



## Trademark Registration: From Colombo to Madrid

### *Guest Article by Verité Research*

The Sri Lankan exporters have long highlighted the importance of Sri Lanka acceding to the Madrid Protocol (the global system for registering trademarks abroad). Madrid will help reduce the time, hassle and cost incurred by companies when registering trademarks abroad. This will help facilitate Sri Lankan exporters' efforts to sell products under their own trademarks abroad. In the last budget, the Government at last agreed and allocated LKR 100 million to speed up accession.

The agency responsible for implementing the proposal is the National Intellectual Property Office (NIPO) of Sri Lanka. It has been a year since the proposal was made, but private sector stakeholders are not aware of the status of accession. Further, research shows accession to Madrid to be only one step in the right direction. To facilitate registering of trademarks both locally and internationally, the country needs to go beyond mere Madrid compliance.

### **Why register trademarks (TMs)?**

Trademarks help businesses distinguish their products/services from those of their competitors. They embody the brand image of companies. Carefully developed and nurtured trademarks can be worth more than the physical assets of a company. Therefore, protection of trademarks is important, especially for companies that plan to gain a competitive advantage through branding both in the domestic and international markets. Failure to do so at the early stages of brand creation can cost a company millions later. To protect the TM or to prevent any other company from selling products under the TM owned by a company, it must register the trademark with the Intellectual Property (IP) offices in that country.

### **Registering TMs is a cumbersome and a costly process**

Consultations with private sector stakeholders reveal that registering trademarks is a cumbersome, lengthy and costly process both locally and internationally. The time taken to register a trademark both in Sri Lanka and abroad can take more than three years. The need to go through an attorney adds to the cost. Exporters must file separate applications with the IP offices in each country and the process is extremely cumbersome. It entails handling multiple applications, in multiple languages, in multiple countries through multiple lawyers.

## Madrid saves time and cost of registering TMs abroad, but not in the home country

The Madrid Protocol (administered by the World Intellectual Property Office - WIPO) is a centralized and simplified global system for registering and maintaining TMs abroad. The process of registering TMs through Madrid is shown in Figure 1.

Figure1: Madrid Protocol Procedure



Madrid helps reduce the time, hassle and cost of registering TMs abroad (Figure 2). The TM application is processed within a 1- 1½ year period. It enables registering in multiple countries by submitting a single application to WIPO without having to go through any lawyers. Calculations made by the International Trademark Association of the United States as far back as in 2003 show that the cost to register a trademark in the USA and 10 other countries through individual IP offices amounts to US\$ 14,600, as opposed to US\$5,800 under Madrid.

Figure 2: Comparison of Madrid route vs. National route

	National Route	Madrid Route
Applications	Multiple	Single
Language	Multiple	Single
Processing Fees (Basic)	Multiple	Single
National registration fees	Multiple	Multiple
Legal fees	Multiple	None
Renewal	Multiple	Single
Time taken	Not fixed Average 3-4 years	Fixed 1year to 1.5years

To accede to the Madrid, NIPO must be prepared to process non-resident trademark applications that come through the WIPO within a maximum of 1½ years. In return, the 113 Madrid member countries also agree to process Sri Lankan TM applications within 1-1½ years.

## Benefits of Accession: The Sri Lankan perspective

Madrid will have an immediate positive impact on Sri Lankan TM owners already registered with NIPO who are either selling or planning to sell under their TMs abroad. However, any incremental gains the country expects through accession in terms of increased demand for international TM registration depends on the support structures within the country that encourage TM registration and brand creation.

For example, Madrid compliance does not have any direct bearing on the time taken to process resident TM applications. In this respect the glaring gap between the number of resident TMs registered compared to applications in Sri Lanka and the cumbersome and lengthy process of registering resident TMs is a concern. On average, during the last decade, out of 4540 TM applications NIPO received a year by residents, only 755 TMs got registered. As a percentage of applications, registrations amount to 17% a year. In contrast, the Intellectual Property office of Philippines (a Madrid member) on average received 12,949 resident TM applications a year and registered 8320 TMs. As a percentage of applications, registrations averaged 64% a year. Thus, it is important to analyse the reasons for the low number of registrations in Sri Lanka and take steps to reduce the gap. The successful local TMs and brands have a greater probability of succeeding in foreign markets.

## The way forward

Mere Madrid compliance (i.e. processing non-resident applications in 1½ years) is not the objective of accession. The objective is to increase the number of Sri Lankan TMs registered abroad by using the simplified and centralised Madrid system. Hence, in drafting the road-map of accession, the scope must go beyond being merely Madrid compliant. It must take into consideration ways and means of promoting and facilitating both local and international TM registration by Sri Lankan business. For example, having provisions to simplify and expedite the resident TM registration, reduce the gap between applications and registrations and establish support structures to encourage branding products abroad is important. Further, inputs from Sri Lankan businesses, exporters and export promotion agencies is critical to meet the objective of accessing the Madrid.

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