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REPORT
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MADRID PROTOCOL IMPLEMENTATION ACT

MARCH 13, 2001.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SENSENBRENNER, from the Committee on the Judiciary, submitted the following

R E P O R T

[To accompany H.R. 741]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 741) to amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

The purpose of H.R. 741 is to implement the Madrid Protocol Agreement ("Protocol") which provides for an international registration system for trademarks.

89–006

BACKGROUND AND NEED FOR THE LEGISLATION

Trademark protection under Federal law provides for the legal protection of particular words or symbols that have been used on particular goods or services. Trademark protection generally entitles the owner of a trademark to protection against similar or confusing trademarks.

Trademarks constitute a significant part of the value of a product and figure largely in the advertising of the product. A very recognizable mark reflects the popularity of a product and often is prominently featured in a company's advertising. The protection of the mark is therefore of paramount importance to the affected company. Understandably, an individual or company using another company's mark could significantly diminish the market share of a particular product or compromise the goodwill derived from ownership of the mark.

Since products are marketed and sold on an international scale, protection in countries other than the United States improves the competitiveness of American businesses. Each country has its own laws determining the level of protection for trademarks and the type of marks that can be registered for particular products. American citizens seeking protection for their trademarks outside the United States are currently required to register individually in each country in which protection is sought.

As with many intellectual property rights, there are international agreements relating to the registration and protection of trademarks. Since 1891, the Madrid Agreement Concerning the International Registration of Marks ("Madrid Agreement") has provided an international registration system operated under the auspices of the International Bureau of the World Intellectual Property Organizaiton (WIPO). The United States has never been a signatory to the Madrid Agreement.

On June 27, 1989, at a Diplomatic Conference in Madrid, Spain, the parties to the Madrid Agreement signed the Madrid Protocol. The United States was an observer and advisor to these talks but not a participant in the negotiations since only signatories could amend the Madrid Agreement through the Protocol. Subsequent talks, at which the United States has participated as an observer, have been devoted to developing regulations for the implementation of the Protocol for those countries and entities which have and will become signatories to it. Practically speaking, the resulting Protocol amendments "updated" the Madrid Agreement, in many respects by conforming its contents to existing provisions in U.S. law.

H.R. 741 represents implementing legislation for the Protocol. It is identical to measures introduced in the previous four Congresses. While the Senate has yet to ratify the Protocol, House passage of H.R. 741 will send a signal to the international community, U.S. businesses, and trademark owners that Congress is serious about our nation becoming part of a low-cost, efficient system to promote the international registration of marks. U.S. membership in the Protocol would assist American businesses in protecting their proprietary names and brand-name goods while saving money, time, and effort. This is especially critical to small businesses which may

otherwise lack the resources to acquire world-wide protection for their trademarks.

The Protocol took effect in April 1996, and currently binds 49 countries, but not the United States. Without U.S. participation, however, the Protocol may never achieve its purpose of providing a one-stop, inexpensive "shop" for trademark applicants who, by filing one application in their country and in their language, can receive protection from each member country of the Protocol.

There is no opposition to H.R. 741, nor to the substantive portions of the treaty; but one extant issue must be addressed before the Protocol is ratified and H.R. 741 is enacted. During the 106th Congress, the House passed H.R. 769 under suspension of the rules without opposition. Unfortunately, Senate ratification of the Protocol and passage of the implementing language were derailed as result of a private dispute over a mark ("Havana Club") between a rum distiller (Bacardi) and a French concern (Pernod) which formed a joint venture with the Cuban government. Efforts to insert language in the implementing bill (or a report accompanying the Protocol) clarifying that the treaty could not be interpreted to honor the expropriation of a mark registered to a third party were unsuccessful. As a result, the Senate neither ratified the Protocol nor acted on the implementing language of H.R. 769. The interested parties, with the assistance of the trademark community, continue to negotiate this point in the 107th Congress. It is expected that, once a compromise on the matter is reached, the Senate will shortly ratify the Protocol and pass the implementing language.

HEARINGS

H.R. 741 was referred to the Committee on the Judiciary on February 27, 2001. In light of thorough consideration of the bill in previous Congresses, and given the noncontroversial contents of H.R. 741, the Committee elected not to conduct any hearings on the matter.

COMMITTEE CONSIDERATION

The Committee on the Judiciary, a reporting quorum being present, ordered H.R. 741 reported on March 8, 2001, by voice vote, with no objection heard.

VOTE OF THE COMMITTEE

There were no recorded votes during Committee consideration of H.R. 741.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of the rule XIII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

H.R. 741 does not authorize funding; therefore, clause 3(c) of rule XIII of the Rules of the House of Representatives is inapplicable.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House Rule XIII is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET COST ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with regard to the bill H.R. 741, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 13, 2001.

Hon. F. JAMES SENSENBRENNER, Jr.,
Chairman, Committee on the Judiciary, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 741, the Madrid Protocol Implementation Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ken Johnson.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure.

H.R. 741—Madrid Protocol Implementation Act

H.R. 741 would amend the Trademark Act of 1946 in order to facilitate the implementation of the Madrid Protocol, an international agreement that provides for the possibility of obtaining trademark protection in several jurisdictions through a single registration. The bill outlines the administrative procedures that would be followed by companies applying for international protection of trademarks.

CBO estimates that enacting this bill would have no significant effect on the Federal budget. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that H.R. 741 would fit within that exclusion because it would implement the Madrid Protocol, an international agreement requiring ratification by the Senate.

H.R. 741 would become effective at the same time as the Madrid Protocol, which the Senate has not yet ratified. Assuming the Madrid Protocol enters into force in 2001, CBO estimates that, subject to the availability of appropriated funds, the United States Patent

and Trademark Office (PTO) would incur net costs of less than $500,000 during the 2001–2002 period to establish a computer database.

United States participation in the Madrid Protocol also could cause an increase in the number of trademark applications received by the PTO. The PTO's costs for processing such applications are fully funded by filing fees paid by the applicants. Those fees are collected and spent under authority provided in annual appropriation acts. Because the income from fees offsets the costs of processing applications, CBO estimates that an increase in the number of trademark applications would have no net budgetary impact.

The CBO staff contact for this estimate is Ken Johnson, who can be reached at 226–2860. The estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to rule XIII, clause 3(d)(1) of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, section 8, clause 8, of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

Section 1. Short Title. This section provides a short title: the "Madrid Protocol Implementation Act."

Section 2. Amendments to the Trademark Act of 1946. This section amends the "Trademark Act of 1946" by adding a new title XII which contains the following provisions:

The owner of a registration granted by the Patent and Trademark Office (PTO) or the owner of a pending application before the PTO may file an international application for trademark protection at the PTO.

After receipt of the appropriate fee and inspection of the application, the PTO Commissioner is charged with the duty of transmitting the application to the WIPO International Bureau.

The Commissioner is also obliged to notify the International Bureau whenever the international application has been ". . . restricted, abandoned, canceled, or has expired . . ." within a specified time period.

The holder of an international registration may request an extension of its registration by filing with the PTO or the International Bureau.

The holder of an international registration is entitled to the benefits of extension in the United States to the extent necessary to give effect to any provision of the Protocol; however, an extension of an international registration shall not apply to the United States if the PTO is the office of origin with respect to that mark.

The holder of an international registration with an extension of protection in the United States may claim a date of priority based on certain conditions.

If the PTO Commissioner believes that an applicant is entitled to an extension of protection, he or she publishes the mark in the "Official Gazette of the Patent and Trademark Office." This serves notice to third parties who oppose the extension. Unless an official protest conducted pursuant to existing law is successful, the request for extension may not be refused. If the request for extension

is denied, however, the Commissioner notifies the International Bureau of such action and sets forth the reason(s) why. The Commissioner must also apprise the International Bureau of other relevant information pertaining to requests for extension within designated time periods.

If an extension for protection is granted, the Commissioner issues a certificate attesting to such action, and publishes notice of the certificate in the "Gazette." Holders of extension certificates thereafter enjoy protection equal to that of other owners of registration listed on the Principal Register of the PTO.

If the International Bureau notifies the PTO of a cancellation of some or all of the goods and services listed in the international registration, the Commissioner must cancel an extension of protection with respect to the same goods and services as of the date on which the international registration was cancelled. Similarly, if the International Bureau does not renew an international registration, the corresponding extension of protection in the United States shall cease to be valid. Finally, the holder of an international registration canceled in whole or in part by the International Bureau may file an application for the registration of the same mark for any of the goods and services to which the cancellation applies that were covered by an extension of protection to the United States based on that international registration.

The holder of an extension of protection must, within designated time periods and under certain conditions, file an affidavit setting forth the relevant goods or services covered and any explanation as to why their nonuse in commerce is related to "special circumstances," along with a filing fee.

The right to an extension of protection may be assigned to a third party so long as that individual is a national of, or is domiciled in, or has a "bonafide" business located in a country that is a member of the Protocol; or has such a business in a country that is a member of an intergovernmental organization (like the EC) belonging to the Protocol.

An extension of protection conveys the same rights as an existing registration for the same mark if the extension and existing registration are owned by the same person, and extension of protection and the existing registration cover the same goods or services, and the certificate of extension is issued after the date of the existing registration.

Section 3. Effective Date. This section states that the effective date of the act shall commence on the date on which the Madrid Protocol takes effect in the United States.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TRADEMARK ACT OF 1946

* * * * * * *

TITLE XII—THE MADRID PROTOCOL

SEC. 60. DEFINITIONS.

For purposes of this title:

(1) MADRID PROTOCOL.—The term "Madrid Protocol" means the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, Spain, on June 27, 1989.

(2) BASIC APPLICATION.—The term "basic application" means the application for the registration of a mark that has been filed with an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

(3) BASIC REGISTRATION.—The term "basic registration" means the registration of a mark that has been granted by an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

(4) CONTRACTING PARTY.—The term "Contracting Party" means any country or inter-governmental organization that is a party to the Madrid Protocol.

(5) DATE OF RECORDAL.—The term "date of recordal" means the date on which a request for extension of protection that is filed after an international registration is granted is recorded on the International Register.

(6) DECLARATION OF BONA FIDE INTENTION TO USE THE MARK IN COMMERCE.—The term "declaration of bona fide intention to use the mark in commerce" means a declaration that is signed by the applicant for, or holder of, an international registration who is seeking extension of protection of a mark to the United States and that contains a statement that—

(A) the applicant or holder has a bona fide intention to use the mark in commerce;

(B) the person making the declaration believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the declaration, to be entitled to use the mark in commerce; and

(C) no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, firm, corporation, or association, to cause confusion, or to cause mistake, or to deceive.

(7) EXTENSION OF PROTECTION.—The term "extension of protection" means the protection resulting from an international registration that extends to a Contracting Party at the request of the holder of the international registration, in accordance with the Madrid Protocol.

(8) HOLDER OF AN INTERNATIONAL REGISTRATION.—A "holder" of an international registration is the natural or juristic person in whose name the international registration is recorded on the International Register.

(9) INTERNATIONAL APPLICATION.—The term "international application" means an application for international registration that is filed under the Madrid Protocol.

(10) INTERNATIONAL BUREAU.—The term "International Bureau" means the International Bureau of the World Intellectual Property Organization.

(11) INTERNATIONAL REGISTER.—The term "International Register" means the official collection of such data concerning international registrations maintained by the International Bureau that the Madrid Protocol or its implementing regulations require or permit to be recorded, regardless of the medium which contains such data.

(12) INTERNATIONAL REGISTRATION.—The term "international registration" means the registration of a mark granted under the Madrid Protocol.

(13) INTERNATIONAL REGISTRATION DATE.—The term "international registration date" means the date assigned to the international registration by the International Bureau.

(14) NOTIFICATION OF REFUSAL.—The term "notification of refusal" means the notice sent by an Office of a Contracting Party to the International Bureau declaring that an extension of protection cannot be granted.

(15) OFFICE OF A CONTRACTING PARTY.—The term "Office of a Contracting Party" means—

(A) the office, or governmental entity, of a Contracting Party that is responsible for the registration of marks; or

(B) the common office, or governmental entity, of more than 1 Contracting Party that is responsible for the registration of marks and is so recognized by the International Bureau.

(16) OFFICE OF ORIGIN.—The term "office of origin" means the Office of a Contracting Party with which a basic application was filed or by which a basic registration was granted.

(17) OPPOSITION PERIOD.—The term "opposition period" means the time allowed for filing an opposition in the Patent and Trademark Office, including any extension of time granted under section 13.

SEC. 61. INTERNATIONAL APPLICATIONS BASED ON UNITED STATES APPLICATIONS OR REGISTRATIONS.

The owner of a basic application pending before the Patent and Trademark Office, or the owner of a basic registration granted by the Patent and Trademark Office, who—

(1) is a national of the United States;

(2) is domiciled in the United States; or

(3) has a real and effective industrial or commercial establishment in the United States,

may file an international application by submitting to the Patent and Trademark Office a written application in such form, together with such fees, as may be prescribed by the Director.

SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLICATION.

Upon the filing of an application for international registration and payment of the prescribed fees, the Director shall examine the international application for the purpose of certifying that the information contained in the international application corresponds to the information contained in the basic application or basic registration at the time of the certification. Upon examination and certification

of the international application, the Director shall transmit the international application to the International Bureau.

SEC. 63. RESTRICTION, ABANDONMENT, CANCELLATION, OR EXPIRATION OF A BASIC APPLICATION OR BASIC REGISTRATION.

With respect to an international application transmitted to the International Bureau under section 62, the Director shall notify the International Bureau whenever the basic application or basic registration which is the basis for the international application has been restricted, abandoned, or canceled, or has expired, with respect to some or all of the goods and services listed in the international registration—

(1) within 5 years after the international registration date; or

(2) more than 5 years after the international registration date if the restriction, abandonment, or cancellation of the basic application or basic registration resulted from an action that began before the end of that 5-year period.

SEC. 64. REQUEST FOR EXTENSION OF PROTECTION SUBSEQUENT TO INTERNATIONAL REGISTRATION.

The holder of an international registration that is based upon a basic application filed with the Patent and Trademark Office or a basic registration granted by the Patent and Trademark Office may request an extension of protection of its international registration by filing such a request—

(1) directly with the International Bureau; or

(2) with the Patent and Trademark Office for transmittal to the International Bureau, if the request is in such form, and contains such transmittal fee, as may be prescribed by the Director.

SEC. 65. EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES UNDER THE MADRID PROTOCOL.

(a) IN GENERAL.—Subject to the provisions of section 68, the holder of an international registration shall be entitled to the benefits of extension of protection of that international registration to the United States to the extent necessary to give effect to any provision of the Madrid Protocol.

(b) IF UNITED STATES IS OFFICE OF ORIGIN.—An extension of protection resulting from an international registration of a mark shall not apply to the United States if the Patent and Trademark Office is the office of origin with respect to that mark.

SEC. 66. EFFECT OF FILING A REQUEST FOR EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES.

(a) REQUIREMENT FOR REQUEST FOR EXTENSION OF PROTECTION.—A request for extension of protection of an international registration to the United States that the International Bureau transmits to the Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

(b) EFFECT OF PROPER FILING.—Unless extension of protection is refused under section 68, the proper filing of the request for extension of protection under subsection (a) shall constitute constructive

use of the mark, conferring the same rights as those specified in section 7(c), as of the earliest of the following:

(1) The international registration date, if the request for extension of protection was filed in the international application.

(2) The date of recordal of the request for extension of protection, if the request for extension of protection was made after the international registration date.

(3) The date of priority claimed pursuant to section 67.

SEC. 67. RIGHT OF PRIORITY FOR REQUEST FOR EXTENSION OF PROTECTION TO THE UNITED STATES.

The holder of an international registration with an extension of protection to the United States shall be entitled to claim a date of priority based on the right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property if—

(1) the international registration contained a claim of such priority; and

(2)(A) the international application contained a request for extension of protection to the United States; or

(B) the date of recordal of the request for extension of protection to the United States is not later than 6 months after the date of the first regular national filing (within the meaning of Article 4(A)(3) of the Paris Convention for the Protection of Industrial Property) or a subsequent application (within the meaning of Article 4(C)(4) of the Paris Convention).

SEC. 68. EXAMINATION OF AND OPPOSITION TO REQUEST FOR EXTENSION OF PROTECTION; NOTIFICATION OF REFUSAL.

(a) EXAMINATION AND OPPOSITION.—(1) A request for extension of protection described in section 66(a) shall be examined as an application for registration on the Principal Register under this Act, and if on such examination it appears that the applicant is entitled to extension of protection under this title, the Director shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office.

(2) Subject to the provisions of subsection (c), a request for extension of protection under this title shall be subject to opposition under section 13. Unless successfully opposed, the request for extension of protection shall not be refused.

(3) Extension of protection shall not be refused under this section on the ground that the mark has not been used in commerce.

(4) Extension of protection shall be refused under this section to any mark not registrable on the Principal Register.

(b) NOTIFICATION OF REFUSAL.—If, a request for extension of protection is refused under subsection (a), the Director shall declare in a notification of refusal (as provided in subsection (c)) that the extension of protection cannot be granted, together with a statement of all grounds on which the refusal was based.

(c) NOTICE TO INTERNATIONAL BUREAU.—(1) Within 18 months after the date on which the International Bureau transmits to the Patent and Trademark Office a notification of a request for extension of protection, the Director shall transmit to the International Bureau any of the following that applies to such request:

(A) A notification of refusal based on an examination of the request for extension of protection.

(B) A notification of refusal based on the filing of an opposition to the request.

(C) A notification of the possibility that an opposition to the request may be filed after the end of that 18-month period.

(2) If the Director has sent a notification of the possibility of opposition under paragraph (1)(C), the Director shall, if applicable, transmit to the International Bureau a notification of refusal on the basis of the opposition, together with a statement of all the grounds for the opposition, within 7 months after the beginning of the opposition period or within 1 month after the end of the opposition period, whichever is earlier.

(3) If a notification of refusal of a request for extension of protection is transmitted under paragraph (1) or (2), no grounds for refusal of such request other than those set forth in such notification may be transmitted to the International Bureau by the Director after the expiration of the time periods set forth in paragraph (1) or (2), as the case may be.

(4) If a notification specified in paragraph (1) or (2) is not sent to the International Bureau within the time period set forth in such paragraph, with respect to a request for extension of protection, the request for extension of protection shall not be refused and the Director shall issue a certificate of extension of protection pursuant to the request.

(d) DESIGNATION OF AGENT FOR SERVICE OF PROCESS.—In responding to a notification of refusal with respect to a mark, the holder of the international registration of the mark shall designate, by a written document filed in the Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the Director.

SEC. 69. EFFECT OF EXTENSION OF PROTECTION.

(a) ISSUANCE OF EXTENSION OF PROTECTION.—Unless a request for extension of protection is refused under section 68, the Director shall issue a certificate of extension of protection pursuant to the request and shall cause notice of such certificate of extension of protection to be published in the Official Gazette of the Patent and Trademark Office.

(b) EFFECT OF EXTENSION OF PROTECTION.—From the date on which a certificate of extension of protection is issued under subsection (a)—

(1) such extension of protection shall have the same effect and validity as a registration on the Principal Register; and

(2) the holder of the international registration shall have the same rights and remedies as the owner of a registration on the Principal Register.

SEC. 70. DEPENDENCE OF EXTENSION OF PROTECTION TO THE UNITED STATES ON THE UNDERLYING INTERNATIONAL REGISTRATION.

(a) EFFECT OF CANCELLATION OF INTERNATIONAL REGISTRATION.—If the International Bureau notifies the Patent and Trade-

mark Office of the cancellation of an international registration with respect to some or all of the goods and services listed in the international registration, the Director shall cancel any extension of protection to the United States with respect to such goods and services as of the date on which the international registration was canceled.

(b) EFFECT OF FAILURE TO RENEW INTERNATIONAL REGISTRATION.—If the International Bureau does not renew an international registration, the corresponding extension of protection to the United States shall cease to be valid as of the date of the expiration of the international registration.

(c) TRANSFORMATION OF AN EXTENSION OF PROTECTION INTO A UNITED STATES APPLICATION.—The holder of an international registration canceled in whole or in part by the International Bureau at the request of the office of origin, under Article 6(4) of the Madrid Protocol, may file an application, under section 1 or 44 of this Act, for the registration of the same mark for any of the goods and services to which the cancellation applies that were covered by an extension of protection to the United States based on that international registration. Such an application shall be treated as if it had been filed on the international registration date or the date of recordal of the request for extension of protection with the International Bureau, whichever date applies, and, if the extension of protection enjoyed priority under section 67 of this title, shall enjoy the same priority. Such an application shall be entitled to the benefits conferred by this subsection only if the application is filed not later than 3 months after the date on which the international registration was canceled, in whole or in part, and only if the application complies with all the requirements of this Act which apply to any application filed pursuant to section 1 or 44.

SEC. 71. AFFIDAVITS AND FEES.

(a) REQUIRED AFFIDAVITS AND FEES.—An extension of protection for which a certificate of extension of protection has been issued under section 69 shall remain in force for the term of the international registration upon which it is based, except that the extension of protection of any mark shall be canceled by the Director—

(1) at the end of the 6-year period beginning on the date on which the certificate of extension of protection was issued by the Director, unless within the 1-year period preceding the expiration of that 6-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Director; and

(2) at the end of the 10-year period beginning on the date on which the certificate of extension of protection was issued by the Director, and at the end of each 10-year period thereafter, unless—

(A) within the 6-month period preceding the expiration of such 10-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Director; or

(B) within 3 months after the expiration of such 10-year period, the holder of the international registration files in the Patent and Trademark Office an affidavit under

subsection (b) together with the fee described in subparagraph (A) and an additional fee prescribed by the Director.

(b) CONTENTS OF AFFIDAVIT.—The affidavit referred to in subsection (a) shall set forth those goods or services recited in the extension of protection on or in connection with which the mark is in use in commerce and the holder of the international registration shall attach to the affidavit a specimen or facsimile showing the current use of the mark in commerce, or shall set forth that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of extension of protection.

SEC. 72. ASSIGNMENT OF AN EXTENSION OF PROTECTION.

An extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a bona fide and effective industrial or commercial establishment either in a country that is a Contracting Party or in a country that is a member of an intergovernmental organization that is a Contracting Party.

SEC. 73. INCONTESTABILITY.

The period of continuous use prescribed under section 15 for a mark covered by an extension of protection issued under this title may begin no earlier than the date on which the Director issues the certificate of the extension of protection under section 69, except as provided in section 74.

SEC. 74. RIGHTS OF EXTENSION OF PROTECTION.

An extension of protection shall convey the same rights as an existing registration for the same mark, if—

(1) the extension of protection and the existing registration are owned by the same person;

(2) the goods and services listed in the existing registration are also listed in the extension of protection; and

(3) the certificate of extension of protection is issued after the date of the existing registration.

MARKUP TRANSCRIPT

BUSINESS MEETING

THURSDAY, MARCH 8, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m., in Room 2141, Rayburn House Office Building, Hon. F. James Sensenbrenner (chairman of the committee) presiding.

Pursuant to notice, I call up the bill H.R. 741, amending the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce in order to carry out the provisions of certain international conventions, for purposes of markup and move its favorable recommendation to the House.

[H.R. 741 follows:]

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107TH CONGRESS
1ST SESSION

H. R. 741

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2001

Mr. COBLE (for himself and Mr. BERMAN) introduced the following bill; which was referred to the Committee on the Judiciary

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A BILL

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Madrid Protocol Implementation Act".

SEC. 2. PROVISIONS TO IMPLEMENT THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS.

The Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, as amended (15 U.S.C. 1051 and following) (commonly referred to as the "Trademark Act of 1946") is amended by adding after section 51 the following new title:

"TITLE XII—THE MADRID PROTOCOL

"SEC. 60. DEFINITIONS.

"For purposes of this title:

"(1) MADRID PROTOCOL.—The term 'Madrid Protocol' means the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, Spain, on June 27, 1989.

"(2) BASIC APPLICATION.—The term 'basic application' means the application for the registration of a mark that has been filed with an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

"(3) BASIC REGISTRATION.—The term 'basic registration' means the registration of a mark that has been granted by an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

"(4) CONTRACTING PARTY.—The term 'Contracting Party' means any country or inter-governmental organization that is a party to the Madrid Protocol.

"(5) DATE OF RECORDAL.—The term 'date of recordal' means the date on which a request for extension of protection that is filed after an international registration is granted is recorded on the International Register.

"(6) DECLARATION OF BONA FIDE INTENTION TO USE THE MARK IN COMMERCE.—The term 'declaration of bona fide intention to use the mark in commerce' means a declaration that is signed by the applicant for, or holder of, an international registration who is seeking extension of protection of a mark to the United States and that contains a statement that—

"(A) the applicant or holder has a bona fide intention to use the mark in commerce;

"(B) the person making the declaration believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the declaration, to be entitled to use the mark in commerce; and

"(C) no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, firm, corporation, or association, to cause confusion, or to cause mistake, or to deceive.

"(7) EXTENSION OF PROTECTION.—The term 'extension of protection' means the protection resulting from an international registration that extends to a Contracting Party at the request of the holder of the international registration, in accordance with the Madrid Protocol.

"(8) HOLDER OF AN INTERNATIONAL REGISTRATION.—A 'holder' of an international registration is the natural or juristic person in whose name the international registration is recorded on the International Register.

"(9) INTERNATIONAL APPLICATION.—The term 'international application' means an application for international registration that is filed under the Madrid Protocol.

"(10) INTERNATIONAL BUREAU.—The term 'International Bureau' means the International Bureau of the World Intellectual Property Organization.

"(11) INTERNATIONAL REGISTER.—The term 'International Register' means the official collection of such data concerning international registrations maintained by the International Bureau that the Madrid Protocol or its implementing regulations require or permit to be recorded, regardless of the medium which contains such data.

"(12) INTERNATIONAL REGISTRATION.—The term 'international registration' means the registration of a mark granted under the Madrid Protocol.

"(13) INTERNATIONAL REGISTRATION DATE.—The term 'international registration date' means the date assigned to the international registration by the International Bureau.

"(14) NOTIFICATION OF REFUSAL.—The term 'notification of refusal' means the notice sent by an Office of a Contracting Party to the International

Bureau declaring that an extension of protection cannot be granted.

"(15) OFFICE OF A CONTRACTING PARTY.—The term 'Office of a Contracting Party' means—

"(A) the office, or governmental entity, of a Contracting Party that is responsible for the registration of marks; or

"(B) the common office, or governmental entity, of more than 1 Contracting Party that is responsible for the registration of marks and is so recognized by the International Bureau.

"(16) OFFICE OF ORIGIN.—The term 'office of origin' means the Office of a Contracting Party with which a basic application was filed or by which a basic registration was granted.

"(17) OPPOSITION PERIOD.—The term 'opposition period' means the time allowed for filing an opposition in the Patent and Trademark Office, including any extension of time granted under section 13.

"SEC. 61. INTERNATIONAL APPLICATIONS BASED ON UNITED STATES APPLICATIONS OR REGISTRATIONS.

"The owner of a basic application pending before the Patent and Trademark Office, or the owner of a basic reg-

istration granted by the Patent and Trademark Office, who—

"(1) is a national of the United States;

"(2) is domiciled in the United States; or

"(3) has a real and effective industrial or commercial establishment in the United States,

may file an international application by submitting to the Patent and Trademark Office a written application in such form, together with such fees, as may be prescribed by the Director.

"SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLICATION.

"Upon the filing of an application for international registration and payment of the prescribed fees, the Director shall examine the international application for the purpose of certifying that the information contained in the international application corresponds to the information contained in the basic application or basic registration at the time of the certification. Upon examination and certification of the international application, the Director shall transmit the international application to the International Bureau.

"SEC. 63. RESTRICTION, ABANDONMENT, CANCELLATION, OR EXPIRATION OF A BASIC APPLICATION OR BASIC REGISTRATION.

"With respect to an international application transmitted to the International Bureau under section 62, the Director shall notify the International Bureau whenever the basic application or basic registration which is the basis for the international application has been restricted, abandoned, or canceled, or has expired, with respect to some or all of the goods and services listed in the international registration—

"(1) within 5 years after the international registration date; or

"(2) more than 5 years after the international registration date if the restriction, abandonment, or cancellation of the basic application or basic registration resulted from an action that began before the end of that 5-year period.

"SEC. 64. REQUEST FOR EXTENSION OF PROTECTION SUBSEQUENT TO INTERNATIONAL REGISTRATION.

"The holder of an international registration that is based upon a basic application filed with the Patent and Trademark Office or a basic registration granted by the Patent and Trademark Office may request an extension

of protection of its international registration by filing such a request—

"(1) directly with the International Bureau; or

"(2) with the Patent and Trademark Office for transmittal to the International Bureau, if the request is in such form, and contains such transmittal fee, as may be prescribed by the Director.

"SEC. 65. EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES UNDER THE MADRID PROTOCOL.

"(a) IN GENERAL.—Subject to the provisions of section 68, the holder of an international registration shall be entitled to the benefits of extension of protection of that international registration to the United States to the extent necessary to give effect to any provision of the Madrid Protocol.

"(b) IF UNITED STATES IS OFFICE OF ORIGIN.—An extension of protection resulting from an international registration of a mark shall not apply to the United States if the Patent and Trademark Office is the office of origin with respect to that mark.

"SEC. 66. EFFECT OF FILING A REQUEST FOR EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES.

"(a) REQUIREMENT FOR REQUEST FOR EXTENSION OF PROTECTION.—A request for extension of protection of an international registration to the United States that the International Bureau transmits to the Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

"(b) EFFECT OF PROPER FILING.—Unless extension of protection is refused under section 68, the proper filing of the request for extension of protection under subsection (a) shall constitute constructive use of the mark, conferring the same rights as those specified in section 7(c), as of the earliest of the following:

"(1) The international registration date, if the request for extension of protection was filed in the international application.

"(2) The date of recordal of the request for extension of protection, if the request for extension of protection was made after the international registration date.

"(3) The date of priority claimed pursuant to section 67.

"SEC. 67. RIGHT OF PRIORITY FOR REQUEST FOR EXTENSION OF PROTECTION TO THE UNITED STATES.

"The holder of an international registration with an extension of protection to the United States shall be entitled to claim a date of priority based on the right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property if—

"(1) the international registration contained a claim of such priority; and

"(2)(A) the international application contained a request for extension of protection to the United States; or

"(B) the date of recordal of the request for extension of protection to the United States is not later than 6 months after the date of the first regular national filing (within the meaning of Article 4(A)(3) of the Paris Convention for the Protection of Industrial Property) or a subsequent application (within the meaning of Article 4(C)(4) of the Paris Convention).

"SEC. 68. EXAMINATION OF AND OPPOSITION TO REQUEST FOR EXTENSION OF PROTECTION; NOTIFICATION OF REFUSAL.

"(a) EXAMINATION AND OPPOSITION.—(1) A request for extension of protection described in section 66(a) shall be examined as an application for registration on the Principal Register under this Act, and if on such examination it appears that the applicant is entitled to extension of protection under this title, the Director shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office.

"(2) Subject to the provisions of subsection (c), a request for extension of protection under this title shall be subject to opposition under section 13. Unless successfully opposed, the request for extension of protection shall not be refused.

"(3) Extension of protection shall not be refused under this section on the ground that the mark has not been used in commerce.

"(4) Extension of protection shall be refused under this section to any mark not registrable on the Principal Register.

"(b) NOTIFICATION OF REFUSAL.—If, a request for extension of protection is refused under subsection (a), the Director shall declare in a notification of refusal (as provided in subsection (c)) that the extension of protection

cannot be granted, together with a statement of all grounds on which the refusal was based.

"(c) NOTICE TO INTERNATIONAL BUREAU.—(1) Within 18 months after the date on which the International Bureau transmits to the Patent and Trademark Office a notification of a request for extension of protection, the Director shall transmit to the International Bureau any of the following that applies to such request:

"(A) A notification of refusal based on an examination of the request for extension of protection.

"(B) A notification of refusal based on the filing of an opposition to the request.

"(C) A notification of the possibility that an opposition to the request may be filed after the end of that 18-month period.

"(2) If the Director has sent a notification of the possibility of opposition under paragraph (1)(C), the Director shall, if applicable, transmit to the International Bureau a notification of refusal on the basis of the opposition, together with a statement of all the grounds for the opposition, within 7 months after the beginning of the opposition period or within 1 month after the end of the opposition period, whichever is earlier.

"(3) If a notification of refusal of a request for extension of protection is transmitted under paragraph (1) or

(2), no grounds for refusal of such request other than those set forth in such notification may be transmitted to the International Bureau by the Director after the expiration of the time periods set forth in paragraph (1) or (2), as the case may be.

"(4) If a notification specified in paragraph (1) or (2) is not sent to the International Bureau within the time period set forth in such paragraph, with respect to a request for extension of protection, the request for extension of protection shall not be refused and the Director shall issue a certificate of extension of protection pursuant to the request.

"(d) DESIGNATION OF AGENT FOR SERVICE OF PROCESS.—In responding to a notification of refusal with respect to a mark, the holder of the international registration of the mark shall designate, by a written document filed in the Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last

designation, such notice or process may be served upon the Director.

"SEC. 69. EFFECT OF EXTENSION OF PROTECTION.

"(a) ISSUANCE OF EXTENSION OF PROTECTION.—Unless a request for extension of protection is refused under section 68, the Director shall issue a certificate of extension of protection pursuant to the request and shall cause notice of such certificate of extension of protection to be published in the Official Gazette of the Patent and Trademark Office.

"(b) EFFECT OF EXTENSION OF PROTECTION.—From the date on which a certificate of extension of protection is issued under subsection (a)—

"(1) such extension of protection shall have the same effect and validity as a registration on the Principal Register; and

"(2) the holder of the international registration shall have the same rights and remedies as the owner of a registration on the Principal Register.

"SEC. 70. DEPENDENCE OF EXTENSION OF PROTECTION TO THE UNITED STATES ON THE UNDERLYING INTERNATIONAL REGISTRATION.

"(a) EFFECT OF CANCELLATION OF INTERNATIONAL REGISTRATION.—If the International Bureau notifies the Patent and Trademark Office of the cancellation of an

international registration with respect to some or all of the goods and services listed in the international registration, the Director shall cancel any extension of protection to the United States with respect to such goods and services as of the date on which the international registration was canceled.

"(b) EFFECT OF FAILURE TO RENEW INTERNATIONAL REGISTRATION.—If the International Bureau does not renew an international registration, the corresponding extension of protection to the United States shall cease to be valid as of the date of the expiration of the international registration.

"(c) TRANSFORMATION OF AN EXTENSION OF PROTECTION INTO A UNITED STATES APPLICATION.—The holder of an international registration canceled in whole or in part by the International Bureau at the request of the office of origin, under Article 6(4) of the Madrid Protocol, may file an application, under section 1 or 44 of this Act, for the registration of the same mark for any of the goods and services to which the cancellation applies that were covered by an extension of protection to the United States based on that international registration. Such an application shall be treated as if it had been filed on the international registration date or the date of recordal of the request for extension of protection with the

International Bureau, whichever date applies, and, if the extension of protection enjoyed priority under section 67 of this title, shall enjoy the same priority. Such an application shall be entitled to the benefits conferred by this subsection only if the application is filed not later than 3 months after the date on which the international registration was canceled, in whole or in part, and only if the application complies with all the requirements of this Act which apply to any application filed pursuant to section 1 or 44.

"SEC. 71. AFFIDAVITS AND FEES.

"(a) REQUIRED AFFIDAVITS AND FEES.—An extension of protection for which a certificate of extension of protection has been issued under section 69 shall remain in force for the term of the international registration upon which it is based, except that the extension of protection of any mark shall be canceled by the Director—

"(1) at the end of the 6-year period beginning on the date on which the certificate of extension of protection was issued by the Director, unless within the 1-year period preceding the expiration of that 6-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Director; and

"(2) at the end of the 10-year period beginning on the date on which the certificate of extension of protection was issued by the Director, and at the end of each 10-year period thereafter, unless—

"(A) within the 6-month period preceding the expiration of such 10-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Director; or

"(B) within 3 months after the expiration of such 10-year period, the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with the fee described in subparagraph (A) and an additional fee prescribed by the Director.

"(b) CONTENTS OF AFFIDAVIT.—The affidavit referred to in subsection (a) shall set forth those goods or services recited in the extension of protection on or in connection with which the mark is in use in commerce and the holder of the international registration shall attach to the affidavit a specimen or facsimile showing the current use of the mark in commerce, or shall set forth that any nonuse is due to special circumstances which excuse such

nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of extension of protection.

"SEC. 72. ASSIGNMENT OF AN EXTENSION OF PROTECTION.

"An extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a bona fide and effective industrial or commercial establishment either in a country that is a Contracting Party or in a country that is a member of an intergovernmental organization that is a Contracting Party.

"SEC. 73. INCONTESTABILITY.

"The period of continuous use prescribed under section 15 for a mark covered by an extension of protection issued under this title may begin no earlier than the date on which the Director issues the certificate of the extension of protection under section 69, except as provided in section 74.

"SEC. 74. RIGHTS OF EXTENSION OF PROTECTION.

"An extension of protection shall convey the same rights as an existing registration for the same mark, if—

"(1) the extension of protection and the existing registration are owned by the same person;

"(2) the goods and services listed in the existing registration are also listed in the extension of protection; and

"(3) the certificate of extension of protection is issued after the date of the existing registration.".

SEC. 3. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date on which the Madrid Protocol (as defined in section 60(1) of the Trademark Act of 1946) enters into force with respect to the United States.

Chairman SENSENBRENNER. Without objection, the bill will be considered as read and open for amendment at any time. I yield myself 5 minutes.

This legislation has been introduced in each of the past four Congresses. The last term our committee reported this measure favorably by voice vote, and it passed the full House under suspension of the rules. Later in the term, the other body began its deliberations over the merits of the Madrid Protocol, which is an international trademark treaty that will enable American trademark holders to register their marks to the U.S. PTO and those countries which are already signatories to the treaty. The process will be expeditious and far less expensive than the current practice, which involves the appointment of translators and attorneys in each individual country in which an American trademark holder seeks protection.

This legislation before us simply implements our public law to conform with the terms of the protocol. I note that two companies, Bacardi and Pernod, are in the process of attempting to settle a dispute over the rights to a mark which each wishes to market. At least one of these companies believe that the implementing language should be amended to reflect its position on the matter. It is my understanding that talks between the two companies are fluid and ongoing and that a resolution to this problem may be forthcoming in the future.

I, therefore, wish to move the bill unamended to the floor and allow the talks to continue. Once a compromise is reached, I am confident that the Senate will shortly ratify the protocol and pass the implementing language. I would point out that yesterday and the day before I met with representatives of both Bacardi and Pernod. I think it is fair to say that both of them are in agreement with this process of passing the bill before us unamended and that when they reach an agreement, should an amendment to this legislation be necessary, it will be added in the Senate after the Senate ratifies the Madrid Protocol.

I now recognize the gentleman from North Carolina for his explanation of the contents.

Mr. COBLE. I move to strike the last word.

Chairman SENSENBRENNER. The gentleman is recognized for 5 minutes.

Mr. COBLE. Mr. Chairman, you have very accurately portrayed this issue. I will not consume my full 5 minutes.

The implementing legislation for the Madrid Protocol has been introduced in the past four Congresses, as you pointed out. Passage of the bill is important because it will send a signal to the international community that United States' businesses and trademark owners, that the Congress is serious about our nation becoming part of a low-cost, efficient system for the international registration of trademarks.

The World Intellectual Property Organization, WIPO, administers the protocol which, in turn, operates the international system for the registration of trademarks. This system would assist our businesses in protecting their proprietary names and brand-name goods, while at the same time saving cost, time and effort. This is especially important to our small businesses, which may only be able to afford—which may not be able to afford worldwide protec-

tion for their marks through a low-cost international registration system.

Unfortunately, and as you alluded in your opening remarks, Mr. Chairman, Senate ratification of the protocol and passage of the implementing language was derailed last term as a result of a private dispute over a mark between Bacardi, the rum distiller, and Pernod, a French concern, which formed a joint venture with the Cuban Government. Although negotiations to develop an acceptable compromise failed, as you just pointed out, this is ongoing, and I think we will redouble our efforts to resolve the problem during this present term.

Mr. Chairman and colleagues, it is important to move this legislation forward as a way of encouraging all parties involved in the Bacardi dispute to intensify their negotiations. House consideration of the protocol will also assure American trademark holders that the United States stands ready to benefit imminently from its ratification.

This concludes my remarks, Mr. Chairman, and I yield back the balance of my time.

Chairman SENSENBRENNER. Anybody else wish to speak?

The gentlewoman from California?

Ms. WATERS. Mr. Chairman, I move to strike the last word.

Chairman SENSENBRENNER. The gentlewoman is recognized for 5 minutes.

Ms. WATERS. I raise a question, while I must admit I'm not familiar with this protocol, and it appears to be just as Mr. Coble and you have described it, in making sure that we have a process by which we can register and protect our trademarks.

I'd like to know if this is the protocol that establishes the trademarks that are considered in World Trade Organization decisions, and I would raise that question and yield to Mr. Coble.

Mr. COBLE. Would the gentlelady repeat her question. I was not listening to you, Ms. Waters.

Ms. WATERS. Yes. What I'm trying to find out is, is this, the Madrid Protocol, the protocol that registers the trademarks that are recognized in WTO disputes? Is this what they depend on to determine whether or not an intellectual property has been registered properly, is it on file?

Mr. COBLE. It is my belief that the answer to that question is no.

Ms. WATERS. Well, on my own time, let me just say I raise that because, as you know, some of us try and watch what is going on with the WTO, and I have been very concerned about intellectual property protections of certain companies. And at this time, I'm very concerned about what is happening with the pharmaceutical companies, 39 of them in our country, relative to a court case that just opened in South Africa. And the basis of my concern——

Chairman SENSENBRENNER. Will the gentlewoman yield?

Ms. WATERS. Yes.

Chairman SENSENBRENNER. I think I can answer at least a part of her question, so let me try.

I am aware that there are some very serious public health tragedies, which are heart-wrenching, and legal disputes with several of our overseas trading partners. However, as you know, changing our law here will not affect the legal system of those nations, and specifically Brazil, India and South Africa. However, I am pleased by

news reports, including one I read this morning, about companies rising to the occasion and providing humanitarian relief at great expense of their own and providing life-saving drugs in the Third World at a fraction of their cost.

Currently, there is a legal process underway in the other nations, and there is about to be a trial in South Africa which has been delayed until next month. May I suggest we wait and watch the outcome of that trial before we take any action which may be premature.

Furthermore, my staff is willing, able and ready to meet your staff regarding any possible options, if any, that the subcommittee has in this area of international law. I would point out to the gentlewoman from California that I've been concerned about this issue and have been following it as well. And I have noticed that the American drug companies have been rising to the occasion, generally. However, it is the European pharmaceutical companies that are adopting what, in my opinion, is a very shortsighted stonewalling of to issue.

So I think that we can proceed with this piece of legislation. If more needs to be done following the outcome of the trial in South Africa, I would certainly be willing to sit down with you and figure out what we can do, if anything, in response to whatever decision comes out.

Mr. BERMAN. Would the gentlelady yield further?

Ms. WATERS. Yes.

Mr. BERMAN. Your initial question was the relationship of this to WTO. This is a separate international protocol. It's simply a way to have an international system for simplifying and streamlining procedures just for the registration of trademarks. It has no impact at all on patent law and does not, as I understand it, from my great expertise in trademark law, it has no relationship to—in other words, there's nothing about this that is directly related to WTO.

Ms. WATERS. I think it is.

Mr. BERMAN. You think it is?

Ms. WATERS. Uh-huh.

Mr. BERMAN. Well, notwithstanding my expertise, I'll look into this more.

Ms. WATERS. Mr. Chairman, if I may, I appreciate your concern and your obvious interest in this issue. I do believe that, while it does not have anything directly to do with the WTO, if the WTO is to recognize trademarks, they have to perhaps make a determination about whether or not it is legitimate, legally filed or correctly done, all of that. I suspect that this registration establishes that criteria.

Mr. SCOTT. Will the gentlelady yield?

Ms. WATERS. Yes.

Chairman SENSENBRENNER. The gentlewoman's time has expired, and I think we better go vote and come right back.

Mr. CONYERS. Mr. Chairman, may I speak out of order for 1 minute?

Chairman SENSENBRENNER. The gentleman from Michigan?

Mr. CONYERS. Thank you. I wanted to report to the full committee that the chairman and myself went before the House Administration Committee yesterday and supported a number of

changes that I think were helpful and beneficial. Particularly, we were able to get an additional staff allocation and new space for the minority as a result of our negotiations. And I didn't think it was secret, and I thought I'd make it public that the comity that began the Judiciary Committee with the Sensenbrenner chairmanship still continues, and I wanted to thank you publicly.

Chairman SENSENBRENNER. Well, I thank the gentleman from Michigan. He was asked what it took to do this, and he said a new chairman. So now that my usefulness has ended, we'll adjourn the committee, and please come back.

[Laughter.]

[Recess.]

Chairman SENSENBRENNER. The committee will be in order.

When the committee recessed, we were considering the bill H.R. 741. Are there any amendments or motions to strike the last word?

The gentleman from Virginia was seeking recognition.

Mr. SCOTT. No, Mr. Chairman.

Chairman SENSENBRENNER. If there are no amendments——

Mr. WATT. Mr. Chairman?

Chairman SENSENBRENNER. The gentleman from North Carolina?

Mr. WATT. Thank you, Mr. Chairman.

Chairman SENSENBRENNER. The gentleman is recognized for 5 minutes.

Mr. WATT. I'll be brief. I don't think it will take 5 minutes, but I do think this is the appropriate time to express a generalized concern, although I certainly have no objections to this bill moving forward. I worked with the prior chairman of the full committee and with the chairman of the subcommittee and traveled with them, in fact, to some jurisdictions to try to—some other nations to try to get our patent and copyright protections expanded and try to get a uniform system that protects the proprietary and origination interests of companies and individuals in this country.

The generalized concern, however, that I want to express has to do with this kind of general kicking things up to some higher level that basically is convenient for this committee, but makes it possible for us—and makes it impossible for us to really have any involvement in the issues that we are supposed to be involved in trying to resolve. And that's bad enough when we're kicking it up to—we're just rushing legislation through and hoping that the Senate and some Conference Committee consisting of our peers will resolve the issue, but as I understand it in this one, we're waiting on a resolution to come from the Bacardi people and——

Chairman SENSENBRENNER. Will the gentleman yield?

Mr. WATT. Yes, sir, I'd be happy to yield.

Chairman SENSENBRENNER. Ordinarily, I would agree with the gentleman from North Carolina. However, what we're dealing with here is the process of ratification of a treaty, which the House is not involved under the Constitution. This is either the fourth or the fifth Congress, where the Madrid Protocol Implementation bill has been introduced, and because some Senators have placed holds on the treaty, they've also placed holds on the implementation bill, and I think that the two of them go together.

If the House were involved in whether the treaty is amended or there would be understandings or reservations imposed during the

ratification process, I'd hold this bill here. But since we're not involved, that's why, in consultation with the gentleman from Michigan, we put this bill on the list of noncontroversial bills because, frankly, in the ratification process, which is where this issue will be resolved constitutionally, we don't have a dog in that fight.

I thank the gentleman for yielding.

Mr. WATT. I thank the gentleman for his comments. And it's for that very reason that I really have no strong objections, and I'm raising a generalized concern here because I think, in the interests of moving things along in the process, we don't want to overlook the jurisdiction and prerogatives of this committee. And I think we're going to get to a bill this morning, where I think really should have gone to the—through the subcommittee process, rather than being jumped to the full committee. So I'm kind of laying the groundwork for a more generalized concern because expediency is one thing, but there are some prerogatives of the committee and responsibilities of the committee that I think are important too.

Having said that, I agree with the gentleman. I don't have any objection to this particular bill moving forward in the process, but I hope we're not going to make this a practice of just punting things that we really ought to be analyzing more thoroughly, just in the interests of expediency.

I will yield back the balance of my time.

Chairman SENSENBRENNER. The question occurs on the motion to report the bill H.R. 741 favorably.

Those in favor will signify by saying aye.

Opposed, no.

The ayes have it. The motion to report favorably is adopted.

Without objection, the chairman is authorized to move to go to conference, pursuant to House rules. Without objection, the staff is directed to make any technical and conforming changes, and all members will be given 2 days, as provided by House rules, in which to submit additional dissenting supplemental or minority views.

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