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**MADRID PROTOCOL IMPLEMENTATION ACT; AND
TRADEMARK LAW TREATY IMPLEMENTATION ACT**

HEARING

BEFORE THE

SUBCOMMITTEE ON
COURTS AND INTELLECTUAL PROPERTY
OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

ON

H.R. 567

MADRID PROTOCOL IMPLEMENTATION ACT
AND

H.R. 1661

TRADEMARK LAW TREATY IMPLEMENTATION ACT

MAY 22, 1997

Serial No. 7



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CONTENTS

HEARING DATE

May 22, 1997	Page 1
--------------------	-----------

TEXTS OF BILLS

H.R. 567	3
H.R. 1661	23

OPENING STATEMENT

Coble, Hon. Howard, a Representative in Congress from the State of North Carolina, and chairman, Subcommittee on Courts and Intellectual Property	1
---------------------------------------------------------------------------------------------------------------------------------------------------------	---

WITNESSES

Donnelly, Shaun E., Deputy Assistant Secretary of State, Trade Policy and Programs	50
Kirk, Michael K., executive director, American Intellectual Property Law Association	58
Lehman, Bruce A. Lehman, Assistant Secretary of Commerce, and Commissioner, Patents and Trademarks	38
Stimson, David, president, International Trademark Association	62

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

Donnelly, Shaun E., Deputy Assistant Secretary of State, Trade Policy and Programs: Prepared statement	51
Kirk, Michael K., executive director, American Intellectual Property Law Association: Prepared statement	59
Lehman, Bruce A. Lehman, Assistant Secretary of Commerce, and Commissioner, Patents and Trademarks: Prepared statement	39
Stimson, David, president, International Trademark Association: Prepared statement	64

MADRID PROTOCOL IMPLEMENTATION ACT; AND TRADEMARK LAW TREATY IMPLEMEN- TATION ACT

THURSDAY, MAY 22, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS AND
INTELLECTUAL PROPERTY,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 9 a.m., in room 2141, Rayburn House Office Building, Hon. Howard Coble (chairman of the subcommittee) presiding.

Present: Representatives Howard Coble, F. James Sensenbrenner, Jr., Edward A. Pease, Zoe Lofgren, and William D. Delahunt.

Also present: Mitch Glazier, chief counsel; Blaine Merritt, counsel; Vince Garlock, counsel; Debbie Laman, counsel; Veronica Elgin, staff assistant; and Robert Raben, minority counsel.

OPENING STATEMENT OF CHAIRMAN COBLE

Mr. COBLE. Good morning, folks, and welcome to the subcommittee hearing. We will come to order. As I have told you all in previous meetings, I am a believer in rewarding people who come on time. We announced a 9 o'clock start, so let's proceed with that.

Today we will conduct a hearing on H.R. 567, the Madrid Protocol Implementation Act, and H.R. 1661, the Trademark Law Treaty Implementation Act. H.R. 567 is the implementing legislation for the protocol related to the Madrid Agreement on the registration of marks, commonly known as the Madrid Protocol. The bill is identical to the legislation introduced in the previous two Congresses and will send a signal to the international business community, U.S. businesses, and trademark owners that the 105th Congress is determined to help our Nation and particularly our small businesses become part of an inexpensive, efficient system that allows international registration of marks.

The Madrid Protocol took effect in April 1996, and currently binds 16 countries to its terms, but not the United States. Our participation in the protocol is critical not just for the world community, but for those American individuals and small businesses who otherwise lack the resources to acquire worldwide, country-by-country protection for their trademarks.

Opposition to the protocol and the substantive provisions of H.R. 567 is, as a practical matter, nonexistent. However, a sticking point

(1)

to ratification exists. The State Department has been trying for some time to resolve differences between the administration and the European Union regarding the voting rights of intergovernmental members of the protocol in the assembly established by the agreement.

Under the protocol, the European Union receives a separate vote, in addition to the votes of its member states. The Secretary of State recently sent a diplomatic representation to the EU requesting that it assent to compromise language identical to that set forth in the WIPO Copyright Treaty negotiated last December. This development should prove to be the focal point of the hearing today.

Finally, we will touch on the benefits of the Trademark Law Treaty, popularly called the TLT, to America's intellectual property community. The TLT will harmonize the procedures of national trademark offices worldwide by establishing maximum requirements which member states or intergovernmental organizations may impose on users of their respective national systems. The treaty will also benefit trademark owners by eliminating several formal requirements otherwise needed for registration.

Again, these agreements are important to American individuals and entities wishing to do business overseas.

[The bills, H.R. 567 and H.R. 1661, follow:]

105TH CONGRESS
1ST SESSION

H. R. 567

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1997

Mr. COBLE introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Madrid Protocol Imple-
5 mentation Act".

1 **SEC. 2. PROVISIONS TO IMPLEMENT THE PROTOCOL RE-**
2 **LATING TO THE MADRID AGREEMENT CON-**
3 **CERNING THE INTERNATIONAL REGISTRA-**
4 **TION OF MARKS.**

5 The Act entitled "An Act to provide for the registra-
6 tion and protection of trade-marks used in commerce, to
7 carry out the provisions of certain international conven-
8 tions, and for other purposes", approved July 5, 1946, as
9 amended (15 U.S.C. 1051 and following) (commonly re-
10 ferred to as the "Trademark Act of 1946") is amended
11 by adding after section 51 the following new title:

12 "TITLE XII—THE MADRID PROTOCOL
13 "SEC. 60. DEFINITIONS.

14 "For purposes of this title:

15 "(1) MADRID PROTOCOL.—The term 'Madrid
16 Protocol' means the Protocol Relating to the Madrid
17 Agreement Concerning the International Registra-
18 tion of Marks, adopted at Madrid, Spain, on June
19 27, 1989.

20 "(2) BASIC APPLICATION.—The term 'basic ap-
21 plication' means the application for the registration
22 of a mark that has been filed with an Office of a
23 Contracting Party and that constitutes the basis for
24 an application for the international registration of
25 that mark.

1 “(3) BASIC REGISTRATION.—The term ‘basic
2 registration’ means the registration of a mark that
3 has been granted by an Office of a Contracting
4 Party and that constitutes the basis for an applica-
5 tion for the international registration of that mark.

6 “(4) CONTRACTING PARTY.—The term ‘Con-
7 tracting Party’ means any country or inter-govern-
8 mental organization that is a party to the Madrid
9 Protocol.

10 “(5) DATE OF RECORDAL.—The term ‘date of
11 recordal’ means the date on which a request for ex-
12 tension of protection that is filed after an inter-
13 national registration is granted is recorded on the
14 International Register.

15 “(6) DECLARATION OF BONA FIDE INTENTION
16 TO USE THE MARK IN COMMERCE.—The term ‘dec-
17 laration of bona fide intention to use the mark in
18 commerce’ means a declaration that is signed by the
19 applicant for, or holder of, an international registra-
20 tion who is seeking extension of protection of a mark
21 to the United States and that contains a statement
22 that—

23 “(A) the applicant or holder has a bona
24 fide intention to use the mark in commerce,

1 “(B) the person making the declaration be-
2 lieves himself or herself, or the firm, corpora-
3 tion, or association in whose behalf he or she
4 makes the declaration, to be entitled to use the
5 mark in commerce, and

6 “(C) no other person, firm, corporation, or
7 association, to the best of his or her knowledge
8 and belief, has the right to use such mark in
9 commerce either in the identical form of the
10 mark or in such near resemblance to the mark
11 as to be likely, when used on or in connection
12 with the goods of such other person, firm, cor-
13 poration, or association, to cause confusion, or
14 to cause mistake, or to deceive.

15 “(7) EXTENSION OF PROTECTION.—The term
16 ‘extension of protection’ means the protection result-
17 ing from an international registration that extends
18 to a Contracting Party at the request of the holder
19 of the international registration, in accordance with
20 the Madrid Protocol.

21 “(8) HOLDER OF AN INTERNATIONAL REG-
22 ISTRATION.—A ‘holder’ of an international registra-
23 tion is the natural or juristic person in whose name
24 the international registration is recorded on the
25 International Register.

1 “(9) INTERNATIONAL APPLICATION.—The term
2 ‘international application’ means an application for
3 international registration that is filed under the Ma-
4 drid Protocol.

5 “(10) INTERNATIONAL BUREAU.—The term
6 ‘International Bureau’ means the International Bu-
7 reau of the World Intellectual Property Organiza-
8 tion.

9 “(11) INTERNATIONAL REGISTER.—The term
10 ‘International Register’ means the official collection
11 of such data concerning international registrations
12 maintained by the International Bureau that the
13 Madrid Protocol or its implementing regulations re-
14 quire or permit to be recorded, regardless of the me-
15 dium which contains such data.

16 “(12) INTERNATIONAL REGISTRATION.—The
17 term ‘international registration’ means the registra-
18 tion of a mark granted under the Madrid Protocol.

19 “(13) INTERNATIONAL REGISTRATION DATE.—
20 The term ‘international registration date’ means the
21 date assigned to the international registration by the
22 International Bureau.

23 “(14) NOTIFICATION OF REFUSAL.—The term
24 ‘notification of refusal’ means the notice sent by an
25 Office of a Contracting Party to the International

1 Bureau declaring that an extension of protection
2 cannot be granted.

3 “(15) OFFICE OF A CONTRACTING PARTY.—The
4 term ‘Office of a Contracting Party’ means—

5 “(A) the office, or governmental entity, of
6 a Contracting Party that is responsible for the
7 registration of marks, or

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

12 “(16) OFFICE OF ORIGIN.—The term ‘office of
13 origin’ means the Office of a Contracting Party with
14 which a basic application was filed or by which a
15 basic registration was granted.

16 “(17) OPPOSITION PERIOD.—The term ‘opposi-
17 tion period’ means the time allowed for filing an op-
18 position in the Patent and Trademark Office, includ-
19 ing any extension of time granted under section 13.

1 **“SEC. 61. INTERNATIONAL APPLICATIONS BASED ON**
2 **UNITED STATES APPLICATIONS OR REG-**
3 **ISTRATIONS.**

4 “The owner of a basic application pending before the
5 Patent and Trademark Office, or the owner of a basic reg-
6 istration granted by the Patent and Trademark Office,
7 who—

8 “(1) is a national of the United States,

9 “(2) is domiciled in the United States, or

10 “(3) has a real and effective industrial or com-
11 mercial establishment in the United States,

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

16 **“SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLI-**
17 **CATION.**

18 “Upon the filing of an application for international
19 registration and payment of the prescribed fees, the Com-
20 missioner shall examine the international application for
21 the purpose of certifying that the information contained
22 in the international application corresponds to the infor-
23 mation contained in the basic application or basic registra-
24 tion at the time of the certification. Upon examination and

1 certification of the international application, the Commis-
2 sioner shall transmit the international application to the
3 International Bureau.

4 **“SEC. 63. RESTRICTION, ABANDONMENT, CANCELLATION,**
5 **OR EXPIRATION OF A BASIC APPLICATION OR**
6 **BASIC REGISTRATION.**

7 “With respect to an international application trans-
8 mitted to the International Bureau under section 62, the
9 Commissioner shall notify the International Bureau when-
10 ever the basic application or basic registration which is
11 the basis for the international application has been re-
12 stricted, abandoned, or canceled, or has expired, with re-
13 spect to some or all of the goods and services listed in
14 the international registration—

15 “(1) within 5 years after the international reg-
16 istration date; or

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

1 **“SEC. 64. REQUEST FOR EXTENSION OF PROTECTION SUB-**
2 **SEQUENT TO INTERNATIONAL REGISTRA-**
3 **TION.**

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

10 “(1) directly with the International Bureau, or

11 “(2) with the Patent and Trademark Office for
12 transmittal to the International Bureau, if the re-
13 quest is in such form, and contains such transmittal
14 fee, as may be prescribed by the Commissioner.

15 **“SEC. 65. EXTENSION OF PROTECTION OF AN INTER-**
16 **NATIONAL REGISTRATION TO THE UNITED**
17 **STATES UNDER THE MADRID PROTOCOL.**

18 “(a) IN GENERAL.—Subject to the provisions of sec-
19 tion 68, the holder of an international registration shall
20 be entitled to the benefits of extension of protection of that
21 international registration to the United States to the ex-
22 tent necessary to give effect to any provision of the Madrid
23 Protocol.

24 “(b) IF UNITED STATES IS OFFICE OF ORIGIN.—An
25 extension of protection resulting from an international
26 registration of a mark shall not apply to the United States

HR 567 IH --- 2

1 if the Patent and Trademark Office is the office of origin
2 with respect to that mark.

3 **"SEC. 68. EFFECT OF FILING A REQUEST FOR EXTENSION**
4 **OF PROTECTION OF AN INTERNATIONAL**
5 **REGISTRATION TO THE UNITED STATES.**

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

16 **"(b) EFFECT OF PROPER FILING.—**Unless extension
17 of protection is refused under section 68, the proper filing
18 of the request for extension of protection under subsection
19 (a) shall constitute constructive use of the mark, confer-
20 ring the same rights as those specified in section 7(c), as
21 of the earliest of the following:

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

1 (within the meaning of Article 4(C)(4) of the Paris
2 Convention).

3 **“SEC. 68. EXAMINATION OF AND OPPOSITION TO REQUEST**
4 **FOR EXTENSION OF PROTECTION; NOTIFICA-**
5 **TION OF REFUSAL.**

6 “(a) EXAMINATION AND OPPOSITION.—(1) A request
7 for extension of protection described in section 66(a) shall
8 be examined as an application for registration on the Prin-
9 cipal Register under this Act, and if on such examination
10 it appears that the applicant is entitled to extension of
11 protection under this title, the Commissioner shall cause
12 the mark to be published in the Official Gazette of the
13 Patent and Trademark Office.

14 “(2) Subject to the provisions of subsection (c), a re-
15 quest for extension of protection under this title shall be
16 subject to opposition under section 13. Unless successfully
17 opposed, the request for extension of protection shall not
18 be refused.

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

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

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

7 “(c) NOTICE TO INTERNATIONAL BUREAU.—(1)
8 Within 18 months after the date on which the Inter-
9 national Bureau transmits to the Patent and Trademark
10 Office a notification of a request for extension of protec-
11 tion, the Commissioner shall transmit to the International
12 Bureau any of the following that applies to such request:

13 “(A) A notification of refusal based on an ex-
14 amination of the request for extension of protection.

15 “(B) A notification of refusal based on the fil-
16 ing of an opposition to the request.

17 “(C) A notification of the possibility that an op-
18 position to the request may be filed after the end of
19 that 18-month period.

20 “(2) If the Commissioner has sent a notification of
21 the possibility of opposition under paragraph (1)(C), the
22 Commissioner shall, if applicable, transmit to the Inter-
23 national Bureau a notification of refusal on the basis of
24 the opposition, together with a statement of all the

1 grounds for the opposition, within 7 months after the be-
2 ginning of the opposition period or within 1 month after
3 the end of the opposition period, whichever is earlier.

4 “(3) If a notification of refusal of a request for exten-
5 sion of protection is transmitted under paragraph (1) or
6 (2), no grounds for refusal of such request other than
7 those set forth in such notification may be transmitted to
8 the International Bureau by the Commissioner after the
9 expiration of the time periods set forth in paragraph (1)
10 or (2), as the case may be.

11 “(4) If a notification specified in paragraph (1) or
12 (2) is not sent to the International Bureau within the time
13 period set forth in such paragraph, with respect to a re-
14 quest for extension of protection, the request for extension
15 of protection shall not be refused and the Commissioner
16 shall issue a certificate of extension of protection pursuant
17 to the request.

18 “(d) DESIGNATION OF AGENT FOR SERVICE OF
19 PROCESS.—In responding to a notification of refusal with
20 respect to a mark, the holder of the international registra-
21 tion of the mark shall designate, by a written document
22 filed in the Patent and Trademark Office, the name and
23 address of a person resident in the United States on whom
24 may be served notices or process in proceedings affecting
25 the mark. Such notices or process may be served upon

1 the person so designated by leaving with that person, or
 2 mailing to that person, a copy thereof at the address speci-
 3 fied in the last designation so filed. If the person so des-
 4 igned cannot be found at the address given in the last
 5 designation, such notice or process may be served upon
 6 the Commissioner.

7 **“SEC. 69. EFFECT OF EXTENSION OF PROTECTION.**

8 “(a) **ISSUANCE OF EXTENSION OF PROTECTION.—**
 9 Unless a request for extension of protection is refused
 10 under section 68, the Commissioner shall issue a certifi-
 11 cate of extension of protection pursuant to the request and
 12 shall cause notice of such certificate of extension of protec-
 13 tion to be published in the Official Gazette of the Patent
 14 and Trademark Office.

15 “(b) **EFFECT OF EXTENSION OF PROTECTION.—**
 16 From the date on which a certificate of extension of pro-
 17 tection is issued under subsection (a)—

18 “(1) such extension of protection shall have the
 19 same effect and validity as a registration on the
 20 Principal Register, and

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

1 **“SEC. 70. DEPENDENCE OF EXTENSION OF PROTECTION TO**
2 **THE UNITED STATES ON THE UNDERLYING**
3 **INTERNATIONAL REGISTRATION.**

4 “(a) **EFFECT OF CANCELLATION OF INTERNATIONAL**
5 **REGISTRATION.**—If the International Bureau notifies the
6 Patent and Trademark Office of the cancellation of an
7 international registration with respect to some or all of
8 the goods and services listed in the international registra-
9 tion, the Commissioner shall cancel any extension of pro-
10 tection to the United States with respect to such goods
11 and services as of the date on which the international reg-
12 istration was canceled.

13 “(b) **EFFECT OF FAILURE TO RENEW INTER-**
14 **NATIONAL REGISTRATION.**—If the International Bureau
15 does not renew an international registration, the cor-
16 responding extension of protection to the United States
17 shall cease to be valid as of the date of the expiration of
18 the international registration.

19 “(c) **TRANSFORMATION OF AN EXTENSION OF PRO-**
20 **TECTION INTO A UNITED STATES APPLICATION.**—The
21 holder of an international registration canceled in whole
22 or in part by the International Bureau at the request of
23 the office of origin, under Article 6(4) of the Madrid Pro-
24 tocol, may file an application, under section 1 or 44 of
25 this Act, for the registration of the same mark for any
26 of the goods and services to which the cancellation applies

1 that were covered by an extension of protection to the
2 United States based on that international registration.
3 Such an application shall be treated as if it had been filed
4 on the international registration date or the date of
5 recordal of the request for extension of protection with the
6 International Bureau, whichever date applies, and, if the
7 extension of protection enjoyed priority under section 67
8 of this title, shall enjoy the same priority. Such an applica-
9 tion shall be entitled to the benefits conferred by this sub-
10 section only if the application is filed not later than 3
11 months after the date on which the international registra-
12 tion was canceled, in whole or in part, and only if the ap-
13 plication complies with all the requirements of this Act
14 which apply to any application filed pursuant to section
15 1 or 44.

16 **“SEC. 71. AFFIDAVITS AND FEES.**

17 “(a) REQUIRED AFFIDAVITS AND FEES.—An exten-
18 sion of protection for which a certificate of extension of
19 protection has been issued under section 69 shall remain
20 in force for the term of the international registration upon
21 which it is based, except that the extension of protection
22 of any mark shall be canceled by the Commissioner—

23 “(1) at the end of the 6-year period beginning
24 on the date on which the certificate of extension of
25 protection was issued by the Commissioner, unless

1 within the 1-year period preceding the expiration of
2 that 6-year period the holder of the international
3 registration files in the Patent and Trademark Of-
4 fice an affidavit under subsection (b) together with
5 a fee prescribed by the Commissioner; and

6 “(2) at the end of the 10-year period beginning
7 on the date on which the certificate of extension of
8 protection was issued by the Commissioner, and at
9 the end of each 10-year period thereafter, unless—

10 “(A) within the 6-month period preceding
11 the expiration of such 10-year period the holder
12 of the international registration files in the Pat-
13 ent and Trademark Office an affidavit under
14 subsection (b) together with a fee prescribed by
15 the Commissioner; or

16 “(B) within 3 months after the expiration
17 of such 10-year period, the holder of the inter-
18 national registration files in the Patent and
19 Trademark Office an affidavit under subsection
20 (b) together with the fee described in subpara-
21 graph (A) and an additional fee prescribed by
22 the Commissioner.

23 “(b) CONTENTS OF AFFIDAVIT.—The affidavit re-
24 ferred to in subsection (a) shall set forth those goods or

1 services recited in the extension of protection on or in con-
 2 nection with which the mark is in use in commerce and
 3 the holder of the international registration shall attach to
 4 the affidavit a specimen or facsimile showing the current
 5 use of the mark in commerce, or shall set forth that any
 6 nonuse is due to special circumstances which excuse such
 7 nonuse and is not due to any intention to abandon the
 8 mark. Special notice of the requirement for such affidavit
 9 shall be attached to each certificate of extension of protec-
 10 tion.

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

12 "An extension of protection may be assigned, to-
 13 gether with the goodwill associated with the mark, only
 14 to a person who is a national of, is domiciled in, or has
 15 a bona fide and effective industrial or commercial estab-
 16 lishment either in a country that is a Contracting Party
 17 or in a country that is a member of an intergovernmental
 18 organization that is a Contracting Party.

19 **"SEC. 73. INCONTESTABILITY.**

20 "The period of continuous use prescribed under sec-
 21 tion 15 for a mark covered by an extension of protection
 22 issued under this title may begin no earlier than the date
 23 on which the Commissioner issues the certificate of the
 24 extension of protection under section 69, except as pro-
 25 vided in section 74.

1 **“SEC. 74. RIGHTS OF EXTENSION OF PROTECTION.**

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

4 “(1) the extension of protection and the exist-
5 ing registration are owned by the same person;

6 “(2) the goods and services listed in the exist-
7 ing registration are also listed in the extension of
8 protection; and

9 “(3) the certificate of extension of protection is
10 issued after the date of the existing registration.”

11 **SEC. 3. EFFECTIVE DATE.**

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

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105TH CONGRESS
1ST SESSION

H. R. 1661

To implement the provisions of the Trademark Law Treaty.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1997

Mr. COBLE introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To implement the provisions of the Trademark Law Treaty.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Trademark Law Trea-
5 ty Implementation Act”.

6 **SEC. 2. REFERENCE TO THE TRADEMARK ACT OF 1946.**

7 For purposes of this Act, the Act entitled “An Act
8 to provide for the registration and protection of trade-
9 marks used in commerce, to carry out the provisions of
10 certain international conventions, and for other purposes”,
11 approved July 5, 1946 (15 U.S.C. 1051 et seq.), shall be
12 referred to as the “Trademark Act of 1946”.

1 **SEC. 3. APPLICATION FOR REGISTRATION; VERIFICATION.**

2 (a) APPLICATION FOR USE OF TRADEMARK.—Sec-
3 tion 1(a) of the Trademark Act of 1946 (15 U.S.C.
4 1051(a)) is amended to read as follows:

5 “SECTION 1. (a)(1) The owner of a trademark used
6 in commerce may request registration of its trademark on
7 the principal register hereby established by paying the pre-
8 scribed fee and filing in the Patent and Trademark Office
9 an application and a verified statement, in such form as
10 may be prescribed by the Commissioner, and such number
11 of specimens or facsimiles of the mark as used as may
12 be required by the Commissioner.

13 “(2) The application shall include specification of the
14 applicant’s domicile and citizenship, the date of the appli-
15 cant’s first use of the mark, the date of the applicant’s
16 first use of the mark in commerce, the goods in connection
17 with which the mark is used, and a drawing of the mark.

18 “(3) The statement shall be verified by the applicant
19 and specify that—

20 “(A) the person making the verification believes
21 that he or she, or the juristic person in whose behalf
22 he or she makes the verification, to be the owner of
23 the mark sought to be registered;

24 “(B) to the best of the verifier’s knowledge and
25 belief, the facts recited in the application are accu-
26 rate;

•HR 1661 IH

1 “(C) the mark is in use in commerce; and
2 “(D) to the best of the verifier’s knowledge and
3 belief, no other person has the right to use such
4 mark in commerce either in the identical form there-
5 of or in such near resemblance thereto as to be like-
6 ly, when used on or in connection with the goods of
7 such other person, to cause confusion, or to cause
8 mistake, or to deceive, except that, in the case of
9 every application claiming concurrent use, the appli-
10 cant shall—

11 “(i) state exceptions to the claim of exclu-
12 sive use; and

13 “(ii) shall specify, to the extent of the ver-
14 ifier’s knowledge—

15 “(I) any concurrent use by others;

16 “(II) the goods on or in connection
17 with which and the areas in which each
18 concurrent use exists;

19 “(III) the periods of each use; and

20 “(IV) the goods and area for which
21 the applicant desires registration.

22 “(4) The applicant shall comply with such rules or
23 regulations as may be prescribed by the Commissioner.

24 The Commissioner shall promulgate rules prescribing the

1 requirements for the application and for obtaining a filing
2 date herein.”.

3 (b) APPLICATION FOR BONA FIDE INTENTION TO
4 USE TRADEMARK.—Subsection (b) of section 1 of the
5 Trademark Act of 1946 (15 U.S.C. 1051(b)) is amended
6 to read as follows:

7 “(b)(1) A person who has a bona fide intention,
8 under circumstances showing the good faith of such per-
9 son, to use a trademark in commerce may request reg-
10 istration of its trademark on the principal register hereby
11 established by paying the prescribed fee and filing in the
12 Patent and Trademark Office an application and a verified
13 statement, in such form as may be prescribed by the Com-
14 missioner.

15 “(2) The application shall include specification of the
16 applicant’s domicile and citizenship, the goods in connec-
17 tion with which the applicant has a bona fide intention
18 to use the mark, and a drawing of the mark.

19 “(3) The statement shall be verified by the applicant
20 and specify—

21 “(A) that the person making the verification be-
22 lieves that he or she, or the juristic person in whose
23 behalf he or she makes the verification, to be enti-
24 tled to use the mark in commerce;

1 “(B) the applicant’s bona fide intention to use
2 the mark in commerce;

3 “(C) that, to the best of the verifier’s knowl-
4 edge and belief, the facts recited in the application
5 are accurate; and

6 “(D) that, to the best of the verifier’s knowl-
7 edge and belief, no other person has the right to use
8 such mark in commerce either in the identical form
9 thereof or in such near resemblance thereto as to be
10 likely, when used on or in connection with the goods
11 of such other person, to cause confusion, or to cause
12 mistake, or to deceive.

13 Except for applications filed pursuant to section 44, no
14 mark shall be registered until the applicant has met the
15 requirements of subsections (c) and (d) of this section.

16 “(4) The applicant shall comply with such rules or
17 regulations as may be prescribed by the Commissioner.
18 The Commissioner shall promulgate rules prescribing the
19 requirements for the application and for obtaining a filing
20 date herein.”.

21 (c) CONSEQUENCE OF DELAYS.—Paragraph (4) of
22 section 1(d) of the Trademark Act of 1946 (15 U.S.C.
23 1051(d)(4)) is amended to read as follows:

24 “(4) The failure to timely file a verified statement
25 of use under paragraph (1) or an extension request under

1 paragraph (2) shall result in abandonment of the applica-
2 tion, unless it can be shown to the satisfaction of the Com-
3 missioner that the delay in responding was unintentional,
4 in which case the time for filing may be extended, but for
5 a period not to exceed the period specified in paragraphs
6 (1) and (2) for filing a statement of use.”

7 **SEC. 4. REVIVAL OF ABANDONED APPLICATION.**

8 Section 12(b) of the Trademark Act of 1946 (15
9 U.S.C. 1062(b)) is amended in the last sentence by strik-
10 ing “unavoidable” and by inserting “unintentional”.

11 **SEC. 5. DURATION OF REGISTRATION; CANCELLATION; AF-**
12 **FIDAVIT OF CONTINUED USE; NOTICE OF**
13 **COMMISSIONER'S ACTION.**

14 Section 8 of the Trademark Act of 1946 (15 U.S.C.
15 1058) is amended to read as follows:

16 “DURATION

17 “SEC. 8. (a) Each registration shall remain in force
18 for 10 years; except that the registration of any mark shall
19 be canceled by the Commissioner for failure to comply
20 with the provisions of subsection (b) of this section, upon
21 the expiration of the following time periods, as applicable:

22 “(1) For registrations issued pursuant to the
23 provisions of this Act, at the end of 6 years follow-
24 ing the date of registration.

1 “(2) For registrations published under the pro-
2 visions of section 12(c), at the end of 6 years follow-
3 ing the date of publication under such section.

4 “(3) For all registrations, at the end of each
5 successive 10-year period following the date of reg-
6 istration.

7 “(b) During the 1-year period immediately preceding
8 the end of the applicable time period set forth in sub-
9 section (a), the owner of the registration shall pay the pre-
10 scribed fee and file in the Patent and Trademark Office—

11 “(1) an affidavit setting forth those goods or
12 services recited in the registration on or in connec-
13 tion with which the mark is in use in commerce and
14 such number of specimens or facsimiles showing cur-
15 rent use of the mark as may be required by the
16 Commissioner; or

17 “(2) an affidavit setting forth those goods or
18 services recited in the registration on or in connec-
19 tion with which the mark is not in use in commerce
20 and showing that any such nonuse is due to special
21 circumstances which excuse such nonuse and is not
22 due to any intention to abandon the mark.

23 “(c) The owner of the registration may make the sub-
24 missions required by this section, or correct any deficiency
25 in a timely filed submission, within a grace period of 6

1 months after the end of the applicable time period set
2 forth in subsection (a). Such submission must be accom-
3 panied by a surcharge prescribed therefor. If any submis-
4 sion required by this section filed during the grace period
5 is deficient, the deficiency may be corrected within the
6 time prescribed after notification of the deficiency. Such
7 submission must be accompanied by a surcharge pre-
8 scribed therefor.

9 “(d) Special notice of the requirement for affidavits
10 under this section shall be attached to each certificate of
11 registration and notice of publication under section 12(c).

12 “(e) The Commissioner shall notify any owner who
13 files 1 of the affidavits required by this section of the Com-
14 missioner’s acceptance or refusal thereof and, in the case
15 of a refusal, the reasons therefor.

16 “(f) If the registrant is not domiciled in the United
17 States, the registrant shall designate by a written docu-
18 ment filed in the Patent and Trademark Office the name
19 and address of some person resident in the United States
20 on whom may be served notices or process in proceedings
21 affecting the mark. Such notices or process may be served
22 upon the person so designated by leaving with that person
23 or mailing to that person a copy thereof at the address
24 specified in the last designation so filed. If the person so
25 designated cannot be found at the address given in the

1 last designation, such notice or process may be served
2 upon the Commissioner.”.

3 **SEC. 6. RENEWAL OF REGISTRATION.**

4 Section 9 of the Trademark Act of 1946 (15 U.S.C.
5 1059) is amended to read as follows:

6 “RENEWAL OF REGISTRATION

7 “SEC. 9. (a) Subject to the provisions of section 8,
8 each registration may be renewed for periods of 10 years
9 at the end of each successive 10-year period following the
10 date of registration upon payment of the prescribed fee
11 and the filing of a written application, in such form as
12 may be prescribed by the Commissioner. Such application
13 may be made at any time within 1 year before the end
14 of each successive 10-year period for which the registra-
15 tion was issued or renewed, or it may be made within a
16 grace period of 6 months after the end of each successive
17 10-year period, upon payment of a fee and surcharge pre-
18 scribed therefor. If any application filed during the grace
19 period is deficient, the deficiency may be corrected within
20 the time prescribed after notification of the deficiency,
21 upon payment of a surcharge prescribed therefor.

22 “(b) If the Commissioner refuses to renew the reg-
23 istration, the Commissioner shall notify the registrant of
24 the Commissioner’s refusal and the reasons therefor.

25 “(c) If the registrant is not domiciled in the United
26 States, the registrant shall designate by a written docu-

1 ment filed in the Patent and Trademark Office the name
2 and address of some person resident in the United States
3 on whom may be served notices or process in proceedings
4 affecting the mark. Such notices or process may be served
5 upon the person so designated by leaving with that person
6 or mailing to that person a copy thereof at the address
7 specified in the last designation so filed. If the person so
8 designated cannot be found at the address given in the
9 last designation, such notice or process may be served
10 upon the Commissioner.”.

11 **SEC. 7. RECORDING ASSIGNMENT OF MARK.**

12 Section 10 of the Trademark Act of 1946 (15 U.S.C.
13 1060) is amended to read as follows:

14 “ASSIGNMENT

15 “SEC. 10. (a) A registered mark or a mark for which
16 an application to register has been filed shall be assignable
17 with the good will of the business in which the mark is
18 used, or with that part of the good will of the business
19 connected with the use of and symbolized by the mark.
20 Notwithstanding the preceding sentence, no application to
21 register a mark under section 1(b) shall be assignable
22 prior to the filing of an amendment under section 1(c)
23 to bring the application into conformity with section 1(a)
24 or the filing of the verified statement of use under section
25 1(d), except for an assignment to a successor to the busi-
26 ness of the applicant, or portion thereof, to which the

•HR 1661 IH

1 mark pertains, if that business is ongoing and existing.
2 In any assignment authorized by this section, it shall not
3 be necessary to include the good will of the business con-
4 nected with the use of and symbolized by any other mark
5 used in the business or by the name or style under which
6 the business is conducted. Assignments shall be by instru-
7 ments in writing duly executed. Acknowledgment shall be
8 prima facie evidence of the execution of an assignment,
9 and when the prescribed information reporting the assign-
10 ment is recorded in the Patent and Trademark Office, the
11 record shall be prima facie evidence of execution. An as-
12 signment shall be void against any subsequent purchaser
13 for valuable consideration without notice, unless the pre-
14 scribed information reporting the assignment is recorded
15 in the Patent and Trademark Office within 3 months after
16 the date of the subsequent purchase or prior to the subse-
17 quent purchase. The Patent and Trademark Office shall
18 maintain a record of information on assignments, in such
19 form as may be prescribed by the Commissioner.

20 “(b) An assignee not domiciled in the United States
21 shall designate by a written document filed in the Patent
22 and Trademark Office the name and address of some per-
23 son resident in the United States on whom may be served
24 notices or process in proceedings affecting the mark. Such
25 notices or process may be served upon the person so des-

1 igned by leaving with that person or mailing to that per-
 2 son a copy thereof at the address specified in the last des-
 3 igation so filed. If the person so designated cannot be
 4 found at the address given in the last designation, such
 5 notice or process may be served upon the Commissioner.”.

6 **SEC. 8. INTERNATIONAL CONVENTIONS; COPY OF FOREIGN**
 7 **REGISTRATION.**

8 Section 44 of the Trademark Act of 1946 (15 U.S.C.
 9 1126) is amended—

10 (1) in subsection (d)—

11 (A) by striking “23, or 44(e) of this Act”
 12 and inserting “or 23 of this Act or under sub-
 13 section (e) of this section”; and

14 (B) in paragraphs (3) and (4), by striking
 15 “this subsection (d)” and inserting “this sub-
 16 section”; and

17 (2) in subsection (e), by striking the second
 18 sentence and inserting the following: “Such appli-
 19 cant shall submit, within such time period as may be
 20 prescribed by the Commissioner, a certification or a
 21 certified copy of the registration in the country of
 22 origin of the applicant.”.

23 **SEC. 9. TRANSITION PROVISIONS.**

24 (a) **REGISTRATIONS IN 20-YEAR TERM.**—The provi-
 25 sions of section 8(a) of the Trademark Act of 1946, as

1 amended by section 5 of this Act, shall apply to a registra-
2 tion for trademark issued or renewed for a 20-year term,
3 and existing on the effective date of this Act, on and after
4 the date that is 1 year before the date on which the 20-
5 year term expires.

6 (b) APPLICATIONS FOR REGISTRATION.—This Act
7 and the amendments made by this Act shall apply to any
8 application for registration of a trademark pending on, or
9 filed on or after, the effective date of this Act.

10 (c) AFFIDAVITS.—The provisions of section 8(b) of
11 the Trademark Act of 1946, as amended by section 5 of
12 this Act, shall apply to the filing of an affidavit if the sixth
13 anniversary of the registration, or publication under sec-
14 tion 12(e) of the Trademark Act of 1946, for which the
15 affidavit is filed is on or after the effective date of this
16 Act.

17 (d) RENEWAL APPLICATIONS.—The amendment
18 made by section 6 shall apply to the filing of an applica-
19 tion for renewal of a registration if the expiration date
20 of the registration for which the renewal application is
21 filed is on or after the effective date of this Act.

22 **SEC. 10. EFFECTIVE DATE.**

23 This Act and the amendments made by this Act shall
24 take effect—

- 1 (1) on the date that is 1 year after the date of
- 2 the enactment of this Act, or
- 3 (2) upon the entry into force of the Trademark
- 4 Law Treaty with respect to the United States,
- 5 whichever occurs first.

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Mr. COBLE. I look forward to the testimony of all of our panelists.

Let me introduce the first panel. Commissioner Lehman, good to have you with us, sir, and Mr. Donnelly. Commissioner Lehman, unknown to none of us in this room, served as counsel to this subcommittee for 9 years and was chief counsel for a number of those years.

Mr. Lehman has been a strong advocate for intellectual property rights for U.S. property owners and a key player on intellectual property issues, both in the United States and abroad. He's headed numerous delegations to consider international intellectual property issues at the World Intellectual Property Organization, and recently, and I might say very successfully, completed negotiations which led to the adoption of two copyright treaties which will greatly enhance protection for U.S. copyright holders around the world. He is here today representing the Patent and Trademark Office.

Our second panelist is Shaun Donnelly. Mr. Donnelly became Deputy Assistant Secretary in charge of Trade Policy and Programs in the State Department's Bureau of Economics and Business Affairs in January 1996. He is responsible for all international trade issues at the State Department and works closely with the U.S. Trade Representative and other U.S. governmental agencies to develop, negotiate and implement trade policy. He supervises the offices of Bilateral Trade Affairs, Multi-Lateral Trade Affairs, and Agricultural and Textile Trade Affairs. He's been a Foreign Service officer with the U.S. Department of State since 1972, serving in many positions throughout the world.

Mr. Donnelly was born and raised in Culver, IN, which he still considers home. He was graduated from the Culver Military Academy in 1964 and earned a B.A. in economics from Lawrence University of Appleton, WI, in 1968 and an M.A. in economics from Northwestern University in 1971. He's here today representing the State Department.

Now, gentlemen, if you all are like me, you don't like extended introductory biographies, but I think that in the event that those in the audience may not know about you two, which is not likely, I felt that was time well spent.

We have written statements from each of you for which I ask unanimous consent that they be made a part of the record. Now, gentlemen, I'm going to ask you a favor, if you can comply with us. We are on a short leash today. I'm going to have to be ubiquitous and be at five or six places simultaneously. That's the case on the Hill today. As you can see I'm the lone sheep here today. So if you all can keep a sharp lookout, as we sailors say, on that red light, when it illuminates, that is your warning that you may be keelhailed in just a few minutes. I say that with tongue-in-cheek, but if you could comply with the 5-minute rule, we will be appreciative.

Mr. Lehman, if you will commence. It's good to have both of you with us.

**STATEMENT OF BRUCE A. LEHMAN, ASSISTANT SECRETARY
OF COMMERCE, AND COMMISSIONER, PATENTS AND TRADE-
MARKS**

Mr. LEHMAN. Thank you very much, Mr. Chairman. It's a privilege to be here with you and I appreciate, given the fact that there's so much going on in the Congress, that you've taken, again, the time to exercise an important leadership role in an area of intellectual property.

Today we're here on trademark matters and trademark treaties and I can just summarize what they are all about. We have treaty implementation that we will need for two treaties in the trademark area: one is the Madrid Protocol and the other is the Trademark Law Treaty. The Madrid Protocol is a very simple treaty. It is simply a one-stop registration system. It enables you, rather than having to file in 160 different countries, to file for a trademark in the U.S. Patent and Trademark Office to designate that to be an international application, and to list the countries that you want to have the application apply in. Then, that application will be sent to the World Intellectual Property Organization, farmed out, and you won't have to go to each country individually.

We are fully supportive—and I think U.S. industry is—of the benefits of the Madrid Protocol as well. My colleague, Mr. Donnelly, may address some of the political problems that we have, and that is why we have not yet sent a ratification instrument to the Senate. These are international political problems; but, we certainly support the treaty in general, and the implementing legislation.

The second treaty, the Trademark Law Treaty, is a treaty that is designed to eliminate some of the formalities that make it very hard as a practical matter, to register trademarks around the world. The treaty gets those formalities cleaned-up and out of the system. A lot of countries put trademark applicants through a lot of bureaucracy. This makes filing expensive and difficult. The Trademark Law Treaty simplifies what we call the formalities of seeking trademark legislation around the world. When that treaty ultimately is implemented, when the United States accedes to it and many other countries do, it will make it much easier for all trademark owners in the world. Obviously, the treaty will make it particularly easy for American trademark owners to obtain effective and rapid trademark protection around the world. They won't have to spend 6 or 8 years, like they do now in Italy, to go through a process because countries will have to give them a registration in 18 months. Also, they won't have to comply with very complex procedures, oftentimes to approve their rights or demonstrate assignment of a trademark that we don't have in the United States, that some other countries have.

That's what it's really all about. The first treaty is about one-stop shopping. The second treaty is about simplifying the system. I'd be happy to answer any questions that you may have, Mr. Chairman.

On the second treaty, the Trademark Law Treaty, we expect the ratification package to be sent to the Senate very shortly and the accompanying legislation. I note that you have introduced a version of your own, Mr. Chairman. We'll work with you to see that we get

every "t" crossed and "i" dotted properly. Thank you, Mr. Chairman.

[The prepared statement of Mr. Lehman follows:]

PREPARED STATEMENT OF BRUCE A. LEHMAN, ASSISTANT SECRETARY OF COMMERCE,
AND COMMISSIONER, PATENTS AND TRADEMARKS

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to present the Administration's views on H.R. 567, a bill to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol).

PROTOCOL VOTING PROVISIONS

While the Administration supports the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol) in substance, the Administration has decided not to request Senate advice and consent to join the Protocol because of the treaty's voting procedures, issues of competency and concerns about the Protocol's definition of intergovernmental organization. While initially testifying in the 103d Congress in support of legislation (H.R. 2129) to allow the United States to implement the Protocol, we continue to believe that it is not in the best interests of the United States to become party to the Protocol as it now stands. This decision was announced by the State Department in May 1994. While I will defer to the submission of the State Department and refer questions on this issue to them, I offer the following information on the Administration's position on this voting issue to provide a context for my testimony on H.R. 567. The Administration supports H.R. 567 as a means to implement the Protocol in the United States at such time as it may be appropriate for the United States to accede to the Protocol.

A unique feature of the Protocol is the possibility for an intergovernmental organization with a regional trademark office to become a treaty member and to cast a separate, independent vote in matters coming before the treaty's Assembly of members. This vote would be in addition to the individual votes of the member countries which are part of the organization. The European Union (EU), as an international organization responsible for the recently adopted Community Trademark, would qualify under the terms of the protocol for a vote independent of its fifteen member countries.

The United States does not accept the resulting expansion of the voting power of members of an international organization. In our international agreements we consistently insist on safeguard provisions to prevent concurrent voting and double-counting. The expansion of the influence of each member of the particular international organization through an additional, duplicative vote is inappropriate.

The Administration is aware of the benefits of an international trademark registration filing system for U.S. trademark owners, and remains committed to participating in such a system based on traditional equitable voting principles. We hope that we can work with the EU and other WIPO members to solve this intergovernmental issue.

ADVANTAGES OF THE PROTOCOL'S FILING SYSTEM

The Protocol's international trademark registration filing system could open the doors to effective competition in the international marketplace for many businesses who are often unable to afford the cost of obtaining broad protection internationally for their trademarks.

Trademarks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. One major obstacle to obtaining protection internationally for trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in their major markets abroad and hope for the best in their other existing and prospective nondomestic markets. This hope often turns to despair as unscrupulous pirates register in their countries the marks of these U.S. businesses, which effectively closes that country's markets to the products and services of the U.S. business.

If it were to enter into force in the United States, the Protocol and its Regulations would provide a trademark registration filing system that would permit a United States trademark owner to file for registration in any number of member countries by filing a single standardized application, in English, with a single set of fees, in the U.S. Patent and Trademark Office (USPTO). Registration could be obtained without retaining a local agent and without filing a separate application in each

country. Equally important, under the Protocol, renewal and assignment of a trademark registration in each country could be made by the filing of a single request with a single fee. Thus, those businesses that are now limited in their ability to obtain broad international protection for their trademarks, would have easier and more cost-effective access to that protection through the Protocol's trademark registration filing system.

From the perspective of the owners of trademark rights in the United States and of the USPTO, the Protocol would have no effect on the integrity of the trademark registration system in the United States. While the Protocol would provide an additional basis for a foreign national to register a trademark in the United States, such a request would be subject to the same substantive requirements as exist in the law today for domestic and foreign applicants. Once an international registration is extended to the United States, the foreign holder of the international registration would have the same rights, remedies and obligations as a U.S. registrant.

This bill, H.R. 567, contains only provisions necessary to implement the Protocol in a separate Title to the Trademark Act of 1946. This new Title incorporates by reference the substantive requirements, obligations, rights and remedies of the existing Titles I through XI of the Trademark Act.

HISTORY OF PROTOCOL

The Protocol traces its genesis to the Madrid Agreement Concerning the International Registration of Marks (1891), revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979 (Madrid Agreement), which establishes an international trademark registration system that is administered by the International Bureau of the World Intellectual Property Organization (International Bureau).

Between 1986 and 1989, the International Bureau convened meetings of governmental experts to develop an international trademark registration system that could gain wide acceptance. These experts conceived of a protocol based upon the Madrid Agreement, but with certain changes to attract a broader membership. On June 27, 1989, at the Diplomatic Conference held in Madrid, the States party to the Madrid Agreement concluded a Protocol, which was signed by 27 of the 29 States party to the Madrid Agreement. The Protocol establishes an international trademark registration system which is independent of, but parallel to, the Madrid Agreement. Article 14(4)(a) of the Protocol provides for entry into force of the Protocol three months after ratification, acceptance, approval or accession by four States or organizations, as provided therein. China, Spain, Sweden and the United Kingdom deposited instruments of ratification that caused the Protocol to come into force on December 1, 1995.

Article 10(1)(a) provides that each Contracting Party to the Protocol shall be a member of the same Assembly as the countries party to the Madrid Agreement. Article 10(2)(iii) provides that the Assembly shall, *inter alia*, adopt and modify the provisions of the Regulations concerning the implementation of the Protocol. The International Bureau has convened several meetings, in which the United States has actively participated as an observer, to draft Regulations to implement the Protocol. The Contracting Parties adopted final Regulations in January 1996, which entered into force on April 1, 1996.

HISTORICAL ISSUES FOR UNITED STATES

The United States has never belonged to an international trademark registration system, but has considered one in the past because of the trade advantages such a system would offer. In the late 1960's the United States considered joining the Madrid Agreement, but concluded it contained provisions disadvantageous to United States trademark owners and unworkable under existing law. Specifically, the following provisions of the Madrid Agreement were considered undesirable by the United States:

(1) the requirement that the international application be based on a country of origin registration (Given the long pendency of applications in the United States at that time and the requirement for use of a trademark prior to filing, this requirement would have required the United States trademark owner to wait beyond a reasonably prudent time before seeking registration internationally under the Madrid Agreement.);

(2) the provision called "central attack," which results in the cancellation of all international registrations if the country of origin registration is canceled in the first five years;

(3) the requirement that the application be in the French language;

(4) the provision for a maximum 12-month period within which a country could refuse to give effect to the international registration (This was a problem because, at that time, pendency of applications in the United States was substantially more than 12 months.); and

(5) the provision designating low filing and renewal fees for the national office, which were less than the comparable national fees in the United States.

The Protocol exists independently of, and contains significant modifications to, the Madrid Agreement. In relation to the above-stated concerns, the Protocol provides:

(1) in addition to a country of origin registration, a country of origin application may be the basis of an international application (Because a trademark owner may now file an application in the United States based upon a bona fide intention to use a mark, protection could be sought internationally at an early stage in the development of the trademark.);

(2) if the basis of an international registration is extinguished during its first five years, the registration may be converted into a national application in a designated country, and retain its original effective filing date;

(3) the working languages, determined by the proposed Regulations, are English and French;

(4) member countries may have up to 18 months to refuse to effect an international registration, with an additional 7 months from the beginning of an opposition period (The most recent report indicates that the average pendency of trademark applications in the USPTO is between 14 and 16 months, with an initial notification of refusal usually between 4 and 6 months.);

(5) a member country may charge the equivalent of its national filing and renewal fees, diminished only by any savings resulting from the international procedure.

THE PROTOCOL'S INTERNATIONAL SYSTEM DESCRIBED

The following description of the operation of the Protocol in the United States is based upon the text of the Protocol and the Regulations.

1. Filing of International Application

An applicant for, or the owner of, a country of origin registration would be able to file with the country of origin office, which will be considered the office of origin, an application for international registration along with a request that the international registration be effected in at least one country other than the country of origin. The international registration may not be effected in the country of origin. The office of origin would certify that the international application corresponds to the underlying country of origin application or registration and will forward the international application to the international Bureau, which will administer the Protocol.

2. Issuance of International Registration

The International Bureau will issue the international registration, if all filing requirements are met, and publish the mark in the International Gazette. The International Bureau will then forward the request for extension of the international registration to the countries specified by the holder of the international registration. The holder may request an extension of protection to member countries either at the time of filing the international application or at any time during the life of the international registration. Those countries specified by the holder of the international registration will consider the extension request under their national laws the same as if it were a national application for a trademark registration. The international registration alone has no legal effect. It is the extension of the international registration to a particular country that has legal effect.

Request for Extension of Protection to the United States by Foreign Holder of International Registration

When a member office receives a request from a foreign national for extension of protection of the mark in an international registration, that office may examine the request in the same manner, and pursuant to the same requirements, as a nationally-filed application.

The Protocol requires the national or regional office considering an extension request to notify the International Bureau of all refusals within a specified period of time. This includes refusals following an examination, as well as potential refusals based on the possibility of opposition. Absent timely refusal, the national or regional office must extend protection to the international registration.

4. Maintenance of International Registration and Its Extensions of Protection

An extension of protection to additional countries may be requested at any time during the life of the international registration. An international registration, along with all of its extensions to member countries, regardless of when each extension was obtained, is renewable every ten years from the date of the international registration, upon payment of a fee to the International Bureau.

5. Cancellation or Limitation of International Registration

The national application or registration forming the basis of an international registration may be abandoned, canceled, revoked or limited, pursuant to national law. If this occurs as a result of action commenced within five years of the date of international registration, the office of origin must notify the International Bureau, which will, in turn, similarly cancel or limit the international registration. In the absence of such action, the international registration becomes independent of its underlying national application or registration five years after issuance of the international registration.

If an international registration is canceled as to all or some of the goods or services within five years of its registration date at the request of the office of origin, each country that has extended protection to that international registration will cancel the attendant extension of protection to the same extent.

However, in this case, the Protocol permits transformation of the extensions of protection into national applications in these countries. The holder of the canceled international registration may file, within three months of the cancellation of the international registration, national applications for the same mark in relation to the canceled goods or services in each country that had extended protection to the international application. Each national application will receive as a filing date the date of the international registration or, if later, the date of the recordal of the extension of protection to the particular country.

6. Recordation of Assignment or Change of Ownership

Often, effecting valid assignments of marks internationally involves burdensome administrative requirements for recordation of an assignment in many countries. These difficulties can hinder the normal transfer of business assets. The protocol will permit a trademark owner to record the assignment of a trademark registration in all designated countries upon the payment of a single fee and the filing of one document.

7. Protocol System not Exclusive of National and Regional Trademark Registration Systems

Use of the procedures established by the Protocol is optional for applicants. Applicants may continue to file individual trademark applications in each country in which they seek protection. Furthermore, the Protocol in no way diminishes the right of priority and national treatment which applicants are accorded under the Paris Convention for the Protection of Industrial Property.

8. Replacement of National Registration by Extension of Protection

The Protocol provides that an extension of protection to a particular country is deemed to replace an identical pre-existing national registration owned by the same person in that country, with no prejudice to the rights acquired under the registration. This provision permits trademark owners with national registrations to merge those registrations into the international registration for ease of maintenance worldwide, without losing any rights that accrued to the earlier national registration. This does not give the holder of the international registration any right or priority that does not already exist in the national registration.

In our continuing review of the Protocol, we have concluded that this issue should be addressed in any legislation to eventually implement the Protocol in the United States. This would ensure recognition of the legal equivalence of a U.S. registration and the subsequent identical extension of protection to the United States.

IMPLEMENTATION OF THE PROTOCOL PURSUANT TO H.R. 567

H.R. 567 proposes to implement the international system described above in the United States. With respect to U.S. applicants seeking to use the Protocol system to obtain trademark protection in other countries, H.R. 567 incorporates the filing and certification requirements of the Protocol and draft Regulations, as discussed above. In addition to the fees required under the Protocol draft Regulations in connection with the international application and requests for extensions of protection, H.R. 567 authorizes a USPTO fee to cover the cost of processing and certifying the international application, as well as fees for the filing of affidavits and specimens

of use as required by H.R. 567. USPTO regulations would specify relevant procedures and forms. Fees related to renewal of the International Registration and recordation of assignments would be determined by and paid directly to the International Bureau.

With respect to foreign holders of international registrations seeking extension of protection in the U.S., in addition to incorporating the requirements of the Protocol and the Regulations, as discussed above, H.R. 567 contains several provisions unique to the United States. These provisions are within the parameters of the Protocol, and ensure the compatibility of U.S. trademark law with the Protocol's international registration filing system by maintaining the viability of certain basic principles in our law. These provisions primarily accommodate our use requirements and our extensive preregistration examination.

1. Use Requirements

First, through its active participation in the drafting of the Regulations for the Protocol, the United States obtained a provision in the Regulations that requires any request for extension of an international registration to the United States to include an affidavit of bona fide intent to use the mark in commerce in the United States. This requirement, incorporated in H.R. 567, maintains the integrity of one of the most cherished principles of U.S. trademark law, that all applicants for trademark registration in the United States must allege either use of their mark in commerce, or a bona fide intention to use their mark in commerce in the United States.

Second, H.R. 567 requires the holder of an extension of protection of an international registration to the United States to file affidavits and specimens of use of the mark in commerce in the United States during the fifth year after issuance of the certificate of extension of protection by the USPTO and every ten years after issuance. For the purpose of computing these dates in the context of the commencement of the rights in the United States, H.R. 567 provides that the USPTO will issue a certificate of extension of protection. The issue date of the certificate of extension of protection is the same as the registration date of a domestic application, following the examination and opposition process. This requirement maintains the integrity of another important principle of U.S. trademark law, that all trademark registrants in the U.S. must periodically file statements and evidence of use to support their registrations.

Pursuant to the Protocol and its Regulations, an international registration, along with each of its extensions of protection in various countries, is automatically renewable every ten years from the date of registration upon payment of the appropriate fees to the International Bureau. The affidavit and specimen requirements in H.R. 567 are additional requirements that the holder of an international registration must meet to maintain the extension of protection to the United States.

The requirement of all applicants for a statement of bona fide intent to use a mark in commerce in the United States, along with the requirements in the law for use of a mark, should prevent the proliferation of extensions of protection of marks which the owner is not using or has no intention of using.

2. Effect of Extension of Protection

H.R. 567 provides that an extension of protection of an international registration to the United States shall have the same effect and validity as a registration on the principal register, entitling the holder to the same rights and remedies under the trademark law. In this regard, H.R. 567 confers constructive use upon an extension of protection as of its proper filing. As required by the Protocol, an extension of protection is entitled to a right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property (Paris Convention).

Additionally, H.R. 567 provides that an extension of protection is entitled to attain incontestable status within the meaning of Section 15 of the Trademark Act of 1946 (15 U.S.C. 1065) within the same period described in Section 15, which shall begin no earlier than the date of issuance of the certificate of extension of protection by the USPTO.

3. Substantive and Procedural Examination

Substantive issues are not addressed in the Protocol, since the Protocol is primarily a filing system. The Protocol specifies that the member countries may apply their national law to determine the acceptability of an international registration in that country. H.R. 567 incorporates all of the requirements for examination and opposition existing in the trademark law and applies them to requests for extension of protection to the United States. In practice, the law will require the USPTO to apply the same standards in evaluating the acceptability of a mark for protection in the U.S. under both the domestic application process and the Protocol process.

In considering the compatibility of our registration system with the Protocol an issue of particular interest is the applicability of USPTO requirements pertaining to identifications of goods and services to requests for extension of protection to the United States. The requirements concerning identifications of goods and services vary widely from country to country. United States law and practice require a registration to contain a specific identification of goods and services. This is an important aspect of the law permitting the USPTO and the courts to make informed and reasonable determinations regarding likelihood of confusion between conflicting marks. Some countries permit registrations to encompass extremely broad categories of goods or services, regardless of actual or anticipated use.

The Paris Convention permits the filing of an application in a member country based upon a registration in the applicant's country of origin. Like the Protocol, evaluation of such an application is based upon national law in the country receiving the application. Today, the owner of a foreign registration covering broad categories of goods and services must narrow the identification to specific goods and services to obtain a registration in the United States. Conversely, a U.S. registrant seeking protection today in a country permitting broad coverage, may be limited by reliance upon a more narrow U.S. registration. In limited situations, depending upon the U.S. registrant's plans for expansion in certain countries, this can disadvantage the U.S. registrant. In such a case today, the U.S. registrant may choose to file directly in another country, rather than relying on its U.S. registration.

This difference in law and practice between the U.S. and some other countries with respect to identifications of goods and services underscores the fact that, in some instances, should the United States eventually become a member of the Protocol a U.S. applicant may wish to file a trademark application directly in another country, rather than using the Protocol. A positive aspect of the Protocol is that it provides an easy and economical alternative to the country-by-country approach to obtaining international trademark protection, but it does not preclude that approach for those trademark owners who, for whatever reason, wish to file an application directly with a foreign country.

4. Notice of Rights Under the Protocol

If the United States eventually becomes a member of the Protocol, it is likely that the International Bureau would share with the USPTO its computer records of international applications and registrations which include an extension of protection to the U.S., or a request for such. This would provide U.S. trademark owners with early notice of requests for recognition of trademarks in the U.S. through the Protocol international registration system. This is an important aspect of any possible relationship between the USPTO and the International Bureau, because an extension of an international registration to the U.S. will usually have an effective filing date equivalent to its filing in its country of origin office.

USPTO IMPLEMENTATION OF H.R. 567

1. Costs

Implementation of PER would require an intense effort by the USPTO with respect to designing and implementing operational and automation changes, as well as publishing extensive regulations. The USPTO has no present plans for implementation of the Protocol. However, it would be reasonable to compare the extent of operational and automation changes necessary to implement the Protocol to those undertaken by the USPTO for implementation of the Trademark Law Revision Act of 1988, which became effective on November 16, 1989.

2. Impact of Protocol Notification Requirements

Pursuant to the declarations permitted under the Protocol, H.R. 567 would give the USPTO an eighteen-month period in which to notify the International Bureau of all grounds of refusal. Notice of the possibility of opposition must also be made within this eighteen-month time limit. To the extent that a request for extension of protection has not completed the opposition process, the USPTO would send a notice of refusal to the International Bureau on the ground of the "possibility of opposition." This is expressly permitted in the Protocol.

As required by the Protocol, H.R. 567 requires notification to the International Bureau of all grounds for opposition within, at the latest, seven months from the date of publication of a mark for opposition. Since a potential opposer may obtain extensions of the time to file the notice of opposition, USPTO regulations would have to require, with regard to a potential opposition to an extension of protection, that the potential opposer state all grounds which may be the basis for the potential notice of opposition within a reasonable period of time to permit the USPTO to notify the International Bureau within the time period.

If, for some unanticipated reason, filings under the Protocol should be so substantial as to threaten pendency, we would expect that the fees received for these filings would support the additional effort needed to examine these filings in a timely manner with no impact on domestic pendency.

ACCESSION TO THE PROTOCOL

Since legislation will be necessary in the United States to implement the Protocol should the United States eventually accede, H.R. 567 provides, in Section 3, that "This Act and the amendments made by this Act shall take effect on the date on which the Madrid Protocol enters into force with respect to the United States." Therefore, we would expect that the President would deposit the instrument of accession by the United States to the Protocol only after Congress has enacted all legislation necessary to implement the Protocol domestically and the President has requested, and the Senate has given, advice and consent to the accession.

RECOMMENDED DECLARATIONS UNDER THE PROTOCOL

If, at some point in the future, the United States does accede to the Protocol, we would recommend that United States accession should be accompanied by four declarations, as permitted pursuant to Protocol Article 5, paragraphs (2)(b) and (c), Article 8, paragraph (7)(a), respectively, as explained below. Additionally, at that time we would consider the advisability of a declaration pursuant to Article 14, paragraph (5), as explained below. We would expect the recommendation that these declarations be made by the United States would be a part of the President's request to the Senate for advice and consent to adhere to the Protocol. H.R. 567 anticipates that the first three declarations noted above will have been made by the United States. The fourth noted declaration, if made, does not require any amendment to H.R. 567.

The first declaration, under Article 5(2)(b), permits the extension of the time period within which a Contracting Party must notify the International Bureau of its refusal to extend protection to an international registration. Article 5(2)(a) requires a Contracting Party to notify its refusal to extend protection to a mark in an international registration, along with a statement of all grounds, before, at the latest, the expiry of one year from the date on which the notification of the extension request was sent to a Contracting Party by the International Bureau. Article 5(2)(b) provides that, for international registrations made under this Protocol, the time limit of one year referred to in Article 5(2)(a) is replaced by eighteen months. This declaration is necessary to ensure that sufficient time exists for the request for extension of protection to be examined in the USPTO and, in the majority of cases, published for opposition.

The second declaration, under Article 5(2)(c), concerns a refusal of protection with respect to any given international registration resulting from an opposition to the granting of protection. This Article permits a Contracting Party to notify the International Bureau before the expiry of the 18-month time limit of the possibility that an opposition may be filed beyond this time limit. This will permit the Contracting Party to notify the International Bureau after the expiry of the 18-month time limit of a refusal based upon an opposition. However, the Contracting Party must notify the International Bureau of the grounds of opposition not more than seven months from the date on which the opposition period begins; or if this opposition period expires before this seven-month time limit, the notification must be made within one month from the expiry of the opposition period. This declaration is necessary to ensure that sufficient time exists for a mark which is the subject of a request for extension of protection to be published and for a third party to preserve its right to oppose and specify the grounds for opposition.

The third declaration, under Article 8(7)(a), concerns the fees to which the United States is entitled in connection with an extension of protection of an international registration. Article 8(1) of the Protocol permits a Contracting Party, when it is the office of origin, to fix and collect fees in connection with the filing of an international application or renewal of an international registration. Article 8, paragraphs two through six, provide for the distribution of the International fee for registration of a mark with the International Bureau according to a formula which would divide revenues equally among Contracting Parties. Article 8(7)(a) permits a Contracting Party to receive, instead, in connection with each international registration for which an extension of protection to a Contracting Party is requested, and in connection with the renewal of any such international registration, fees which are comparable to the national application filing fee and registration renewal fee, respectively, in effect at the time of declaration. Article 8(7)(a) requires, in arriving at the fee amounts, that the national fee be diminished by the savings resulting from the

international procedure. The United States would make this declaration to ensure that the USPTO receives sufficient fees to support the costs associated with its obligations under the Protocol.

The fourth declaration which we would consider, under Article 14(5), is that the protection resulting from any international registration effected under the Protocol before the date of entry into force of the Protocol in a Contracting Party cannot be extended to that Contracting Party. This declaration does not effect priority of rights in a Contracting Party since rights appurtenant to an international registration can not exist in a Contracting Party prior to the request for extension of protection to that Contracting Party. This request cannot predate that Contracting Party's accession to the Protocol. The declaration under Article 14(5) is intended to avoid the possibility of substantial numbers of requests for extensions to a Contracting Party of international registrations effected under the Protocol before that Contracting Party acceded to the Protocol.

Now I would like to present the Administration's views on H.R. 1661, a bill to amend the Trademark Act of 1946 to implement the provisions of the Trademark Law Treaty and make certain other amendments which simplify and streamline the procedures for acquiring and maintaining a federal trademark registration.

TRADEMARK LAW TREATY VOTING PROVISIONS

The issue of voting procedures was a very important one in the decision of the United States not to accede to the Madrid Protocol. And, at the Diplomatic Conference for the Trademark Law Treaty, an inordinate amount of time was spent in considering voting provisions for that Treaty. The problem was "solved" in the Trademark Law Treaty by drafting the Treaty so that it has no administrative body, such as the Madrid Assembler, to institute changes in the Treaty or its Rules. Article 18 of the Treaty provides that the "Treaty may be revised by a diplomatic conference." Further, there is no provision in the Treaty or the Regulations regarding the amendment of the Regulations unless done so at a diplomatic conference.

How will the inability to amend the regulations under the Treaty, without the time-consuming and cumbersome mechanism of a diplomatic conference, affect the long term viability of the Treaty? First, this Treaty primarily affects procedural elements in the filing of the documents needed for the acquisition and maintenance of trademark registration rights. The Treaty has attempted to limit the required elements in any filing to those which are necessary for the maintenance of a complete and orderly registration system. Those basic elements have remained quite stable over time. For example, Article 5 of the Treaty, which sets out the minimum requirements for receiving a filing date, lists only eight possible requirements. They are: an indication that registration of a mark is sought, information sufficient to identify the applicant; sufficient information to be able to contact the applicant or its representative by mail; a sufficiently clear drawing of the mark; a list of the goods or services for which registration is sought; a declaration of intent to use or a declaration of actual use with evidence of that use, if required by the law of the Member; the application must be completed in the correct language; and, if necessary under the law of the Member, a fee must be sent. Given the importance in all trademark registration systems of providing notice to other trademark owners and businesses as to what trademarks are pending before an individual Office, it is hard to imagine a trademark registration system that would not need most, if not all, of those elements to function.

A similar analysis of the other provisions of the Treaty indicates that, for the most part, the Treaty should remain viable and continue to be very useful to U.S. trademark owners seeking protection in the territories of Treaty Members .

HOW THE TRADEMARK LAW TREATY OPERATES

The overall goal of the Trademark Law Treaty is to simplify and harmonize the requirements for acquiring and maintaining a trademark registration. To accomplish that goal, the Treaty requires that the Trademark Offices in member countries or organizations simplify and standardize their procedures.

The Treaty establishes maximum lists of requirements for certain common trademark procedures such as filing an application, filing an assignment, appointing a representative, or changing the address of record. No Member of the Treaty may ask for any requirements which are not found in the maximum list for a particular procedure. A trademark owner or its representative, submitting a request for registration, for recordal of an assignment, for a change of address, or for appointment of a representative, need submit only the information which satisfies the elements from the relevant maximum list, with the correct fee, and in the correct language, and any Member's trademark office must accept and process the filed document.

Therefore, the maximum lists of requirements promote certainty in the filing of trademark documents.

Article 5(1) and (2) of the Treaty provides a good example of how a list of maximum requirements functions to promote certainty in the filing of a trademark application. Article 5 of the Treaty sets out the maximum requirements which any Member may ask of any applicant prior to the grant of a filing date. There are only eight possible requirements. They are: an indication that registration of a mark is sought; information sufficient to identify the applicant; sufficient information to be able to contact the applicant or its representative by mail; a sufficiently clear drawing of the mark; a list of the goods or services for which registration is sought; a declaration of intent to use or a declaration of actual use with evidence of that use, if required by the law of the Member; the application must be completed in the correct language; and, if necessary under the law of the Member, a fee must be sent.

Finally, Article 5(4) provides that Members may require only those elements set out in Article 5(1) and (2) prior to the grant of a filing date. Given the legal importance of receiving a filing date, Article 5 provides a high level of certainty to a trademark applicant that it will secure a filing date.

The Treaty provides a list of "maximum requirements" in the following areas: appointing a representative and establishing an address for service; granting of a filing date; providing a signature; recording a changing a name or address; recording an assignment or change in owner; completing the information or elements which may be required for a trademark application; correcting a mistake in the application or registration; and renewing a registration.

The TLT provides that member countries must accept multi-class applications. The ability to have a multi-class application which matures into a multi-class registration is of great practical significance to those who must maintain such registrations. For example, with a multi-class registration there is one date for renewal for all the classes. If the applicant was forced to seek single class registrations then each registration would be likely have a different renewal date. Further, a multi-class application can be assigned or amended with a single request, whereas individual registrations would require separate requests.

The Treaty requires that the trademark offices of its Members must accept and register service marks and apply to such marks any of the provisions of the *Paris Convention for the Protection of Industrial Property* which concern trademarks. Given the importance of services to the U.S. economy, the ability to protect service marks is an important one.

Member countries must accept simple signatures on almost all trademark documents filed with the Member Offices. This is one of the most important aspects of the Treaty. The current necessity to legalize and authenticate trademark documents adds unnecessary complexity, expense and burden to the process of obtaining and maintaining a trademark registration. Eliminating those needless formalities will be an enormous step in the direction of rational international trademark systems.

Finally, a trademark owner and its representative will be able to record an assignment, a change of name, or a change of address for all of its trademark applications and registrations by filing a single request.

For trademark owners in the United States, the Treaty offers multiple benefits. The use of standardized forms should make prosecuting trademark matters in other countries simpler and possibly cheaper. The ease with which standard trademark procedures can be carried out should also benefit trademark owners.

Finally, most of the benefits available under Treaty will require no changes in U.S. law or practice because most of the Trademark Act of 1946, as amended (15 U.S.C. 1051 *et seq.*) (hereinafter, the Trademark Act) is fully compatible with the Treaty.

HISTORY OF THE TRADEMARK LAW TREATY

Work on the Treaty began in 1987 with the adoption by the Governing Bodies of the World Intellectual Property Organization (WIPO) and the International Union for the Protection of Industrial Property of a proposal to begin work on the harmonization of certain legislative provisions for the protection of trademarks. The first Committee of Experts on the Harmonization of Laws for the Protection of Marks was held in November 1989. The Committee of Experts met six times between 1989 and 1993. Early meetings focused on both substantive and procedural aspects of trademark law. However, it became apparent that if progress was to be made, the Committee of Experts should focus only on the harmonization of trademark procedures. A diplomatic conference was held in October 1994 to create the final version of the proposed treaty. The diplomatic conference concluded with a "final act" adopting the treaty on October 27, 1994. The treaty was opened for signature on October

28, 1994 and at that time 35 countries, including the United States, signed the treaty.

At this time eleven countries have ratified or acceded to the Trademark Law Treaty. The Treaty came into force on August 1, 1996.

IMPLEMENTATION OF THE TRADEMARK LAW TREATY PURSUANT TO H.R. 1661

The bill we will be submitting to implement the Trademark Law Treaty will provide for fairly minimal changes to the current law, the Trademark Act. Section 1 of the Trademark Act is proposed to be amended in three ways. First, Section 1 would be amended to create a clear distinction between the written application, the form of which may be prescribed by the Commissioner, and the declaration pertaining to applicant's use or intention to use the mark, which must be verified by the applicant. Second, new language in Section 1 would authorize the Commissioner to promulgate rules prescribing both the elements of a complete application, and those elements necessary for a filing date. This change is necessary in order to give the Commissioner authority to conform filing date requirements to those in Article 5 of the Treaty. This change will also give the Commissioner the flexibility to set filing date requirements for electronic applications. Third, the revised Section 1 would omit the requirement in the written application for a statement of the "mode or manner" in which the mark is used or intended to be used in connection with the specified goods or services. Such information is not permitted by Article 3 of the Treaty. Further, in the opinion of the experts within the Patent and Trademark Office, the current requirement to specify the mode and manner of use of the mark is an unnecessary administrative requirement which adds little value to the application and registration process. Fourth, an amendment would be made to subsection 1(d) (15 U.S.C. 1051(d)) to clarify that an application may be revived after a notice of allowance is issued if the delay in filing the required documents was unintentional. This proposed amendment is not required by the Treaty, but adds an element of certainty and simplicity to that part of the application process.

Section 12(b) of the Trademark Act is proposed to be amended to allow the revival of an application abandoned during the examination process for failure to respond to an office action. The proposed standard for revival will be a claim by applicant that the failure to respond was "intentional." The current standard for revival of an application abandoned for failure to respond during the application process is "unavoidable delay." This standard has proved very difficult to administer and does not promote certainty as to results applicant will receive in the petition process. As the goal of the Treaty is to simplify the registration process and provide a measure of certainty to applicants as to what will happen, this proposed amendment will enable those applicants, who file a timely petition to revive an application unintentionally abandoned, to proceed to registration.

Sections 8 and 9 of the Trademark Act are proposed to be amended to meet the requirement of Article 13 of the Treaty. It provides a comprehensive list of indications that may be required in the request to renew a trademark registration. The list in Article 13 does not include a declaration and/or evidence concerning use of the mark. Article 13(4)(iii) expressly prohibits a requirement for the furnishing of a declaration and/or evidence concerning use of the mark as part of a request for renewal. However, the Treaty contains no prohibition against a requirement for the periodic filing of a declaration and/or evidence of use in connection with a registration, as long as such requirement is not part of the requirements for renewal. In fact, Article 13(1)(b) of the Treaty, concerning renewal fees, recognizes that fees may be required in connection with the filing of a declaration and/or evidence of use of a registered mark.

The main purpose of the proposed revision of Section 8 of the Trademark Act is to set out, in one section, all of the requirements for filing any of the affidavits of use needed to maintain a registration and to ensure that the requirements of each use affidavit are identical. This section includes the affidavit of use filed between the fifth and the sixth year after registration, between the fifth and the sixth year after publication under subsection 12(c), and in the year preceding every ten year anniversary of the registration.

This purpose is accomplished by adding an obligation to file an affidavit of use or nonuse, in the year preceding every tenth anniversary of the registration, to provide for correction of deficiencies in submissions under these subsections; and, to provide for a grace period for making submissions required by these subsections. In addition, Section 8 is proposed to be amended to modernize the language and to simplify and clarify the existing procedural requirements for filing affidavits under these subsections; and to harmonize certain procedural requirements for such affida-

vits with the requirements for a registration renewal application contained in section 9 of the Trademark Act of 1946.

The proposed amendment to Section 9, in turn, will be amended to provide that a registration may be renewed for ten year periods upon payment of the prescribed fee and the filing of a written application in such form as may be prescribed by the Commissioner. The periods for filing the affidavits of use required under Section 8 and the request for renewal under Section 9, would be harmonized so that those registrants who choose to do so, may file both the use affidavit and the request for renewal at the same time and in a single document.

Section 10 of the Trademark Act is proposed to be amended to clarify that the Patent and Trademark Office will record a change in ownership without requiring a copy of the underlying assignment document; and to remove the proscription against the assignment of a mark in an application filed under section 1(b) of the Trademark Act.

The PTO has interpreted the present reference to a "record of assignments" in section 10 to require the PTO to record a copy of the actual assignment document. Article 11(4) of the Trademark Law Treaty permits the recording of a change in owner upon the filing of several different kinds of documents. The Treaty does not require the filing of a copy of the actual assignment document. The proposed amendment clarifies that, rather than maintaining a "record of assignments," the PTO "shall maintain a record of the prescribed information on assignments, in such form as may be prescribed by the Commissioner." The proposed amendment would authorize the PTO to determine what information regarding assignments it will record and maintain. The proposed amendment would ensure that a transfer of goodwill remains a necessary element of a valid assignment of a trademark. However, consistent with its current policy, the PTO would not require a statement or proof of the transfer of goodwill in order to record an assignment of a trademark registration.

Additionally, pertaining to the proscription against the assignment of a mark in an application filed under section 1(b) of the Trademark Act (intent-to-use), the proposed amendment would add reference to section 1(c) of the Trademark Act of 1946 so that the filing of an amendment to allege use pursuant to section 1(c) would remove the restriction against assigning the mark except to the successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. Presently, prior to registration of an application filed pursuant to section 1(b) of the Trademark Act, based upon a bona fide intention to use a mark in commerce on the identified goods or services, applicant must file either a verified statement of use under section 1(d) of the Trademark Act or an amendment to allege use under section 1(c) of the Trademark Act. The substance of the two filings is essentially the same. The difference between the two filings is the point at which the filing is made. Presently, section 10 of the Trademark Act limits the assignability of an application to register a mark under section 1(b) until such time as applicant files a verified statement of use under section 1(d) of the Trademark Act. Since the effect of the filing of an amendment to allege use under section 1(c) of the Trademark Act is analogous, there is no policy or legal reason for omitting to include reference to section 1(c) in section 10.

Section 44(e) of the Trademark Act is proposed to be amended to eliminate the requirement that an application filed based on a claim of ownership of a foreign registration "be accompanied by a certificate or certified copy" of the foreign registration. Under current practice a certified copy of the foreign registration must be submitted to the Office in order to obtain a filing date under Section 44(e). The proposed amendment allows the applicant to submit a certified copy of the foreign registration to the PTO prior to registration in the U.S. within such time limits as may be prescribed by the Commissioner. Such requirement as a prerequisite to receiving a filing date is prohibited pursuant to Article 5 of the Trademark Law Treaty.

IMPLEMENTATION OF H.R. 1661

Implementation of the Trademark Law Treaty will not require extensive changes in the automated systems or operations of the USPTO. There will be changes in the regulations and in some of the current practices at the USPTO. However, operational and automation changes should be minimal.

RECOMMENDED RESERVATIONS OR TRANSITIONAL PROVISIONS

Only one reservation is possible under Article 22 of the Treaty. That Article permits Members to except associative, defensive and derivative marks from certain provisions of the Treaty. The United States registers none of those types of marks and does not need to take the reservation. Several transitional provisions are avail-

able under Article 22 of the Treaty. Passage of the proposed legislation will make it unnecessary for the United States to elect any of those transitional provisions.

CONCLUSION

I thank the Chairman for his leadership in introducing H.R. 1661 and would be pleased to address any questions concerning this H.R. 1661 or H.R. 567.

Mr. COBLE. Thank you, Commissioner.

Mr. Donnelly.

STATEMENT OF SHAUN E. DONNELLY, DEPUTY ASSISTANT SECRETARY OF STATE, TRADE POLICY AND PROGRAMS

Mr. DONNELLY. Mr. Chairman, thank you. I also appreciate the interest that this subcommittee has shown in these important issues and I appreciate your allowing me to present the views of the administration on the Madrid Protocol. I will confine my remarks to that protocol. Commissioner Lehman has addressed the Trademark Law Treaty.

As you know, Mr. Chairman, there has been considerable discussion within the administration over the past several years concerning the question of signing onto the Madrid Protocol, despite its objectionable provisions concerning the so-called 16th vote for the European Union, as well as its shortcoming in treating what we call competency and in defining intergovernmental organizations.

In the end, the administration concluded that we could not join the protocol and thereby risk endorsing it as a precedent for future treaties and agreements. This decision was confirmed at a meeting of the National Economic Council at the deputy level.

Mr. Chairman, the administration has never been happy with that decision, necessary though it was. We recognize the potential of the Madrid Protocol for facilitating and streamlining the filing of overseas trademark registrations, especially for small- and medium-sized business. At the State Department, we deal every day with cases of overseas trademark infringement. The Madrid Protocol could significantly lower trademark piracy by making it easier for U.S. business to register and maintain trademarks in farflung markets.

At the State Department and in other agencies, we have continued to explore every possible solution that might provide a basis to resolve this problem. Fortunately, there have been some recent developments that may lead the European Union to consider modifying the protocol to drop the "16th vote." In December, as you know, Mr. Chairman, all parties agreed to language in the WIPO copyright treaty that does not recognize an additional vote for intergovernmental organizations.

At the same time, we must recognize that currently membership in the Madrid Protocol remains limited to only 16 countries. The United States and Japan, which together account for more than 40 percent of world trademark registrations, remain outside the protocol. And even European firms seeking trademark protection in these important markets must continue to file through national offices. On our part, we have made our objections to the protocol known, and we would now like to move past them to try to find a way that would allow the United States to join the protocol without creating a troubling precedent for the future. And to this end, we have reopened our consultations with the European Union.

Mr. Chairman, I hope that these new developments will lead to fruitful discussions with the EU, with the WIPO Secretariat and other parties, that will result in a new and improved Madrid Protocol. But I must tell you that our deepest concerns with the protocol have not changed. The Madrid Protocol impasse goes beyond trademarks to touch on a fundamental question: Are we willing to see the value of the U.S. vote in international fora diluted in favor of regional groupings which are not members—of which we are not members, sorry.

Our stance on the European Community status now will determine how much influence and authority other regional organizations such as Mercosur, the Andean Pact, ASEAN or others not even created now receive in future international agreements. We must not lightly agree to text that could lead to reductions in the value of the U.S. vote and influence in other fora.

In closing, I want to emphasize that my colleagues and I at the State Department will work very closely with the Patent and Trademark Office, U.S. industry, including the International Trademark Association and the Congress, to explore every possible solution that could provide an acceptable basis for resolving these problems and enabling the United States to join the Madrid Protocol.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Donnelly follows:]

PREPARED STATEMENT OF SHAUN E. DONNELLY, DEPUTY ASSISTANT SECRETARY OF STATE, TRADE POLICY AND PROGRAMS

Mr. Chairman and Members of the Subcommittee, thank you for giving me the opportunity to present the Administration's views on the "Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks"—commonly known as the Madrid Protocol. I will also briefly touch on the Trademark Law Treaty.

This Administration's commitment to raising international standards for the protection of intellectual property is based on economic reality—American prosperity depends on keeping exports flowing. We recognize that exports will continue to grow only as long as American firms enjoy an international reputation for quality and superior service. The quality image behind "Made in the USA" must be protected. Accordingly, we place a high priority on helping US companies protect one of their prime commercial assets—their trademarks.

Both the Trademark Law Treaty and the Madrid Protocol would facilitate the filing of overseas trademark registrations while reducing filing expenses. These treaties will make it easier for U.S. firms to maintain trademark registrations in foreign countries, thereby reducing counterfeit goods piracy and the misappropriation of U.S. trademarks. The overall benefit to U.S. business and the U.S. economy could be significant.

Nevertheless, we continue to believe that it is not in the best interest of the United States to become party to the Madrid Protocol as it now stands. The problem rests not with the substance of its provisions—but rather with the Madrid Protocol's departure from the principles that govern U.S. treaty relationships with regional economic integration organizations (REIOs).

Traditionally, treaties have been concluded among states. Recently, however, the European Community has increased its participation in international agreements and international organizations. These developments have implications not only for the European Community, but also for other regional bodies that might seek to become parties to treaties in the future.

The United States generally welcomes the participation of the European Community in international agreements and international organizations. We want to be sure, however, that regional economic integration such as that occurring in Europe does not unfairly disadvantage other treaty partners. Accordingly, international agreements contain special provisions to address participation by REIOs. These provisions include: (1) prohibitions against concurrent voting, i.e., the casting of a vote

both by an intergovernmental organization and its member states, (2) prohibiting the accession of a REIO from counting toward bringing an agreement into force, (3) avoiding prejudice from any imprecision in the allocation of competence between the REIO and its member states, and (4) strictly limiting the types of intergovernmental organizations that are allowed to become parties to the treaty.

The Madrid Protocol as it stands maintains none of these safeguards. The EC is permitted a separate vote over and above the votes of its member states. Ratification by the EU of the Madrid Protocol would have counted towards its entry into force. The Protocol does not address the allocation of competence between a REIO and its member states. Finally, the Protocol provides few safeguards against the accession of organizations whose membership in the Madrid Protocol would not be in the interest of the United States.

EU VOTING

Mr. Chairman, allow me to return to the first of these principles. The Commission of the European Union (EU) contends that the European Community is entitled to a vote in addition to the votes of its member states because of the existence of an independent EC trademark system.

Putting aside the broader question of democratic equity for the moment, we must point out that the European Community trademark office derives its authority from its member states and thus is not truly "independent." The European member states have ultimate authority over the European Community Trademark Office through the EU's Council of Ministers. Conversely, the EC has the power to harmonize and control the procedures and content of national trademark systems. We find it difficult to resolve the contradiction of giving the EC a separate vote as an entity with independent and divergent policies from its member states while allowing the EC to cast the votes of its member states as a unified whole.

On a more fundamental level, the granting of an additional vote to the European Community would dilute the value of our vote, putting the United States at a disadvantage. International agreements are concluded between sovereign states, and while we support the European Union in its efforts to deepen and strengthen integration, we must ensure that European integration does not put the United States at a disadvantage.

Since the conclusion of the Madrid Protocol, the EC has continued to press for a sixteenth vote in other multilateral agreements, in part based upon its acceptance in the Madrid Protocol. In the field of intellectual property alone, the EC has proposed concurrent EC and member state voting in the negotiating texts of World Intellectual Property Organization agreements on Dispute Settlement and the Hague Agreement Concerning the International Deposit of Industrial Designs. During the negotiation of the Trademark Law Treaty, EC insistence on an independent vote forced negotiators to accept a compromise arrangement whereby all provisions relating to voting were dropped from the agreement—a development which could hamper the ability of the parties to the agreement to modify its text to meet the future needs of business.

This is not just a problem specific to intellectual property. The European Union has advanced this and related issues as a matter of principle in a range of contexts. For example, EC efforts in the Uruguay Round to secure an additional vote for itself were firmly rejected by then U.S. Trade Representative Kantor. We must be aware that, over time, this problem is unlikely to be limited to the EC. The EC is out ahead of other organizations in developing its institution, but organizations such as Mercosur, the Andean Pact, and ASEAN might also claim special privileges in the future.

DECLARATION OF COMPETENCY

As I noted previously, the US believes that all entities becoming party to an international agreement bear legal responsibility for the obligations and responsibilities of the agreement. The Madrid Protocol does not address this issue. It does not meet our legal and practical need to know which party has responsibility for implementing the obligations of an Agreement or for addressing disputes that would arise if the member states and the REIO disagreed over their respective responsibilities.

In addition, we have always held that the term "intergovernmental organization" or "REID" should be precisely defined to exclude the membership of entities that lack the legal and political ability to honor treaty commitments. While we believe this is not the case with the European Community, we note that the Madrid Protocol allows any intergovernmental organization "with a regional Office for the purposes of registering marks" to join. Looser, regional associations might lack the legal or practical ability to carry out Madrid Protocol commitments.

These shortcomings in the Madrid Protocol led this Administration to decide that becoming party to the Protocol would create a number of unfortunate precedents that could jeopardize our chances of negotiating sound international agreements in many other fields of economic and political activity. Our decision, after extensive interagency discussion, not to join the Protocol as it stands, and the reasons for that decision, were reported in a previous submission to this Committee. I note as well that many other nations came to the same conclusion and elected not to join the Madrid Protocol.

APPROACHES TO RESOLVING THE MADRID PROTOCOL IMPASSE

Mr. Chairman, I would now like to turn to what we are doing to solve this problem in order to bring the benefits of the Madrid Protocol to American business. We are prepared to be flexible in considering approaches that would address the concerns that I have outlined.

More than a year ago, we and other concerned agencies considered the feasibility of so-called "shadow membership" in the Protocol. Would it be possible, we asked ourselves, to assume the responsibilities of the Madrid Protocol, and secure for our trademark holders the benefits of the protocol, through an arrangement that would not involve our acceding to the Protocol? We early on discarded this option as unworkable. There are profound adverse legal and policy implications in assuming the "obligations" of a Treaty without actually having representation and a vote into how its procedures and obligations are structured. The US Patent and Trademark Office in particular was concerned about the problems inherent in shouldering international responsibilities that do not derive from a legally binding Treaty obligation. We also could not rule out the possibility that Protocol members could vote without our participation to amend its text, thereby creating pressure to change our trademark laws.

Another approach would be to press for the amendment of the Madrid Protocol to meet our concerns. For example, the December WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions produced language acceptable to both the EU and the US that we feel could serve as a basis for modifying the Madrid Protocol. The two treaties resulting from that conference—the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty—do not give the European Community an additional vote. The treaties address competence in a manner that protects the United States, by providing that each party, including the EU, enjoys all rights and assumes all obligations under the Treaty.

Amendment of the Madrid Protocol is not an easy task. Our initial discussions with European Commission officials show that they are not in favor of convening a Diplomatic Conference to amend the Protocol. We appreciate the serious difficulties involved in seeking consensus on calling a new Conference. We have suggested, however, that we could avoid the necessity of calling for such a Conference by recourse to Article 13 of the Protocol, which allows the amendment of some of its articles by a four-fifths vote of the Assembly of its members. Among those articles is Article 10, which contains the Protocol's voting procedures. On one hand, assembling the needed votes could prove to be difficult, since among the current sixteen members are Cuba, North Korea, and other countries that sometimes vote against the United States in international fora. At the same time, however, thirteen Protocol members are European—eight European Union member states, plus the Czech Republic, Iceland, Monaco, Poland, and Switzerland. This would put the European Union in a good position to win support for amending the Protocol if it were committed to doing so.

There has been some discussion of a third option—a "gentlemen's agreement" with the European Union. One approach that has been mentioned would be an understanding that would allow the EC to vote its vote, but require one of the EU states not to vote at the same time, thereby preserving fifteen votes. We are considering this option as we continue to seek a way to resolve our difficulties with the Protocol.

I will briefly mention the concerns we have had about such an arrangement. First, this solution could be interpreted as U.S. endorsement of an independent vote for the European Community. In addition, an informal understanding with the European Community does nothing to address the question of other, less qualified intergovernmental organizations seeking to join the Madrid Protocol and receiving an additional vote for their member states upon entrance. If we were to agree to this approach, we could, ironically, find ourselves in a situation where we had succeeded in limiting the number of votes cast by the European Community, while continuing to allow other potential future members, such as Mercosur, to cast their own votes. Finally, this proposal is only a partial solution as it does nothing to address the

other problems, such as uncertainties about allocation of competence that I discussed earlier.

In recent weeks, we have met with European Union officials in Brussels and Washington to discuss possible approaches to breaking the Madrid Protocol impasse. Commission officials have asked for some time to review the matter internally. Based on what they told us—that they would be in a position to get back to us in four to six weeks—we would hope to hear from them sometime early in June. If we do not, we will raise the matter with them once again. We have also sent demarches to each of the European Union member states.

We are prepared to send experts to Brussels for follow on discussions in the near future. We will approach these talks with our European counterparts in a spirit of cooperation and flexibility regarding ways of modifying the Protocol to remove its most objectionable provisions. In return, we would expect the European Community to demonstrate a similar willingness to reconsider their insistence on an additional sixteenth vote and to address our other concerns.

We believe private industry has an important role to play in educating government on both sides of the Atlantic as to the commercial importance of a revitalized Madrid Protocol. We recently met with International Trademark Association representatives to brief them on our efforts and to ask for their help in creating momentum within the European Union toward finding a solution to this problem. We have also contacted other nations that have a similar interest in signing onto the Protocol.

Mr. Chairman, the problems I have outlined today are complex and have no ready solution. We must be assured as we proceed that any changes to the Madrid Protocol do not in themselves create adverse precedents for other international agreements or endanger the future workings of the Protocol. However, we understand the value to American business of securing streamlined, simultaneous registrations of trademarks in overseas markets and we will continue to work toward making the Madrid Protocol a reality for U.S. industry.

Mr. COBLE. Thank you, Mr. Donnelly. Mr. Donnelly, I know you have worked diligently to develop, for lack of a better word, a “compromise” with the EU. Where are we, in your opinion? Are we within the grasp? Or is it beyond our grasp?

Mr. DONNELLY. Mr. Chairman, my assessment is that we are somewhere in between. I would not want to mislead you that it is out there very easily for the plucking. But I am hopeful that some of these recent developments—as I cited, the fact that the WIPO copyright treaties in December did not expand on this model or use it as a precedent of a 16th vote. As I alluded to it in my statement and as you did as well, Mr. Chairman, we have sent our mission in Brussels, effectively our Embassy there, to the European Union, in to talk to the Commission, Directorate General 15 on Internal Market Affairs. I’ve gone over to the European Mission here in Washington to try and reinvigorate this. They have assured us that they are interested in exploring with us alternatives.

But I do have to say that in this and other areas we have seen that this question of so-called competence or the role of the Commission as a separate entity, separate from the 15 member states, is a point that the European Union does value very much. So I do not see a sign that they have told us they are willing to change easily. But we look forward—they’ve asked for a little time to study our so-called demarche that we made. We’re giving them that, but I anticipate in June we will be entering discussions with the European Union to try and explore. And we’re willing to put anything on the table, Mr. Chairman. We have concerns, but it’s time to make every effort to see if there is a basis to resolve this, so that we can get the clear benefits that Commissioner Lehman and you have laid out.

Mr. COBLE. Mr. Donnelly, in your statement you indicate that the European Union has used the voting structure of the Madrid Protocol as precedent in two other treaties. Has there been a case where the EU has argued for such a structure beyond the intellectual property area?

Mr. DONNELLY. Mr. Chairman, for example, just last week in Paris, at the meeting within what's called the OECD, the industrial country group, the Organization for Economic Cooperation and Development, where we are discussing a multilateral agreement on investment, and investment is an area sort of like the trademark and intellectual property area where the so-called competence in the European Union is, to a certain extent, divided between the European Commission in Brussels and the member states. The Madrid Protocol was cited in passing in a European Union intervention. I cannot cite a specific example where they have insisted on it and prevailed. But we have seen cases—I believe, in fact, the Trademark Law Treaty that we have, one of the reasons that we have ended up with, in effect, no voting procedure in that body is because the European Union in that discussion was making reference to the Madrid Protocol. But the basic answer is that it has tended to be concentrated in the intellectual property area and this is one of the reasons why we want to explore actively with them how we can deal with this issue.

Mr. COBLE. Thank you, sir.

Commissioner, because international applications will be operated under a deadline imposed by the protocol, do you anticipate any danger that U.S. applications may have to assume a second priority.

Mr. LEHMAN. No, Mr. Chairman, I don't at all. The treaty gives us 18 months to process the application and our current pendency in the trademark is about 6 months. So, I don't think we're going to have any problems. We have a lot of leeway. Of course, we want to bring down pending from 6 months to about 3 months.

One of the problems that we've had is that we're experiencing business is booming in the Trademark Office. Last year, we had a 20-percent increase in applications which, by the way, is very good news; it indicates a robustness in the U.S. economy. But even with that 20-percent increase in applications, we've been able to keep pendency at a level that will be well within the safety margin for the requirements of the Madrid Protocol.

Mr. COBLE. Commissioner, when the hearings were conducted on the Madrid Protocol in the recent past, I believe your office, estimated the cost of implementation to be approximately \$4.8 million over 5 years. Now, I presume, Commissioner, that that is the cost that will surround the creation of an international shop, for want of a better way of saying it. Is that correct? Is that where most of the cost is going to result from?

Mr. LEHMAN. The estimated cost to us will be \$5.5 million—it now has gone up, you know, because of inflation. But, those figures will be able to be recovered, I believe, in the fee structure. We won't have any unrecovered costs and there will be modest fees, so I don't think there will be any financial problem.

Mr. COBLE. All right, sir.

Mr. Donnelly, I live on trying to beat the red light. I impose that red light on myself as well. I understand the difficulty the administration has with acceding to the protocol and arguably setting a precedent for the voting structure of future treaties. I furthermore understand that you've had discussions with representatives of the European Community who, while acknowledging the U.S. position on the issue, may not be likely to amend the protocol. Is there a way of acceding to the protocol, yet entering into a separate codicil or agreement which clarifies the position that such ascension establishes no precedent for the voting procedures of future agreements?

Mr. DONNELLY. Mr. Chairman, we're prepared to look at any option that can deal with our concerns on the policy level. Our interest is in seeing our accession move forward and the legalities associated with it. I have to say that so-called interpretive statements and informal deals would be certainly something we would look at, but it would leave the precedent—the rule in the Madrid Protocol would still say what it said; it would be there as a precedent, not just for the European Union, but for other groups that might pop up from here or there and start issuing trademarks and try to claim it. So that is a problem with sort of side agreements or informal assurances from the European Union.

Mr. COBLE. It wouldn't be latched down as you would prefer.

Mr. DONNELLY. Our preference, certainly, would be to have the strongest assurance and deal with the precedent in the most effective way. But at this point, Mr. Chairman, we recognize the importance of the thing. We want to find a way to do this and we're going to look at any option.

Mr. COBLE. I thank you, sir.

I didn't even see the gentleman from Indiana having joined us. Mr. Pease from Indiana is recognized for 5 minutes.

Mr. PEASE. Thank you, Mr. Chairman. And I apologize to the panel for my arriving late.

You may have addressed this issue as well. Most of the questions I had, the chairman has raised, but one of them I believe I heard a response, but didn't hear the question. So if it's been asked, please tell me. And that is why, given all of the support that appears to be evident for the protocol, the administration has not submitted the treaty to the Senate for ratification. Is it because of the concerns over the voting procedure that you've been discussing here? And is it fair to assume that if that negotiation yields some progress we'll see a submission to the Senate fairly soon?

Mr. LEHMAN. That is the only problem, Mr. Pease, that we have. Otherwise, substantively, we're totally in favor of the treaty. However, as Mr. Donnelly pointed out, there are serious international power structure implications. If you read the newspapers, we have lots of difficulties oftentimes transatlantically dealing with our European colleagues and so it's always very important that we be very firm with them when larger U.S. interests, in terms of the power balance, are at stake. That's really what Mr. Donnelly was dealing with.

Mr. PEASE. All right.

Mr. LEHMAN. Let me say that I want to create a system that works for U.S. trademark owners, and if it should come to pass that we cannot make this work out, then we need to do something

different. One of the things that we are looking at—and it fits in with work that we are doing in the patent area—is to automate the international trademark filing system so that we could, in effect, have an international web with all the trademark offices of the world hooked up electronically. Then, you really wouldn't even need to use the WIPO mechanism, the hub-and-spoke mechanism.

Actually, the incoming Director General of WIPO, the World Intellectual Property Organization, is coming to visit me this evening and tomorrow. One of the things we will be discussing is using the WIPO surplus, which now amounts to about roughly \$200 million, to automate the world patent system. I'm sure that some of that automation will have a big spillover, because most of the patent offices, like ours, also register trademarks. We might end up finding that we leap-frog over this problem; that we're dealing with an outmoded technology because the Madrid Protocol is really a paper system in which you send papers to Geneva and then they get farmed out. So, I would very much like to see the Madrid Protocol problem solved. But, there are other ways to do it if it becomes a really serious problem, and I think our European colleagues and others should know that.

Mr. PEASE. Thank you. Thank you, Mr. Chairman.

Mr. COBLE. Thank you, Mr. Pease and Mr. Delahunt. Gentlemen, I apologize again for having imposed a short leash upon you, but today is one of them days and I appreciate you all being here and you all have put pressure on Mr. Kirk and Mr. Stimson to emphasize the importance of the 5-minute rule. Thank you both, gentlemen, for being with us—and I will ask the second panel to come forward and permit me to introduce them, in the unlikely event that none of you knows them.

Our next witness will be Mr. Michael K. Kirk, who is the executive director of the American Intellectual Property Law Association. Mr. Kirk was with the Patent and Trademark Office from 1962 to 1995, where he climbed from the ranks from patent examiner to Deputy Commissioner. I once told Mr. Kirk that he does not look old enough to have been there that long and I reiterate that today.

Mr. Kirk is a graduate of Georgetown University Law Center and practiced as a registered patent attorney with NASA. While at the PTO, Mr. Kirk was the lead negotiator for the administration on the provisions of the Trademark Law Treaty which will be considered at this hearing.

Our second witness is Mr. David Stimson. Mr. Stimson has been a lawyer on the trademark advertising and copyright legal staff of the Legal Division of Eastman Kodak Co. in Rochester, NY, since May 1986. He is responsible for the worldwide trademark and copyrights of the Consumer Imaging, Kodak Professional and Entertainment Imaging Divisions of the company. Prior to joining Eastman Kodak, he was a partner in the law firm of Rogers, Hogue & Hills in New York City. He was born in Cincinnati, received his B.A. from Hamilton College in Clinton, NY, and his J.D. from the University of Cincinnati College of Law. He is here today representing the International Trademark Association as its current president.

Gentleman, it's good to have you with us and your complete statements will be made a part of the record. And, Mr. Kirk, we

will impose upon you the heavy-hanging red light that will explode in 5 minutes. If you all can't do it in 5 minutes, I understand. But if you can, the subcommittee will appreciate that.

Mr. Kirk.

**STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR,
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION**

Mr. KIRK. Thank you, Mr. Chairman, members of the subcommittee. I appreciate the opportunity to speak today to give the views of AIPLA on this important legislative situation that we have.

As the previous speakers indicated with regard to the Trademark Law Treaty, countries around the world have a number of varying requirements for filing trademark applications affecting changes of ownership and other procedures associated with managing trademark assets. The differences that these countries impose cause considerable aggravation and expense to trademark owners seeking to protect their trademarks around the world.

The Trademark Law Treaty harmonizes these requirements by setting forth a list of maximum requirements which members can impose for various actions. The TLT also prohibits several other requirements commonly imposed by various national offices such as attestation, notarization, et cetera, of various documents.

The TLT will impose very minor changes on U.S. trademark law because our law is pretty much free of all these aggravations. Based on our review of H.R. 1661, we believe that it properly effects all of the changes needed and we are also pleased to see that it simplifies certain other procedural aspects of our trademark law.

Ten countries have already ratified the TLT. These include Japan and the United Kingdom. It is important that the United States exercise leadership by promptly adhering to TLT to encourage other nations, and particularly those with the most burdensome requirements, to also adhere so that American trademark owners can really appreciate the benefits of the TLT globally.

Turning now to the Madrid Protocol and H.R. 567, let me say that the speakers earlier have already identified the problem here: basically, the cost of obtaining trademark protection worldwide. The Madrid Protocol offers American industry a solution. We've heard that because of the voting requirement, we are precluded from joining—because the protocol gives the European Commission an extra vote in addition to those of its member states.

We don't disagree with the concept that a group of states should receive no more votes than the number of states in that group, but we believe that there are other important issues here, other important things to weigh. American businesses, especially small American businesses, do not have access to an international trademark filing arrangement under which they can obtain and maintain trademark registrations promptly and inexpensively around the world. The Madrid Protocol offers them this opportunity.

As far as the extra vote is concerned, we understand the concerns. We heard Mr. Donnelly. But our experience on the patent side of the world is that major patent offices begin to work together, their views coalesce, and so there is no difference of opinion among them. We would think the same will occur here with respect to the European Trademark Office established in Alicante. Their

views and their needs will coincide with those of the United States and other major trademark offices, and therefore an extra vote is not, as a practical matter, going to make any real difference.

Since the adoption of the protocol in 1989, as was indicated earlier, we've had a number of additional treaties that do not follow this so-called precedent, if you will. The World Trade Organization agreement does not follow that precedent. That was in 1994. The copyright treaties in 1996 don't follow this precedent. The TLT, as was mentioned, has no voting requirement, so obviously it doesn't follow that precedent.

We believe a good argument could be made that this was an aberration, that it should not hold us up. As government officials consider, and weigh, and ponder these various alternatives to get around this dilemma of the Madrid Protocol, our competitors for foreign markets continue to protect their marks quickly, easily, and inexpensively, while American firms are shut out of using this facility, if you will. Small business firms are the most disadvantaged. The large guys can take care of themselves.

Mr. Chairman, it is time that we rise above this so-called principle, pass H.R. 567, and adhere to the Madrid Protocol. Thank you.

[The prepared statement of Mr. Kirk follows:]

PREPARED STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

Mr. Chairman, I appreciate the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on H.R. 567, the Madrid Protocol Implementation Act and H.R. 1661, The Trademark Law Treaty Implementation Act.

The AIPLA is a 10,000 member national bar association whose membership primarily consists of lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property.

The AIPLA strongly supports United States accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol) and therefore supports the enactment of H.R. 567 to implement the Protocol. The AIPLA also strongly endorses the ratification by the United States of the Trademark Law Treaty and, based on our initial review of H.R. 1661, believe that it properly amends the Trademark Act of 1946 to allow the United States to do so.

H.R. 567, THE MADRID PROTOCOL IMPLEMENTATION ACT

Trademarks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. One major obstacle to obtaining protection internationally for trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in their major markets abroad and hope for the best in their other existing and prospective non-domestic markets. This hope often turns to despair as unscrupulous pirates register in other countries the marks of U.S. businesses, which effectively closes the markets in those countries to the products and services of these businesses.

The Protocol and its regulations provide a trademark registration filing system that will permit a U.S. trademark owner to file a registration in any number of the member countries of the Protocol by filing a single standardized application, in English, with a single set of fees, in the U.S. Patent and Trademark Office (U.S.P.T.O.). Registration may be obtained without retaining a local agent and without filing a separate application in each country. Equally important, under the Protocol, renewal and assignment of a trademark registration in each country may be made by the filing of a single request with a single fee. Thus, those U.S. businesses that are now limited in their ability to obtain broad international protection for their trade-

marks will have easier and more cost effective access to that protection through the Protocol's trademark filing system.

From the perspective of owners of trademark rights in the United States, it is important that the Protocol have no effect on the integrity of the trademark registration system in the United States. While the Protocol will provide an additional basis for a foreign national to register a trademark in the United States, such a request would be subject to the same substantive requirements as exist in the law today for domestic and foreign applicants. Once an international registration is extended to the United States, the foreign holder of the international registration will have the same rights, remedies and obligations as a U.S. registrant.

The AIPLA has considered the provisions of both the Madrid Protocol and the implementing legislation contained in H.R. 567 and its predecessors in earlier Congresses and believes that they will achieve an important step forward for trademark owners.

There are a few aspects of H.R. 567 that are particularly deserving of comment. First, the Association wholeheartedly endorses the requirement in H.R. 567 that all applicants for trademark registration in the United States must allege either use of their mark in commerce, or a bona fide intention to use their mark in commerce in the United States. Secondly, H.R. 567 also requires holders of extensions of protection of international registrations to the United States to file affidavits and specimens of use of the mark in commerce in the United States during the sixth year after issuance of a certificate of the extension of protection by the U.S.P.T.O. and every ten years after issuance. These requirements to allege an intention to use and to demonstrate use will maintain the integrity of fundamental principles of U.S. trademark law and should prevent the proliferation of extensions of protection for marks which the owner is not using or has no intention of using.

The timing of the hearing on H.R. 567 is very appropriate. The Protocol has entered into force and, as of May 1, 1997, had 17 members. While the United States government has been able to achieve important successes in ensuring that the regulations under the Protocol accommodate U.S. trademark law, the ability of the United States to retain these provisions as well as to develop new provisions beneficial to U.S. trademark owners would obviously be heightened if the United States were able to join and participate in the Protocol as a member.

The Association understands that progress toward United States accession to the Protocol was derailed during the last two Congresses due to the voting requirements incorporated into the administrative provisions of the treaty. Specifically, the Protocol allows intergovernmental organizations maintaining a trademark office to adhere to and have a vote in matters taken before the Assembly. Consequently, when the European Commission becomes a member of the Protocol, the member states of the European Union will have one vote for each member state of the European Union that is a member of the Protocol and the European Commission will also have a vote by virtue of its having established the Office for Harmonization in the Internal Market.

The Association recognizes the breach which this voting arrangement would create in the longstanding position of the United States government that agreements of states should not allow any grouping of states to have more votes than the number of member states. This principle was honored in the agreement establishing the World Trade Organization (WTO) under which the European Commission is entitled to vote, but can cast no more votes than the number of member states of the European Union. In the Diplomatic Conference at which the Trademark Law Treaty (TLT) was concluded, the European Commission and EU member states sought a voting provision similar to that of the Madrid Protocol, but the TLT was concluded with no provisions on voting. More recently, two additional treaties were negotiated under the auspices of the World Intellectual Property Organization. Neither of these treaties, the Copyright Treaty and the Performance and Phonograms Treaty, gives the European Commission an extra vote. These latter two treaties would permit the European Commission to vote in place of those member states of the European Union that are members of these treaties, but the European Commission would not have a separate vote in addition to its member states.

While the principle that no group of states should receive more votes than the number of member states in that group is a fundamental and important principle, other interests are also at stake in the Madrid Protocol. American businesses, especially smaller businesses, do not have access to an international trademark filing agreement under which they can obtain and maintain trademark registrations promptly and inexpensively around the world. The Madrid Protocol offers them this possibility. Moreover, it is quite likely that over time close ties will develop between the major trademark examining offices around the world as they have with the major patent examining offices in the world. Their needs and therefore their views

will coincide. Thus, it is extremely unlikely that the presence or absence of an additional vote for the European Commission in the context of the Madrid Protocol will have any practical, adverse consequence for the United States other than as a matter of principle.

In light of the acceptable voting requirements adopted in the agreement establishing the WTO in 1994, the fact that the Diplomatic Conference establishing the Trademark Law Treaty in 1994 did not adopt the voting regime of the Madrid Protocol, and the fact that the Copyright Treaty and the Performance and Phonograms Treaty adopted in 1996 expressly give votes only to member states, it would be entirely appropriate to consider the Madrid Protocol adopted in 1989 an exceptional case, an aberration. Moreover, even though unnecessary, an appropriate declaration could be made at the time that a U.S. instrument of accession was deposited, emphasizing that the voting arrangements in the Madrid Protocol are considered inappropriate and a one-time departure from the time-honored one member, one vote principle.

Mr. Chairman, we applaud your efforts to get the United States into the Madrid Protocol. AIPLA urges the Subcommittee to promptly and favorably report H.R. 567 and to take all appropriate steps to encourage the President to deposit an instrument of accession to the Protocol at the earliest possible date.

H.R. 1661, THE TRADEMARK LAW IMPLEMENTATION ACT

The Trademark Law Treaty (TLT) harmonizes a number of the requirements and procedures associated with the filing, registration and renewal of trademarks. Countries around the world have a number of varying requirements for filing trademark applications, effecting changes of ownership of trademark registrations, and other procedures associated with managing trademark assets. These differences cause considerable aggravation and expense to trademark owners seeking to protect their marks around the world. Many of these procedures and requirements imposed by foreign countries are non-substantive and highly technical. In addition, many of these requirements in the various procedures of foreign trademark offices impose very significant cost burdens both in official fees to be paid to local trademark offices as well as agent's fees for fulfilling the various requirements.

One example of such requirements is that requiring that signatures on applications for powers of attorney be notarized, authenticated, and legalized. This very expensive and time consuming procedure is prohibited under the TLT in all cases except where the registrant is surrendering a registration.

The TLT accomplishes this harmonization by setting forth a list of maximum requirements which members may impose for various actions. While a member country need not impose all of the requirements or elements listed, it cannot demand that any additional requirements or elements be complied with or included in respect of the particular activity.

More specifically, the TLT imposes maximum requirements for: the content of an application for the registration of a mark; the presentation and contents of powers of attorney; the elements necessary for an application to receive a filing date; a request to record a change in the name or address of a trademark owner or a change in the owner of a trademark registration; and, a request to renew a trademark registration. These maximum requirements are implemented through the adoption of model forms which must be accepted by each member state as fully satisfying the requirements for the action taken.

In addition, many other requirements which are commonly imposed by various national trademark offices around the world are specifically prohibited. These include: prohibiting an office from requiring a certificate from a register of commerce; prohibiting the furnishing of evidence of an applicant's conducting an activity corresponding to the goods or services listed in a trademark application; prohibiting the attestation, notarization, authentication, legalization or other certification of a signature; and, prohibiting the furnishing of any indication that a former trademark owner transferred his business or relevant goodwill to a new owner of the trademark.

There are several other guarantees mandated by the TLT which will benefit trademark applicants and owners. For example, member countries are precluded from considering goods or services as being similar to each other simply on the ground that they appear in the same class of the NICE classification or dissimilar on the ground that they appear in different classes of that classification. Member countries must accept the handwritten signature of an American trademark owner without attestation, notarization, authentication, legalization or other certification. Moreover, a trademark application, a request to change the name or address of a trademark owner, a request to change ownership of a trademark registration, or a

request to correct a mistake in a trademark registration, may not be refused without giving the applicant or requesting party an opportunity to comment.

The obligations under the TLT will require relatively minor changes to U.S. trademark practice but will bring significant improvements in the trademark practices of a number of important countries for U.S. trademark owners filing in countries around the world. The required changes will eliminate complexities and simplify the process of obtaining, renewing, and managing trademark assets for American firms marketing their products and services around the world. In anticipation of the benefits which would be achieved for U.S. firms, AIPLA adopted a resolution in 1994 favoring adherence by the United States to the Trademark Law Treaty in the form in which it then existed, a form which was essentially unchanged by the Diplomatic Conference in 1994.

H.R. 1661 would amend the Trademark Act of 1946 both to implement the TLT and to simplify certain sections of that Act. In view of the fact that we have only received a copy of the implementing legislation this week, we can only offer preliminary observations about H.R. 1661.

Based on our initial review of H.R. 1661, we believe that it effects all of the changes required in our trademark law to permit the United States to ratify the TLT. These changes include: the elimination of the requirement for a statement of the mode or manner in which a mark is used or intended to be used in connection with the goods or services specified in the application; the elimination of the requirement that the applicant verify the written application; the adoption of a grace period of at least six months for the filing of a renewal application; the elimination of a declaration and/or evidence concerning the use of a mark in connection with the filing of a renewal application; and, the elimination of a requirement to file a copy of the actual assignment document as a condition for recording the assignment of a trademark registration. Our review suggests that these changes will indeed bring U.S. law fully into compliance with the requirements of the TLT.

At the same time, we are also pleased to see the effort to make these changes in a manner which will harmonize and simplify the procedural requirements under the Trademark Act of 1946. Specifically, we believe that the amendments made to sections 8 and 9 (which establish a similar period of one year prior to the end of the applicable time period, along with a grace period of six months following the end of the applicable time period, for filing both affidavits of use and renewal applications) are user friendly and should facilitate registration maintenance. Similarly, by separating the ten-year affidavit of use from the renewal application but permitting them both to be filed during the same time period will likewise benefit applicants.

We also applaud the effort to simplify and facilitate the revival of abandoned applications by amending the present requirement of showing "unavoidable" delay to the more liberal standard of "unintentional" delay. The change will, we believe, prove most beneficial for trademark applicants as well.

AIPLA has initiated a study on an urgent basis of H.R. 1661. On the basis of this review, we would like to work closely with this Subcommittee to ensure that implementing legislation for the TLT is both properly and promptly processed.

Mr. Chairman, once again, we applaud your efforts for seeking to improve the procedures for U.S. trademark owners to register their marks both in the United States and abroad. As of May 1, 1997, ten countries had ratified the TLT including Japan and the United Kingdom. The Netherlands and Guinea have deposited instruments of ratification effective when other countries in their regional grouping join and Indonesia is expected to join shortly. It is important that the United States exercise leadership by promptly adhering to the TLT so as to encourage additional nations, particularly those with the burdensome requirements targeted by the TLT, to also adhere so that American trademark owners can realize the benefits of the TLT globally.

Mr. COBLE. Thank you, Mr. Kirk. Mr. Stimson.

**STATEMENT OF DAVID STIMSON, PRESIDENT,
INTERNATIONAL TRADEMARK ASSOCIATION**

Mr. STIMSON. Thank you, Mr. Chairman. The International Trademark Association appreciates the opportunity to appear before the subcommittee today. My name is David Stimson and I am president of the International Trademark Association. My purpose here today is to offer INTA's strong support for the Madrid Protocol and the Trademark Law Treaty.

The Madrid Protocol is tremendously important to U.S. trademark owners. It would allow them to participate in the current system for the international registration of trademarks, known as the Madrid Agreement, which has existed for over 100 years. As you have heard, under the protocol, a trademark owner based in the United States would be able to gain protection for its trademark in as many protocol countries as desired by filing a single application in the U.S. Patent and Trademark Office, in a single language, English, upon payment of a single set of fees. Without such a centralized system, a U.S. company can protect its mark only by enduring the rigors of hundreds of different registration schemes in various countries where its products might be sold.

This one-stop filing mechanism is especially crucial for small companies who simply cannot afford to retain counsel around the world in order to file and prosecute separate trademark applications in each country in which protection is sought. Without the Madrid Protocol, small companies are often left with an unacceptable choice—avoid overseas markets altogether, or leave themselves vulnerable to pirates and blackmailers.

That is why we need the Madrid Protocol, to provide meaningful access to international trademark protection for small and medium-sized companies while cutting the costs for U.S. companies of every size. That is also why INTA is so frustrated with the administration's failure to forward the Madrid Protocol to the Senate for ratification—8 years after the treaty was concluded, and despite the fact, as you have heard, that there is no opposition to the substance of the protocol.

In May 1993, the Clinton administration testified before Congress that it, quote, "strongly supported," close quote, U.S. adherence to the protocol. However, a year later, to the surprise of everyone involved, the State Department suddenly raised an 11th-hour objection to U.S. adherence. The objection was based solely on a technical provision, as you've heard, that the voting structure violates the one-state, one-vote principle because it allows the EU a separate vote, in addition to its member states, during deliberations of the Madrid Assembly.

As you heard from Mr. Donnelly, the State Department is concerned that this could set a precedent for future agreements. However, as Mr. Kirk said a minute ago, this fear has not materialized in other negotiations and treaties. Whatever the merits of these concerns, clearly there are ways to resolve this perceived procedural deficiency, and I was very pleased to hear Mr. Donnelly say that they are prepared to look at any option. This procedural issue is not, and should not be, the insurmountable obstacle that it has become.

Mr. Chairman, we need your continued leadership and unwavering support to break this impasse. The administration must hear this message loud and clear from Congress. Make this protocol happen now, this year.

As to the Trademark Law Treaty, it offers similar benefits to trademark owners by streamlining and harmonizing trademark office procedures worldwide. This will reduce the myriad of onerous requirements and formalities of more than 200 different trademark

jurisdictions around the world which often become an impediment to the protection of a company's trademark.

Again, this poses a real dilemma for small, U.S. companies which usually do not have the resources to cope with these hurdles in the countries where they wish to export their products. It also creates nightmares for large companies as well. The TLT will greatly alleviate these difficulties. INTA urges the subcommittee to give expedited consideration to the TLT implementing legislation.

Mr. Chairman, INTA thanks you for your unyielding support of trademark owners around the world. Like you, we are eager to see the United States begin to take an even more active leadership role in the implementation of these vital international trademark accords. Thank you.

[The prepared statement of Mr. Stimson follows:]

PREPARED STATEMENT OF DAVID STIMSON, PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

INTRODUCTION TO INTA

Mr. Chairman, the International Trademark Association ("INTA") appreciates the opportunity to appear before the Subcommittee today to testify in strong support of H.R. 567, legislation that would implement the provisions of the Madrid Protocol, as well as in strong support of U.S. adherence to the Trademark Law Treaty ("TLT"). Both treaties are critical to the success of U.S. companies as they operate in the rapidly expanding and ever increasingly competitive global marketplace. INTA thanks you, Mr. Chairman, for your unyielding support of trademark owners around the world, and like you, we are eager to see the U.S. begin to take an even more active leadership role in the harmonization of trademark law around the world and in the implementation of these vital international trademark accords.

My name is David Stimson, and I currently serve as Chairperson of the Board of Directors and President of the International Trademark Association. I am employed by INTA member Eastman Kodak Company in Rochester, New York as Trademark Counsel. As with all INTA officers, board members and committee members, I serve on a voluntary basis.

INTA is a not-for-profit membership organization, which just three weeks ago celebrated its 119th anniversary at our Annual Meeting in San Antonio, Texas. Since its founding in 1878, membership has grown from twelve New York based manufacturers to approximately 3,400 members that are drawn from across the United States and from 117 additional countries.

Membership in INTA is open to trademark owners and those who serve trademark owners. Its members are corporations, advertising agencies, professional and trade associations and law firms. INTA's membership is extremely diverse, crossing all industry lines and spanning a broad range of manufacturing, retail and service operations. It is equally important to note that not all of INTA's members are large corporations. Many of the Association's members represent small businesses which are looking to expand operations and contribute to the domestic economy by increasing their activities beyond the borders of the United States. Nonetheless, all of INTA's members, regardless of their size or international scope, share a common interest in trademarks and a recognition of the importance of brand identity to their owners, to the general public, to the economy of the United States and the global marketplace.

THE VALUE OF TRADEMARKS

Trademarks are a subtle, yet fundamental element of our daily lives in the identification of products in the marketplace. They are a basic mode of communication, a means for a company to convey a message of quality, consistency, safety and predictability to the consumer in an easy to understand form. Equally important, trademarks generate an economic ripple effect that starts even before a consumer buys a branded product. First, trademarks benefit the suppliers of raw materials and equipment needed to make the product. Then, trademarks stimulate advertising oriented to the brand—\$174 billion for the U.S. in 1996 alone. Finally, when the consumer purchases the trademarked product, the manufacturer, distributor and retailer benefit—as do their employees and shareholders. The consumer benefits by easily being able to recognize and select products or services.

For the reasons just discussed, trademark owners are eager to protect their products' name and distinguishing features. There is no denying that a trademark is a tremendously valuable asset to the company and our economy. It is usually one of the most significant property assets of a company. Further, if we are successful in implementing laws here in the U.S. to protect trademarks, then there is greater assurance that their status in the global marketplace will be better protected against international counterfeiters, unfair foreign competition and others seeking to unjustly profit from the efforts and investment of the trademark owner.

THE MADRID PROTOCOL

The history of the Madrid Protocol has, unfortunately, been riddled with seemingly endless delays, even though there is no opposition to the substance of the Protocol, nor to the legislation to implement its provisions. Yet, eight years after the Madrid Protocol was concluded, U.S. trademark owners are still no closer to realizing the substantial benefits of the treaty.

The Madrid Protocol is tremendously important to U.S. trademark owners. The Madrid Protocol would broaden participation in the current system for the international registration of trademarks, known as the Madrid Agreement. This is a simple concept that has existed for over 100 years, yet is even more essential in today's global trade environment. Under the Protocol, a trademark owner based in the U.S. would be able to gain protection for its trademark in as many Protocol countries as desired by filing a single application at the U.S. Patent and Trademark Office ("USPTO") in a single language—English—upon payment of a single set of fees. Without such a centralized system, a U.S. company can protect its mark only by enduring the rigors of hundreds of differing registration schemes in each of the countries where the products might be sold.

This "one-stop" filing mechanism has particular value for small companies that simply cannot afford to retain counsel around the world in order to file and prosecute separate trademark applications in each country in which protection is sought. Without the Madrid Protocol, small companies wishing to sell their products in foreign markets are often left with an unacceptable choice: avoid overseas markets altogether or leave themselves vulnerable to pirates or blackmailers—who will register the U.S. owner's mark in a foreign country, then sell it back to the U.S. trademark owner once it seeks to use its own mark in that country. This happens all too often since, unlike the U.S., many foreign countries offer no trademark protection at all unless the mark is registered.

Major U.S. companies also will benefit from U.S. adherence to the Madrid Protocol. With so many products to sell in a variety of countries, the "one-stop" approach will greatly ease the ability of major U.S. companies to increase awareness and sales.

That is why we need the Madrid Protocol—to provide meaningful access to international trademark protection for small and medium sized companies, while cutting the costs and providing a more streamlined process for U.S. companies of every size. That is also why INTA is so frustrated with the Administration's failure to forward the Madrid Protocol to the Senate for ratification.

In May, 1993, the Clinton Administration testified before Congress that it "strongly support[ed]" U.S. adherence to the Protocol. INTA also lent its voice of support at the same hearing and expected that U.S. trademark owners would shortly begin to enjoy the benefits of the Protocol. However, a year later, to the surprise of everyone involved, the State Department suddenly raised an eleventh-hour objection to U.S. adherence. The objection was based solely on a technical provision, unrelated to the substance of the Protocol, which was in fact present throughout the negotiations.

Specifically, the U.S. objected to a provision that allows the European Union a separate vote in addition to its member states during deliberations in the Madrid Assembly, the body which administers the Protocol. The U.S. based their objection on the fact that this provision violates the one state—one vote principle. However, it can be argued that, given the establishment of the European Community Trademark Office, the E.U. should be entitled to a separate vote in the Madrid Assembly. As a matter of fact, for the most part, the Madrid Assembly would be considering purely rule and fee changes for the administration of the international registration system, as implemented by national and regional trademark offices and the World Intellectual Property Organization ("WIPO"). Nevertheless, the State Department continues to resist this provision. It has expressed a concern that this voting structure could set a precedent for future agreements—a fear that has not materialized. For example, the recently concluded WIPO copyright treaties do not provide the

E.U. a separate vote from its member states, nor did the E.U. rely on the Madrid Protocol as a basis for seeking such a voting structure in the copyright treaties.

Whatever the merits of the State Department and E.U. positions, clearly there are ways to resolve this perceived procedural deficiency. For example, one suggestion is to have an exchange of letters between the Administration and the E.U. to the effect that the Protocol's voting structure will not constitute a precedent for future treaties. There are other ideas and options under discussion, as well. The point is: this procedural issue is not and should not be the insurmountable obstacle the Administration has allowed it to become.

Mr. Chairman, we need your continued strong and unwavering leadership to break this impasse. The Administration must hear the message loud and clear from Congress: make this Protocol happen—now—this year.

THE TRADEMARK LAW TREAT ("TLT")

The myriad of requirements and formalities of more than 200 trademark jurisdictions around the world impose horrendous costs in time and money for trademark owners, not to mention the reams of paperwork they generate. The registration procedures in some countries are so onerous, they actually become an impediment to the protection of a company's trademarks.

For example, in Turkey, multiple translations of all company documents into Turkish are mandatory. Delays over the smallest details can be interminable. In Italy, one company reports that it painstakingly went through all the steps—signed and notarized documents, which were then legalized by a State of Maryland official and then legalized again with an Apostille (a substitute legalization form) from an Italian official. The assignment was nevertheless refused by the Italian Trademark Office, because there was not a separate Apostille covering each signature—not just the signature of the corporate officers, but the signature of the notaries and the Maryland state official!

Just think about the amount of time and money it takes, for example, for a company like Kodak, which owns 2,500 marks and has over 25,000 registrations in nearly 150 countries, to accomplish all of these tasks. Simplification and standardization, courtesy of the TLT, will help alleviate the hurdles a trademark owner must deal with.

To address this and other problems, WIPO, after five years of drafting and negotiations, guided delegates to a Diplomatic Conference in Geneva in October 1994 to conclude the Trademark Law Treaty ("TLT"). Recognizing the clear need for the TLT and the value it would bring to U.S. trademark owners, the U.S. government played an active leadership role up to and including the Diplomatic Conference.

The TLT's objective is to streamline and harmonize trademark office procedures, thus enabling U.S. trademark owners and practitioners to focus on the protection and defense of marks and reducing, if not eliminating, unnecessary and time-consuming paperwork. Of equal importance, the TLT also reduces costs. This is especially critical for the small and medium-size business owners who are working on limited budgets and have few resources. The TLT will accomplish these objectives by:

- (1) Setting a maximum list of requirements for trademark applications and registrations concerning such matters as filing dates, request for name and address changes, recordation of assignments and renewals.
- (2) Standardizing forms for applications, powers of attorney, and changes of name, address and ownership.
- (3) Prohibiting requirements for notarization or other certification of any signature, except in the case of surrendering a trademark registration and a certificate of merger.
- (4) Making one request sufficient for changes of name, address or ownership of several registrations or applications.
- (5) Requiring the acceptance of general powers of attorney.

Implementation of the TLT will require relatively minor, non-controversial amendments to the Lanham Act. Our initial review of the implementing legislation for the TLT, which has just recently been completed by the Administration, reveals no substantive problems.

Leadership by the U.S. in ratifying and implementing the TLT will encourage other countries to adopt the requirements of the Treaty. In fact, the simplified system under the TLT will not begin to take shape until this nation has "stepped up to the plate" and demonstrated that the TLT can and will work to bring the global economic community closer together. We therefore urge the Subcommittee to give expedited consideration to the TLT implementing legislation.

HOUSEKEEPING AMENDMENTS

We note, Mr. Chairman, that the TLT implementing legislation includes provisions that are not required by the treaty itself, but are in the nature of technical or housekeeping changes to the Lanham Act. With that in mind, we urge the Subcommittee also to include an additional amendment to the Lanham Act that would make clear that incontestable registrations are subject to cancellation on grounds of functionality and that functionality may be asserted as a defense to an infringement suit involving an incontestable registration. We believe these proposed amendments are necessary in view of recent court decisions. We also propose, Mr. Chairman, amending the Lanham Act to clarify that the remedies set forth in Sections 34, 35(a) and Section 36 are available in actions brought under the new federal dilution statute in cases involving willfulness. We understand that the USPTO has no objections to these amendments and we will be submitting to you the proposed text in the very near future.

CONCLUSION

Mr. Chairman, I would like to thank you once again for the privilege of appearing before the Subcommittee to address the need for U.S. adherence to the Madrid Protocol and the Trademark Law Treaty. In conclusion, I want to re-emphasize the important role trademarks play in the domestic economy of the U.S. and, equally important, the global marketplace. If we are to realize the full potential trademarks bring to the economic prosperity of a nation, then the U.S. must redouble its efforts as the world's leader in commerce and financial development. Adherence to the Madrid Protocol and TLT will accomplish this objective. INTA, as always, offers to work closely with this Subcommittee on these and other important trademark issues in the future.

Mr. COBLE. Thank you, Mr. Stimson. You and Mr. Kirk survived the pressure in good order and came within the proper bounds.

Mr. Kirk, we've all heard that adherence to the protocol would provide a level playing field for U.S. trademark owners with their international counterparts. Now you just indicated that there's a practical matter; many Americans are shut out of the process. Is that your main contention, that the playing field is not now level because we're shut out, among other things?

Mr. KIRK. Mr. Chairman, I think the playing field is not as level as it could be because there is in existence another trademark filing arrangement called the Madrid Agreement, which is sort of the parent, if you will, of the Madrid Protocol. There are 46 member states currently in the Madrid Agreement. The United States is not one of them because of various, onerous requirements that it has. So we start out not having direct access to that. Now we have the Madrid Protocol that corrects the deficiencies of the Madrid Agreement. It is growing and we are not a member of that. So we do start out a little behind the eight ball and every day we get further behind. So, yes, I think we are definitely at a disadvantage and I think Mr. Stimson and I totally agree that it falls most heavily on the small business firms.

Mr. COBLE. Mr. Stimson. Let me put a general question to you and you can give me an illustration of how H.R. 567 would benefit your company, Kodak, and comparable companies, smaller or larger.

Mr. STIMSON. Well, I think there's no question that one of the major benefits to the Madrid Protocol will be for small- and medium-sized companies that don't have the resources to undergo a worldwide filing program and the cost that entails, although I'm often amused when people talk about large companies as if they don't have any financial concerns either. My budget has been cut and tens of thousands of my coworkers at Kodak have been laid off

over the last decade. So finances are very much a concern for us and every dollar we can save through our trademark registration program is another dollar we can use for protecting other trademarks or for paying workers, or developing better products.

So I think anything that makes it easier and cheaper and faster to get trademark protection will benefit Kodak, as well as small companies and other large companies.

Mr. COBLE. And I can't disagree with that line of reasoning. Finally, Mr. Kirk and Mr. Stimson, Mr. Donnelly's still in the room and has your ear, if you can tell him—do you have a suggestion that you would like to convey to him to get this train rolling?

Mr. KIRK. Mr. Chairman, this morning in the newspaper I read that the European Union is concerned about Boeing's purchase of McDonald-Douglas and the impact this may have on their airframe industry. Now, quite honestly, sir, I suspect that everybody in this room is not going to lose a bit of sleep over that European concern. And I daresay that the same is true in reverse, that the European Union is quite happy, I would believe, with us keeping ourselves away from this advantageous treaty because of this so-called principle. But there comes a time when we simply have to hold our nose, shut our eyes, and jump in. I think we're there, I think we should do it. Let's not keep delaying this process.

Mr. STIMSON. I would urge that we look at this protocol and the voting issue separately on their merits. First of all, they offer a tremendous benefit to U.S. trademark owners that we shouldn't throw away lightly.

Secondly, in terms of the voting issue, this is really a unique situation. There's a lot of talk about precedent for one state, one vote. But, if you look at it as a one trademark office, one-vote situation, then I think there's a strong argument that the EU should be represented in the Assembly, because the Assembly is dealing with procedural and administrative issues for trademark offices, such as setting fees and other issues in which trademark offices need to be represented.

So, I think that the fear that this is going to set a precedent is overblown because this really is a unique situation. Furthermore, as we seen, the precedent has not been set for similar treaties, such as the copyright treaty. I think we've seen that it's not the big concern that it's been made out to be.

Mr. COBLE. Thank you both, gentlemen.

The gentleman from Indiana.

Mr. PEASE. Thank you, Mr. Chairman.

I want to pursue Mr. Kirk's statement regarding the fact that the Madrid Protocol has not been precedent-setting for subsequent intellectual property agreements. Quite candidly, I'm more inclined to go forward with this, even if the treaty isn't submitted to the Senate, to put this question in context. But it appears to me that there may be some possibility on another side of this issue that the reason it hasn't been a precedent is that the other intellectual property agreements that you made reference to weren't probably given the time it takes to negotiate these agreements, and some argue that because the United States has resisted this mechanism, it has deliberately been left out of subsequent agreements. Can you comment on that?

Mr. KIRK. Yes, Mr. Pease. As the chairman indicated, I was the head of the delegation that negotiated the Trademark Law Treaty. I was still in the Government at that time. And the European Union did make a very strong effort to try to use the Madrid Protocol as a basis for a voting agreement in the TLT. That was resisted. The outcome was not the best, but they did not get their extra vote. I believe that as the United States of America, with the power that we have, that we certainly are able to stand up in future negotiations, and I don't think there's any doubt on the part of the European Union or any of our allies, where we stand on that issue.

I think we can adhere to the Madrid Protocol and they know full well that if they were to try to duplicate this in some other agreement, they know where the United States stands. They know what reaction they would get. And I believe that our negotiators could block further efforts to do this. The only people that are being harmed by this are trademark owners.

Mr. PEASE. I confess to you, I'm still learning the niceties of a lot of this subject matter. And among the things I'm not certain of is the legal impact of us going forward with this legislation in the absence of a treaty, whether the benefits that arguably will accrue to folks in the United States will be enforceable even if we go forward with the legislation if we're not parties to the treaty. Can you comment on that?

Mr. KIRK. Well, if you go forward with the implementing legislation, no benefits will directly flow from that until the United States deposits an instrument of accession or ratification to the agreement and becomes a party. I think that there would be a certain moral persuasion indicating that Congress would indeed like to see the administration go forward on this and to stop contemplating various solutions that don't seem to occur.

As Mr. Stimson said, it's been 8 years since the Madrid Protocol was concluded and we still aren't members. And the membership is growing. And I daresay that many of our competitors are going to be joining. They may give lipservice to this principle of one-country, one-vote, but when the time comes for them to join and they are able to join, they will. Japan is not a member of the Madrid Protocol right now. The reason they aren't is because their office is in such poor shape; they couldn't join if they wanted to. When their office gets its backlog down, I believe that they're going to join and take advantage of it, and if we're not a member, too bad.

Mr. PEASE. Thank you very much. Thank you, Mr. Chairman.

Mr. COBLE. Thank you, Mr. Pease. The gentlewoman from California, Ms. Lofgren.

Ms. LOFGREN. Thank you, Mr. Chairman.

I don't think I have any questions that would shed any further light than has already been shed. I would just observe that, as I've mentioned in the past, I would very much like to see closer collaboration with our international treaty negotiators and members on the House side as treaties are negotiated in the future. And I think if that were to occur, we probably wouldn't end up with little issues such as this. And I understand we need to move forward; we can move forward; there have been treaties negotiated since this one that don't have the identified problem. And we should move for-

ward. But I'm just hopeful that this will be a lesson to administrations to work with us more in the future.

Mr. COBLE. Thank you, Ms. Lofgren. The gentleman from Wisconsin.

Mr. SENSENBRENNER. No questions, Mr. Chairman.

Mr. COBLE. Well, gentlemen, I appreciate you being with us. Mr. Donnelly, I don't want to try to tell you how to do your job, but let me tell you how to do your job. [Laughter.]

With tongue-in-cheek, I must say that we try to wear hats of impartiality at these hearings, but I can't disagree with Mr. Kirk. It seems to me that this ought to be a matter that we can put to bed without giving away the farm. I know you've worked tirelessly and arduously to this end and we wish you well as you continue, but I hope you can get that done. So with those—with the Stimson-Kirk-Coble edict handed to you, I guess you're ready to resolve it.

Ms. LOFGREN. You can add in "Lofgren edict," so it will be—

Mr. COBLE. We'll add Lofgren, Sensenbrenner, and Pease as well.

Mr. SENSENBRENNER. I object to that. I don't believe in issuing edicts at all. I just am confident that the bureaucracy will do the right thing.

Mr. COBLE. Well, it's good to have all of you with us and your statements, as I said, will be made part of the record. This will be an ongoing dialog, I'm sure.

Thank you all again for being with us.

I thank the witnesses for their testimony. The subcommittee very much appreciates this contribution.

This concludes the legislative hearings on H.R. 567, the Madrid Protocol Implementation Act, and H.R. 1661, the Trademark Law Treaty Implementation Act. The record will remain open for 1 week. Thank you again for your cooperation. And the subcommittee stands adjourned.

[Whereupon, at 9:50 a.m., the subcommittee adjourned.]

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