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THE MADRID PROTOCOL IMPLEMENTATION ACT

JULY 25, 2001.—Ordered to be printed

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

R E P O R T

[To accompany S. 407]

The Committee on the Judiciary, to which was referred the bill (S. 407) 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, reports favorably thereon, with an amendment, and recommends that the bill, as amended, do pass.

CONTENTS

	Page
I. Purpose	1
II. Legislative history	1
III. Discussion	2
IV. Vote of the Committee	5
V. Section-by-section analysis	7
VI. Cost estimate	8
VII. Regulatory impact statement	9
VIII. Changes in existing law	10

I. PURPOSE

The purpose of S. 407 is to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, Spain, on June 27, 1989, which provides for an international registration system for trademarks.

II. LEGISLATIVE HISTORY

S. 407, the “Madrid Protocol Implementation Act,” was introduced by Senator Leahy and Senator Hatch on February 27, 2001. Given the noncontroversial contents of S. 407 and the Committee’s

consideration of this legislation in the prior Congress, the Committee selected not to conduct any hearings on the matter. The Judiciary Committee met in executive session on July 19, 2001, to consider the bill. A reporting quorum being present, the bill was approved by voice vote and ordered favorably reported to the Senate.

This legislation was first introduced in the 103rd Congress as S. 977 by Senator Dennis DeConcini and was reintroduced in the 105th and 106th Congresses by Senator Leahy as S. 2191 and S. 671, respectively. On February 10, 2000, the Senate Judiciary Committee favorably reported S. 671, and filed a report on March 27, 2000. No further action was taken. The House of Representatives passed this legislation in the 103rd, 105th, and 106th Congresses.

In the 107th Congress, on March 14, 2001, the House of Representatives passed H.R. 741, which is identical to S. 407, and the bill was referred to the Senate Committee on the Judiciary.

III. DISCUSSION

A. Background

Trademark protection under Federal law provides for the legal protection of particular signs, including words or symbols, that have been used on particular goods or services. Trademark protection generally entitles the owner of a trademark to protection against others' use of identical or similar marks which are likely to result in consumer confusion or to dilute the distinctive quality of a famous mark.

Trademarks can constitute a significant part of the value of a product or service and often figure largely in the advertising of products and services. A 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 increasingly marketed and sold on an international scale, protection in countries other than the United States improves the competitiveness of American business. 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 separately in each country or region in which protection is sought. Registering in multiple countries is a time-consuming, complicated and expensive process and is especially burdensome for smaller American companies seeking international trademark protection. In too many cases, small- and medium-sized businesses are forced to forego effective worldwide protection of their marks and to settle instead for the limited protection afforded by trademark registration in only a few select countries.

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 pro-

vided an international registration system operated under the auspices of the International Bureau of the World Intellectual Property Organization (WIPO). Although the Madrid Agreement offers significant benefits in terms of increased efficiency and reduced costs in the registration process, the United States has not been a signatory to the Madrid Agreement. The United States originally declined to join the Madrid Agreement because it contained obligations deemed inimical to American intellectual property interests, such as the requirement that all applications under the Agreement be completed in French.

B. Madrid Protocol

On June 27, 1989, at a Diplomatic Conference in Madrid, Spain, the parties to the Madrid Agreement signed the Protocol relating to the Madrid Agreement concerning the International Registration of Marks (“Madrid Protocol” or “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 Protocol “updated” the Madrid Agreement, in many respects by conforming its contents to existing provisions in U.S. law. For example, under the Protocol, applications for international trademark extension can be completed in English; as noted above, applications under the Agreement are required to be completed in French. Moreover, under the Protocol, an international application may be based on a country of origin application—as opposed to an actual registration—thus allowing U.S. applicants to seek international protection at the same time they file a U.S. application, including an application based on a bona fide intention to use a mark in commerce. The Protocol also permits an extended 18-month period in which a country may refuse to give effect to an international registration and allows for higher filing and renewal fees, both of which conform with the effective pendency and fee structure of the U.S. Patent and Trademark Office.

Finally, the Protocol modifies the so-called “central attack” provision of the Madrid Agreement. Under the Madrid Agreement, if during the first 5 years of an international registration, the national application or registration upon which the international registration is dependent is limited or cancelled, all rights obtained in the member countries of the Madrid Agreement based on extensions of that registration are similarly limited or cancelled. This is known as “central attack.” With the Protocol, in the event of a “central attack” on the home mark and the subsequent cancellation of the international registration, the international registration may be “transformed” into a series of national applications in the designated countries, all of which will retain the original filing date (i.e. the international registration date) and any priority claimed. So, a U.S. trademark owner whose mark is cancelled in the United States will still be able to retain a priority in other countries in which it is seeking protection. After 5 years, the loss of the home registration has no effect on the international registration which remains in force in all countries to which it had been extended.

The Protocol took effect in April 1996, and currently binds 52 countries, but not the United States. Without U.S. participation, the Protocol may never achieve its purpose of providing a one-stop “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 S. 407, nor to the substantive portions of the underlying Protocol. The fact that the Senate did not act on the bill in previous Congresses reflects the fact that since 1994 the State Department had been trying to resolve differences between the administration and the European Community (EC) regarding the voting rights of intergovernmental members of the Protocol in the Assembly established by the Madrid Agreement. Pursuant to the Protocol, intergovernmental organizations like the European Community would receive a separate vote, in addition to the votes of the Member States of the European Community. While it may be argued that the existence of a supranational European trademark issued by the Office for Harmonization in the Internal Market (“European Trademark Office”) justifies the additional vote, the State Department has opposed this proviso as a contravention of the democratic concept of one vote per country. State Department officials also expressed concern that this voting structure may establish a precedent for deviation from the one-vote-one-state principle in future international agreements.

This dispute over the voting rights of the European Community and participation of an intergovernmental organization in this intellectual property agreement has been resolved in accordance with the U.S. position. Specifically, on February 2, 2000, the Council of the European Union and the Representatives of the Governments of the Member States meeting within the Council approved a Statement of Intent in which the European Community and its Member States affirmed their commitment to a consensus-based decision process within the Assembly. In those cases in which a vote is called for, the European Community and its Member States will endeavor to conduct prior consultations with the United States and other like-minded participants in an effort to reach a common position. Should a common position not be possible in a given instance, the European Community and its Member States have agreed “to use their voting rights in such a way as to ensure that the number of votes cast by the European Community and its Member States does not exceed the number of the European Community’s Member States.” This agreement is similar to that reflected in the agreement establishing the World Trade Organization, in which the European Community is permitted a vote, but the European Community together, with its Member States can cast no more votes than the number of Member States.

Moreover, the concern that the Protocol’s voting rights provisions would form a precedent for future international agreements has been allayed by intervening precedents. Since the adoption of the Madrid Protocol, other intellectual property treaties have been negotiated without administrative provisions similar to those contained in the Madrid Protocol. The Trademark Law Treaty, adopted on October 27, 1994, for example, contains no such voting provisions, despite proposals advanced by the European Community that were similar to the Madrid Protocol provisions. Neither the

WIPO Copyright Treaty nor the WIPO Performances and Phonograms Treaty, which were completed in 1996 and implemented domestically in the 105th Congress, permit the European Commission an extra vote. More recently, the Hague Agreement Concerning the International Registration of Industrial Designs and the Patent Law Treaty (2000), do not allow intergovernmental organizations to receive an extra vote in the Assembly. Thus, to the extent the Madrid Protocol established any sort of precedent with respect to voting rights issues, that precedent has been effectively vitiated at this point.

With the voting rights issue resolved to the satisfaction of the U.S. Department of State, the administration forwarded the Madrid Protocol to the Senate for its advice and consent in September, 2000. By its terms, the amendments to the Trademark Act made by S. 407 would not take effect until the date the Madrid Protocol enters into the force with respect to the United States or 1 year after the date of enactment of the act, whichever occurs later. During the 106th Congress, Senate accession to the Protocol and passage of implementing language were unfortunately stalled as a result of a private dispute over a mark (“Havana Club”) between a rum distiller (Bacardi) and a French concern (Pernod), which had formed a joint venture with the Cuban Government. This dispute prompted an effort to insert language in the instrument of accession accompanying the Protocol clarifying that the treaty could not be interpreted to honor the expropriation of a mark registered to a third party. As a result, the Senate neither ratified the Protocol nor acted on the implementing language of S. 671.

C. The need for S. 407, the Madrid Protocol Implementation Act

S. 407 serves as the implementing legislation for the Madrid Protocol. It makes no changes to substantive U.S. trademark law, but rather establishes the structural and procedural mechanisms to accommodate the filing, acceptance, and examination of international applications in the U.S. Patent and Trademark Office, and the registration, maintenance, and cancellation marks based on such applications.

Passage of S. 407 will help to ensure timely accession to and implementation of the Madrid Protocol, and will send a clear 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- and medium-sized businesses which may otherwise lack the resources to acquire world-wide protection for their trademarks.

IV. VOTE OF THE COMMITTEE

The Senate Committee on the Judiciary, with a quorum present met on Thursday, July 19, 2001, to consider the “Madrid Protocol Implementation Act.” The Committee considered a substitute amendment offered by Chairman Leahy and Ranking Member Hatch to S. 407 and approved the bill, so amended, by voice vote,

with no objection noted, and ordered the bill to be reported favorably to the Senate, with a recommendation that the bill do pass.

The amendment of Senators Leahy and Hatch approved by the Committee made the following technical and clarifying changes to S. 407: (1) in section 60, the definitions are put in alphabetical order; (2) in paragraph 60(10), which provides a definition of the term “international register,” the unnecessary word “such” and the unnecessary phrase “regardless of the medium which contains the data” are deleted; (3) in section 65(b), no substantive change is made but the language is clarified that where the office of origin for a trademark application or registration is the U.S. Patent and Trademark Office, the international registration based on that U.S. application or registration, based on that U.S. application or registration, cannot be used to obtain the benefits of the Madrid Protocol in the United States; (4) in section 67, no substantive change is made but the language is clarified that where the holder of an international registration with a request for extension of protection to the United States is entitled to claim priority under article 4(A)(3) of the Paris Convention for the Protection of Industrial Property, either as part of its international application or as part of a later recording of the extension of protection, the claimed date of priority must be within 6 months of the international registration date or of the date of recording; (5) in section 68(2), the unnecessary sentence “Unless successfully opposed, the request for extension of protection shall not be refused,” which implies that the extension of protection could not be refused on examination grounds, is deleted; (6) in section 68(3), the unnecessary phrase “under this section” is deleted to clarify that the extension of protection should not be refused on the ground that the mark has not been used in commerce; (7) in section 68(4), the unnecessary phrase “under this section” is deleted to clarify that the extension of protection will be refused to any mark not registrable on the Principal Register and that the grounds for such refusal are not limited to section 68(4); (8) in section 68(d), the designation of an agent for service of process is modified to mirror language on the designation of agents for service of process that already exists in other parts of the Trademark Act; (9) in section 71(a)(2)(B), the words “the surcharge” are substituted for the words “an additional fee” to reflect the language used in regard to affidavits of use filed by U.S. registrants under section 8 of the Trademark Act; (10) in section 71, subsection (c) is added to provide the holder of an extension of protection with the same notice that is given to the owner of a U.S. registration where its section 8 affidavit is accepted or rejected, since the affidavit required of the holder of an extension of protection by section 71 is equivalent to the section 8 affidavit and therefore the same type of notification is appropriate; (11) in section 71, subsection (d) is added concerning the designation of an agent for service of process to reflect identical language that occurs in section 8 the Trademark Act where the identical kind of affidavit is being filed; and (12) in section 74, the language has been redrafted to permit the owner of an international registration, who is also the owner of a U.S. registration, to maintain the U.S. registration if the owner so chooses.

V. SECTION-BY-SECTION ANALYSIS

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

Section 2.—Provisions to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. This section amends the “Trademark Act of 1946” by adding a new “Title XII—The Madrid Protocol,” which contains new sections 60 through 74 with the following:

The owner of a registration granted by the U.S. 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 Director is charged with the duty of transmitting the application to the WIPO International Bureau.

The Director 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 Director believes that an applicant is entitled to an extension of protection, the mark will be published in the “Official Gazette of the Patent and Trademark Office.” This serves notice to third parties who oppose the extension. Unless an opposition and/or other court proceeding conducted pursuant to existing law is successful, the request for extension may not be refused. If the request for extension of protection is denied, however, the Director notifies the International Bureau of such action and sets forth the reason(s) why. The Director must also apprise the International Bureau of other relevant information pertaining to requests for extension of protection within designated time periods.

If an extension for protection is granted, the PTO issues a certificate attesting to such action, and publishes notice of the certificate in the “Official 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 PTO must cancel an extension of protection with respect to the same goods and services as of the date on which the international registration was canceled. 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 in 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 on or in connection with which the mark is in use in commerce and attaching a specimen or facsimile showing the current use of the mark in commerce, or setting forth that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.

The right to an extension of protection may be assigned to a third party so long as that person is a national of, or is domiciled in, or has a "bonafide" and effective industrial or commercial establishment 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 (such as 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 enters into force with respect to the United States or 1 year after the date of enactment of the act, whichever occurs later.

VI. COST ESTIMATE

In compliance with paragraph 11(a) of rule XXVI of the standing Rules of the Senate, the Committee sets forth, with respect to the bill, S. 407, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 24, 2001.

Hon. PATRICK J. LEAHY,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 407, 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,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 407—Madrid Protocol Implementation Act

S. 407 would amend the Trademark Act of 1946 to facilitate the implementation of the Madrid Protocol, an international agreement that would allow companies to obtain trademark protection in several countries through a single application.

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 S. 407 would fit within that exclusion because it would implement the Madrid Protocol, an international agreement requiring ratification by the Senate.

S. 407 would take effect when the Madrid Protocol is ratified by the Senate, or one year after the bill's date of enactment, whichever comes later. For this estimate, CBO assumes that the bill will take effect at the beginning of 2003. Based on information from the Patent and Trademark Office (PTO), CBO expects that, in order to implement the bill, the PTO would need to upgrade certain computer systems so that the agency could better exchange information with the international trademark office that administers the Protocol. CBO estimates that the agency would incur net costs of less than \$500,000 for this purpose during the 2003–2004 period, subject to the availability of appropriated funds.

United States participation in the Madrid Protocol also could cause a rise 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 not have a significant net budgetary impact.

On March 13, 2001, CBO transmitted a cost estimate for H.R. 741, the Madrid Protocol Implementation Act, as ordered reported by the House Committee on the Judiciary on March 8, 2001. This bill is very similar to S. 407, except that H.R. 741 would take effect as soon as the Madrid Protocol is ratified by the Senate. For that estimate, CBO assumed that H.R. 741 would take effect in 2001. Therefore, CBO estimated that implementing the bill would increase the net costs of the PTO by less than \$500,000 per year during the 2001–2002 period, not the 2003–2004 period as under S. 407.

The CBO staff contact for this estimate is Ken Johnson. The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VII. REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b)(1), rule XXVI of the Standing Rules of the Senate, the Committee, after due consideration, concludes that S. 407 will not have significant regulatory impact.

VIII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 407, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

THE TRADEMARK ACT OF 1946

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SEC. 51. All certificates of registration based upon applications for registration pending in the Patent and Trademark Office on the effective date of the Trademark Law Revision Act of 1988 shall remain in force for a period of 10 years.

TITLE XII—THE MADRID PROTOCOL

SEC. 60. DEFINITIONS.

In this title:

(1) *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.

(2) *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.

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

(4) *DATE OF RECORDAL.*—The term “date of recordal” means the date on which a request for extension of protection, filed after an international registration is granted, is recorded on the International Register.

(5) *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, mistake, or deception.

(6) *EXTENSION OF PROTECTION.*—The term “extension of protection” means the protection resulting from an international

registration that extends to the United States at the request of the holder of the international registration, in accordance with the Madrid Protocol.

(7) *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.

(8) *INTERNATIONAL APPLICATION.*—The term “international application” means an application for international registration that is filed under the Madrid Protocol.

(9) *INTERNATIONAL BUREAU.*—The term “International Bureau” means the International Bureau of the World Intellectual Property Organization.

(10) *INTERNATIONAL REGISTER.*—The term “International Register” means the official collection of data concerning international registrations maintained by the International Bureau that the Madrid Protocol or its implementing regulations require or permit to be recorded.

(11) *INTERNATIONAL REGISTRATION.*—The term “international registration” means the registration of a mark granted under the Madrid Protocol.

(12) *INTERNATIONAL REGISTRATION DATE.*—The term “international registration date” means the date assigned to the international registration by the International Bureau.

(13) *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.

(14) *NOTIFICATION OF REFUSAL.*—The term “notification of refusal” means the notice sent by the United States Patent and Trademark Office 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 United States Patent and Trademark Office, including any extension of time granted under section 13.

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

(a) *IN GENERAL.*—The owner of a basic application pending before the United States Patent and Trademark Office, or the owner of a basic registration granted by the United States Patent and Trademark Office may file an international application by submitting to the United States Patent and Trademark Office a written applica-

tion in such form, together with such fees, as may be prescribed by the Director.

(b) **QUALIFIED OWNERS.**—A qualified owner, under subsection (a), shall—

- (1) be a national of the United States;
- (2) be domiciled in the United States; or
- (3) have a real and effective industrial or commercial establishment in the United States.

SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLICATION.

(a) **CERTIFICATION PROCEDURE.**—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.

(b) **TRANSMITTAL.**—Upon examination and certification of the international application, the Director shall transmit the international application to be 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 United States 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 United States 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 THE UNITED STATES IS OFFICE OF ORIGIN.*—Where the United States Patent and Trademark Office is the office of origin for a trademark application or registration, any international registration based on such application or registration cannot be used to obtain the benefits of the Madrid Protocol in the United States.

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

- (1) the request for extension of protection contains a claim of priority; and
- (2) the date of international registration or the date of the 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 for the Protection of Industrial Property).

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 United States 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.

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

(4) Extension of protection shall be refused 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) and (2), as the case may be.

(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 may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person residing in the United States on whom notices or process in proceedings affecting the mark may be served. Such notices or process may be served upon the person designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation filed. If the person designated cannot be found at the address given in the last designation, or if the holder does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person residing in the United States for service of notices or process in proceedings affecting the mark, the notice or process may be served on 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 re-

quest and shall cause notice of such certificate of extension of protection to be published in the Official Gazette of the United States 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 United States 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 expira-

tion 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 United States 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 the surcharge 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.

(c) **NOTIFICATION.**—The Director shall notify the holder of the international registration who files 1 of the affidavits of the Director's acceptance or refusal thereof and, in a case of a refusal, the reason therefor.

(d) **SERVICE OF NOTICE OR PROCESS.**—The holder of the international registration of the mark may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person residing in the United States on whom notices or process in proceedings affecting the mark may be served. Such notices of 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 designated cannot be found at the address given in the last designation, or if the holder does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person residing in the United States for service of notices or process in proceedings affecting the mark, the notice or process may be served on the Director.

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.

When a United States registration and a subsequently issued certificate of extension of protection to the United States are owned by the same person, identify the same mark, and list the same goods or services, the extension of protection shall have the same rights that accrued to the registration prior to issuance of the certificate of extension of protection.

