



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION (EC)

modifying Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark to give effect to the accession of the European Community to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks adopted at Madrid on 27 June 1989

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. INTRODUCTION

On 20 December 1993, the Council adopted Council Regulation (EC) No 40/94 on the Community trade mark (hereafter referred to as "the Regulation")¹.

The Regulation established the Community trade mark system, which provides for the acquisition of protection for marks (both trade marks and service marks) with unitary effect for the whole territory of the European Community on the basis of the filing of one single application for their registration as Community trade marks.

The Regulation established the Office for Harmonization in the Internal Market (Trade Marks and Designs), hereafter referred to as "the Office", to handle the administration of Community trade marks.

Subsequent to a decision taken by the representatives of the Governments of the Member States, meeting at Head of State and Government level on 29 October 1993, that the seat of the Office should be in Spain, in a city to be designated by the Spanish Government, the latter designated Alicante as the seat of the Office.

On 1 January 1996, the Office opened its doors for the filing of Community trade mark applications and on 1 April 1996, the Office became fully operational.

The Protocol relating to the Madrid Agreement concerning the International Registration of Marks, adopted at Madrid on 27 June 1989 (hereafter referred to as "the Madrid Protocol") entered into force on 1 December 1995 and became also operational on 1 April 1996.

The Madrid Protocol provides for the international registration of marks at the International Bureau of the World Intellectual Property Organization (WIPO) at Geneva. Registrations effected under the Madrid Protocol are called international as every registration has effect in several countries and regions, potentially in all the Contracting Parties, including States and intergovernmental organizations who have a regional Office for the purpose of registering marks with effect in the territory of the organization.

One of the main innovations of the Madrid Protocol compared to the Madrid Agreement on the International Registration of Marks of April 14, 1891 (hereafter referred to as "the Madrid Agreement") is that intergovernmental organizations which have a regional office for the purpose of registering marks with effect in the territory of that organization may adhere to it.

¹ OJ No. L 11, 14.1.1994, p. 1.

This innovation was introduced into the Madrid Protocol with the specific intention of allowing the European Community to adhere to the international registration system after the entry into force of the Community trade mark system.

In order to prepare for the accession of the European Community to the Madrid Protocol, the European Commission has elaborated two proposals, which are jointly presented to the Council. The first Commission proposal relates to the accession of the European Community to the Madrid Protocol².

This second proposal contains the measures which are necessary to give effect to the accession of the European Community to the Madrid Protocol.

2. ON THE STRUCTURE OF THE COMMISSION PROPOSAL

It is proposed that the measures giving effect to the accession of the European Community to the Madrid Protocol be incorporated in the Regulation on the Community trade mark through a new Title on "International Registration of marks".

The reasons for this proposal are as follows.

In principle, the rules applying to international registrations designating the European Community are the same as the rules which apply to Community trade marks.

Thus, international registrations designating the European Community shall be subject to examination on absolute grounds for refusal and relative grounds for refusal the same as Community trade mark applications. Moreover, the same procedural rules shall apply with regard to the examination of such international registrations.

For these reasons, the proposed rules contain many cross-references to other Articles of the Regulation.

The inclusion of these rules in the Regulation facilitates access to all the provisions which apply to marks which are protected for the whole territory of the European Community, be it through the registration of the mark as a Community trade mark or be it through the designation of the European Community in an international registration effected under the Madrid Protocol.

² Commission proposal for a Council Decision approving the accession of the Community to the Protocol Relating to the Madrid Agreement Concerning the International registration of marks, adopted at Madrid on June 27, 1989, doc. COM(96) 367 final.

Under the suggested structure, further and notably purely technical and procedural implementing measures, such as laid down in Commission Regulations No. 2868/95, 2869/95 and 216/96³ will in principle apply *mutatis mutandis*.

3. THE MADRID PROTOCOL

The Madrid Protocol was adopted at Madrid on 27 June 1989, to introduce certain new features into the system of international registration of marks as existing under the Madrid Agreement. Like the Madrid Agreement, the Madrid Protocol provides for the international registration of marks at the International Bureau of WIPO.

Furthermore and in contrast with the Madrid Agreement, the Madrid Protocol allows intergovernmental organizations, having their own regional trade mark system to participate in the international registration system.

The following four main new procedural features were introduced under the Madrid Protocol.

- (i) The applicant for international registration may base his application not only on a registered national or regional mark but also on an application for national or regional registration before a national or a regional office of origin (Article 2),
- (ii) Each Contracting Party in which the applicant seeks protection may, if it has made a declaration to that effect, within 18 months (rather than 12 months) declare that protection to the mark cannot be granted in its territory. This period may be extended even further in the case of opposition against the international registration (Article 5),
- (iii) The office of each Contracting Party may receive higher designation fees than under the Madrid Agreement (Article 8),
- (iv) International registrations which are cancelled because the national or regional mark on which it is based has ceased to have effect (central attack; Article 6) may be transformed into national or regional applications benefiting from its filing date and, where applicable, its priority date (Article 9*quinquies*).

³ Commission Regulation (EC) No. 2868/95 of 13.12.1995 implementing Council Regulation (EC) No. 40/94 on the Community trade mark; Commission Regulation (EC) No. 2869/95 of 13.12.1995 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and designs); Commission Regulation (EC) No. 216/96 of 5.2.1996 laying down the rules of procedure of the Boards of Appeal of the Office for Harmonization in the Internal Market (Trade Marks and designs).

It should be underlined that in other respects the Madrid Protocol is similarly structured as the Madrid Agreement.

Thus, in each Contracting Party to the Madrid Protocol, the international registration is subject to the same rules which apply to national or regional applications, both as regards the terms and conditions for registration of the mark and as regards the rights conferred to the proprietor of the mark. The system of the Madrid Protocol accordingly comprises the following features:

- the international registration does not result in a supranational mark, but amounts to a centralised filing system, equivalent to a whole series of filings of national or regional applications;
- the international registration cannot be applied for directly; rather it must be filed on the basis of a national or regional application or registration before a national or regional industrial property office through the intermediary of that office.

Since the Madrid Agreement continues to constitute an attractive means for obtaining international registration of marks, the Madrid Protocol will operate in a complementary way with the Madrid Agreement. This is the reason why the Madrid Protocol contains a safeguardclause according to which the provisions of the Madrid Protocol have no effect with regard to international registrations based on trade mark applications or registrations originating from an office of origin of a State that is a party to both the Madrid Agreement and the Madrid Protocol and which designates any other State that is also a party to both the Madrid Agreement and the Madrid Protocol (Article 9*sexies*).

4. THE COMMUNITY INTEREST IN ADHERING TO THE MADRID PROTOCOL.

The Community interest in adhering to the Madrid Protocol is explained in the commentary to the Commission proposal for a Council decision on the accession of the European Community to the Madrid Protocol, to which reference has been made earlier.

The Commission's reasons indicated in the said proposal can be summarised as follows.

The international registration of marks satisfies a requirement for simplicity and economy.

It greatly facilitates access to protection under trade mark law; a single procedure, administered by the national or regional industrial property office and the International Bureau of WIPO takes the place of a whole series of applications which would otherwise have to be filed directly by individual companies with each of the national or regional offices of the Contracting Parties.

This facility whereby companies can obtain protection under trade mark law on foreign markets is an important element of international commercial co-operation and helps to increase trade.

In this respect, the Madrid Protocol has the same objectives as the Community trade mark system, although they are achieved through different means.

Whereas the Community trade mark system provides for a complete and unified regional trade mark registration system which covers the whole territory of the European Community, the Madrid Protocol unifies the application procedure only, albeit with effect for potentially all the Contracting Parties to the Paris Convention (more than 110 States).

Therefore, both systems are complementary. The linkage of the Community trade mark system to the Madrid Protocol implies that industry may profit from the advantages of the Community trade mark through the Madrid Protocol and vice versa. In other words, Community trade mark applicants and holders of Community trade marks may apply for international protection of their marks through the filing of an international application under the Madrid Protocol and holders of international registrations under the Madrid Protocol may apply for protection of their marks under the Community trade mark system.

The establishment of the link between the two systems is bound to contribute to the development of conditions favourable to trade between the European Community and the third countries concerned.

International non-governmental organizations which represent in particular the users of the Community trade mark system and the users of the international registration system have repeatedly expressed their strong interest in establishing the link between the two systems.

Furthermore, the European Commission notes that the third countries which participated in the elaboration of the Madrid Protocol have displayed their interest in the establishment of a link between the international registration system and the Community trade mark.

In this respect it should be noted that the following States have signed the Madrid Protocol once it was open for signature (from 28 June 1989 to 31 December 1989):

Austria, Belgium, Democratic People's Republic of Korea, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Mongolia, Morocco, Netherlands, Portugal, Romania, Senegal, Soviet Union, Spain, Sweden, Switzerland, United Kingdom and Yugoslavia (27).

In the meantime, the following States have become parties to the Madrid Protocol⁴:

China, Cuba, Denmark, Finland, Germany, Norway, Spain, Sweden and United Kingdom (9).

According to the Agreement on the European Economic Area signed in Oporto on 2 May 1992, all the Contracting Parties thereto undertake to adhere to the Madrid Protocol. Thus, in the foreseeable future, all the Contracting States to the EEA Agreement will participate in the international registration system.

In addition it should be noted that the agreements which have been concluded by the Community and its Member States with the Central and Eastern European countries, (CEECs) as well as certain Republics of the former USSR and other third countries provide that the third countries concerned shall ratify or adhere to the Madrid Protocol.

5. LEGAL BASIS

Since the rules giving effect to the accession of the European Community to the Madrid Protocol will be incorporated in the Regulation on the Community trade mark through the inclusion of a new and separate Title within that Regulation, the legal basis for this proposal must be the same as the legal basis of that Regulation, i.e. Article 235 of the Treaty.

6. ON THE ARTICLES

Article I, subparagraph (a)

The provisions giving effect to the accession of the European Community to the Madrid Protocol shall be incorporated in Council Regulation (EC) No 40/94 on the Community trade mark through the inclusion of a new TITLE XIII on international registration of marks. As a consequence, TITLE XIII (final provisions) shall become TITLE XIV.

Section 1 - General provisions

Article 140

As a general rule, Article 140 provides that in principle Council Regulation 40/94 on the Community trade mark and any regulations implementing that Regulation (the Commission regulations referred to above) shall apply to requests for the filing of an international application at the International Bureau of WIPO under the Madrid Protocol and to marks for which protection within the Community is sought through the filing of an international

⁴ Status on 1 January 1996 according to WIPO statistics 1.1.1996.

application designating the European Community at the International Bureau under that Protocol.

Section 2 - International registration on the basis of applications for a Community trade mark and of Community trade marks

Article 141

Paragraph 1

In accordance with Article 2 of the Madrid Protocol, international applications may only be filed on the basis of a national or regional trade mark application or registration. Where a Community trade mark application or a Community trade mark serves as a basis for the international application, the international application must be filed through the Harmonization Office, which serves as "office of origin" pursuant to the Madrid Protocol.

Paragraph 2

The potential applicant for international registration may prefer to await the outcome of proceedings regarding his Community trade mark application before applying for an international registration. This course of action may be preferred because the application may be changed during the registration procedure and because the validity of the international registration depends, for a period of five years from its registration, on the validity of the basic application or the basic registration (Article 6 of the Madrid Protocol).

Under these circumstances potential applicants for international registration may prefer that notwithstanding the fact that the request for the filing of an international application is filed before the Community trade mark application has matured in a registration, the international application should be based on the registered Community trade mark. Thus, the international application should be presented to the International Bureau after the registration of the Community trade mark. *Paragraph 2* provides for this possibility. In such cases, the Office will present the international application as early as possible after the registration of the Community trade mark.

The final part of *paragraph 2* establishes that where the presentation of the international application is deferred until after the registration of the mark as a Community trade mark, the international application shall be deemed to have been received by the Office on the date of registration of the Community trade mark. This fiction ensures that any international registration which is based on the "delayed" international application shall bear the date of the registered Community trade mark, provided, of course, that the Office presented the international application to the International Bureau within a period of two months after the registration of the basic Community

trade mark. If this legal fiction were not included, the date of the international registration would be either the date on which the Office received the request to present an international application, on the condition that the International Bureau received the international application within a period of two months from that date, or, where this condition is not met, the date on which the international application was received by the International Bureau (Article 3(4) of the Madrid Protocol).

Article 142

It has been explained earlier that the international application must be filed through the intermediary of the Office.

Subject to the requirements, laid down in the Madrid Protocol, the Regulations thereunder and any further requirements laid down in the Implementing Regulation, the international application form must be completed by the applicant for international registration before it is presented to the International Bureau.

Rule 6 of the Common Regulations under the Madrid Agreement and the Madrid Protocol establishes the principle that the languages allowed under the Madrid Protocol are English and French. This implies that the international application must be filed in one of these two languages. In order to avoid a need to legislate again if the language arrangement under the Madrid Protocol were to be changed in the future, it is made clear in the last part of the first sentence of *paragraph 1* that only those languages under the Madrid Protocol may be used which are also a language of the Office.

The second sentence of *paragraph 1* clarifies what implicitly would follow from the application of Article 115(4) of the Regulation, i.e. that the language of the proceedings between the applicant for international registration and the Office shall be the language in which the international application has been filed.

Paragraph 2 provides that the filing of an international application through the Office shall be subject to the payment of a fee to the Office. The amount of the fee will be laid down in the fees regulations.

Article 143

The relevant data concerning international registrations which are based on a Community trade mark application or on a Community trade mark shall be recorded in the files of the Community trade mark application and shall, with regard to Community trade marks, be entered in the Register.

Article 144

A request for territorial extension made subsequently to an international registration under Article 3^{ter}(2) of the Madrid Protocol which is based on a Community trade mark application or a Community trade mark may be filed through the Office. It is proposed that holders of the international registration shall not be obliged to file such requests through the Office, as would be admissible under to Rule 7(1) of the Regulations under the Madrid Protocol. Thus, the holder of the international registration may also file such requests direct at the International Bureau.

Where, however, such request is filed through the intermediary of the Office, it must be presented in the language of the international application.

Article 145

Although the Regulations under the Madrid Protocol (Rule 34) would allow payment of international fees through the intermediary of the office of origin, it is considered appropriate, as is the practise in most Contracting Parties, that international fees must be paid directly to the International Bureau.

Section 3 - Effects of international registrations designating the European Community

Article 146

Article 146 repeats the substance of Article 4(1)(a) of the Madrid Protocol.

Paragraph 1 provides that the protection of an international registration shall, as from the date of its registration or subsequent designation accordance with the provisions of Articles 3 or 3^{ter} of the Madrid Protocol, be the same as if it had been filed as a Community trade mark application.

This implies for a holder of an international registration designating the Community that he may, in accordance with Article 9(3), second sentence, of the Regulation and until the international registration of a mark has the effect of a mark registered as a Community trade mark, claim reasonable compensation in respect of matters arising after the publication of the particulars of the international registration by the Office pursuant to Article 147(1).

Paragraph 2 specifies in accordance with Article 4(1)(a), second sentence, of the Madrid Protocol that where the protection of the international registration is not refused in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the mark which is the subject of the international registration shall be protected as a registered Community trade mark as from the date of its registration in the international register.

Paragraph 3 specifies that for the purposes of applying Article 9(3) with regard to international registrations designating the European Community, the date of publication of a Community trade mark application or of the publication of a registered Community trade mark shall be replaced by the date of the publication of the particulars of the international registration by the Office pursuant to Article 147(1) and (2).

Article 147

All relevant information relating to international registrations is published by the International Bureau in a publication, known as the "Gazette" (Rule 32 of the Common Regulations under the Madrid Agreement and the Protocol). In view of this it is not necessary that international registrations designating the European Community should be re-published in their entirety by the Office. Interested parties should rather consult the Gazette. If the Office had to re-publish international registrations repeating information already published by the International Bureau, it would be confronted with a demanding task, incurring considerable workload and expenditure.

In this respect, it should be underlined that the large majority of the Member States also do not re-publish international registrations which designate their territory as published by the International Bureau.

Notwithstanding the above considerations it is considered useful to provide a service to the public and in particular the holders of marks within the European Community where an international registration designating the European Community has been published by the International Bureau. Therefore, the Office will publish certain limited particulars concerning such international registrations which should enable interested parties to consult further particulars of that international registration in the Gazette.

Paragraph 1 contains a listing of those elements of the publication of the international registration which will be published by the Office in order to meet with this objective. The publication of certain particulars of the international registration has the additional advantage that it constitutes the date as from which the opposition period pursuant to Article 151 commences. The linkage of the commencement of the opposition period with the date of publication in the Office's Bulletin should ensure transparency and improve the legal certainty on behalf of the holders of earlier rights within the European Community.

According to *paragraph 2*, the public shall also be informed about the final outcome of proceedings relating to international registrations designating the European Community through the publication by the Office of the fact that either no refusal has been notified or that any refusal has been withdrawn.

Article 148

The applicant for or the holder of an international registration designating the European Community may claim, in respect of his mark, the seniority of earlier marks which are registered or which are having effect in one or more Member States the same as applicants for or holders of Community trade marks pursuant to Articles 34 and 35 of the Regulation.

Seniority may be claimed in the international application as well as direct before the Office. Arrangements will be made with the International Bureau on the claiming of seniority in the international application in particular with regard to the question whether the relevant documents for the claiming of seniority should be filed at the International Bureau together with the international application or not. Details concerning the claiming of seniority through an international application will be provided for in the Implementing Regulation.

Article 149

International registrations designating the European Community shall be subject to examination as to absolute grounds for refusal in accordance with Articles 7 and 38 of the Regulation in the same way as Community trade mark applications.

Since the individual fee which the holder of the international registration must pay for the designation of the European Community represents and comprises the sum of the fees which would, if the mark had been filed as a Community trade mark application, be payable in two steps (the application fee and the registration fee as provided in the fees regulations), *paragraph 4* provides that where protection of the international registration is refused or where the holder of the international registration renounces the protection of the mark in the European Community prior to its acceptance (such as to avoid a refusal), the Office shall refund a part of the individual fee. The sum or the percentage of the individual fee to be refunded to the holder of the international registration will be laid down in the Implementing Regulation.

Paragraphs 2 and 3 contain with regard to proceedings relating to international registrations the same principles as are laid down in Article 38 with regard to Community trade mark applications.

Article 150

International registrations designating the European Community shall be subject to a search by the Office in its own Register in accordance with Article 39.

Moreover, it is assumed that those Member States which operate a search in their own register of trade marks in respect of Community trade mark applications pursuant to Article 39(2) will also operate a search in respect of international registrations designating the European Community.

Article 150 contains some clarifications concerning the proceedings relating to the searching of international registrations designating the European Community, which are similar to Article 39.

Paragraph 4 provides that the Office shall inform the proprietors of any earlier Community trade marks or applicants for Community trade marks cited in the Community search report of the publication of the particulars of the international registration designating the European Community as provided for in Article 147(1).

Contrary to the system laid down in Article 39(6) in conjunction with Article 40(1) of the Regulation, the publication of the particulars of the international registration pursuant to Article 147(1) shall not be deferred until the conditions which the international registration must satisfy have been fulfilled and after the expiry of a period of one month as from the date on which the Office transmits the search reports.

In accordance with Article 147(1), the Office shall publish the particulars of the international registration designating the European Community shortly after its publication in the Gazette by the International Bureau. Within a period of nine months from the date of the publication of these particulars by the Office, oppositions may be filed against the protection of the international registration within the European Community (see commentary on Article 151). This approach ensures that any (provisional) refusals to protect the international registration pursuant to Article 5 of the Madrid Protocol will be communicated to the International Bureau before the expiry of one year from the date on which the notification of the extension to the European Community has been sent to the Office by the International Bureau.

Article 151

International registrations designating the European Community shall be subject to opposition in the same way as Community trade mark applications in accordance with Articles 8, 42 and 43.

In accordance with *paragraph 2*, notice of opposition to the protection of the international registration may be given within a period of nine months from the date of the publication of the particulars of the international registration by the Office pursuant to Article 147(1).

The reasons for linking the commencement of the opposition period to the publication of the international registration pursuant to Article 147(1) are explained in the commentary on Article 150 above.

The reasons why the opposition period is set at nine months can be explained as follows.

It is assumed that it will take about one to two months after the Office has received a notification of extension of an international registration from the International Bureau pursuant to Article 5(2)(a) of the Madrid Protocol before the Office has examined the conditions which the international registration must satisfy and the central industrial property offices of the Member States which operate a search pursuant to Article 39(2) have received a copy of the international registration designating the European Community.

Subsequently and in accordance with Article 39(3), the central industrial property offices of the Member States may communicate their search reports to the Office until the expiry of a period of three months from the date on which they received a copy of the international registration from the Office.

In the meantime, the Office will carry out an examination on absolute grounds for refusal pursuant to Article 149.

On the basis of the above, the minimum period which is needed to examine the international registration on absolute grounds and to carry out the searches in conformity with Article 39 of the Regulation is around five months.

Under Article 42, notice of opposition against a Community trade mark application may be given within a period of three months following the publication of that application.

Since such publication may not take place before the expiry of a period of one month after the search reports have been transmitted to the applicant for the Community trade mark and given that it is envisaged that procedures relating to international registrations designating the European Community shall, as far as possible, be identical to procedures relating to Community trade mark applications, another four months should be added to the five months period referred to above.

As a consequence, *paragraph 2* provides that the period within which notice of opposition may be given against the protection of an international registration shall be nine months from the date on which the particulars of the international registration have been published by the Office pursuant to Article 147(1).

Paragraph 4 contains the same principle which applies where the international registration is refused protection on absolute grounds pursuant to Article 149, i.e. where the protection of the international registration is refused on relative grounds or protection is renounced prior to such refusal, the Office shall refund the holder of international registration a part of the individual fee.

Article 152

Article 152 implements Article 4*bis* of the Madrid Protocol in accordance with which the Office shall, upon request, be required to take note in its register of the international registration where such registration is deemed to replace a registered Community trade mark.

Article 153

As from the date on which an international registration designating the European Community has the same effect as a Community trade mark, its protection may be subject to revocation or invalidation as provided for in Articles 50 and 51.

Article 153 contains this principle and adapts the terminology used in Articles 50 and 51 to protected international registrations.

Article 154

International registrations designating the European Community may be converted into national trade mark applications the same as Community trade mark applications or Community trade marks pursuant to Articles 108 to 110.

Thus, where the international registration has been refused protection or, where an international registration that has been granted protection in the European Community, ceases to have effect, the holder of the international registration may file a request for the conversion of his international registration into a national trade mark application with the Office.

Paragraph 2 specifies that the date which the national application resulting from the conversion of the international registration shall enjoy in respect of the Member State concerned is the date of the international registration pursuant to Article 3(4) of the Madrid Protocol or the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol.

The request for conversion is subject to the payment of a conversion fee to the Office.

On the basis of discussions which took place during the preparation of this proposal, thought has been given to the possibility to provide the holder of an international registration with an attractive alternative to continue his rights at the national level following a refusal to protect his international registration or when the international registration ceases to have effect in the European Community.

In this light, it was recalled that protection of a mark at the national level may not only be achieved through the filing of a national trade mark application but also through the filing of an international application under the Madrid Agreement, the Madrid Protocol or both, where the State concerned is a party to one or both Treaties.

Thus, in order to protect a mark at the national level, the holder of the mark has two options at his disposal. Depending on elements such as commercial interests and expenses relating to the protection of his mark (including expenditure on fees, representatives and translations), the holder of a mark will opt for either national filings or for the filing of an international application at the International Bureau.

On the basis of the above considerations, the question arose whether the holder of an international registration who would have to fall back on national trade mark systems to continue protection of his mark could not be given the same options which he would have had if he had sought protection for his mark at the national level. In other words, the possibility was examined whether the holder of an international registration whose protection in the European Community has been refused or which has ceased to have effect in the European Community should and could be given the option to continue protection of his mark in the Member States through a subsequent extension of his international registration to the Member States under the Madrid Protocol or the Madrid Agreement.

It is evident that this option would only make sense if the result of the opting-back into the international registration system would be identical to the result under the conversion pursuant to Articles 108 to 110, i.e. if the mark would enjoy in respect of the Member State concerned the original date of the international registration and not the later date of a subsequent designation which would normally be the case under Article 3ter of the Madrid Protocol and the Madrid Agreement.

In this respect, it should be recalled that the suggested option would be fully in line with the legal effects of converting the international registration into national trademark applications under Articles 108 to 110. In accordance with Article 154 in conjunction with Articles 108 to 110, the international registration may be converted in national trade mark applications in each Member State, enjoying, in respect of the Member State concerned, the date of the international registration.

The same considerations and effects should apply to the opting-back to the international registration system as suggested above.

For the holder of the international registration, it could make a significant difference whether he opts for conversion of his international registration under Articles 108 to 110 or the opting-back to the international registration system. In this respect, all the reasons for which holders of trade marks may opt for the use of the international registration system rather than for the filing of national trade mark applications apply *mutatis mutandis*. These reasons may, for example, relate to the management of the trade mark portfolio or the expenditure relating to the use of the national or the international systems

Consultations with representatives of the International Bureau of WIPO and interested circles have shown that the suggested alternative would be welcomed and would contribute significantly to the attractiveness of the linkage of the Community trade mark with the Madrid Protocol.

It is evident that the introduction of the possibility of opting-back in the international registration system cannot be established unilaterally by the Community. Further and complementary provisions under the Madrid Protocol, the Madrid Agreement or the Common Regulations are necessary. The International Bureau from its side has indicated to the competent services of the Commission that the option of WIPO is feasible and expressed its readiness to prepare the necessary proposals to provide for the opting-back with the legal consequences as indicated above, within the framework of the Madrid Protocol, the Madrid Agreement or the Common Regulations.

The European Commission from its side proposes the necessary provisions within Article 154 to give effect to the option-back at the Community level.

Finally, it should be noted that this provision should not be confused with the possibility to transform an international registration into a Community trade mark application under Article 156 in conjunction with Article 9*quinquies* of the Madrid Protocol. Whereas Article 156 provides for the transformation of an international registration designating the European Community into a Community trade mark application where the international registration is cancelled following a successful "central attack" against the basic national or regional trade mark or the basic national or regional trade mark application under Article 6(4) of the Madrid Protocol, Article 154 provides for the conversion of the international registration designating the European Community into national trade mark applications in the Member States.

Article 155

International registrations which are granted protection in the European Community are subject to the same rules on use as Community trade marks.

Article 155 contains a general rule on the use of marks which are the subject of an international registration, specifying that the five years period within which the international registration designating the European Community must be used (in conformity with Article 15(1)) runs from the date on which the Office publishes the particulars of such international registration pursuant to Article 147(2).

The publication effected under Article 147(2) relates to international registrations which have the same effect as Community trade marks and will be effected by the Office where a refusal has not been transmitted to the International Bureau after the expiry of the period for refusal of protection pursuant to Article 5(2)(a) of the Madrid Protocol (in the case of a Community designation: one year from the date on which the notification of extension has been sent to the Office) or, where a procedure on the refusal of protection has not been finalised on date of expiry of the period for refusal, after the date on which a decision to grant protection to the international registration has become final.

Article 156

Article 156 implements Article 9*quinquies* of the Madrid Protocol on transformation of an international registration into a Community trade mark application in the event that the international registration designating the European Community is cancelled under Article 6(4) of the Madrid Protocol (central attack against the basic registration or the basic application).

As has been indicated in the commentary on Article 154, this provision should be distinguished from the conversion of an international registration designating the Community into national trade mark applications pursuant to Article 154.

Paragraph 1 specifies that the application for a European Community trade mark which results from the transformation of an international registration shall be subject to the same provisions which apply to Community trade mark applications. Thus, the transformed Community trade mark application must comply with the conditions of filing of Community trade mark applications, including the payment of the relevant fees, and the application will, in principle, be subject to the same examination as Community trade mark applications.

It should be underlined that this implies that the request for transformation into a Community trade mark application may be filed in any official language of the European Community and that the applicant must also indicate a second language, in accordance with Article 115.

However, where the international registration had, pursuant to Article 146(2), the effect of a mark registered as a Community trade mark before the international registration has been cancelled, the mark shall be directly registered as a Community trade mark (*paragraph 2*). In such a case, the request for transformation will not be subject to examination on absolute and relative grounds for refusal nor will it be subject to a search in the Community register or the national trade mark registers of the Member States.

Article 157

Article 157 contains the rules relating to the use of languages with regard to international registrations designating the Community.

The language arrangement relating to international registrations reflects the language arrangement relating to Community trade mark applications and Community trade marks pursuant to Article 115 and is based in particular on the concept that the holder of an international registration must, in addition to the language of filing, indicate a second language which shall be a language of the Office the use of which he accepts as a possible language of proceedings for opposition, revocation or invalidity proceedings.

Paragraph 1 specifies that the language in which an international application designating the European Community was filed shall be considered to be the language of the application pursuant to Article 115. Furthermore, it is clarified that in conformity with the provisions under Article 115(4), the language of the international application shall be the language of proceedings where the holder of the international registration is the sole party to proceedings before the Office.

Since the languages allowed for the filing of international applications under the Madrid Protocol are English and French, the language of filing for the purposes of the proceedings before the Office can only be English or French.

Paragraph 2 specifies that the applicant for an international registration designating the Community must indicate a second language in his international application, which must be one of the remaining four languages of the Office. Arrangements will be made with the International Bureau to include a separate box in the international application form so that the applicant for international registration can comply with this condition. Where applicant for an international registration has not complied with the obligation to indicate a second language, the language in which the International Bureau has translated the international registration (English or French, depending of the language in which the international application has been filed) shall be considered to be the second language indicated by him in his international

application. This fiction should streamline proceedings relating to international registrations designating the European Community and avoid legal and practical complications if the applicant for international registration has not complied with his obligation to indicate the second language.

The rules on the use of languages with regard to international registrations designating the Community as described above ensures that international registrations and Community trade mark applications are subject to the same language regime. Thus, the language regime applicable to the acquisition of trade mark protection at the Community level will be coherent, irrespective of the question whether protection is sought through the filing of a Community trade mark application or through the filing of an international application designating the European Community.

The same rules on the use of languages apply where the European Community is designated through a request for subsequent territorial protection of a mark pursuant to Article 3^{ter} of the Madrid Protocol.

Article I, subparagraphs (b) to (f)

Subparagraph (b)

Subparagraph (b) modifies Article 8(2)(a) by adding international registrations designating the European Community as a fourth type of earlier trade marks (new subparagraph (iv)).

Subparagraph (c)

Subparagraph (c) is the consequence of the inclusion of a new Title XIII on international registration of marks in the Regulation.

Subparagraph (d)

The provisions which were contained in Title XIII(old) must be renumbered taking into account the new provisions contained in Title XIII(new).

Subparagraph (e) and (f)

References in other provisions to the provisions of the Regulation which have been renumbered must be modified accordingly.

Article II

With respect to the European Community, the Madrid Protocol shall enter into force three months after the date on which its accession has been notified by the Director-General of WIPO.

In this respect, it should be recalled that Article 2(1) of the Commission's proposal for a Council decision approving the accession of the European Community to the Madrid Protocol to which reference was made earlier provides that following the adoption of that decision by the Council, the President of the Council may deposit the instrument of accession with the Director General of WIPO from the date on which the Council has adopted the necessary measures to give effect to the accession of the European Community to the Madrid Protocol.

Proposal for a
COUNCIL REGULATION (EC)

modifying Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark to give effect to the accession of the European Community to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks adopted at Madrid on 27 June 1989

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the European Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³

Whereas Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark ("the Community trade mark Regulation")⁴, which is based on Article 235 of the Treaty, is designed to create a market which functions properly and offers conditions which are similar to those obtaining in a national market; whereas in order to create a market of this kind and make it increasingly a single market, the said Regulation created the Community trade mark system whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the European Community;

Whereas the Diplomatic Conference for the Conclusion of a Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereafter referred to as "the Madrid Protocol") on 27 June 1989, at Madrid;

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4 OJ No. L 11, 14.1.1994, p. 1.

Whereas the Madrid Protocol was adopted in order to introduce certain new features into the system of the international registration of marks existing under the Madrid Agreement Concerning the International Registration of Marks of 14 April 1891 as amended (hereafter referred to as "the Madrid Agreement")⁵;

Whereas as compared to the Madrid Agreement, the Madrid Protocol introduced, in its Article 14, as one of the main innovations the possibility that an intergovernmental organization which has a regional office for the purpose of registering marks with effect in the territory of the organization may become party to the Madrid Protocol;

Whereas the Madrid Protocol has entered into force on 1 December 1995 and has become operational on 1 April 1996 and the Community trade mark system has also become operational on the latter date;

Whereas the Community trade mark system and the international registration system as established by the Madrid Protocol are complementary; whereas in order to enable firms to profit from the advantages of the Community trade mark through the Madrid Protocol and vice-versa, it is necessary to allow Community trade mark applicants and holders of such trade marks to apply for international protection of their trade marks through the filing of an international application under the Madrid Protocol and, conversely, holders of international registrations under the Madrid Protocol to apply for protection of their trade marks under the Community trade mark system;

Whereas the establishment of a link between the Community trademark system and the international registration system under the Madrid Protocol would promote a harmonious development of economic activities, will eliminate distortions of competition, will be cost efficient and will increase the level of integration and functioning of the internal market; whereas, therefore, the accession of the Community to the Madrid Protocol is necessary in order for the Community trade mark system to become more attractive;

⁵ The Madrid Agreement Concerning the International Registration of Marks as revised last at Stockholm on 14 July 1967 and as amended on 2 October 1979.

Whereas, for the above reasons, the Council, acting on a proposal from the Commission⁶, approved the Madrid Protocol and authorised the President of the Council to deposit the instrument of accession with the Director General of the World Intellectual Property Organization (WIPO) as from the date on which the Council has adopted the measures which are necessary to give effect to the accession of the European Community to the Madrid Protocol ; whereas this Regulation contains these measures;

Whereas these measures shall be incorporated in the Community trade mark Regulation through the inclusion of a new Title on "International Registration of marks"; whereas for this reason, the legal basis of this proposal must be the same as the legal basis of the Community trade mark Regulation, i.e. Article 235 of the Treaty,

Whereas it is necessary to provide for rules applying to the filing of an international application at the International Bureau of WIPO through the intermediary of the Office for Harmonization in the Internal Market (trade marks and designs) (the "Harmonization Office");

Whereas the rules and procedures relating to international registrations designating the European Community shall, in principle, be the same as the rules and procedures which apply to Community trade mark applications and the protection of Community trade marks; whereas according to this principle, international registrations designating the European Community shall be subject to examination as to absolute grounds for refusal, searches in the Register of Community trade marks and the registers of trade marks of those Member States which have informed the Harmonization Office of their decision to operate such a search and shall be subject to opposition in the same way as published Community trade marks; whereas international registrations designating the European Community shall be subject to the same rules on use and invalidation as Community trade marks; whereas such international registrations may be converted into national trade mark applications or into territorial extensions to Member States which are party to the Madrid Protocol or the Madrid Agreement where such international registrations are refused or cease to have effect.

HAS ADOPTED THE FOLLOWING REGULATION:

⁶ Commission proposal for a Council Decision approving the accession of the Community to the Protocol Relating to the Madrid Agreement Concerning the International registration of marks, adopted at Madrid on June 27, 1989, doc. COM(96) 367 final.

ARTICLE I

Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark shall be amended as follows.

- (a) The following Title shall be inserted after TITLE XII:

TITLE XIII INTERNATIONAL REGISTRATION OF MARKS

SECTION 1 GENERAL PROVISIONS

Article 140 Application of provisions

Unless otherwise specified in this Title or in the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on 27 June 1989 (hereafter referred to as "the Madrid Protocol"), and the Regulations adopted under the Madrid Protocol, this Regulation and any regulations implementing this Regulation adopted pursuant to Article 159 shall apply mutatis mutandis to applications for international registrations under the Madrid Protocol (hereafter referred to as "international applications") based on an application for a Community trade mark or on a Community trade mark and to registrations of marks in the international register maintained by the International Bureau of the World Intellectual Property Organization (hereafter referred to as "international registrations" and "the International Bureau", respectively) designating the European Community.

SECTION 2
INTERNATIONAL REGISTRATION ON THE BASIS OF APPLICATIONS FOR
A COMMUNITY TRADE MARK AND OF COMMUNITY TRADE MARKS

Article 141

Filing of an international application

1. International applications pursuant to Article 3 of the Madrid Protocol based on an application for a Community trade mark or on a Community trade mark shall be filed at the Office.
2. Where an international registration is requested based on a Community trade mark and the international application is filed before the registration of the mark as a Community trade mark, the international application shall be deemed to have been received on the date of registration of the Community trade mark.

Article 142

Form and contents of the international application

1. The international application may be filed in any of the languages allowed under the Madrid Protocol, provided that it is a language of the Office. The language of the international application shall be the language of the proceedings before the Office.
2. The filing of an international application shall be subject to the payment of a fee to the Office. In the cases referred to in Article 141(2) the fee shall be due on the date of registration. The application shall be deemed not to have been filed until the required fee has been paid.
3. The international application must comply with the conditions laid down in the Implementing Regulation.

Article 143

Recordal in the files and in the Register

1. The date and number of an international registration based on a Community trade mark application, shall be recorded in the files of that application. When the application results in a Community trade mark, the date and number of the international registration shall be entered in the register.
2. The date and number of an international registration based on a Community trade mark shall be entered in the Register.

Article 144

Request for territorial extension subsequent to the international registration

A request for territorial extension made subsequently to the international registration pursuant to Article 3^{ter}(2) of the Madrid Protocol may be filed through the intermediary of the Office. The request must be filed in the language of the international application.

Article 145

International fees

Any fees payable to the International Bureau under the Madrid Protocol shall be paid direct to the International Bureau.

SECTION 3
INTERNATIONAL REGISTRATIONS DESIGNATING THE EUROPEAN
COMMUNITY

Article 146

Effects of international registrations designating the European Community

1. An international registration designating the European Community shall, from the date of its registration pursuant to Article 3(4) of the Madrid Protocol or from the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol, have the same effect as an application for a Community trade mark.
2. If no refusal has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the international registration of a mark designating the European Community shall, from the date referred to in paragraph 1, have the same effect as the registration of a mark as a Community trade mark.
3. For the purposes of applying Article 9(3), publication of the particulars of the international registration designating the European Community pursuant to Article 147(1) shall take the place of publication of a Community trade mark application, and publication pursuant to Article 147(2) shall take the place of publication of the registration of a Community trade mark.

Article 147

Publication

1. The Office shall publish the date of registration of a mark designating the European Community pursuant to Article 3(4) of the Madrid Protocol or the date of the subsequent designation of the European Community pursuant to Article 3^{ter}(2) of the Madrid Protocol, the number of the international registration, and the date of publication of such registration in the Gazette published by the International Bureau.
2. If no refusal of protection of an international registration designating the European Community has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the Office shall publish this fact, together with the number of the international registration and, where applicable, the date of publication of such registration in the Gazette published by the International Bureau.

Article 148

Seniority

The applicant for or the holder of an international registration designating the European Community may claim, in the international application or direct before the Office, the seniority of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, as provided for in Articles 34 and 35.

Article 149

Examination as to absolute grounds for refusal

1. International registrations designating the European Community shall be subject to examination as to absolute grounds for refusal in the same way as applications for Community trade marks.
2. Protection of an international registration shall not be refused before the holder of the international registration has been allowed the opportunity to renounce or limit the protection in respect of the European Community or of submitting his observations.
3. Refusal of protection shall take the place of refusal of a Community trade mark application.
4. Where protection of an international registration is refused by a final decision under this Article or where the holder of the international registration has renounced the protection in respect of the European Community pursuant to paragraph 2, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.

Article 150

Search

1. Once the Office has received a notification of an international registration designating the European Community, it shall draw up a Community search report as provided for in Article 39(1).
2. As soon as the Office has received notification of an international registration designating the European Community, the Office shall transmit a copy thereof to the central industrial property office of each Member State as provided for in Article 39(2).
3. Article 39(3), (4) and (5) shall apply *mutatis mutandis*.
4. The Office shall inform the proprietors of any earlier Community trade marks or Community trade mark applications cited in the Community search report of the publication of the international registration designating the European Community as provided for in Article 147(1).

Article 151

Opposition

1. International registrations designating the European Community shall be subject to opposition in the same way as published Community trade mark applications.
2. The period within which notice of opposition must be filed shall be nine months following the date of the publication pursuant to Article 147(1). The opposition shall not be treated as duly entered until the opposition fee has been paid.
3. Refusal of protection shall take the place of refusal of a Community trade mark application.
4. Where protection of an international registration is refused by a final decision under this Article or where the holder of the international registration has renounced the protection in respect of the European Community prior to a final decision under this Article, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.

Article 152

Replacement of a Community trade mark by an International Registration

The Office shall, upon request, enter a notice in the Register that a Community trade mark is deemed to have been replaced by an international registration in accordance with Article 4*bis* of the Madrid Protocol.

Article 153

Invalidation of the effects of an international registration

1. The effects of an international registration designating the European Community may be declared invalid.
2. The application for invalidation of the effects of an international registration designating the European Community shall take the place of an application for a declaration of revocation as provided for in Article 50 or for invalidation as provided for in Article 51.

Article 154

Conversion of an international registration into a national trade mark application or into a territorial extension to the Member States

1. Where an international registration designating the European Community has been refused or ceases to have effect, the holder of the international registration may request the conversion of his international registration designating the European Community into a national trade mark application or the conversion of his international registration designating the European Community into a territorial extension to a Member State party to the Madrid Protocol or the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on April 14, 1891, as revised and amended (hereafter referred to as "the Madrid Agreement"), under Article 3^{ter}(2) of the Madrid Protocol or Article 3^{ter}(2) of the Madrid Agreement. Articles 108 to 110 shall apply, *mutatis mutandis*.

2. The national trade mark application or the territorial extension to a Member State party to the Madrid Protocol or the Madrid Agreement resulting from the conversion of an international registration designating the Community shall, notwithstanding Article 3ter(2) of the Madrid Protocol and Article 3ter(2) of the Madrid Agreement, enjoy in respect of the Member State concerned the date of the international registration pursuant to Article 3(4) of the Madrid Protocol or the date of the designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol if the latter was made subsequently to the international registration, or the date of priority of that registration and, where appropriate, the seniority of a trade mark of that State claimed under Article 148.
3. The request for conversion shall be published.

Article 155

Use of a mark subject of an international registration

For the purposes of applying Articles 15(1), 43(2), 50(1)(a) and 56(2), the date of publication pursuant to Article 147(2) shall take the place of the date of registration.

Article 156

Transformation

1. Subject to paragraph 2, the provisions applicable to Community trade mark applications shall apply mutatis mutandis to applications for transformation of an international registration into a Community trade mark application pursuant to Article 9quinquies of the Madrid Protocol.
2. When the application for transformation relates to an international registration designating the European Community the particulars of which have been published pursuant to Article 147(2), Articles 38 to 43 shall not apply.

Article 157

Languages

1. The language in which an international application designating the European Community or a request for subsequent territorial extension to the Community was filed shall be considered to be the language of the application pursuant to Article 115.
 2. The applicant for an international registration designating the European Community must indicate in his international application a second language which shall be a language of the Office the use of which he accepts as a possible language of proceedings for opposition, revocation or invalidity proceedings.
 3. Where the requirement of paragraph 2 is not complied with, the language into which the international registration designating the European Community has been translated by the International Bureau shall be the second language as provided for in Article 115(3).
- (b) A new sub-paragraph (iv) shall be added to Article 8(2)(a):
- "(iv) trade marks registered under international arrangements which have effect in the Community;"
- (c) Title XIII becomes Title XIV.
- (d) Articles 140, 141, 142 and 143 shall be renumbered as follows:
- Article 140 becomes Article 158
- Article 141 becomes Article 159
- Article 142 becomes Article 160
- Article 143 becomes Article 161.
- (e) The reference to Article 140 in Article 26(3) shall be replaced by a reference to Article 158.
- (f) The references to Article 141 in Articles 139(3) and 140(3) shall be replaced by a reference to Article 159.

ARTICLE II
ENTRY INTO FORCE

This Regulation shall enter into force on the date on which the Madrid Protocol enters into force with respect to the European Community. The date of entry into force of this Regulation shall be published in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

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