



Union of Industrial and Employers' Confederations of Europe
Union des Confédérations de l'Industrie et des Employeurs d'Europe

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Mr Carlos González-Bueno Catalán de Ocón,
Oficina Española de patentes y marcas,
Calle Panamá, 1,

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Dear Sir,

I refer to your letter of 7 April 1998 containing a proposal aimed at breaking the deadlock in the discussion on a possible "opting-back" clause as part of the link between the Community Trademark and the Madrid Protocol.

First of all I would like to thank you wholeheartedly for inviting UNICE to express its views on the proposal by the Spanish delegation: this gesture is much appreciated.

In the autumn of 1997 UNICE was surprised to learn that objections had been raised against EU accession to the Madrid Protocol. The 1989 WIPO Diplomatic Conference had been successfully concluded with adoption of the Protocol relating to the Madrid Agreement. UNICE therefore assumed it was quite clear that, once the Community Trademark system was in place, it should evidently be linked to the international trademark registration system established by the Madrid Agreement. UNICE did not expect this principle to meet with any further objections: the text of the Protocol and the Community Trademark Regulation (CTMR) had been discussed thoroughly for many years and, in UNICE's view, all participants in this discussion must have been aware of the consequences of such a link.

In this context, UNICE would like to stress the importance for European companies of the international registration system, in existence since 1891. Over the years, this system has become increasingly successful because it is very cost-effective and efficient, and fully meets the needs of trademark owners. Consequently, EU accession to the Madrid Protocol coupled with establishment of the necessary link between Community and international system is seen by UNICE as the completion of a long process aimed at putting into place the most effective trademark registration system in greater Europe.

UNICE has already voiced concern that the whole project is put at stake by objections raised in particular with regard to conversion of an international registration designating the EU into a national trademark application through a territorial extension to the Member States [Art. 3 ter (2) of the Madrid Protocol or Art. 3 ter (2) of the Madrid Agreement].

1. Your above-mentioned letter indicates that the Spanish delegation is opposed to the “opting-back” clause. We understand that one of the main reasons for opposing such a clause is that it would create discrimination between applicants/owners of a Community Trademark filed directly with OHIM in Alicante and those filing their Community Trademarks through international registration. UNICE fails to see that there is any discrimination since, from the outset, the applicant has a free choice between “direct filing” with OHIM and “indirect filing” via WIPO.

It is for trademark portfolio management reasons that the holder of an international registration intentionally files his trademark through the Madrid Protocol system. Ultimately his purpose is to obtain one registration with one renewal date because this makes portfolio management efficient and cost-effective. It is with this in mind that the European Commission proposed the “opting-back” clause as part of Art. 154. The holder of an international registration would thus benefit from the advantages of the Madrid Protocol and Madrid Agreement in combination with those offered by the Community Trademark system with regard to the priority date of the international registration or its territorial extension.

UNICE would recall that, for more than one hundred years, French was the only language used under the Madrid Agreement. On entry into force of the Protocol, English was added as a second language. The designation of the EU as one of the territories to be covered has never affected the languages used in the EU or in any country designated under the Madrid Agreement. UNICE therefore fails to see why this would be different after EU accession to the Madrid Protocol. Where there is a need for translation this task can very well be fulfilled by private practitioners representing their clients in the different countries possibly affected by designation of the EU as part of the international registration. OHIM will continue to have its own important role since preliminary examination, search, refusal and possible opposition will all be part of the procedure.

2. UNICE is very pleased to read that the Spanish delegation is not opposed, if necessary, to simple conversion into national trademark registrations. However, UNICE fears that the Spanish proposal overlooks the fact that conversion under the CTMR will only result in national applications/registrations. This is contrary to the idea of having an international registration, namely one registration covering a number of countries which is an easy and effective way for the trademark owner to manage his portfolio.

We also understand it is proposed that conversion under the CTMR should lead automatically to a national registration. This may affect the position of trademark owners who have chosen not to oppose a Community trademark application and decided to wait until the trademark is introduced on their national market. Even after registration, the owner of a national registration can claim an infringement of his right under Art. 106 CTMR. The same would apply in the case of multiple oppositions whereby the trademark first taken into account already provided sufficient grounds for refusal to register the Community Trademark. Consequently, as we understand it, such a conversion followed by automatic registration will lead to unacceptable legal uncertainty.

UNICE has no objection to the conversion under CTMR being made more attractive by lowering the fees to be charged by the national offices as part of the conversion. However a new examination including a possible opposition will be unavoidable for the reasons set out above.

3. Finally, UNICE would like to stress that it believes the objections by the Spanish delegation may be based on the false premise that most applications will be converted. In reality, quite the reverse is true: UNICE estimates that only 10 to 15% of all CTM applications are potential candidates for a conversion. In addition, in 1996/97, 93% of all CTM applications originated from just 15 countries and 4 of these (USA, Japan, Canada and Austria), which between them are responsible for 35% of all applications, are not yet members of the Protocol. Thus we can say that at present, of the CTMs that might be filed as part of an international registration, only a fairly small percentage are likely to be converted.

For all the above reasons UNICE cannot agree to the alternative proposal submitted by the Spanish delegation. On the contrary UNICE urges the Spanish delegation to set aside its objections to the original Commission proposal.

Accession of the European Community to the Madrid Protocol is of extreme importance to EU industries and businesses. The proposals submitted by the Commission will benefit users of both the system put in place by the Community trademark and the international registration system. UNICE therefore intends to call upon all delegations involved in discussions on EU accession to the Madrid Protocol to do everything in their power to create the best possible environment for trademark owners in Europe, under conditions which enable them to protect their trademarks in the most efficient and effective way.

A link without an "opting-back" clause would result in EU accession to the Madrid Protocol having virtually no effect. If trademark owners are not able to benefit from such a clause, then they will prefer to avoid the risk and higher cost of possible conversion under CTMR and, rather than designating the EU, they will designate individual Member States directly under both the Madrid Agreement and the Protocol. This, we would like to stress, will mean an enormous setback for trademark owners who will thus be deprived from the advantages of CTMR.

EU accession to the Madrid Protocol along the lines laid down in the original Commission proposal is seen by UNICE as a guarantee for business in Europe that the most efficient trademark registration system is created. The proposal presented by the Spanish delegation does not, in UNICE's view, provide such a guarantee.

I hope that these comments are useful and would like to thank you once more for offering UNICE the opportunity to put forward its views on this topic, which we regard as highly important for the competitiveness of European companies.

Yours sincerely,

Zygmunt Tyszkiewicz
Secretary General