, 36% of respondents expressed their concern over language issues. Among the interviews conducted for this report, 64% explained that they have found language present challenges.

⁴⁴JPO Officials, interview by the author, 15 September 2011.

⁴⁵Ibid.

⁴⁶Oyuntseten, Badarch. *A Comparative Study on Trademark Protection between Japan and Mongolia under the Madrid Protocol*(Tokyo, 2007), 20. Accessed 13 September 2011, http://www.wipo.int/export/sites/www/about-wipo/en/offices/japan/research/pdf/mongolia_2007.pdf.

⁴⁷JPO Officials, interview by the author, 15 September 2011.

⁴⁸62% of interviewees stated that it was not costly to implement such changes.

⁴⁹ 5% of interviewees felt that the time costs involved to make Protocol applications were overly high.

⁵⁰Examples provided by interviewees include new file management systems, updated computer software, and improved workflow, among others.

⁵¹Prior to Japan’s Protocol accession, 54% of interviewees have made applications under the Protocol in other Protocol or Agreement member states.

⁵²JPO Officials, interview by the author, 15 September 2011.

⁵³Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 6. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁵⁴JPO Officials, interview by the author, 15 September 2011.

⁵⁵ See Annex I for a complete list.

⁵⁶JPO Officials, interview by the author, 15 September 2011. In addition, among those interviewed representatives, none lodged an official protest nor did they hear of any representative doing so. The concerns voiced by representatives were described more as “rumblings” than official complaints.

⁵⁷29% of interviewed representatives stated that they lost some business as a result of fewer clients. However, they also stated that this loss has not been great enough to pose a threat to their financial health.

⁵⁸Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 22. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁵⁹Although many marks are registered in other languages such as English, domestic registration of marks in Japanese scripts is still common among interviewees.

⁶⁰WIPO. “Guide to the International Registration of Marks,” Part B: Chapter II, *WIPO*. Accessed 16 November 2011, http://www.wipo.int/madrid/en/guide/guide_partb_2-07.html.

⁶¹8% of interviewees have decided to abstain from further use of the Protocol for such reasons.

⁶²85% of interviewees base their decision on the overall cost-benefit ratio.

⁶³94% of interviewees stated that the Protocol still has cost benefits if a representative is used.

⁶⁴A few interviewees took longer than six months, however they explained that this was because they made one or two applications per year.

⁶⁵As of this writing, the Nice Agreement has 83 Contracting Parties. WIPO. “Members of the Madrid Union, List of Members,” *WIPO*. Accessed 20 September 2011, http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf.

⁶⁶Jan Tobias, Maricris, *The Legal and Technical Implications of Japanese and Philippine Accession to the Madrid Protocol* (2007), 49. Accessed 21 July 2011, http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asia-pacific_e/2006jpo_philippine_e.pdf.

⁶⁷JPO Officials, interview by the author, 15 September 2011.

⁶⁸When a Protocol application is made, three international classes are included at no charge. If the applicant wishes to add more classes, a “supplementary fee” is required for each addition. A “complementary fee” is the fee charged by each Protocol member that is designated in the application. For further information, see *Schedule of Fees prescribed by the Common Regulations under the Madrid Agreement and Madrid Protocol* at <http://wipo.int/madrid/en/fees/sched.html>.

⁶⁹The time period for refusal is generally 12 months, however under Article 5(2)(b) of the Protocol, a Contracting Party can extend this period to a maximum of 18 months. If no refusal has been entered during this period, the registration is granted for the concerned designated country.

⁷⁰WIPO. “Members of the Madrid Union, List of Members,” *WIPO*. Accessed 20 September 2011, http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf.

⁷¹*Ibid.*

⁷²WIPO. “Guide to the International Registration of Marks,” Part A, Paragraph 02.09, *WIPO*. Accessed 16 November 2011, http://www.wipo.int/madrid/en/guide/guide_partb_2-07.html.

⁷³Ali, Chaudhry Asfand. *Analysis on the Impact of Madrid Protocol for the Economies of Developing Countries* (Tokyo, 2008), 33. Accessed 13 September 2011, http://www.wipo.int/about-wipo/en/offices/japan/research/pdf/pakistan_2008.pdf.

⁷⁴WIPO. “Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement,” Rule 3, *WIPO*. Accessed 28 July 2011, http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm#P565_78481.

⁷⁵While at times language difficulties arise, none of the interviewed representatives stated that they lacked the linguistic capacity to make and manage Protocol applications. In addition, 44.44% of interviewed users said that this capacity was one of the main reasons why they continue to use representatives.

⁷⁶The identity of this interviewee is not revealed for confidentiality and legal purposes.

⁷⁷Ibid.

⁷⁸JPO Officials, interview by the author, 15 September 2011.

⁷⁹Ibid.

⁸⁰JPO Officials, interview by the author, 15 September 2011.

⁸¹Japan Small Business Research Institute. “2011 White Paper on Small and Medium Enterprises in Japan,” *Ministry of Economy, Trade, and Industry*. Accessed 22 November 2011, http://www.chusho.meti.go.jp/pamflet/hakusyo/h23/h23_1/2011hakusho_eng.pdf

⁸²Ibid.

⁸³Japan Patent Office. “Annual Report 2011,” *Japan Patent Office*. (Tokyo: 2011), 97. Accessed 25 November 2011, http://www.jpo.go.jp/shiryou_e/toushin_e/kenkyukai_e/annual_report2011.htm.

⁸⁴The identity of this interviewee is not revealed for confidentiality and legal purposes.

⁸⁵92% of interviewees stated that if proper research is conducted, all risk of Central Attack can be averted.

⁸⁶The identity of this interviewee is not revealed for confidentiality and legal purposes.

⁸⁷The refusal period described in Article 5(2)(b) is applicable to all Contracting Parties.

⁸⁸85% of interviewees use representatives for trademark applications abroad, regardless of the method.

⁸⁹Japan Patent Office. “The Trademark Examination Manual,” *Japan Patent Office*. (Tokyo, July 2001), Section A2.05. Accessed 19 July 2011, http://www.jpo.go.jp/cgi/linke.cgi?url=/tetuzuki_e/t_tokkyo_e/1308-029.htm.

⁹⁰31% of interviewed users explained that a Protocol application might be more expensive if everything does not go through smoothly.

⁹¹No interviewee stated that a Protocol application based on a Japanese registration did not go through as a result of Central Attack.

⁹²Example industries include textiles, food products, and mobile telephones.

⁹³48% of interviewees explained that it took a moderate or significant amount of time to learn how to make Protocol applications successfully.

⁹⁴The maximum time given by interviewees was two years.

⁹⁵Excluding interviewed domestic representatives and government officials.

⁹⁶The names and particulars of these examples are kept anonymous for confidentiality and legal purposes.

⁹⁷WIPO. “Contracting Parties,” *WIPO*. Accessed 23 November 2011, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=12.

⁹⁸The names and particulars of these examples are kept anonymous for confidentiality and legal purposes.

⁹⁹There were no official complaints lodged and according to interviewees the concern expressed amounted to casual “rumblings” among some in the IP community at the time.

¹⁰⁰ Irregularity notices, provisional refusals, and objections are all examples of things that need to be appropriately managed besides the initial Protocol application.

¹⁰¹The name of this interviewee is purposely anonymous for confidentiality and legal reasons.

¹⁰²JPO Officials, interview by the author, 15 September 2011.

¹⁰³70% of interviewees stated that they feel no jobs are at risk due to using the Protocol.

¹⁰⁴ The *Daishin-in* was the highest court that would hear appeals in Japan under the Meiji era constitution, from 1868 – 1912.

¹⁰⁵Japan Patent Office. “Reclassification Information,” *Japan Patent Office*. Accessed 6 December 2011, http://www.jpo.go.jp/cgi/linke.cgi?url=/torikumi_e/hiroba_e/hourei_e/trade.htm.

¹⁰⁶WIPO. “Guide to the International Registration of Marks,” Rule 6(2)(i), *WIPO*. Accessed 16 November 2011, <http://www.wipo.int/export/sites/www/madrid/en/guide/pdf/guide.pdf>.

¹⁰⁷These initial difficulties were played a part in the decision that 12% of interviewees made to limit or abstain from future Protocol applications.

¹⁰⁸The linguistic capacity of representatives is why 44% of interviewed users rely on the services of representatives.

¹⁰⁹27% of interviewees said that communication problems resulting in difficulties effectively handling various notices from the IB.

¹¹⁰12% of interviewees coincided their use of the Protocol with an entirely new trademark management system.

¹¹¹OECD. “Foreign Direct Investment for Development,” *OECD*. Accessed 14 December 2011, <http://www.oecd.org/dataoecd/47/51/1959815.pdf>.

¹¹²Although this includes the management of Protocol applications and registrations, the actual application must be submitted to the IB in paper form.

¹¹³JPO Officials, interview by the author, 15 September 2011.

¹¹⁴*Ibid.*

¹¹⁵*Ibid.*

¹¹⁶Most interviewees said that the JPO is able to finish a national Japanese application in as fast as three to six months.

