

In-depth Exploration 9

## The Madrid Protocol and Its Impact on Korean Trademark Laws<sup>1) 2)</sup>

### I. Introduction

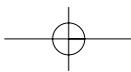
Let me first express that I am greatly honored and privileged to have the opportunity to present a discussion on this important topic at this AIPPI seminar held among Korean, Japanese, and Chinese Groups.

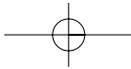
We all are familiar with the fact that the system of international registration of marks is governed by two treaties: one, the Madrid Agreement Concerning the International Registration of Marks and the other, the Protocol relating to the Madrid Agreement Concerning the International Registration of Marks.

Just to refresh your memory, the Madrid Agreement was adopted in Madrid in 1891 as a special agreement based on Article 19 of the Paris Convention for the Protection of Industrial Property. With the filing of one single international application, the Madrid Agreement provides, in essence, for the protection of a mark in multiple designated countries by enabling its protection in the

1) Writer's speech at the 3rd Joint Meeting of AIPPI Japan, China and Korea, October 2002

2) The Korean government sent its Deposit to WIPO on January 7, 2003, and thus the Madrid Protocol System will take effect in Korea early April, 2003.

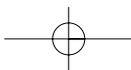


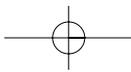


same manner as if it had been registered by the Office of the corresponding designated country. The Madrid Agreement's official language is French, and the time limit for notifying the International Bureau of any refusal by the Office of the Contracting Party concerned is 12 months. In the event that the international registration ceases to have effect as a result of the basic registration ceasing to maintain its validity within five years from the date of its registration (so-called Central Attack), a re-filing system for the same mark with a retroactive effect of the filing date with the Office of a Contracting Party is not provided under the Madrid Agreement.

In contrast, the Madrid Protocol was adopted on June 27, 1989, more than 100 years after the adoption of the Madrid Agreement, entered into force on December 1, 1995, and came into operation on April 1, 1996. The Official languages of the Madrid Protocol are English and French, and a Contracting Party may declare that the time limit of 12 months for notifying the refusal shall be replaced by 18 months. Further, it recognizes a re-filing system for the same mark with a retroactive effect of the filing date with the Office of a Contracting Party even in case the international registration ceases to have effect as a result of the basic registration or application ceasing to maintain validity due to a central attack, etc. within the period of five (5) years. Because some of the unfavorable features or disadvantages inherent in the Madrid Agreement were revised in the Madrid Protocol, the number of contracting parties to the Madrid Protocol sharply increased by as many as 55 jurisdictions (more than 70 jurisdictions are members of either the Agreement or the Protocol) as of September 2002.

Any State which is a party to the Paris Convention for the Protection of Industrial Property may become a party to the Agreement and · or the Protocol. Among our three countries, Korea, Japan, and China, China became a party to the Agreement in July 1989 and also became a member of the Protocol in December 1995; Japan joined the Madrid Protocol on December 14, 1999 and has been implementing it since March 14, 2000. It is under-





stood that USA and OHIM, having the jurisdiction over CTM, are in the process of preparing to join the same.

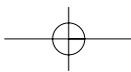
Korea enacted the Amendment to the Trademark Act on February 3, 2001, and subsequently completed the Amendment to the Enforcement Decrees, the Enforcement Rules, and the Trademark Registration Decrees in June 2001. The draft of the Amendment to the Fee Collection Rule has also been promulgated and presently under the notification of enactment.

It is expected that Korea will become a party to the Madrid Protocol late this year or early next year. The Korean government will accede to the Madrid Protocol only, and not the Madrid Agreement, because Korea is more familiar with the English language than French and because the Protocol is generally considered to be more advantageous and flexible.

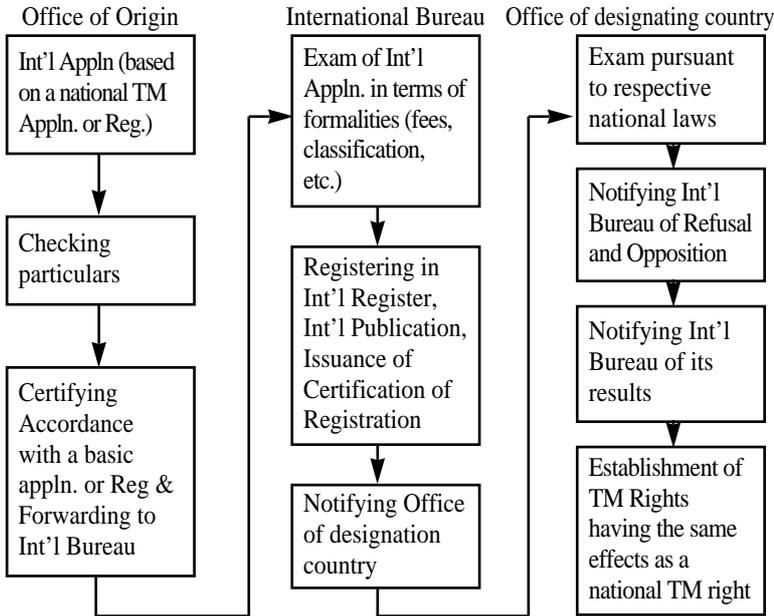
The substantive elements as well as the advantages and disadvantages of the Protocol have been well-documented. As such, I will first offer a brief introductory summary on the major features of the Protocol system and then focus on how the Korean trademark laws are adapting to the provisions of the Protocol.

## **II. An overlook of the Madrid Protocol System**

In order to help understand the relevant provisions of the Korean trademark laws, I will first briefly outline the procedures of the international trademark registration and the major features of the Protocol.



**1. Procedures of the international trademark application**

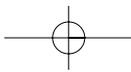


**2. Major features of the Madrid Protocol**

Two major objectives of the Madrid Protocol are to simplify the procedures for protecting a mark with a minimum of costs and formalities and to facilitate the subsequent management of the registration.

The international registration is protected from the date of the international registration (or, in case of a subsequently-designated Contracting Party, from the date of said designation). If no refusal is notified to the International Bureau within the relevant time limit, the protection of the mark in each designated Contracting Party is deemed the same as if it had been registered by the Office of that Contracting Party.

The international registration may be rejected as a result of the trademark examination by the Office of a designated Contracting Party; it may also be the subject of invalidation and or cancellation in accordance with the domestic laws of each of the de-



signed Contracting Party. Any action for infringement of an international registration must be brought separately in each of the Contracting Parties concerned and will be determined in accordance with the national laws of the relevant country.

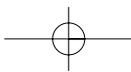
An international registration remains dependent on the basic registration or application for a period of five years from the date of its registration, and thus it has the same fate as the basic registration or application. However, after the expiry of the period of five years, the international registration becomes independent of the basic registration or application.

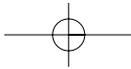
In the event that an international registration ceases to have effect as a result of its basic registration or application ceasing to maintain validity within five years from the date of its registration, the trademark registration may be recovered in the desired Contracting Party by re-filing with the retroactive effect of the filing date, provided however, that it fulfills the requisite requirement.

An international registration is deemed to replace a national or regional registration if it satisfies a certain requirement, and thus, it facilitates an integrated management of marks. It also expands of the geographical scope of trademark protection by allowing the filing of a subsequent designation.

A change in the name or address of the holder or his representative may be recorded in the International Register. One may also record a change in the ownership of an international registration in respect of all or some of the goods · services and all or some of the designated Contracting Parties. It does not allow, however, an amendment to the mark per se, and it also disallows additional registration of goods · services.

An international registration is effective for 10 years. It may be renewed every 10 years in respect of all or some of the designated Contracting Parties by simply paying renewal fees to the International Bureau. However, a partial renewal in respect of only some of the goods · services is not available. If desired,





some of the goods · services may be removed pursuant to a separate request.

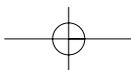
### **III. Relevant Provisions of Korean trademark laws to accommodate the Madrid Protocol System**

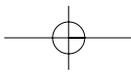
#### **1. A change in our system relating to the date of protection of an international registration - introduction of the system of Right to Demand Compensation for Loss**

One of the most difficult challenges in adapting our laws to the system of the Madrid Protocol related to the date of protection of the international registration. This is because an international registration is protected from the date of the international registration, which is virtually the filing date of the international application. If no refusal is notified to the International Bureau within the relevant time limit or if a refusal is withdrawn, the protection of the mark in each designated Contracting Party is granted retroactively to the date of international registration (or the date of subsequent designation) in the same manner as if it had been registered by the Office of that Contracting Party. This is starkly contrasted with the national trademark registration system which recognizes the effective date of a national trademark registration from the date of registration, and not the filing date.

In order to resolve this dilemma, the Korean Trademark Act has adopted the system for the Right to Demand Compensation for Loss. An applicant of a trademark · service mark application may demand damages in an amount equivalent to the loss of business caused by the unauthorized use by issuing a written notice to the infringer after the trademark application is published (even before the publication of the trademark application, the applicant may send a written notice with a copy of said application or a copy of an international registration concerned) (Article 24bis, paragraphs 1 and 2 of the Trademark Act). The right to Demand Compensation for Loss may be exercised only after the registration of the trademark right (Article 24bis, paragraph 3 of the Trademark Act). This system was introduced in

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the Amendment to the Trademark Act of February 3, 2001 and made applicable to trademark · service mark applications filed on or after July 1, 2001.

However, the right to claim cessation of infringement is virtually meaningless as it cannot be retroactively applied or justified as it relates to a pending trademark application, which may not even mature to registration. As such, the system for the right to demand compensation for loss will suffice for the protection of an international registration from its registration date since the trademark owner is entitled to recover the corresponding loss from another person's unauthorized use during the time said mark remains pending in Korea. For purposes of equity, the right to demand compensation for loss in this regard is also recognized for national trademark applications as well.

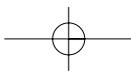
The right to demand compensation for loss is limited to payment of damages in an amount equivalent to the loss of business caused by the unauthorized use of said trademark, and thus, the presumption of amount of loss is not available.

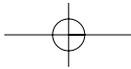
## **2. Procedure as the Office of origin**

### **A. Basis of International Application**

According to the Madrid Protocol, an international application may be based on multiple registrations and · or applications as long as the mark concerned remains the same.

A person who desires to seek an international registration under the Madrid Protocol may file with the Commissioner of the Korean Intellectual Property Office (KIPO) an international application on the basis of a registered trademark or a trademark application that falls under any of the following: (i) the applicant's application for trademark registration; (ii) the applicant's trademark registration; or (iii) the applicant's application for trademark registration and its trademark registration (Article 86bis of Trademark Act).



**B. Persons eligible for an international application**

Persons eligible for an international application with KIPO as Office of origin are (i) a national of the Republic of Korea; or (ii) a person who is domiciled (or, if a legal entity, its business location) in the Republic of Korea (Article 86ter, paragraph 1 of the Trademark Act). As such, even a non-resident under Article 5 of the Patent Act is eligible for the international application with KIPO if he · she is a Korean national. Further, a non-Korean national would be eligible for such an international application if he ·she is domiciled (or, if a legal entity, its business location) in Korea. Where two or more persons file a joint international application, they all must meet the eligibility requirements and must share the basic registration or application as registrants or applicants, as the case may be (Article 86 ter, paragraph 2 of the Trademark Act).

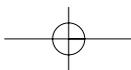
**C. Availability of subsequent designation, renewal application or request for recordation of a change in the ownership at KIPO**

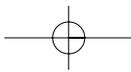
A holder of an international registration may subsequently designate additional state or regional organization at KIPO, and further renewal application or request for recordation of a change in the ownership is available at KIPO (Articles 86sexies through 86octies of the Trademark Act). In case of executing a subsequent designation at KIPO, the date on which the required documents are submitted to KIPO shall be deemed as the date of subsequent designation.

A limitation of the list of goods and services, renunciation in respect of some of the designated Contracting Parties, cancellation of the international registration, change in the address of holder (or its representative) of international registration for all the goods and cancellation should be filed with the International Bureau directly.

**D. Effect of non-payment of fees**

In case that the applicant of an international application or a subsequent designation has not paid the required fees, the Commissioner of KIPO may issue an Order for Supplement designating





a time limit. If the required fees are not paid within the time limit, the procedures concerned may be invalidated (Articles 86novies through 86undecies of the Trademark Act).

### **3. Procedure for the Office of Designation**

#### **A. Provisions on national trademark applications are applicable**

An international application designating Korea is deemed as a national trademark application as filed on the date of the international registration or the date of subsequent designation, and thus, the provisions on national trademark applications are applicable thereto (Article 86quaterdecies of the Trademark Act).

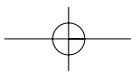
#### **B. Special provisions on international trademark applications**

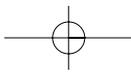
##### **(1) Convention priority, three-dimensional marks, collective marks**

The purports of convention priority and three-dimensional marks, etc. as stated in the International Register are deemed as stated in the trademark application. In case the international application is for a collective mark, the articles of organization concerned may be submitted within three (3) months from the date of international registration (or the date of subsequent designation) (Article 86sedecies, paragraph 3 of the Trademark Act and Article 31 of the Enforcement Rule of the same).

##### **(2) A mark relating to goods as exhibited**

When a person desires to benefit from the date of exhibition of goods as a retroactive filing date as prescribed in Article 21 of the Trademark Act, such intention must be declared in writing at the time the trademark application concerned is filed, and subsequently, the relevant supporting documents must be submitted within 30 days from the filing date. However, where it is not possible to make such written declaration in an international application or it is unreasonable to require submission of the supporting documents within 30 days, the written declaration





and its supporting documents may be submitted within three months from the date of international registration (Article 86 terdecies of the Trademark Act).

### **(3) Business emblems**

A business emblem does not fall within the types of marks under the Madrid Protocol, and thus, the provisions relating to international application are not applicable to business emblems (Article 86 terdecies of the Trademark Act).

### **(4) A time limit for trademark examination**

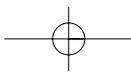
There is no time limit for the national trademark application. However, in case of an international registration, if no refusal is notified to the International Bureau within the relevant time limit, the protection of the mark in each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party. Thus, it would be necessary to notify the International Bureau of the refusal within a specified time limit.

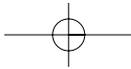
In this regard, the Korean Trademark Act provides to the effect that a decision of publication should be made within fourteen (14) months from the date of notification of extension if grounds of rejections are not found and that a decision of registration should be made within eighteen (18) months from the date of notification of extension if grounds of rejection are not found (Articles 86 quaterdecies through 86 septivicies of the Trademark Act and Article 34 of the Enforcement Rule of the same).

### **(5) Restriction or non-recognition of amendment, division, or conversion of a trademark application**

In case of a national trademark application, the mark and its designated goods may be amended as long as it does not constitute a substantive change of the trademark application concerned. However, in case of an international registration, amending the mark is not recognized, and the amendment is limited only to designated goods (Article 86 undevicies of the Trademark Act).

The Madrid Protocol does not recognize a division of an inter-





national registration in terms of some of the goods or services without a change in the ownership, and accordingly, the provisions on a divisional application are not applicable to an international application (Article 86vicies of the Trademark Act). Likewise, a divisional registration is not recognized for trademark rights based on an international registration (Article 86 quatertricies of the Trademark Act).

An applicant of a national trademark application may convert a trademark application into a service mark application, and vice versa, whereas there is no distinction of trademark and service mark under the Madrid Protocol. As such, the provisions on the conversion of an application are not applicable to an international application (Article 86unvicies of the Trademark Act).

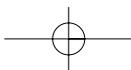
#### **(6) Succession or divisional transfer of application**

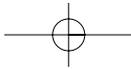
In case of a national trademark application, the general succession takes effect upon occurrence of a recognized legal event, i.e. inheritance or general succession, without a separate request for change in ownership of the applicant. However, in case of an international registration, the general succession takes effect only upon its recordation in the International Register, irrespective of the specific type of the legal event leading to succession. Accordingly, the Korean Trademark Act requires that a change in ownership be recorded even in the case of general succession at the International Bureau (Article 86duodevicies, paragraph 1 of the Trademark Act).

When some or all of the designated goods of an international registration have been transferred, the international application concerned is deemed as having been filed by the transferee(s) (Article 86 duodevicies, paragraph 2 of the Trademark Act).

#### **(7) Publication and Opposition**

If a trademark application is published, any person may file an opposition within 30 days from the date of publication. It is the same for an intenational application, except that the registration number of an international registration is required to be stated





in the opposition instead of the application number (Article 86 services of the Trademark Act).

**(8) Registration fees, trademark register, establishment registration of trademark rights**

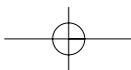
In case of an international trademark application, individual fees are paid at the time of its filing. This renders inapplicable the provisions relevant to registration fees for a national trademark registration. The establishment of a national trademark right is registered on the date of payment of registration fees whereas the right associated with an international trademark application arises at the time of the registration decision thereof (Article of 86duodetricies through 86 untricies of the Trademark Act).

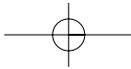
**(9) Special Provisions for Term of a Trademark Right**

The duration of a national trademark right is ten (10) years from the date of its registration whereas that of an international trademark is ten (10) years from the date of the international registration following its national registration. Trademark rights based on an international registration may be renewed at the International Bureau, and accordingly, provisions on renewal application and examination thereof for a national trademark registration are not applicable (Article 86duotricies of the Trademark Act). For the same reasons, provisions on the invalidation action against a renewal registration are also not applicable to a trademark right based on international application (Article 86 duotricies of the Trademark Act).

**(10) Special provisions for Application for Supplementary Registration of Designated Goods**

The Madrid Protocol does not allow additional registration of goods · services to an international application or a trademark right based on an international registration. As such, the provisions on supplementary application for additional registration of goods and the examination thereof are not applicable (Article 86 tertricies of the Trademark Act).





**(11) Special provisions for effect of a trademark right - matters to be registered on the International Register and the National Register**

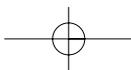
The transfer · change · extinguishment due to abandonment or renewal of a term of a trademark right based on an international registration takes effect only by being registered on the International Register. The extinguishment due to an invalidation action or a cancellation action takes effect in accordance with the actual decisions of the relevant actions, irrespective of its registration. The establishment of a trademark right and restriction on the disposal thereof as well as the recording of an exclusive license or establishment of a pledge takes effect when registered in the National Trademark Register (Article 86 quintricies of the Trademark Act).

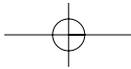
**(12) Effects of extinguishment of an international registration**

In the event that all or some of the international registration(s) on which an international trademark application is based has been extinguished, the application for the international trademark registration shall be deemed to have been withdrawn to the extent to which all or some of the designated goods have been extinguished. In case all or some of the international registration(s) on which an international trademark application is based has been extinguished, the trademark right shall be deemed to have been extinguished to the extent to which all or some of the designated goods have been extinguished. Extinguishment takes effect from the date on which the international registration in the International Register has been extinguished (Article 86 setricies of the Trademark Act).

**(13) Special provision on abandonment of a trademark right - availability of abandonment without the consent of a licensee or a pledgee**

In case of a national trademark right, the owner of a trademark, which is the subject of a license or a pledge, cannot abandon his own right without the consent of an exclusive or non-exclusive licensee or a pledgee. However, in case of a trademark right based on an international registration, our law permits abandonment





without the consent of licensees or pledgees since the International Bureau can record abandonment of an international registration without confirming the Office of designated Contracting Party (Article 86septietricies of the Trademark Act).

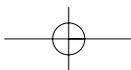
#### **4. Replacement**

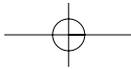
Under the Madrid Protocol, an international registration is deemed to replace a national or regional registration under certain conditions, facilitating an integrated management of existing marks as registered under different legal systems in each of the designated Contracting Parties (Article 4bis of the Protocol).

Although the term replacement is used, the rights based on international registrations and existing national trademark rights may co-exist for a certain period of time. A complete replacement would take place at the time the existing national trademark rights ceases to take effect as a result of the abandonment of existing trademark right by way of waiving its renewal, etc. As a matter of course, the owner of national trademark rights and international trademark rights may continue to maintain both.

As a means to accommodate the provisions of replacement under the Madrid Protocol, the Korean Trademark Act provides to the effect that the international trademark application concerned is deemed to have been filed on the filing date of the corresponding existing national trademark right or on the priority date, if applicable, within the scope of common designated goods when it fulfills all of the requirements below (Article 86septiesdecies, paragraph 1 of the Trademark Act).

- (i) the trademark as registered in the International Register is identical with that of the corresponding national trademark registration;
- (ii) the holder of the international trademark registration is identical with that of the corresponding national trademark registration;
- (iii) all of the designated goods of the corresponding national trademark registration are covered by those of the interna-





- tional registration; and
- (iv) the territorial extension under Article 3(3) of the Protocol is effective after the registration date of the national trademark registration.

However, the effect of the replacement is not recognized within the scope of common designated goods of the cancelled or extinguished trademark right in any one of the following cases (Article 86 septedecies, paragraph 3 of the Trademark Act):

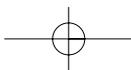
- (i) where a trial decision canceling the trademark registration under Article 73(1)(ii) (changed use), 73(1)(iii) (non-use), or other Articles concerned has become final and conclusive; or
- (ii) where a trial for the cancellation of a trademark registration is filed under Articles 73(1)(ii) (changed use), 73(1)(iii) (non-use), or other articles, and the trademark right has become extinguished due to the expiration of the trademark term or the abandonment of some of the trademark rights or designated goods after the filing date of the trial for cancellation.

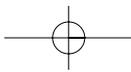
The reason why the effect of replacement is not recognized in the above cases is that it would result in a recovery of cancelled or extinguished national trademark registration by re-filing the same mark which otherwise it would not do for a certain period of time.

## **5. Procedures relating to international registration's dependence and independence - re-filing procedures**

### **A. Dependence on, and independent nature of, the basic registration**

The effect of an international registration remains dependent on its basic registration. When the basic registration ceases to have effect within the period of five (5) years from the date of international registration, the corresponding international registration will also cease to have validity. As such, before the expiry





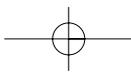
of the period of five (5) years, an international registration can cease to have validity by means of centrally attacking its basic application or registration and successfully rejecting, invalidating, or canceling the same. After the expiry of the period of five (5) years from the date of the international registration, the international registration becomes independent of the effect of its basic application or registration, and it at that time acquires its own independent effect.

### **B. Procedures for conversion into a national trademark application**

According to the Madrid Protocol, in case an international registration ceases to have effect due to a central attack or the loss of eligibility of a holder of an international registration resulting from the renunciation of the Protocol, if the applicant desires to file a trademark application for the same mark, such a trademark application is deemed to have been filed on the registration date of the corresponding international registration, provided that it fulfils a certain requirement. The Korean Trademark Act allows application of this procedure in two situations: one, in case of the extinguishment of the corresponding international registration; two, the renunciation of the Protocol.

#### **(1) In case of a trademark application after the extinguishment of an international registration**

Where an international trademark registration (including subsequent designations) designating the Republic of Korea has expired with respect to all or some of the designated goods under Article 6(4) of the Protocol, the holder of said international registration may file an application for trademark registration with the Commissioner of KIPO for all or some of the designated goods. Where an application for trademark registration satisfying all requirements as set forth in the following subparagraphs is filed, the application shall be deemed to have been filed on the date of the international registration (if a subsequent designation, the date of said subsequent designation) (Article 86 undequadragies, paragraphs 1 through 3 of the Trademark Act).



- (i) the application is filed within three (3) months from the date of the extinguishment of the international registration;
- (ii) the designated goods of the application for the trademark registration are covered by the designated goods included in the international registration; and
- (iii) the trademark for which a trademark registration is being sought is identical with that of the extinguished international registration.

Where a convention priority is recognized for an extinguished international trademark registration, said priority is also recognized for the corresponding national trademark application.

**(2) In case of a trademark application after the renunciation of the Protocol**

Where the holder of the international registration designating (including subsequent designations) the Republic of Korea is no longer entitled to file an international application under Article 15(5)(b) of the Protocol, the holder of said international registration may file an application for trademark registration with the Commissioner of KIPO with respect to all or some of the designated goods of the international registration. In order to receive the benefit of the retroactive effect of the filing date, the filing must take place within two (2) years from the date of renunciation of the Protocol. Other requirements are the same as the case of a trademark application after the extinguishment of the corresponding international registration (Article 86 quadragies, paragraphs 1 and 2 of the Trademark Act).

**(3) Special provisions on examination of re-filed trademark application and on Statute of Limitation**

If a re-filed trademark application is for the applicant's own mark which had once been registered in accordance with the provision of Article 86 untricies of the Trademark Act, i.e., examination procedures and subsequent registration decision as a trademark right based on the corresponding international registration, a

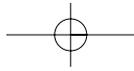
registration decision thereof is issued without a substantive examination if it satisfies the requirement for re-filing to avoid double examination. Subsequently, a trademark right is newly established upon payment of registration fees. If it does not satisfy the requirement of re-filing, then it is deemed as a new trademark application, and it thus will have to go through general examination procedures.

After the expiry of the statute of limitation for filing an invalidation action against the corresponding trademark right based on international registration, an invalidation action against the trademark registration established by its re-filing cannot be initiated.

In contrast, if a re-filed trademark application is for the applicant's own mark, which has not matured to registration pursuant to Article 86 untries of the Trademark Act, i.e., examination procedures and subsequent registration decision, all examination procedures commence only with the retroactive effect of the filing date.

#### **IV. Conclusion**

I have briefly reviewed how Korean trademark laws accommodate the provisions of the Madrid Protocol. I would especially like to emphasize those areas which are considered uniquely accommodating to the Protocol, such as the recognition of a retroactive effect dating back to the registration date of an international registration by way of introduction of the Right to Demand Compensation for Loss; maintenance of a separate National Trademark Register to register the establishment of trademark rights based on international registration, recordation of a trademark license or pledge; the availability of subsequent designation, renewal application of international registration, or request for a change in the ownership of international registration through KIPO; and the requirement for the recognition of replacement of international registration. As can be seen, the Korean Trademark Laws are adequately prepared for the drastic changes in international trademark law and practice brought on by the appli-



cation of the Madrid Protocol.

Thank you very much for your attention.

