



## Madrid Protocol and Indian Trade Mark Law : a critical analysis.

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### Abstract

Trademark Law in India has come a long way, since its inception in 1940. The Indian Parliament has constantly amended and updated the law to accommodate changes and harmonise it with the international trademark laws and standards. The importance of trademarks and other forms of Intellectual Property Rights in India in recent times can be understood from a landmark event namely, India's recent accession to the Madrid Protocol and the Government's initiative to draft India's National IPR Policy which indicates the increasing prominence of IP protection in India. The Madrid Protocol provides a cost-effective and efficient way for proprietors of trademarks; be it individuals or businesses, to ensure protection for their marks in other signatory countries to the protocol by filing a single application in a single office, in one language, with one set of fees, in one currency. Therefore, accession to this Protocol provided India with many definite advantages in matters of IPR and especially trademarks.

**Keywords:** Trademark Law, Madrid Protocol, National IPR Policy, Accession

### 1. Introduction

A trademark is a mark or sign which is adopted to differentiate, in the course of trade, the goods produced or the services rendered by any person from goods or services provided by others. In the context of trademark law; the term 'Person' has many meanings. It implies individuals or a group of individuals carrying on a business together, as well as legal persons, like Companies, Societies, Government bodies, or any other statutory organisation. When an entrepreneur produces a commodity with the aim of bringing it into the market, he uses all his inventive skills & creativity and takes all efforts to make the product more effective, useful and more appealing.

Similarly when that entrepreneur renders any service and launches that in the market for the prospective customers he makes all efforts to ensure that the service becomes more effective and more useful. In such circumstances, every person would wish his products or services to be distinguished from similar

products or services of others in the market. In this matter, trademark plays the most important role. The trademark may be a word, letter, numeral or any combination of the same, label, brand, ticket, or combination of colours, shape of goods or packaging.

Quoting verbatim from the TRIPS Agreement, Article 15 of the same states that: "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark."

Similarly, in the Trademark law of India, Section 2 (1) (zb) of the Indian Trade Marks Act defines the trademark by stating that "'trade mark' means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours..." Section 2 (1) (m) of the Act further defines mark as "'mark' which includes a device, brand, heading, label,

ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof”

## 2. Objective

The importance of Intellectual Property Rights in general and trademarks in particular is yet to be properly realised in India. This is confirmed by the fact that IPR legislations, despite witnessing a significant increase in the post globalisation era remains at the bottom rung of the ladder of Indian Court cases. Trademark is a very much unexplored yet equally important concept of IPR. Trademark is very important in countries, especially developing countries with plenty of entrepreneurial ideas such as India. Trademark is the most viable legal concept available to every proprietor of a trademark when it comes to preserving and protecting what is commonly known to laymen as “Brand Value.” This paper attempts to shed some light on the concept of trademark and also illuminate the readers about a very important protocol concerning trademarks namely The Madrid Protocol, which is a combined multilateral agreement and system for providing one stop registration of trademarks at a specified centre; following which, upon approval, the trademark will have protection in all the countries which are party to the Protocol.

## 3. Methodology

This paper involved a certain amount of research, which is mostly doctrinal in nature. Both primary and secondary sources were utilised in order to arrive at a clearer understanding of the topic at hand and the burning issues with which the topic is confronted with. Legislations, conventions and reports on IPR laws have been referred to and they form the basis of primary sources. The research is essentially library oriented. Secondary sources like books, scholarly articles, journals and websites were of great help in giving form and weight to what was initially only a rough sketch of the topic at hand. Critical, comparative and analytical methods have been employed with regard to the analysis of the problems confronting the area of the topic at hand; namely, Trademarks Law.

## 4. Analysis

### 4.1 Registration of Trade Marks and its importance

Trademark being such a valuable property; must be registered at the earliest opportunity. Registration is prima facie evidence of proprietorship of trademark.

It gives an exclusive right in favour of the registered proprietor to use the trademark in respect of relevant goods or services. It allows the proprietor to take legal action in case of infringement of registration or any type of unauthorized use or dilution of the trademark. The registered proprietor may assign or license the trademark as any other property. The registered proprietor can enjoy the goodwill associated with registered trademark forever, if the mark is renewed from time to time.

Generally, trademarks are registered with national trademark registry offices and these are protected within the territory under the jurisdiction of these offices. In India the trademarks are registered with the Trade Marks Registry which works under the office of the Controller General of Patents, Designs and Trade Marks which is in turn, subordinate to the Ministry of Commerce and Industry, Government of India. Accordingly the registered trademark can be enforced only within the territory of India.

It must be remembered that mere act of registration of a trade mark is not enough. It cannot give universal protection from infringement in every country of the world. To do so would require special legislation by the Government and accession to specialised protocols and agreements between nations. This is where the Madrid Protocol steps in.

### 4.2 A brief understanding of Madrid Protocol

The Madrid Protocol is actually one of two treaties comprising the Madrid System which lays down the procedure for registering one’s trademark internationally in multiple countries. It provides for single procedure for the registration of trademarks in several territories. Madrid System comprises of two treaties namely, the Madrid Agreement Concerning the International Registration of Marks (“Madrid Agreement”) which was agreed upon and signed in 1891 and came into force in 1892. The second part of the Madrid System is the Protocol Relating to the Madrid Agreement (“Madrid Protocol”), which came into operation on 1 April 1996. These treaties are administered by the World Intellectual Property Organisation (WIPO) in Geneva, Switzerland.

The Protocol is to be understood as a treaty assisting in filing of trademarks only. It provides a cheap and at the same time, an efficient way for trademark holders including individuals and businesses to ensure protection for their marks in several countries through the filing of one application with a single office, in one language, with one set of fees, in one currency. No

local agent is needed to file the application. While an International Registration may be issued, it is the sole prerogative of each country or contracting party designated for protection to determine whether protection for a mark is to be provided or not.

Once the trademark office in a designated country grants protection; the mark is protected in that country just as if that office had registered it. The Madrid Protocol also simplifies the subsequent management of the mark by ensuring that many minor changes to the mark such as ownership, address of the holder can be recorded by simple procedural steps in order to record it in the World Intellectual Property Organization's International Bureau. The International Bureau administers the Madrid System and coordinates the transmittal of requests for protection, renewals and other relevant documentation to all members.

The Government of India joined the Madrid system for international registration of trademarks on 8<sup>th</sup> April 2013. It culminated the process by the act of depositing the instrument of accession to the Madrid Protocol with the Director General of the World Intellectual Property Organisation.

#### **4.3 Outline of the workings of the Madrid Protocol**

Any Country which is a party to the Paris Convention for the Protection of Industrial Property may become a party to the Madrid Agreement or the Madrid Protocol or both. Intergovernmental organizations may also become a party to the Protocol (but not the Agreement) where at least one of the Member States of the organization is a party to the Paris Convention and the organization maintains a regional office for the purposes of registering marks with effect in the territory of the organization.

The Madrid System is not an open system. Only a person linked with a country or intergovernmental organization being a member of the Madrid Protocol can make an application for registration and protection of his trademark in the territory within the jurisdiction of that Country or intergovernmental organization.

With regard to eligibility criteria for filing applications for international registration of trademarks, the World Intellectual Property Organisation rules stipulate that any person (including a legal entity)

- Who is a citizen of, or is domiciled in, or has real and effective industrial or commercial establishment in a country or intergovernmental organization which is member of the Madrid Protocol, and
- Who has got a registration of a trademark or who

has filed an application for registration of trademark in that country or intergovernmental organisation; can make application for registering his/her trademark internationally under the Madrid Protocol.

The application for international registration of trademarks is made by the same person for the same trademark and in respect of goods or services covered in the domestic application. The best way to understand the Madrid System would be to consider it as a facilitating system for providing international protection of a mark under domestic application or registration. It does this by providing a method to the applicants to make an international registration of the mark with the International Bureau of the WIPO. The applicant, in his application for international registration of the mark indicates the countries or intergovernmental organizations where the mark is sought to be protected.

The office of the country or intergovernmental organization to which the applicant is connected due to his citizenship or domicile or establishment, is known as Office of Origin. The domestic application or registration on the basis of which application for international registration is filed is known as the Basic Application or Registration. The members of the Madrid System who are involved in the process of application and protection of the trademarks are known as Contracting Parties to the Protocol.

An application for international registration goes before the International Bureau. The application must first pass through the Office of Origin of the trademark. If the international application complies with the necessary criteria, the mark is entered in the International Register of marks and is also published in the WIPO Gazette of International Marks.

The International Bureau notifies each country which is a party to the protocol about the fact that trademark protection has been requested. Beginning with the date of the international registration itself, the level of protection granted to the mark in each of the designated Contracting Parties is the same as would have been provided if the mark had been deposited directly with the Office of the Contracting Party directly. The designated Party to whom such application request has been sent possesses the right to refuse protection, within the time limits granted by the Protocol. However, the refusal to grant protection must be notified to the International Bureau within the same time limit, otherwise the protection of the mark in each designated Contracting Party will be the same as if it had been registered by the Office of that Contracting

Party. Contracting Parties have a time period of one year to notify the international Bureau about the refusal to grant protection although it can be increased to eighteen months.

#### **4.4 Importance of Madrid Protocol with Respect to Indian Trade Marks Law**

Trade Marks have the potential to become a product of immense value and prestige. A few simple examples would illustrate this point. As quoted by Forbes Magazine; Google, the popular search engine tops the list with a trade mark value of \$44.5 billion, making it the most valuable trade mark in the world. Closely following it is software giant Microsoft with a trade mark value of \$42 billion. This shows the value of trade mark in the present ultra competitive and ultra globalised world. Therefore it is obvious that to protect the value of many potentially high earning companies, the Government must step in and ensure protective measures for them.

Domestically, the trademarks are registered with national trademark registry offices and these are protected within the territory under the jurisdiction of these offices. In India the trademark is registered with the Trade Marks Registry of the office of the Controller General of Patents, Designs and Trade Marks under the Ministry of Commerce and Industry, Government of India. Accordingly the registered trademark can be enforced only within the territory of India.

But once the Indian Government decided to accede to the Madrid Protocol, there seems to be a faint ray of hope on the horizon with regarding to protecting the integrity of the brand value of Indian brands too.

At present, trade and business activities transcend the national boundaries. The whole world has become a global village. The goods & services of Indian entrepreneurs are not only making their presence in international market but they are very much in demand there. Value and reputation of Indian trademarks in the international market is increasing day by day. Due to this Indian entrepreneurs go to register their trademarks in different territories in order to protect them. For registering trademarks in different territories one needs to make applications before each jurisdiction in different languages, with different fees and by following different regional regulations. One needs to engage a local attorney for every application. This is definitely a tedious proposition, from both the economic point of view and also from the point of view of time and effort expended.

On the domestic front, the Indian public has become more quality conscious and the people here look for products bearing original foreign brands. There is a distressing tendency to equate foreign brands with luxury and good quality. They do not extend the same favours to Indian brands as a general rule.

Another problem lies in the fact that many companies and businesses are start ups. They have immense potential and they also have the tendency to come up with money generating ideas. The main problem that they face is that of capital, a problem that is especially acute in the initial formative years of a company.

The above problems are just some of the major ones that are hampering the ideas of entrepreneurial companies from ensuring full scale protection of their trademarks across the world.

Initially the prevailing situation was very difficult. The Indian entrepreneurs, if they wanted to protect their trademark beyond the territory of India, would have to file applications for registration of their trademarks directly and the Indian office of trademark would have no involvement in it. Therefore the data regarding number of applications filed in foreign jurisdictions by Indian applicants is not applicable.

This state of affairs changed when the Government of India in the year 2007 itself took a decision to accede to the Madrid Protocol of the Madrid system of international registration of trademarks. India joined the Madrid Protocol, since it is more beneficial to the public. Most of the member countries of the Madrid Agreement also joined the Madrid Protocol. In fact, there is only one country (i.e. Algeria) which is the member of the Madrid Agreement only.

India joining the Madrid Protocol is a very important and noteworthy development because it allows an Indian entrepreneur who has got the registration of a trademark in India or who has simply made an application for that, to obtain trademark registration and protection in any or all member states by making one application in India in English with one set of fees payable in Swiss Francs. Similarly a person from another member state may get protection of his trademark in India by filing an application in the office of his home country and by designating India if he/she wishes to obtain protection there. In such international registrations under the Madrid Protocol there is a single registration number and a single renewal date, regardless of the number of jurisdictions designated. The registration can be further extended geographically. All subsequent changes to the international registration

may be recorded with the International bureau and have effect through one single procedure.

This is of great importance because it represents a major step towards cost cutting and removing geographical hurdles towards establishing uniform protection of trademarks throughout the world. There are many economically well off countries; countries far more developed than India, who can easily circumvent globally agreed upon rules and trample upon the privileges of others. The accession to the Madrid Protocol represents a sincere attempt to alleviate some of the domination by developed countries.

#### 4.5 Working of the Madrid Protocol in India

India had to make certain changes to her domestic trademark laws in order to incorporate, and allow the assimilation of the provisions brought about due to her accession to the Madrid Protocol. The Trade Marks Act of 1999 and Trade Marks Rules of 2002 lays down the law relating to trade marks in India. A major amendment to the Trade Marks Act, 1999 was in the form of the Trade Marks (Amendment) Act, 2010. It was enacted to enable India's accession to the Madrid Protocol. The Trade Marks Rules, 2002 were amended in 2013 through the Trademarks (Amendment) Rules 2013 mainly to crystallise the provisions and methods of implementation of provisions of the Madrid Protocol in India. Overall, the provisions of the Madrid Protocol came into force in India from 8th July, 2013.

Another major development insisted upon was that all functions relating to Madrid Protocol in India should be done only through electronic system. A 'Trade Marks International Applications System' has been developed and put into operation. Under this system, the applications for international registration of trademarks can be filed and payment of the necessary fee amount can be made online through an e-filing service directly.

While acceding to the Madrid Protocol, the Government of India had made various declarations & notifications to the WIPO. The Indian office has entered into a Memorandum of Understanding with the International Bureau of the World Intellectual Property Organization (WIPO), under which all the data are transmitted and received from WIPO electronically through File Transfer Protocol (FTP) Server.

The Trade Marks Registry sends data to WIPO and receives data on a regular basis. The data relates to the application for trademark registrations. Every task relating to applications for international registration of trademarks which have their origin in India as well

as relating to international registrations in which India is designated are performed through the Trade Marks International Application System. In addition to correspondence through the established lines of communication between the system and the applicant, an alert is sent to the respective applicant or his authorized agent via registered email.

The entire framework is proving to be quite successful in providing speedy services with respect to registration of trademarks. Indian office has received 187 applications for international registration of trademarks under the Madrid Protocol. Out of these applications 97 have been registered at the level of the WIPO and have been transmitted to offices of the designated contracting parties who will take final decision about whether or not to provide protection of such marks. International registrations involving India are examined in order of the date of the international registrations and along with the national applications bearing the same date of applications.

#### 5. Conclusion

While accession to the Madrid protocol is undoubtedly a wise effort on the part of India. There are certain apprehensions that are yet to be addressed satisfactorily. Prominent among these are as follows-

There is an apprehension that the Protocol applications would produce additional backlog in Indian Trademark Offices where it currently takes over one to two years to examine and process applications.

The Trademark Offices in India may also require additional manpower and technology in terms of IT infrastructure and IT trained personnel. This will increase the costs of filing domestic applications.

Large corporate organisations will benefit from this but the government and local trademark attorneys may suffer losses in monetary terms as it would reduce local filings considerably.

In an article titled "The Madrid System of International Registration of Trademarks - An Insight Into the Indian Perspective", well known IPR advocate Karnika Seth has stated that a major apprehension is that the trademark law and practice in jurisdictions like India, Brazil, Canada, Japan and Hong Kong may disadvantage those basing their international registration on a home or basic application particularly as these jurisdictions have lengthy opposition procedures and a successful opposition to the home or basic application would then necessitate the filing of national applications resulting in additional costs.

Finally, Trademark Offices will need to develop

a system for distinguishing International registrations from national registrations. This will result in added record keeping, requiring more personnel and work hours and computerized data bases which do not yet exist in India, Pakistan, Sri Lanka and several other jurisdictions in an adequate manner.

These problems require expedient solutions on the Government's part. There are many concerns left to be addressed. The Governments must work in close cooperation with legal luminaries, civil servants and knowledgeable members of the public so that the

solutions to all the above mentioned problems can be found in the shortest possible time.

The Madrid Protocol is definitely not a flawless solution ,but as of now it definitely is the best system presently available for filing international registration of trademarks as it, simplifies trademark filings, and connected procedural formalities and may reduce costs. The Protocol, therefore, appears to be worth acceding to and its provisions and stipulations must be diligently adhered to. It will definitely benefit the Indian economy in the long run.

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