

Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs

Eighth Session
Geneva, October 30 to November 1, 2019

PROPOSAL FOR AMENDMENTS TO RULE 21 OF THE COMMON REGULATIONS

Document prepared by the International Bureau

I. BACKGROUND

1. Pursuant to Rule 21(1)(a)(i) and (b) of the Common Regulations Under the 1999 Act and the 1960 Act of the Hague Agreement (hereinafter referred to as the “Common Regulations”), the request for the recording of a change in the ownership of the international registration must be signed by either the holder or the new owner. If the request form is signed by the new owner, it must be accompanied by an attestation from the competent authority of the holder’s Contracting Party that the new owner appears to be the successor in title of the holder (Rule 21(1)(b)(ii) of the Common Regulations).
2. In practice, the International Bureau regularly receives requests for the recording of a change in ownership signed by the new owner. Those requests are commonly accompanied by purported documentary evidence, such as an assignment document, but not by an attestation from a competent authority. In those cases, the International Bureau issues an irregularity letter notifying the new owner that the change cannot be recorded, following which the new owner is given the opportunity to remedy the irregularity (Rule 21(4) and (5) of the Common Regulations).
3. The current legal provisions pose a significant burden on new owners, and the difficulties they face in complying with those requirements put an unnecessary workload on them and the International Bureau. It is therefore proposed to amend Rule 21 of the Common Regulations in order to accept an assignment document or other document sufficient to provide evidence for the recording of a change in ownership presented by the new owner.

II. CHANGE IN OWNERSHIP REQUESTED BY THE NEW OWNER

LEGAL BASIS UNDER THE HAGUE AGREEMENT

4. Article 16(1) of the Geneva (1999) Act of the Hague Agreement (hereinafter referred to as the “1999 Act”) prescribes the recording of changes concerning international registrations. Pursuant to subparagraph (i) of Article 16(1) of the 1999 Act, the International Bureau shall record any change in the ownership of the international registration in the International Register.
5. Article 16(2) of the 1999 Act prescribes that any such recording shall have the same effect as if it had been made in the Register of the Office of each of the Contracting Parties concerned¹.
6. Article 12 of the Hague (1960) Act of the Hague Agreement (hereinafter referred to as the “1960 Act”) contains the corresponding provisions in relation to the recording of a change in the ownership of the international registration.
7. Rule 21 of the Common Regulations sets out the procedures for the recording of a change, including a change in the ownership of the international registration.

CURRENT RULES AND SITUATIONS

8. The request for the recording of a change in the ownership of the international registration must be presented to the International Bureau on the official form². The request may be presented and signed by either the holder or the new owner. However, if the request is signed by the new owner, the request must be accompanied by an attestation from the competent authority of the holder’s Contracting Party that the new owner appears to be the successor in title of the holder (Rule 21(1)(b)(ii) of the Common Regulations).
9. Current Rule 21(1)(b) of the Common Regulations is based on Rule 19.1(c) of the former Regulations under the Hague Agreement³. Rule 19.1(c) of the former Regulations was adopted in 1979. During the Assembly and the Conference of Representatives, it was agreed that the expression “competent authority” should be interpreted broadly to cover any person or body duly empowered under national law to provide the required attestation⁴.

¹ Subject to a possible declaration pursuant to the same provision, in the case of the recording of a change in ownership.

² Form DM/2 must be used for requesting the recording of a change in ownership.

³ Refer to document H/DC/6, paragraph R21.02. Rule 19.1(c) of the former Regulations provides that “(t)he request shall be signed by the earlier owner or, if his signature cannot be obtained, by the new owner. In the latter case, the request shall be accompanied by an attestation from the competent authority of the Contracting State of which the previous owner had the nationality at the time of the change in ownership, or from that of the Contracting State where, at that same time, the earlier owner had his residence or a real and effective industrial or commercial establishment. The competent authority shall attest that, according to evidence produced before it, the new owner appears to be the successor in title of the earlier owner to the extent described in the request and one of the conditions prescribed in the preceding sentence is fulfilled. The attestation shall be dated and shall bear the stamp, seal or signature of the competent authority. The attestation shall be given for the sole purpose of allowing the change in ownership to be recorded in the International Register.”

⁴ Refer to document H/A/III/5 and document H/CR/III/5, paragraph 25.

10. The term “competent authority” is not further defined in the Hague legal framework. The International Bureau does not have an official list as to which authorities of Contracting Parties act or can act as a “competent authority” under Rule 21(1)(b) of the Common Regulations.

11. The current practice of the International Bureau in this regard is that where a new owner presents an attestation issued from an Office to the International Bureau, it is accepted and the change is recorded. For instance, in the past, the International Bureau has received attestations from the German Patent and Trade Mark Office (DPMA) and the Swiss Federal Institute of Intellectual Property (IPI). Besides, the Canadian design system has a legal provision to carry out an attestation under Rule 21(1)(b)(ii) of the Common Regulations⁵.

Different Scenarios Leading to a Change in Ownership

12. The ownership of an industrial design may change for various reasons and in different ways. A change in ownership may result from a contract assigning the ownership of the design application or registration concerned, a merger, the reorganization or division of a legal entity, a court decision transferring the ownership, or by operation of law, such as an inheritance or bankruptcy.

13. The Common Regulations do not distinguish between such different causes for, or different types of, change in ownership. The uniform terminology “change in ownership” is used for all cases. Until the change has been recorded in the International Register, the former owner of the international registration is referred to as the “holder”, since this term is defined as the person or legal entity in whose name the international registration is recorded in the International Register. Once the change in ownership has been recorded, the new owner becomes the holder of the international registration.

Legal Effect of the Recording of a Change in Ownership

14. The Hague Agreement provides only for the formal requirements to be complied with, in order to validly record a change in ownership in the International Register. The recording of a change in ownership in the International Register has the same effect as if it had been made directly at the corresponding national or regional Register of the Office of each designated Contracting Party (Article 16(2) of the 1999 Act; Article 12(2) of the 1960 Act).

15. It is also to be noted that, in certain circumstances, a designated Contracting Party may refuse the effect of a recording of a change in ownership in the International Register with respect to its designation. To this end, Rule 21 *bis*(1) allows the Office of a designated Contracting Party to refuse the effect of the recording of a change in ownership based on a substantive ground, for example, the prohibition of a partial transfer of similar designs to a different party. Moreover, and only under the 1999 Act, a Contracting Party may declare that a recording of a change in ownership in the International Register shall have no effect in that Contracting Party until the Office has received certain statements or documents, under Article 16(2) of the 1999 Act⁶.

⁵ Refer to Rule 49 of the Industrial Design Regulations.

⁶ The following Contracting Parties to the 1999 Act have made a declaration to that effect: African Intellectual Property Organization (OAPI), Denmark, Republic of Korea, Russian Federation, and the United States of America.

Difficulties Experienced in Practice

16. Difficulties frequently arise in respect of requests for recording of changes in the ownership that are presented by the new owner. Admittedly, it is often the new owner who requests the recording of a change as it is in their interest to be recorded as the new “holder” in the International Register while the former holder usually has lesser interest in the fate of the registration after the change in ownership.

17. The first difficulty in respect of such cases is that the request is often signed by the new owner, accompanied by a copy of an assignment document or similar documents, which is not acceptable under the current rule. Thus, the International Bureau has to refuse the request and inform the new owner that the request must either be accompanied by an attestation from a competent authority or that the request must be signed by the current holder. This causes extra work for the International Bureau, and further problems for the new owner who is often under time pressure to be recorded as soon as possible to continue with their business in relation to the registered design.

18. Secondly, there seems to be uncertainty amongst users of the system which authorities are entitled to carry out the relevant attestation under Rule 21(1)(b)(ii), as there is no official information on which authorities of the Contracting Parties are competent for that matter. This poses the same uncertainty to the International Bureau.

19. Thirdly, while such an attestation from a competent authority may be obtained from an official institution in cases of merger, since official extracts can usually be obtained from official registers, it appears more difficult, if not impossible, for users to obtain an attestation from a competent authority for an assignment document, which is a simple contract between two parties. Unlike some other national and international legal provisions, Rule 21(1)(b) of the Common Regulations limits the attestation to one from a ‘competent authority’, and does not allow for the possibility of certification by a notary public.

20. Fourthly, Rule 21(1)(b) requires that the attestation is carried out by the competent authority “of the holder’s Contracting Party”. In certain instances, the new owner’s Contracting Party differs from the holder’s Contracting Party, and the new owner has no relationship with the holder’s Contracting Party. It creates additional administrative and linguistic burdens on the new owners to be obliged to seek and receive the relevant attestation from the holder’s Contracting Party.

21. Finally, while Rule 21(1)(b) requires that the attestation is carried out by the competent authority of the holder’s Contracting Party, there are instances where the assignment or other transfer document is concluded in a country and language different from the holder’s Contracting Party in which case the competent authority might not be in the position to assess whether “the new owner appears to be the successor in title of the holder”. In those instances, costly translations may be required to obtain the relevant attestation.

III. OVERVIEW OF OTHER RELEVANT IP SYSTEMS

PATENT COOPERATION TREATY (PCT) SYSTEM

22. Rule 92*bis* of the Regulations under the PCT (hereinafter referred to as the “PCT Regulations”) governs the recording of changes. Under this rule, the International Bureau records changes in the person of the applicant on the request of the applicant or the receiving Office. The International Bureau records changes if the request comes directly from the applicant or the Office.

23. Rule 92*bis* of the PCT Regulations has always been interpreted broadly. Where the International Bureau receives a request for the recording of a change from a person who wishes to be recorded as the “new applicant”, the International Bureau records that person as the new applicant, provided that the “new applicant” provides the written consent of the applicant of record, or other documentary evidence supporting the change in the person of the applicant⁷.

24. Where the change in the person of the applicant results from a contract, a document generally accepted by the International Bureau for the recording of a change in the person of the applicant is a copy of an assignment document, without the need to be certified by a notary public or any other competent public authority.

25. Where the International Bureau records a change in the person of the applicant, it notifies the earlier applicant and the new applicant accordingly⁸. In the case where the applicant did not sign the request earlier, the same person is provided with the possibility to object to the change in writing, in which case the change is considered as if it had not been recorded and the International Bureau notifies both parties accordingly⁹.

26. Under the PCT system, no abuse or submission of false documents has been reported so far.

MADRID SYSTEM

27. Under Rule 25(1)(b) and (d) of the Common Regulations Under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (hereinafter referred to as the “Madrid Regulations”), a request for the recording of a change in ownership must be signed by the holder or by the Office of the Contracting Party of the holder or new owner¹⁰.

28. Under the Madrid System, Offices are more involved in various procedures than under the Hague System in general. For instance, an international application must be presented to the International Bureau by the Office of origin (Rule 9(1) of the Madrid Regulations). A subsequent designation or request for the recording of a change may be presented to the International Bureau by the Office of the Contracting Party of the holder (Rules 24(2)(a) and 25(1)(b) of the Madrid Regulations), as well as the Office of the Contracting Party of the new owner in the case of a request for the recording of a change in ownership (Rule 25(1)(b) of the Madrid Regulations).

29. Where any of those requests is presented by an Office, it is signed by the Office (Rules 24(2)(b) and 25(1)(d)). In this manner, the Madrid System induces an environment within its members under which their Offices could assist users with certain flexibility. This could help, in particular, in the case where the new owner submits a request for the recording of a change in ownership through their Office.

30. Also under the Madrid System as under the PCT System, no abuse or submission of false requests have come to the attention of the International Bureau so far.

⁷ Refer to PCT Applicant's Guide, paragraph 11.018B.

⁸ Refer to Section 422(a)(vi) of the Administrative Instructions under the Patent Cooperation Treaty (PCT Administrative Instructions).

⁹ Refer to Section 422*bis* of the PCT Administrative Instructions.

¹⁰ Refer to Rule 25(1)(a)(i), (1)(b), (1)(d) and (2)(a)(iv) of the Madrid Regulations.

31. Besides, similar to Rule 21 *bis* of the Common Regulations, Rule 27(4) of the Madrid Regulations provides the Office of a designated Contracting Party with the possibility to declare that the recording of a change in ownership has no effect in the said Contracting Party, from a substantive ground.

DRAFT DESIGN LAW TREATY (DLT)

Requirements Concerning Supporting Documents

32. Draft Article 19 of DLT provides for “Request for Recording of a Change in Ownership”. This provision is based, to a large extent, on the equivalent provisions in the Singapore Treaty and the Patent Law Treaty (PLT). Similarly, draft Rule 14 of DLT Regulations which details the provisions in respect of the recording of changes in ownership is modeled on Article 11(1)(b) and (f) of the Singapore Treaty.

33. Draft Article 19(1) and (2)(a) in combination with draft Rule 14(2) set out the requirements concerning supporting documents for recording of a change in ownership resulting from a contract. Draft Rule 14(2) provides that

“(a) Contracting Party may require that the request for the recording of a change in ownership resulting from a contract be accompanied, at the option of the requesting party, by one of the following:

“(i) a copy of the contract, which may be required to be certified by a notary public or any other competent public authority, as being in conformity with the original contract;

“(ii) an extract of the contract showing the change in ownership, which may be required to be certified by a notary public or any other competent public authority, as being a true extract of the contract;

“(iii) an uncertified certificate of transfer signed by both the holder and the new owner;

“(iv) an uncertified transfer document signed by both the holder and the new owner.”

34. Draft Article 19(2)(b) sets out that “(w)here the change in ownership results from a merger, a Contracting Party may require that the request be accompanied by a copy of a document, which originates from a competent authority and evidences the merger, such as a copy of an extract from a register of commerce, and that that copy be certified by the authority which issued the document or by a notary public or any other competent public authority, as being in conformity with the original document”.

35. Draft Article 19(2)(d) sets out that “(w)here the change in ownership does not result from a contract or a merger but from another ground, for example, by operation of law or a court decision, a Contracting Party may require that the request be accompanied by a copy of a document evidencing the change and that that copy be certified as being in conformity with the original document by the authority which issued the document, or by a notary public or any other competent public authority”.

36. Draft Article 19(7) further prescribes that a Contracting Party may require that (further) evidence be furnished to the Office where the Office reasonably doubts the veracity of any indication contained in the request or in any document referred to in the same article.

NATIONAL/REGIONAL SYSTEMS

37. After an analysis of the legal provisions of the top 10 origins of applications filed¹¹ and top 10 designations¹² under the Hague System, it appears that the national law of several Contracting Parties provides for the possibility that the request for the recording of a change in ownership may be made by the new applicant/holder, without the signature requirement of the previous applicant/holder on a relevant form. In this case, presenting a simple copy of the document constituting sufficient proof of the transfer in ownership appears sufficient¹³.

IV. CONSIDERATIONS

REQUIREMENT FOR SUPPORTING DOCUMENTS

38. The wording of Rule 21(1)(b)(ii) of the Common Regulations, as it currently stands, appears too restrictive and therefore poses a significant burden on new owners and creates unnecessary workload for the International Bureau. In addition, there is uncertainty as to which institutions are qualified as a competent authority in each Contracting Party. In the first place, and as mentioned in paragraph 10, above, such a competent authority is not defined in the Hague Agreement, the Common Regulations or the Administrative Instructions for the Application of the Hague Agreement.

39. The provisions in other IP systems, such as the PCT System, help users to record changes in ownership quickly without requiring additional attestations where sufficient proof for the requested change has been provided. The current practice under the PCT System appears more in conformity with the PLT which contains similar provisions to the Draft DLT in this regard¹⁴.

40. At the same time, to the knowledge of the International Bureau, under the PCT and Madrid Systems, there were no cases reported where fraudulent requests/documents were submitted in order to be recorded as the new applicant/holder. While arguments may arise amongst parties about the entitlement, they usually concern other issues than the documentary evidence, such as legal disputes about the entitlement to an IP right or alleged breach of trust by a Representative.

41. Even under the current rule, providing the signature of the current holder on the request form suffices. Although such a handwritten signature may easily be forged, no abuse or submission of false requests has been reported so far, under the Hague System.

42. If there was indeed a case where a fraudulent request/document was submitted for the recording of a new holder, the person would face criminal prosecution in most jurisdictions. This consequence would be a deterrent in most cases. Furthermore, if it was proven to the International Bureau that the change was wrongly recorded, the International Bureau would reverse the change in the International Register, through a correction pursuant to Rule 22(1) of the Common Regulations.

¹¹ In 2018, those countries were the Republic of Korea, Germany, Switzerland, France, Japan, the United States of America, Italy, the Netherlands, China, and the United Kingdom.

¹² In 2018, those Contracting Parties were the European Union, the United States of America, Switzerland, Turkey, Japan, the Republic of Korea, Norway, Singapore, the Russian Federation, and Ukraine.

¹³ Refer to the following provisions; the European Union (Article 23 of the CDIR), Germany (Section 29 of the Design Act and Section 28 of the DPMA Ordinance), Singapore (Article 34 Design Act), and Switzerland (Article 14 of the Design Act and Article 27 of the Design Ordinance).

¹⁴ Refer to Rule 16(2) of the PLT.

43. Given the above considerations, where the recording of a change in ownership is requested by the new owner, the requirement for documentary evidence supporting the change in ownership should be relaxed in line with the PCT and Draft DLT. Accordingly, the International Bureau would be able to accept the following supporting documents in a flexible manner, in particular, without being necessarily certified by a notary public or any other competent public authority:

(i) Where the change in ownership results from a contract, a copy of an assignment document, in particular, in any of the forms referred to in Draft Rule 14(2) of DLT (refer to paragraph 33, above);

(ii) Where the change in ownership results from a merger, a copy of a document originating from a competent authority, such as an copy of an extract from a register of commerce, in accordance with Draft Article 19(2)(b) (refer to paragraph 34, above)¹⁵; and

(iii) Where the change in ownership results from another ground, for example, by operation of law or a court decision, a copy of the court decision or of the relevant document originating from a competent authority, in accordance with Draft Article 19(2)(d) (refer to paragraph 35, above)¹⁶.

SAFEGUARD MEASURE

44. Where a change in ownership is recorded in the International Register, the International Bureau informs both the new holder and previous holder pursuant to Rule 21(6)(a) of the Common Regulations. Thus, as mentioned in paragraph 42, above, if the change was wrongly recorded, the previous holder could respond to that effect, as a result of which the International Bureau would reverse the change in the International Register.

45. Nevertheless, at the same time of relaxing the requirement for documentary evidence supporting the change in ownership, it should be made clear in the Common Regulations that the previous holder could object to the recorded change, where the request was not signed by the previous holder.

V. PROPOSAL

AMENDMENT TO RULE 21(1)(B)

46. It is proposed to amend the wording of subparagraph (1)(b) of Rule 21, as reproduced in the Annex to this document. The proposed wording would enable the International Bureau to record changes in the ownership of the international registration requested by new owners based on assignment documents, court decisions or other documents duly establishing the transfer of rights. The proposed wording “a document providing evidence that ...” would provide the International Bureau with some flexibility and discretion yet in line with the relevant provisions of the Draft DLT (refer to paragraph 43, above).

¹⁵ Such a copy is accepted under the current rule.

¹⁶ Such a copy is accepted under the current rule.

AMENDMENT TO RULE 21(6)

47. If, under the proposed Rule 21(1)(b)(ii), the request for the recording of a change in ownership was presented and signed by the new owner and accompanied by a document showing that the new owner appears to be the successor in title of the holder, the International Bureau would record the change in the International Register and inform both the new holder and the previous holder, pursuant to Rule 21(6)(a).

48. As a safeguard measure, it is proposed to add to Rule 21(6), as reproduced in the Annex to this document, new subparagraph (c) – a legal provision similar to Section 422*bis* of the PCT Administrative Instructions. This proposed new subparagraph (6)(c) would allow the previous holder to object to the change in ownership, in which case the change would be reversed by the International Bureau by way of a correction in the International Register pursuant to Rule 22(1).

49. The wording of the proposed new subparagraph (6)(c) follows the aforementioned Section 422*bis* of the PCT Administrative Instructions, and therefore confines its application where the request was presented by the purported new owner and was not signed by the previous holder. It is, however, apparent that the previous holder can object to the recorded change, for example, where the signature of the holder on the request was forged by the purported new owner. Such a fraud should be handled from more general point of view, as it could theoretically happen to other types of requests, such as a request for the recording of a renunciation of the international registration (Rule 21(1)(a)(iii)).

DATE OF ENTRY INTO FORCE

50. Since the proposed changes would not require a major adjustment to the current IT system and the examination procedures, January 1, 2021, is proposed as the date of implementation of the proposed amendments to Rule 21.

51. *The Working Group is invited to:*

(i) consider and comment on the proposals made in this document; and

(ii) indicate whether it would recommend to the Assembly of the Hague Union for adoption, the proposed amendments to the Common Regulations with respect to Rule 21, as provided in the draft contained in the Annex hereto, with a date of entry into force of January 1, 2021.

[Annex follows]

**Common Regulations
Under the 1999 Act and the 1960 Act
of the Hague Agreement**

(as in force on [January 1, 2021])

[...]

Rule 21

Recording of a Change

(1) [*Presentation of the Request*] (a) A request for the recording shall be presented to the International Bureau on the relevant official form where the request relates to any of the following:

- (i) a change in the ownership of the international registration in respect of all or some of the industrial designs that are the subject of the international registration;
- (ii) a change in the name or address of the holder;
- (iii) a renunciation of the international registration in respect of any or all of the designated Contracting Parties;
- (iv) a limitation, in respect of any or all of the designated Contracting Parties, to one or some of the industrial designs that are the subject of the international registration.

(b) The request shall be presented by the holder and signed by the holder; however, a request for the recording of a change in ownership may be presented by the new owner, provided that it is

- (i) signed by the holder, or
- (ii) signed by the new owner and accompanied by ~~an attestation from the competent authority of the holder's Contracting Party~~ [document providing evidence](#) that the new owner appears to be the successor in title of the holder.

[...]

(6) [*Recording and Notification of a Change*] (a) The International Bureau shall, provided that the request is in order, promptly record the change in the International Register and shall inform the holder. In the case of a recording of a change in ownership, the International Bureau will inform both the new holder and the previous holder.

(b) The change shall be recorded as of the date of receipt by the International Bureau of the request complying with the applicable requirements. Where however the request indicates that the change should be recorded after another change, or after renewal of the international registration, the International Bureau shall proceed accordingly.

(c) Where a change in ownership is recorded following a request presented by the new owner pursuant to subparagraph (1)(b)(ii) and the previous holder objects to the change in writing to the International Bureau, the change shall be considered as if it had not been recorded. The International Bureau shall inform both parties accordingly.

[...]

[End of Annex and of document]