

Fordham Intellectual Property, Media and Entertainment Law Journal

Volume 4 *Volume IV*
Number 1 *Volume IV Book 1*

Article 31

1993

Panel Discussion

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Recommended Citation

Robert J. Eck; Thomas J. Hoffmann; William T. Fryer, III; and Janet L. Hoffman, *Panel Discussion*, 4 Fordham Intell. Prop. Media & Ent. L.J. 422 (1993).

Available at: <https://ir.lawnet.fordham.edu/iplj/vol4/iss1/31>

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PANEL DISCUSSION

⁴ MR. ECK: What do you think is going to happen with concurrent user registrations under the Protocol? You have the same mark, the same goods, different registrants with different territorial coverage in the United States.

MS. WALTERS: In terms of a concurrent user being able to use a concurrent use registration as the basis of a Protocol filing, we have written the legislation in such a way that this would be permitted.

We thought that this issue is analogous to the purpose of the supplemental register under section 23 of the Lanham Act.¹ My understanding is that one reason the supplemental register was created was so that the owners of supplemental registrations could use the Paris Convention to file abroad. Since a concurrent use registration is a perfectly valid registration in the United States, the fact that it is limited to certain areas of the United States should not preclude access to the Protocol.

PROFESSOR FRYER: I have two questions. I must give credit to my seminar class for developing these questions. We studied the Protocol and we tried to understand its strengths and weaknesses.

My first question deals with section 44 of the Lanham Act.² Why shouldn't we use it? This is where if you have prior registration in another country, you file based on that registration in the United States. I'm thinking of foreigners. We were primarily concerned about the impact on the United States system and trademark protection from foreigners. Why not use section 44? What are the advantages and disadvantages?

The second question I have is—

MR. HOFFMANN: Let me interrupt you there. Section 44 will still be there. The implementing legislation does not change section 44. It does add a new title, which will really be a new basis for obtaining registration in the United States through the

1. 15 U.S.C. § 1091 (1988).

2. 15 U.S.C. § 1126 (1988).

Madrid Protocol. So it's a supplement to section 44.

PROFESSOR FRYER: Why not use it, though? I mean, what are the advantages and disadvantages to use it instead of the Protocol?

MS. WALTERS: What he's saying is, if you were going to file in the United States, when would you choose to use section 44 and when would you choose to use the Protocol?

MR. ECK: I think that if you are representing a foreign corporation or individual who wanted to file in the United States, you would look at your different bases. You could say, "Well you can file under the Protocol, which is an extension of an international registration; or you can file under section 44, which is an application for a national registration."

If you are potentially subject to central attack in a particular country, you may want to opt to file under section 44 because you will get a national registration which will not be canceled if your basic registration is canceled. So I think there is an advantage to doing one over the other.

PROFESSOR FRYER: What about the use requirement? It seems to me that you could analyze the same situation from the point of view of the degree of use and degree of attempt to use. It's my understanding that when you file under 44, you don't have to have an intent to use.

MR. ECK: No. You do need to have an intent to use.

MR. HOFFMANN: You have to have a bona fide intent to use.

PROFESSOR FRYER: So that standard would be the same?

MR. HOFFMANN: The standard will be the same.

MR. ECK: Under section 44, you don't need to use to get a registration, but you have to have intent to use.

MR. HOFFMANN: Under section 44 or under the Protocol. I don't really see that much distinction in which way to come in.

There is one difference which hasn't been discussed anywhere. Under section 44(d), where you are filing on the basis of a foreign application—44(e) is for a foreign registration—under 44(d), you

must file within six months under the Paris Convention. Under the Protocol, you can file on the basis of an application at any time, or a registration at any time, so it could be theoretically beyond six months. That does give some advantage to foreigners.

PROFESSOR FRYER: Thank you. Now I have the answer the next time my students ask the question.

MR. HOFFMANN: This is where professors learn how to respond to their students.

PROFESSOR FRYER: The second question is maybe an observation, but I'd like your opinion. It seems to me that I see a slight change in U.S. trademark law occurring because of this Protocol, effectively—not as such, because we still have our system. But it seems to me we are getting slowly away from the use requirement and we are leaning very heavily on the intent to use requirement. It seems to me that we are now going to have a lot of foreign applications which can get protection in the United States just on the basis of intent to use up to the time of renewal.

I'm just interested in your observations. I may have missed a point here; I'm not a super-expert in this. But I just wonder if you see that trend, whether you like it and so forth?

MR. HOFFMANN: That was one of the questions I had hoped you would ask.

We have talked about harmonization on the patent side and first to file. Well, you heard Carlisle say this is not a harmonization treaty. Those of us who have been active in the Protocol have tried to stay away from the harmonization aspects of it because the bugaboo on the trademark side is also first to register or first to file.

We in the United States are somewhat in the oddball position, just as on the patent side, of having common law rights based on and acquired through use. We did back away from that with intent-to-use legislation.

The Protocol will not really affect that at all. It has no impact on the standard of "bona fide intent to use." There is a real concern as to whether foreign applicants understand what "bona fide intent to use" means. The problem is that we don't understand

what "bona fide intent to use" means.

Here it is, two or three years now, and there really has not yet been a decision. From my last conversations with the PTO, there isn't anything in the pipeline that is going to come up soon that is going to define what a "bona fide intent to use" is, let alone for foreigners. And why are the foreigners confused? Because they have lived for a long time with the concept of proposed use, which is a very low standard, much lower than what we anticipate the standard is going to be in the United States, what we have certainly been counseling our clients is going to be the standard in the United States.

My big concern in representing many foreign clients in protecting their trademarks in the United States is that one of my clients is going to be the first case to have to substantiate bona fide intent to use, and they don't have a clue what it means. They think it's the same thing as proposed use in the United Kingdom, where there is only one decision involving Merit and Nerit cigarettes. There has been very little litigation overseas in terms of what is proposed use. It's a very, very low standard.

I think we are trying to stay away from trademark harmonization, particularly in the substantive area. While WIPO is working on harmonization in the trademark area, it has shifted its focus more to procedural matters, which I think is very laudable and I approve.

Carlisle, would you like to add to that?

MS. WALTERS: Underlying your question is the concern that we are going to be inundated by foreigners filing applications here with no use and no bona fide intention to use a mark. I will reiterate what I said before. I really believe that we are not going to get significantly more filings in the United States under the Protocol than we are already getting under the existing law because of the significance of the United States as a market.

MR. HOFFMANN: I think we all agree with those comments.

AUDIENCE MEMBER: I have a question for Ms. Walters. A U.S. applicant files in the United States, and I assume that they want to file for an international registration as quickly as possible

to take advantage of the Convention priority. Presumably, they would do so before they receive their first office action in the United States, which might restrict their description of goods, maybe misclassify their trademark. I assume that their original description of goods and services in the application for the international registration will be what is presented to the different countries. Is that correct?

MS. WALTERS: Well, it's a more fluid situation than that. You can file your international application along with your original national application, or you could file it at any time during the pendency of the national application, or after registration.

The PTO is going to be in constant communication with WIPO. As there are changes to a U.S. application, such as to the identification of goods, we will inform WIPO, and WIPO will so inform the other countries where extensions of protection have been requested. We have not worked out the details as to whether we would inform WIPO every time we modify the goods slightly. But the ultimate restricted identification will be the one that will form the basis of the international registration and its extensions for protection.

AUDIENCE MEMBER: So there's no way around the problem of the validity in countries that allow for, perhaps, less headings, the broadest possible phrasing.

MR. HOFFMANN: You're absolutely right. There are some of us who have thought about that problem. There are work-arounds. I have two.

One is that you file two applications in the United States—one with very broad goods—and then use that as the basis for your international registration. You would rely on your second or narrower one, and then convert to the national—or you could even do it in one entire application if you want. But, once again, we come down to the bona fide intent to use, but with broad scope.

You would get into the international registration and then use the transformation to go to national registration before you are restricted in the United States—a very expensive process. The only advantage to it is that it would give you an early filing date or a

Convention priority date very quickly, and one that I really don't see much practicality to.

The second one is—well, we're all familiar with the "back door" to the Madrid Agreement, where we have foreign subsidiaries who use the Madrid Agreement. I'm calling my proposal the "side door." You file a national application and a Madrid Protocol application in the name of a foreign subsidiary with the broad goods and request extension to the United States. The next day you assign both the national and the Madrid Protocol registrations to the U.S. parent company.

AUDIENCE MEMBER: Are you allowed to assign to an entity that never was eligible for a Madrid Protocol registration?

MR. HOFFMANN: Well, we're assuming that our subsidiary in France is eligible. The United States and France are both parties. So our French subsidiary files the mark and then designates the United States.

Most of us don't like using the back door to the Madrid Agreement because we like to have our marks in the name of the parent company to have closer control over them and avoid the fear of nationalization. I'm not advocating that the marks stand for a long time in the name of the foreign subsidiaries.

We can't assign them under the Agreement now because the United States is not a party to it. But if we're all parties to it under the Protocol, there is no prohibition against the assignment.

The concern is that you may get into tax consequences, but that's beyond the scope of what we're talking about today. Those are two possible work-arounds.

MS. WALTERS: That does point out a couple of other limitations in the Protocol. One is that you can only assign an international registration among members in the Protocol. So, depending on the membership in the Protocol, that is something to consider when using the international system.

Additionally, you may not amend the mark in an international registration. This is another point to consider. Generally, you would simply file another international application for an amended mark.

MR. HOFFMANN: I would like to make a couple more comments and some suggestions for improving the implementing legislation, and how it is regulated in the United States.

You heard Bob Eck mention that there is one filing in the United States. Well, really it's not. It's two filings: you will file a U.S. application and file a form—it's a preprinted form, you fill in the blanks, check the boxes, add up the money, send your check in—for the Madrid Protocol registration.

As Carlisle said, you cannot designate the United States in your Madrid Protocol legislation; the Protocol prohibits that. But nothing prohibits the U.S. Patent Office from accepting a Madrid Protocol on behalf of a U.S. applicant using the same form. All the requirements have to be met, including the declaration for bona fide intent to use.

If the PTO is going to accept the form on behalf of a foreign applicant, why don't they accept the form on behalf of a U.S. applicant? Let's eliminate paperwork. If what we're trying to do is come up with a simple system, let's combine it all into one form. That does not require any changes in the regulations or the Madrid Protocol or any authorization from WIPO; that's simply a decision that the U.S. PTO can make.

On my second one, I asked you to read Article 4^{bis}. What convoluted drafting that was! The reason it's convoluted is because it's a hundred years old. It comes directly out of the Madrid Agreement, which celebrated its hundredth anniversary recently.

It has been very infrequently implemented. There is no commentary on 4^{bis} in the discussions of the Protocol. There are no regulations regarding 4^{bis}. Until I made inquiries in Geneva recently, to my knowledge no country used it.

A country—France, for example—will say, "National registration number so-and-so, owned by ABC Corporation, covering goods D, E and F, has now been merged into international registration number so-and-so owned by ABC Company (the same company) and for goods not broader than the national registration." The goods have to have been covered by the international. There must be identity of party, identity of goods, or broader goods. The ex-

tension of the Madrid Protocol registration or Agreement registration to France now benefits from the priority date of the prior national registration.

What is the benefit? The benefit is you no longer have to pay the renewal fees for the earlier national registration. Right now, you can be registering your marks at the national level and then eventually get a Madrid Protocol registration and they will merge. You will then benefit from a single renewal fee, a single assignment fee, which is really where the cost benefits are going to come out. I think that was clear from Bob's comments.

I don't think we are going to save money on the filing procedures; it's in the maintenance area. So that we can today register our marks and consolidate through 4^{bis}.

My proposal to Carlisle is that in our implementing legislation we put in specific language that would allow foreign nationals who obtain Madrid Protocol registrations extended in the United States to merge their U.S. registrations into them so they only have to maintain one registration.

Why do I want us to do that first? So that other countries will follow and we can use this as a negotiating tool with foreign countries. We can say, "Help us out. We've done it. Come on along with us."

MS. WALTERS: In relation to the form, it is our intention to permit the filing of a single form for your application in the United States and under the Protocol. We avoided putting anything about forms in the legislation because that is the kind of administrative issue that would be difficult to change in the law. We want flexibility in designing forms, so we will address this issue in regulations or practice. But our intention is to use a single form so that when you file a U.S. application and your international application at the same time, they could be on a single form.

In relation to Article 4^{bis} of the Protocol, we did not address it in our draft legislation, simply because we had learned, as you did, that it was not implemented anywhere else in the Madrid Agreement, so we decided not to be the first. But I think your rationale for the United States being first to implement Article 4^{bis} makes

sense.

MR. HOFFMANN: One of our sponsors is Thomson & Thomson, and they're interested in knowing what it is going to do for the clearance of marks and keeping databases. From a searching point of view, it is somewhat of a nightmare. You will see the date of an international registration and mention of its Paris Convention priority, if there is one. That may not be the whole story. It may have encompassed a foreign national registration with rights that go back even further.

AUDIENCE MEMBER: I'm just wondering what renewal date to use for that. If you're merging the national registration into the Madrid and taking the filing date for the national, might you be cut off so you wouldn't get your full ten years under the Madrid registration because you have to renew when the national one is renewed?

MR. HOFFMANN: The answer to that is no. In fact, an appropriate time to do it would be just before renewal and then get into the Madrid, and you may drop the national. The Madrid will have a ten-year term and you may only be two or three years into the Madrid. So I don't see that as coming up.

If you have a registration for X number of years, no country has reduced that time, except for the Italians with their new law. They have gone from a twenty-year term to where if the renewal comes up after 2004, you have to take ten years off. So you pay the fees for twenty years, and the Italians are now saying that under their new law they have a new ten-year term that is retroactive, so you're losing ten years. In my thirty years in practice, that's the first time I've ever seen a country do that. That's not part of the Protocol. I don't see any problems there.

This is a wonderful time to be practicing international trademark law. There have been more new laws in the last two years than in the last fifty years. When I first went to the United States Trademark annual meeting in Buckhill Falls, there were fewer people than there are here. In May, at the United States Trademark Association annual meeting, there will be over 3,000 people, half of whom will be from overseas. It's a very, very exciting area of

the law in which we practice.

Particularly to the young students, welcome to the community and I hope you join us.

