

Why Madrid may not be your best strategy in the US

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Madrid filings have their benefits. But discrepancies between the international and US systems can cause more issues than they are worth. In this week's opinion column, Potomac Law Group partners [Julia Anne Matheson](#) and [Janet Satterthwaite](#) outline the common disadvantages of Madrid filings in the United States.

Our foreign clients, notably in the European Union, love to use the international registration system for extensions of protection in foreign jurisdictions. Why?

- It saves some money when filing.
- It supposedly saves money when it becomes time to renew.
- It is very cost effective if you have to record an assignment of a mark protected in many countries.

We get it.

But, extending an international registration into the United States may not be the best choice for your company or client. The savings are likely to be much less than you think, and the incompatibility of the international system and the US system are likely to generate far more headaches than benefits.

Problems common to all US applications based on foreign rights

While the United States requires a showing of use in commerce for US applicants, the country has agreed through treaties (ie, the Madrid Protocol and the Paris Convention) to register marks for non-US applicants based on only an international registration or a foreign registration.

However, this common filing basis is not compatible with US law and practice, which is heavily grounded in common-law rights based on use and consumer protection.

Several problems arise from this discrepancy. The following apply to applications filed under Madrid, as well as under the Paris Convention:

- While you have a registration for which you do not have to show use for six years, you are still vulnerable to cancellation after three years for non-use.
- You can oppose applications, but you cannot use the registration to sue others for infringement if you have no use of the mark in US commerce, because no consumer is likely to be confused.
- You are vulnerable for cancellation based on lack of bona fide intent to use the mark in commerce on the huge list of goods and services in your foreign application or registration, many of which will fall outside your actual business plans. Lack of such bona fide intent renders your application vulnerable to opposition, and any registration vulnerable to cancellation.
- Your identification of goods and services is not strategically written for US practice.

Problems specific to Madrid

Madrid filings in the United States create even more headaches. In addition to the well-known disadvantages of Madrid globally (eg, central attack and the difficulty assigning international registrations to countries not located in a member state), there are the following drawbacks under US practice to consider.

You will still have to pay for US counsel

Most Madrid applications extended to the United States – particularly those listing many goods and services – will draw an office action, to which only US counsel can respond. So you will still end up having to retain US counsel to file a power of attorney, set up your application on their docket, and respond, at a cost similar to what they would have charged to file an application in the first place. This effectively cancels out the up-front savings at filing.

Maintenance is different

You must separately docket and pay for maintenance filings. Madrid does not completely simplify the process of trademark maintenance or renewal in the United States, where registrants are required to file evidence of continued use of their mark within five to six years after registration, and again every 10 years after that. So, while you may save something on renewals, you will still have to pay US counsel to file declarations of use. And since US declarations of use are docketed separately from the international registration renewal deadlines (because they run from when the trademark is registered in the United States, not the international registration), there is a high risk of confusing your non-US docketing staff.

Change of ownership presents special problems

It takes a long time for WIPO to update changes in title, so you may run up against a deadline where the 'owner' must sign a declaration under oath, which is often required in US practice, but the 'owner' is not yet listed as the applicant or registrant in the USPTO database (because WIPO has not reported this to the USPTO).

If the name of the owner has not been updated in the USPTO database, you may need to file in the name of the new owner, which will draw an office action due to the inconsistency with USPTO records. Resolving that adds more costs.

With a national application, on the other hand, you can record a change of ownership right away, and the cost to record an assignment in the United States is only \$40 for the first registration or application and \$25 for any additional. Therefore, you do not save much in the United States by using an international registration to avoid national assignment recordation fees.

No supplemental register

If the USPTO believes that a mark is merely descriptive but is capable of becoming distinctive through use, you can amend your national US application to the Supplemental Register once you have shown use of the mark in commerce.

A registration on the Supplemental Register is beneficial for the following reasons:

- You can use the R symbol.
- You are easy to find when searching the USPTO database.
- Your mark will be cited against similar, later-filed applications.
- You have the option of filing again on the Principal Register once you can demonstrate five years of substantially exclusive use.

Supplemental registration is not available for a Madrid application. So, if the USPTO finds the mark descriptive, you are out of luck.

No dividing applications

Unlike domestic applications, where goods and services can be divided into separate applications for a variety of reasons (eg, if you anticipate an opposition on some goods but not others, or you already have use on some goods but not others), division is not available to Madrid applications.

You may have to delete some goods or services

The USPTO sometimes disagrees with WIPO on classification. Because goods and services cannot be transferred between classes, Madrid applicants are frequently forced to delete goods or services that could have been moved to a different class in a national application.

Docketing is confusing

When you receive a US office action, the response is due from the date that WIPO sends you the letter, not when the office action issues, and we have explained about the confusing docketing of deadlines for declarations of use for maintenance.

No inclusion of a first-use date

If you file a national application in the United States when you already have use of the mark, you can base it on your foreign registration and your intent to use, or actual use, in the United States, and you can identify a first-use date prior to the date that you filed your international application. Anyone searching can see that your common-law rights pre-date your filing priority date. This option is not possible with a Madrid filing. People are likely to assume that you chose to file under Madrid because you are not using the mark in commerce. That (perhaps incorrect) assumption can complicate enforcement.

No modification or modernisation of the mark

The United States allows modification of marks during the application process and post-registration, provided that the change is not material (eg, the addition or deletion of punctuation, or changes stemming from logo modernisation), but this is not permitted for an international registration. If your logo is slightly modified from the original filed design, you may not be able to file an acceptable specimen of use that exactly matches the drawing of the mark as registered, nor can you update your registration to reflect how your mark is used now, which is awkward when attempting to sue for infringement.

All of these factors should be considered to ensure that your approach to filing in the United States is strategic and cost-sensitive.

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