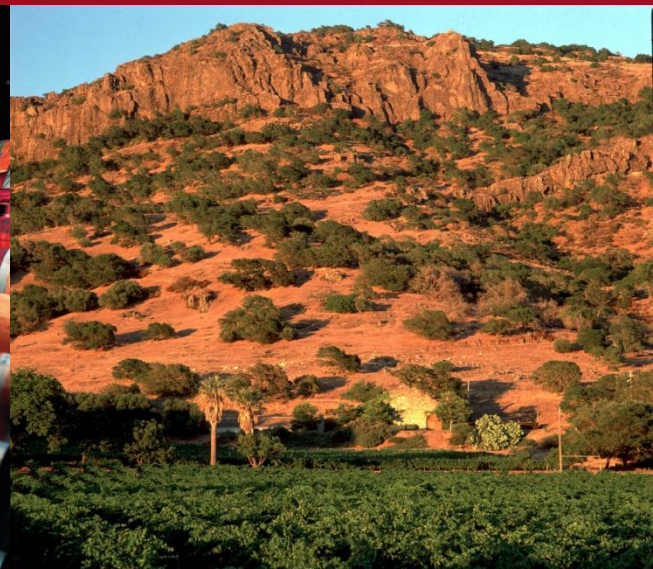




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A Business Perspective: Facilitation of Global Protection of Intellectual Property Right and the Advantages of using the Madrid System



**Inter-regional Seminar on the International System for Trade Mark Registration: the
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SUMMARY

- The Growing Importance of Intellectual Property to Global Business Operations
- Traditional Trade Mark Protection Processes in Overseas Processes
- The Madrid IR Trade Mark Protection Process and its Advantages
- Some Observations



An Era of Change



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- Rapid Technological Change
- Market Globalisation
- Information Economy
- E-commerce





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Business Impact

- Increased premium on non-tangible assets
- Growing nexus between intangibles and value creation
- Changing base of differentiation and competitive advantage





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Contemporary Business

- Operates in international markets for goods and services
- Performs in an environment impacted by factors such as:
 - different laws, regulation & cultures
 - exchange rate movements
 - global market conditions
 - rapid market development
 - shortening product lifecycles
- Much higher reliance on innovation, branding and intangibles assets





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Business Emphasis in 21st Century

- Key competencies
 - Stimulating & capturing innovation
 - Risk management
 - Process simplification
 - Demonstrable “value-add”
- Goals
 - reduced uncertainty, cost & complexity
 - focus on outcomes
 - minimising timeframes (expeditious conduct)
- Role of intellectual property (IP)
 - Viewed as a key strategic issue





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A New World for IP and Trade Mark Management

- A perspective on IP as a value driver and key strategic resource, as well as a key source of differentiation and competitive advantage
- The need for close alignment of IP management with business strategy and operations
- Systematic and disciplined IP processes commensurate with “best practice” business competencies
- A culture of pragmatism and results orientation
- Recognition that failure to properly protect IP can be catastrophic to the business





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Major Challenges with International Protection

- Dealing with the inherent tension between National laws and global markets
- Improving the efficacy of National IP systems & infrastructure in relation to access, interoperability, consistency, simplicity and cost
- Encouraging reforms of the IP services sector to modernise and simplify practices and procedures to accord with contemporary business practice.
- Much work has been undertaken in recent years to harmonise national laws (TRIPPS) and to facilitate international protection through the Madrid international registration (IR) process.





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The Traditional Trade Mark System

- An application is made separately in each individual country via a trade mark agent resident in that country.
- The trade mark is processed in accordance with the laws/regulations and timeframes applicable to that country.
- If successfully, the trade mark is given a national number and renewal date in accordance with its laws & regulations.
- Other than international conventions on priority date alignment, each trade mark registration in a country is independent from an owner's registration of the same trade mark in other countries and must be managed accordingly.



Madrid International Registration (IR) System

- Effectively the Madrid IR allows a trade mark applicant to nominate countries where protection is sought under a single application based on a home-based application/registration for the same trade mark
- Applications are still processed by National Trade Marks offices but:
 - do not require a local agent unless an objection is raised
 - must meet an agreed timetable for processing.
- Trade marks registered in multiple countries via the Madrid IR system all have the same renewal date, and subsequent changes of ownership, name or address can be effected across all registrations with a single action by the owner.





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How does the Madrid System Benefit Trade Mark Owners?

- The underlying philosophy explicitly recognises and addresses contemporary business needs, in terms of time, cost , simply and risk management.
- It provides opportunities for improved alignment of trade mark protection with business priorities.
- It attempts to better reconcile the dichotomy between national laws and global markets





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Examples of Business Benefits

- Offers much improved **process simplification**, reduced internal overheads and documentation requirements
- Allows expansion of trade mark protection to be **more easily aligned** with market expansion
- Has the potential for **more expeditious** registration leading to greater certainty in business planning.
- **Reducing costs** to a more reasonable and commensurate level for specific administrative actions





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Issues & Perceived Disadvantages with the Madrid System

- Dependency on the basic mark and risk of central attack – e.g.
 - Do we need a basic mark requirement?
 - Should the current 5 year period be reduced?
- Goods & services specification issues
- Complexities around a real or effective business establishment in a protocol country
- Practical address for service issues
- Potential limitations on international assignments
- Illusory savings





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How Serious are these Issues?

- Central attack is a risk; however
 - preliminary preparation & searching minimises the likelihood of successful attack
 - an analogous situation applies to CTM applications
 - there is a “failsafe” mechanism (albeit costly)
- Goods & services specifications need careful attention but the issue can be better managed avoided if you forego broad specification claims
- The conduct of sound planning can significantly mitigate risks arising through these issues





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Madrid Cost Savings and Administration

- Some costs saving may prove to be illusory but most are deliverable
- In practice, a 50% reduction in registration and administration costs is very feasible
- In the life of a trade mark, the scope for cost reduction is undeniable and the quantum is very significant





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Impact on Individuals and Small Companies

- Madrid clearly offers the prospect of expanded access to markets through:
 - simpler processes
 - reduced entry costs
 - lower barriers to entry
- The major challenge is lack of knowledge and experience
- Facilitating access to such users needs to be a key priority for global IP infrastructure





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Our Market Approach

- Filing strategy factors
 - nature of brand (global, regional, local)
 - costing of alternatives (direct filing v Madrid)
 - any special circumstances governing product or market strategy
- Membership of Madrid increases the likelihood that companies will seek protection in your country
- Our practice is to pursue Madrid where possible unless the alternative is compelling





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Benefits to Acceding to the Madrid System

- Facilitating growth in trade and commerce generally
- Improving the competitiveness of local industry
- The potential to expand export markets
- The ability to better synchronise global IP protection with business activity.
- Reduced uncertainty, cost and time involved in trade mark protection.





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Important Priorities for the Madrid System

- Continuing to enlarge the member base as a key priority
- Developing the Madrid infrastructure to improve both timeliness and content of information
- Dealing with inconsistency (perceived or actual) between treatment of Madrid and directly filed national applications





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The Future?

- The Madrid System represents a necessary modernisation of global IP infrastructure to better service contemporary business needs
- Notwithstanding limitations, the system design is sound and the direction is undoubtedly correct
- Reforms are necessary to provide better and more timely information, and to improve understanding of the system by all stakeholders
- We all share a common interest and responsibility to ensure our IP infrastructure operates effectively as a key component of our economic and legal systems.

