

**BENEFITS OF RATIFICATION OF THE MADRID PROTOCOL
(PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING
THE INTERNATIONAL REGISTRATION OF MARKS)
FOR THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS
IN INDONESIA.**

Risti Dwi Ramasari
Faculty of Law Bandar Lampung University, Indonesia

Corresponding email : ristidwiramasari@gmail.com

Abstract

The role of marks in the era of globalization of markets is very important, especially in maintaining fair business competition and preventing piracy of marks that will be detrimental to the registered mark, both domestically and internationally. Therefore, the business requires international trademark registration procedures in order to obtain legal protection in both countries of origin and in other countries where the expansion of business is required. Along with the development of international trade, the need to protect the international brand is also getting stronger. International conventions on the protection of brands are present in the *Paris Convention for the Protection of Industrial Property*, *Nice Agreement (Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks)*, *Madrid Agreement Concerning the International Registration of Mark* and *Madrid Protocol*.

The Madrid Protocol is an international treaty governing international trademark registration, with *one application, one language and one currency*. The *Madrid Protocol provides effective legal protection of registered marks* and facilitates national brands into global brands able to compete with foreign marks. The ratification of the Madrid Protocol, expected to be done by the government, is a positive step in supporting the protection of domestic brands and is extensive and efficient; however, it requires good human resource readiness, facilities and infrastructure such as technology to support effective implementation of the Madrid Protocol in the protection of this brand.

Key words: *Madrid Protocol*, marks

1. INTRODUCTION

1.1 PROBLEMS BACKGROUND

The role of branding in the era of globalization of markets is very important, especially in maintaining fair competition and preventing counterfeiting or piracy that will hurt brand trademarks. Brand in the practice of trade in goods and services has a function in image building, quality and promotion of a product. The occurrence of similar goods with different brands greatly affects the level of market demand, and in this case also affects the profits and losses obtained.

Along with the development of international trade, the need to protect the brand internationally is also getting stronger. This finally prompted some countries to draw up an international brand protection system. Beginning with the Paris Convention for the Protection of Industrial Property, signed by several countries in 1883, this was a milestone for brand protection efforts internationally. That effort continued in 1957 with the Nice Agreement (Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks) on June 15, 1957, then followed in 1981 by the Madrid Agreement Concerning the International Registration of Marks. The Madrid Agreement was followed by WIPO to establish the Vienna Trademark Registration Treaty (TRT) in 1973 and later expanded into the Madrid Protocol in 1989. This protocol was modified several times until the change in 2007.

The Madrid Protocol is an international convention in the field of branding, especially for the international registration of marks. With the international registration of marks, the given mark also obtains protection internationally. Protection of internationally branded marks is a realistic thing because according to this protocol, the trademark holders are allowed to register a trademark in several countries simultaneously with only one application, one language and denominated in one currency. This protocol has now been followed by 85 countries, both developing and developed¹. This certainly indicates that the existence of the Madrid Protocol is gaining recognition from many of the world's countries. Recognition from these countries through the ratification can also be interpreted as implying gains for any additional country which ratifies the Madrid Protocol².

1.2 PROBLEMS

Based on the description above, the problem can be formulated as follows:

- a. How to regulate the protection of the brand within international conventions?
- b. What are the benefits of ratifying the Madrid Protocol (Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks) for the protection of intellectual property rights in Indonesia?
- c. Are there any legal consequences that would arise if Indonesia ratified the Madrid Protocol?

2. REGULATING BRAND PROTECTION VIA INTERNATIONAL CONVENTION

The use of the brand in the practice of trade in goods and services has a strategic role. The strategic value of the brand can be seen in the context of the function of the brand itself. Branding in the practice of trade in goods and services serves to build the image of the product and promote the integrity of the product. The brand also serves as a guarantee of the product concerning its quality. Based on the functions of the brand, protecting the brand necessarily becomes very important, not only because the brand has the functions mentioned above, but also due to the brand's status as an asset and potential for the business of trading, which is due to the potential of the brand itself to exceed the value of the physical assets of the company³.

Along with the development of international trade, international brand protection needs are also obviously paramount. This is exactly what prompted some countries to draw up agreements on international brand protection.

2.1 PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY

The Paris Convention for The Protection of Industrial Property signed in Paris, France on March 20, 1883 was one of the international treaties on intellectual property. Eleven countries were party to this convention: Belgium, Brazil, France, Guatemala, Italy, Netherlands, Portugal, El Salvador, Serbia, Spain, and Switzerland. The Paris Convention is the first international convention on Intellectual Property Rights. This convention laid the basic principles of the juridical to reward and protect works of the human intellect.

The Paris Convention provides legal protection in the field of industrial property, which includes patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or designation / degree of restraint origin and unfair competition. It is based on Article 1 paragraph (2) of the Paris Convention:

*“The protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indication of source or appellations of origin, and the repression of unfair competition.”*⁴

2.2 NICE AGREEMENT (CONCERNING THE INTERNATIONAL CLASSIFICATION OF GOODS AND SERVICES FOR THE PURPOSES OF THE REGISTRATION OF MARKS).

The Nice Agreement (Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks) is an international agreement concerning the international

¹ <http://www.wipo.int/madrid/en/members/> Accessed 8 June 2011 10:18

² Budi Agus Riswandi, “Ratifikasi Madrid Protocol oleh Indonesia: Keuntungan Apakah yang Dapat Diraih” *Jurnal Hukum Bisnis*, Volume 28-No.2. 2009. Jakarta. Hlm 17

³ *Jurnal Hukum Bisnis*, Volume 28-No.2. Budi Agus Riswandi, *Ratifikasi Madrid Protocol oleh Indonesia: Keuntungan apakah yang Dapat Diraih?*. 2009. Hlm 18.

⁴ Article 1 (2) *Establishment of the Union; Scope of Industrial Property. Paris Convention for the Protection of Industrial Property*

classification of goods and services for the purpose of international trademark registration. This agreement sets out the classification of goods and services for the purposes of registration of trademarks and service marks (the Nice Classification). The Trademark Office of the signatory countries should indicate, in the official documents and publications in connection with each registration of trademarks and services, the number of classes for the classification of goods or services marks registered.

2.3 WORLD INTELLECTUAL PROPERTY ORGANIZATION

*World Intellectual Property Organization (WIPO) (Organisation mondiale de la propriété intellectuelle or OMPI)*⁵ This organization is one of the specialized agencies of the United Nations and was established in 1967 with the aim "to encourage creativity and introduce protection of intellectual property throughout the world." Before the World Intellectual Property Organization (WIPO) was formed in 1967, the relevant body was previously named BIRPI (*Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle*)⁶ which was established in 1893 to oversee the Berne Convention on the Protection of Literary and Art Works and the Paris Convention on the Protection of Industrial Property Rights.

2.4 MADRID PROTOCOL (PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS)

The Madrid Protocol is part of the Madrid system of international registration of trademark and is administered by the World International Property Organization (WIPO) to establish a system of registration and management of international brands. The Madrid Protocol became effective on December 1, 1996 with effective force on 1 April 1996.

The Madrid Protocol is equal to the Madrid Agreement, which is the previous international trademark registration system, but with some adaptations, making the Madrid Protocol more attractive to countries not yet members of the Madrid System.

Several benefits contained in the Madrid Protocol relative to the Madrid Agreement include, among others:

1. Provisions concerning the registration of the mark as a basis for registration of international brands.
2. Provisions concerning the cost of international trademark registration.
3. Provisions regarding the use of language choice.
4. Provisions regarding the settlement deadline for registration of international brands for the countries in question.

3. RATIFICATION OF MADRID PROTOCOL (THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS)

The Madrid Protocol is an international convention in the field of the brand, especially for the international registration of marks. The basic concept is the Madrid Protocol's trademark procedure's dominion over obtaining legal protection in many countries that have ratified the Madrid Protocol for the application of the brand.

At this time the trademark registration system is still based on state boundaries, meaning that if brands are seeking international protection, the mark must be registered in each country in question. With the implementation of the international registration of the brand, this means that the new system has successfully obtained protection of the brand. The advantage of the new system concerns the trademark registration procedure, which is no longer based on a country's particular region, but involves one application, one currency and one language.

The Madrid Protocol specifies the requirements and procedures for registration of the mark to acquire international protection. The Madrid Protocol has set some minimum requirements, namely :

1. The applicant to the international trademark registration system is a person or legal entity applying for real and effective industrial or commercial establishment in, and residing in a territory participating in the Madrid Agreement or the Madrid Protocol or domiciled in the territory of one of the protocol participant's intergovernmental organization, or an organization of member states .

⁵ http://id.wikipedia.org/wiki/Organisasi_Hak_atas_Kekayaan_Intelektual_Dunia_23/05/2011 13:56.

Organisation Mondiale de la Propriété Intellectuelle merupakan Organisasi Hak atas Kekayaan Intelektual Dunia dalam bahasa Perancis.

⁶ http://en.wikipedia.org/wiki/United_International_Bureaux_for_the_Protection_of_Intellectual_Property_23/03/2011 14:02

2. Basic application or basic registration

International registration of a trademark must be based on the national application. International application is specifically regulated by the Madrid Protocol or the registration of the trademark office in a member state.

3. Application of international brands

An application must be made of international brands and forms described and submitted to the International Bureau through the Office of origin.

4. Purpose .

An application for international registration must be addressed to one or more member countries to be addressed to protect the brand .

5. Safeguard clause

This clause is contained in the provisions of the Madrid Protocol Article 9sexies⁷ Under Article 9sexies of Madrid Protocol relating to the provision regarding the international application or international registration, the Office of origin is the office located in countries that are members of both the Madrid Agreement and the Madrid Protocol; further, the provisions of this Protocol shall not have effect in the territory of another country which is also a member of the latter of these protocols. The Council may, by a majority of three fourths of the vote, repeal subsection (1) or limit the scope of paragraph (1), after the expiration of ten years from the entry into force of this Protocol, but not before the expiration of five years from the date of most of the countries becoming members of this Protocol. In the ballot, only those countries which are council members of both these Protocols may participate.

6. Language

There are three international applications of the brand, namely: First, the international application governed exclusively by the approval. Second, the international application governed exclusively by the protocol. Third, the international application governed by both the consent and the protocol. In the context of the Madrid Protocol, the language used is either English or French.

Steps in the Madrid Protocol trademark application:

1. The application for international trademark registration.

Filing the international trademark registration by the applicant or representative must be sent to the International Bureau through the Office of origin. If the application is given directly to the International Bureau, it will not be considered and will be returned to the sender

2. To examine the minimum requirements by the Office of origin.

The home office will examine whether the application has been filed in accordance with the minimum requirements, including adjustments which are stored in the basic application or basic registration with respect to the applicant's name, the production of the brand , brand colors , goods or services, and goals. If there is a requirement of the examination which is less than complete, the home office will ask the applicant to amend or complete it. The home office also requires the applicant to render any fee applicable, as required by the national office of origin, as part of an international fee to be paid by the applicant to the International Bureau directly or through the office of origin as defined by each member state's legislative body.

3. Certify the date of the international application and customize the application / registration basis by the office of origin.

The home office will receive the date regarding the international application. The date of receipt will be considered as the date of the enactment of the international application to the International Bureau within two months from the date of acceptance of the office of origin. If the International Bureau does not receive the documents within two months from the date of receipt by the office of origin, the date of application used shall be the date when the International Bureau receives the application .

4. Transition to the international application by the Bureau International home office .International applications may be sent by the office of origin to the International Bureau through facsimile, regular mail or electronic means as approved by the International Bureau and related offices .

5. Formal inspection by the International Bureau .

After receiving the international application, the International Bureau will determine whether the applicant has met the requirements, whether the list of goods or services is in accordance with its

⁷ Article 9sexies, *Safeguard of the Madrid (Stockholm) Agreement. Madrid Protocol (Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks)*

classification, whether the fees have been paid, and so forth. The office of origin and the applicant will be informed in case of any irregularities and should fix these within three months' time. If not, the International Bureau will consider saving the application.

6. Registration and publication by the International Bureau.

If the international application is found to be complete with the proposed requirements, the brand will be recorded in the list of international brands. The International Bureau will send notification of the international registration to the offices of signatory member countries, inform the agency of origin, and send the certificate to the registered trademark holder. Registration of the mark will be published by the World International Property Organization (WIPO)

3.1 BENEFITS OF IMPLEMENTATION OF MADRID PROTOCOL (PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS)

A national trademark registration system does not provide legal protection broadly. The trademark registration process is implemented nationally through a complex process, requiring a long time and high fees. Trademark registration in Indonesia, if it requires protection of international brands, necessitates each application complying with the registration procedures for each individual country in which protection is sought. Moreover, each individual application must use the language of the country and agency to which the registration would be applicable.

Plans to ratify the Madrid Protocol can resolve issues regarding the protection of the brand internationally. Some of the benefits contained in the Madrid Protocol can reduce agency costs or fees due through the Madrid Protocol office, no longer requiring the appointment of an agent in each state for the maintenance of the registration.⁸

Based on the above, there are numerous benefits that can be obtained from the Madrid Protocol system, especially for brand owners of goods or services as businesses in Indonesia, among others :

1. Makes it easy for businesses to register the brand internationally in several member states of the Madrid Protocol with just one application only, made through the Directorate General of Intellectual Property Rights. This mechanism is very easy and inexpensive because the applicant does not have to come to every country in which the trademark registration application will be filed.
2. Costs incurred by the applicant to be cheaper than the costs that must be removed if they are indirectly apply in some countries. Through the mechanism of the Madrid Protocol, the applicant does not have to pay the cost of IPR consultation in the countries of destination, which is a substantial benefit given that the cost of consulting the IPR is very expensive .
3. For the Directorate General of IPR, the possibility of a deadline of 18 months to complete the application for registration of a particular brand application through the Madrid Protocol system is perceived as adequate to resolve the requisite substantive examination. Further, the initial 18-month time limit can be extended in case of any unforeseen issues arising, granting the Directorate General of IPR enough time to conclude their deliberations. Given the time limit's potentially severe legal consequences, as if in a given time the member states can not resolve the substantive examination, then the application for the international registration of marks cannot be registered.
4. The Madrid Protocol provides a choice of language in the application procedure for international trademark registration (English , French or Spanish). If Indonesia declares its preference for English, all forms of communication and correspondence with the offices of the Directorate General of Intellectual Property Rights International Bureau (WIPO) will be in English. In this case the applicant does not need to use the official language of the destination country; rather, the use of the selected language shall be sufficient.
5. Member States may determine the application fee, with an understanding that the amount of the individual fee should not exceed the cost of trademark registration application to be in force in the country. But in the case of a member state unable to determine the existence of the individual fee for the applicable country, regulations provide for a complimentary predetermined fee as specified by the International Bureau (WIPO). This arrangement is intended to provide incentives for any particular country's trademark registration application fee to not be greater than the standard WIPO fee amount. Thus, the income that has accrued to the member states does not suffer losses.

⁸ L.K. Shields, *Ireland In Madrid: A New Trade Mark System For Ireland*, 2001.

3.2 DISADVANTAGES OF MADRID PROTOCOL IMPLEMENTATION (PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS)

Implementation of the Madrid Protocol trademark registration system provides almost no disadvantages, with the exception of Intellectual Property Rights consultants who are likely to incur losses due to reduced income from foreign applications. This particularly concerns the application of foreign brands (member of Madrid Protocol) which can utilize the Madrid Protocol system through the country without having to use Intellectual Property Rights consultants in Indonesia. But in cases where there is any opposition or notice that the international trademark registration application will be rejected, any response to the applicant from abroad must use or appoint consultants Intellectual Property Rights in Indonesia, thereby ensuring a continued function for Intellectual Property Rights consultants in Indonesia rather than necessarily losing clients from abroad. Intellectual Property Rights consultants can remain providers of a necessary service for entrepreneurs in the country who wish to register their trademarks or service in the destination countries.

3.3 REASONS FOR INDONESIA TO RATIFY THE MADRID PROTOCOL (PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS)

Attention should be given to the benefits that can be obtained from the Madrid Protocol system, especially as regards encouraging national entrepreneurs to register their brand in a destination country, which is the primary reason for which Indonesia ratified the Madrid Protocol. The Madrid Protocol is expected to facilitate national brands becoming global brand and able to compete with foreign brands. In addition, based on the economic partnership agreement signed between Indonesia and Japan, Indonesia Japan Economic Partnership Agreement (IJEPA), there is agreement that the two countries will become members of the Madrid Protocol. In this case the Japanese state has already become a member of Madrid Protocol, and therefore, Indonesia has an obligation to become a member as well. Another reason which should prompt Indonesia to ratify the Madrid Protocol is a standing agreement with ASEAN member states that by 2015 all ASEAN countries will become members of the Madrid Protocol (Asean Economic Community 2015).

4. LEGAL CONSIDERATIONS THAT WILL ARISE IF INDONESIA RATIFIES THE MADRID PROTOCOL

One of the consequences of Indonesia ratifying the Madrid Protocol is the increasing number of applications for registration of foreign brands aimed at Indonesia. This can happen because of the vast territory and large population, and especially considering that Indonesia is an attractive market for foreign manufacturers. Therefore, it can be seen from the side of non-tax revenue that ratification will be very beneficial because it would increase the state treasury receipts. Based on the preceding discussion, it is seen that the Madrid Protocol would provide a greater advantage to the applicant brands in Indonesia. Therefore, if the government is planning to ratify the Madrid Protocol, it is necessary to receive an endorsement. Such support should also be addressed by relevant parties such as the readiness of the Directorate General of Intellectual Property Rights to prepare human resources for the implementation of the Madrid Protocol in practice and eliminate any potential issues due to technical constraints or the lack of foreign language skills related to the officers, since brand application must proceed according to the Madrid Protocol in usage of a foreign language and must follow the time limit set by the convention.

5. CLOSING

5.1 CONCLUSION

Based on the results of the discussion, it is concluded as follows:

1. Standards on the protection of the brand in the international conventions can be found in the Paris Convention (Paris Convention To The Protection of Industrial Property), Nice Agreement (Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks) and the Madrid Protocol (Protocol Relating To The Madrid Agreement Concerning the International Registration of Marks).
2. The Madrid Protocol as an international treaty governing the international registration of marks and is very useful for the business world. In this case the applicant is a brand that wants to register the brand in various countries with ease and low cost of application, incorporating one language and specifying one currency.

3. Ratification of the Madrid Protocol by the government is a positive step in encouraging the protection of domestic brands, and such is extensive and efficient. It will be very helpful for Indonesian export products to gain legal protection of their brands in countries of destination. Thus the Madrid Protocol will support the Government in developing global brands from local products.
4. The major benefits of applying Madrid Protocol for the protection of intellectual property rights in Indonesia, particularly in the areas of branding are:
 - a. Provide more efficient legal protection for brands that are internationally registered
 - b. Improve the quality of domestic products to be registered
 - c. Encourage national brands into global brands able to compete with foreign brands
 - d. Provide the state treasury with income from increased application of foreign brands, as well as triggering the growth of the brand in the country
 - e. Enact preventive measures to protect intellectual property rights against piracy and counterfeit brands

5.2 SUGGESTIONS

1. The Indonesian government should ratify the Madrid Protocol to protect Intellectual Property Rights in the international domain, particularly as regards international trademark registration, and in light of the convenience gained by Indonesia joining the Madrid Protocol.
2. The Directorate General of Intellectual Property Rights should prepare human resources for the implementation of the Madrid Protocol as expected when the government plans to ratify agreement to the Madrid Protocol (Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks)
3. Encourage governments to amend or revise the Law No. 15 Year 2001 on brands that includes rules concerning international registration of marks as stipulated in the Madrid Protocol (Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks).

REFERENCES

- [1] Afif, M Hasbullah. *Politik Hukum Ratifikasi Konvensi HAM di Indonesia: Upaya Mewujudkan Masyarakat yang Demokratis*. Yogyakarta: Pustaka Pelajar. 2005.
- [2] Anson, Sir William R., *Principles of the English Law of Contract*. London, United Kingdom. 1945.
- [3] Djumahana Muhammad, Djubaedillah R. *Hak Milik Intelektual (Sejarah, Teori dan Praktiknya di Indonesia)*, Bandung : PT. Citra Aditya Bakti. 2003
- [4] Gage, John A., *Webster Encyclopedia of Dictionaries. New American Edition*. George Washington University. United States of America. 1983.
- [5] Garner, Bryan A., *Black's Law Dictionary*. Wisconsin, United States of America. 2004.
- [6] Jurnal Hukum Bisnis, Volume 28 No.2 Tahun 2009.
- [7] M. Rambe Paingot. *Hukum Dagang Internasional, Pengaruh Globalisasi Ekonomi Terhadap Hukum Nasional, Khususnya Hukum Hak Atas Kekayaan Intelektual*, Jakarta : CV. Novindo Pustaka Mandiri. 2000
- [8] Margono Suyud, H Longginus. *Pembaharuan Perlindungan Hukum Merek*, Jakarta : Inti Ilmu. 2002.
- [9] Posner, Richard A., *The Economics of Justice*. Cambridge: Harvard University Press. 1981.
- [10] _____ *Economic Analysis of Law*. New York: A Wolter Kluwer Company. 1998.
- [11] Procter, Goodwin. *U.S. Senate Ratifies Madrid Protocol U.S. Business to Benefit from Streamlining of International Trademark Process*, 2002.
- [12] Shield, L.K. *Ireland In Madrid: A New Trade Mark System For Ireland*, Solicitors. 2001.
- [13] Soekanto, Soerjono. , *Penelitian Hukum Normatif Suatu Tinjauan Singkat*. Jakarta : UI-PRES. 1986.

INTERNATIONAL CONVENTIONS

- [1] *Agreement Establishing The World Trade Organization 1994 (WTO)*
- [2] *World Trade Organization (WTO)*
- [3] *Agreement On Trade Related Aspects of Intellectual Property Rights (TRIPs)*
- [4] *Paris Convention for the Protection of Industrial Property (Paris Convention)*.
- [5] *Vienna Convention 1969*
- [6] *Madrid Protocol (Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks)*

REGULATION

- [1] Undang-Undang No. 15 Tahun 2001 Tentang Merek.
- [2] Peraturan Pemerintah No 23 Tahun 1993 tentang Tata Cara Pendaftaran Merek