

Working Group on the Legal Development of the Madrid System for the International Registration of Marks

Eleventh Session
Geneva, October 30 to November 1, 2013

PROPOSAL FOR THE INTRODUCTION OF THE RECORDAL OF DIVISION OR MERGER CONCERNING AN INTERNATIONAL REGISTRATION

Document prepared by the International Bureau

I. INTRODUCTION AND BACKGROUND

1. At the fifth session of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”) which took place in Geneva from May 5 to 9, 2008, the Representative of the *Association romande de propriété intellectuelle* (AROPI) suggested that consideration be given by the Working Group to introducing into the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (hereinafter referred to, respectively, as “the Common Regulations”, “the Agreement” and “the Protocol”) provisions for the division of international registrations¹.

2. The matter was further discussed by the Working Group during a number of following sessions, based upon documents prepared by the Delegation of Switzerland and the Secretariat, respectively, and referred to in the documents made available to the Working Group at its last (tenth) session. In addition, a questionnaire was addressed to the Offices of all members of the Madrid Union (hereinafter referred to as “the questionnaire”) in order to compile information regarding the practices of Contracting Parties with respect to division.

¹ See document MM/LD/WG/5/8, paragraph 166.

3. At its tenth session, held in Geneva from July 2 to 6, 2012, the Working Group discussed two documents entitled, respectively, "Proposal for the Introduction of the Recordal of Division or Merger Concerning an International Registration Before the Office of a Designated Contracting Party" and "Proposal by Switzerland" (hereinafter referred to, respectively, as "the International Bureau document" and "the Swiss document"²).
4. Following the tenth session of the Working Group and with a view to facilitating the preparation by the Secretariat of a further discussion document, the International Bureau issued an invitation to the Offices of Contracting Parties and to user-organizations to provide comments on the matter, in the light of the discussions that had already taken place, to be submitted to the Madrid System Legal Forum (hereinafter "the Madrid Forum" or "the Forum") by December 21, 2012.
5. At the time of preparation of the present document, 11 contributions had been submitted to the Forum. Of those, only eight were from the Offices of Contracting Parties³ and the remaining three came from user-organizations⁴.
6. It had been hoped that contributions by Offices of Contracting Parties and user-organizations might have served to inform the discussion of the issue of division of international registrations and to introduce into the discussion possibilities or other options that the Working Group could present to the participants at its eleventh session. However, the number⁵ and contents of the postings in the Forum do not reveal any new elements of substance; it is thus submitted that, at this point and, in order to lend some focus and direction to the discussions, the better way forward would be to take general stock of where the Working Group stands, overall, on the issue, at this time and to consider whether, and how, to proceed further.
7. It will be recalled that many of the participants at the tenth session of the Working Group called for clarification of the differences between what was being proposed in the document which had been prepared by the International Bureau *vis à vis* the Proposal by Switzerland. With that in mind, this document sets out, in Part II, a brief comparative analysis and review of those documents. The document follows, in Part III, with a review of the discussions of the Working Group at its tenth session, following the presentation of those two documents and, more particularly, identifying the salient issues that emerged from the discussions. In Part IV, the document reviews briefly the substance of the contributions to the Madrid Forum. In Part V, the document re-visits some of the issues which have already been the focus of discussion, with a view to offering some additional elaboration and clarification. Finally, in Part VI, the document draws some conclusions and seeks to establish a way forward.

II. COMPARATIVE ANALYSIS AND REVIEW OF THE INTERNATIONAL BUREAU DOCUMENT AND THE SWISS DOCUMENT

THE INTERNATIONAL BUREAU DOCUMENT

8. In essence, the proposal set out in the International Bureau document focused primarily upon the division and merger of international registrations at the level of the designated Contracting Party and did not envisage a procedure which would have provided for a division and merger of the international registration *per se*.

² See documents MM/LD/WG/10/4 and MM/LD/WG/10/6.

³ Colombia, Greece, Israel, Italy, Japan, Madagascar, Portugal and Switzerland.

⁴ *Association des praticiens du droit des marques et des modèles (APRAM)*, *Association romande de propriété intellectuelle (AROPI)* and International Trademark Association (INTA).

⁵ At the time of preparation of the present document, 11 contributions had been submitted to the Forum. Of those, only eight were from the Offices of Contracting Parties and the remaining three came from user-organizations.

9. More particularly, that proposal was suggested as being applicable only to those Contracting Parties whose national or regional laws provided for the possibility of division of designations contained in international registrations. Secondly, it suggested that the Offices of designated Contracting Parties would have the option of notifying to the International Bureau the fact of a division having taken place, for recording in the International Register and publication in the *WIPO Gazette of International Marks* ("the Gazette").

10. The International Bureau document proposed a new Rule 23*bis* which would provide that where the division of an international registration had taken place, the Office of the designated Contracting Party in question could ("may") notify the International Bureau of that fact. Where merger subsequently occurred, the Office could similarly notify the International Bureau. The International Bureau would record the information in the International Register and inform the holder accordingly. The Secretariat confirmed also that where an Office furnished additional information (such as, for example, a list of goods and services affected by the division or a reference number attributed to the divided part of the international registration), in a paper document or electronically, an electronic image would be accessible on the ROMARIN database.

THE SWISS DOCUMENT

11. The proposal set out in the Swiss document would require that, for the non-problematic part of the specification of goods and services, the Office in question would be required to send to the International Bureau a statement of grant of protection, while the refusal procedure would continue against the remaining part of the specification. Presumably, a further final decision would also then be required to be notified to the International Bureau in respect of that part, upon completion of the procedure. The document also referred to the introduction of division at the Madrid level as aligning the Madrid system with the obligations and possibilities already foreseen in the Trademark Law Treaty (TLT) and in the Singapore Treaty on the Law of Trademarks ("the Singapore Treaty").

12. The document noted that, in line with the proposal contained in the International Bureau document, the work of the International Bureau would be limited to recording, notifying and publishing the division. However, a new international registration number would need to be attributed to the divided part and the information technology (IT) systems of the International Bureau would need to be developed in order to accommodate this.

13. At a regulatory level, the document proposed that the necessary amendments to give effect to division be included in current Rule 25 of the Common Regulations, which deals, *inter alia*, with requests for the recording of a change. In addition to the indications of the name of the holder and the number of the international registration concerned, the proposed amendment also provided for the indication of the goods and services which were to be divided from the extant international registration and that there could, optionally, also be an indication of the goods and services remaining in the extant international registration.

14. The proposed amendment also provided for the making of a declaration by a Contracting Party to the effect that the laws of the Contracting Party in question did not provide for division, or provided for division only in connection with a partial change in ownership.

15. The Swiss document proposed that there be an amendment to the Administrative Instructions so as to provide that the division be recorded in the International Register under the number of the extant international registration and that the part that had been "divided up" would be cancelled under the number of the extant international registration and be recorded as a separate international registration, bearing the number of the parent registration and a capital letter (in the same manner as partial changes in ownership are currently recorded in accordance with Section 16 of the Administrative Instructions).

16. In substance, therefore, and on the face of it, the essential differences, in terms of regulatory framework, between the two documents, can be reduced to the following: (a) the scope of the recording – the Swiss document providing additionally for the inclusion of indications of the goods and services concerned by the division (and possibly also those goods and services not concerned), (b) the method of recording – the International Bureau merely proposing a recording of the fact of division having taken place, as against the Swiss document proposing a re-numbering of the international registration as part of the recording, (c) the optional nature of the procedure – the International Bureau proposing that the filing of the request be optional at the election of the Office of the Contracting Party concerned as against the Swiss proposal, which appears to leave it somewhat open as to whether the filing of a request was intended to be mandatory or optional and (d) the Swiss document allowing formally for an opt-out, by way of a declaration that could be issued by Contracting Parties.

III. SUMMARY REVIEW OF THE DISCUSSION OF THE INTERNATIONAL BUREAU DOCUMENT AND THE SWISS DOCUMENT

17. It is submitted that, at this time, a brief review of the principal issues which emerged during the course of the discussion of the two documents may serve to inform the further deliberations of the Working Group.

(a) The importance of having a comprehensive and centralized information mechanism, maintained by the International Bureau and accessible to users and third parties was highlighted frequently. It was further stated that in order to maintain the integrity and transparency of the International Register, there should be a procedure for the recording, in the International Register, of division of international registrations.

(b) On the other hand, there was a generally-accepted view that the introduction of a procedure for division at the level of the Madrid system should not impose any obligation upon the Offices of those Contracting Parties where the law did not already provide for division at the national or regional level.

(c) It was stated frequently that a new procedure for division of international registrations should neither result in a more complex system at the level of the International Bureau nor place any extra burden on the Offices of Contracting Parties which did allow for division.

(d) On a number of occasions, reference was made to the apparent lack of coherence between the Madrid system, which did not provide for a procedure for division of international registrations, and the TLT and the Singapore Treaty, where such a procedure was contemplated. In this regard, mention was also made of what was referred to as the apparent lack of equal treatment between national/regional-level systems and the Madrid system. It was stated that applicants who chose the international route should have access to the same possibilities for division as those available to applicants who chose the national or regional route.

(e) Concern was expressed in respect of the implications for users with regard to the situation concerning the renewal of a divided international registration and also the issue of the two-part fee. It was noted that in the sole Office of a Contracting Party (the United States of America) where a procedure for division of an international registration at the national level was in place, a divided international registration would still be renewed as a single entity on payment of a single renewal fee.

(f) There was a call for clarification with regard to the certification of a divided international registration and, in particular, whether the Office of the designated Contracting Party in question would be obliged to issue a new registration certificate or certificates.

(g) Clarification was called for also with regard to the implications for the Madrid system in the event of third party opposition proceedings against a divisional application, in terms of its notification to the International Bureau and its subsequent recording and publication.

(h) There was much support expressed for the Swiss document stemming, in particular, from the fact that many Offices did not operate a system which maintained a parallel register for international registrations or assign a national/regional number to international registrations. Thus, re-numbering a divided international registration would be difficult for those Offices. On the other hand, it was stated that the attribution of a new and distinct international registration number and letter would provide users with increased certainty and enable them to better enforce their rights.

(i) It was also stated that account should be taken of the existence of what was referred to as a *de facto* mechanism (recording of partial changes in ownership) within the current framework of the Madrid system which would facilitate the introduction of a procedure for the recording at the international level of divided international registrations.

IV. CONTRIBUTIONS TO THE MADRID FORUM

18. Very little, if anything, of new substance, has emerged from the contributions posted on the Madrid Forum. It is noted that, apart from the Office of Switzerland, whose position is entirely clear, just three Offices expressed a stated preference for one or other of the two proposals and those Offices preferred the route of division at the level of the designated Contracting Party, rather than division at the level of the international registration⁶.

19. The Office of Colombia, recalling that holders of international registrations have the same prerogatives afforded to applicants at the level of the designated Contracting Parties, indicated that those holders should be able to request division, to be effected by the designated Offices, in accordance with their corresponding national or regional laws. The Office advised on the need to determine whether such request should be presented through the International Bureau or directly before the Office concerned.

20. Other than that, the contributions received from Offices expressed the advisability of proceeding with caution and were of the opinion that further discussion would be wise.

21. With regard to the contributions received from users' organizations, all three favored the proposal set out in the Swiss document. One element that was entirely novel was the suggestion that should a request for the recording of a division apply to several Contracting Parties, for the same goods and services, such request should be filed directly with the International Bureau rather than be formulated initially through the Offices of the designated Contracting Parties in question and subsequently presented to the International Bureau through the medium of those Offices⁷.

22. Other than that, those three contributions essentially reiterated what had been discussed earlier and, in particular, underscored the importance of users having the same opportunities at the international level as are available at the national or regional level. It was suggested also that the introduction of a procedure for the division of international registrations at the level of the International Register would harmonize the functioning of the Madrid system with the TLT and the Singapore Treaty. One user-organization expressed regret that "owners of international registrations should be subject to a less favorable treatment merely because they have chosen to follow the path of the Madrid system"⁸.

⁶ Colombia, Israel and Madagascar.

⁷ APRAM.

⁸ AROPI.

23. The contributions sought also to highlight the importance of a facility that would allow for the recording of division of international registrations and the consequent publication and dissemination of the relevant information for users of the system and third parties.

24. Making reference to what was being proposed in the International Bureau document, it was stated by one organization that, as an alternative approach, it did not “provide an effect equivalent to the division itself because it did not create a divisional registration that is distinct from the original registration, even though this specific condition is an essential element of the mechanism”⁹. The same organization, referring to the concerns that had been expressed with regard to the potential loss of the availability of a single procedure (in the context of renewals), noted that that “disadvantage is not limited exclusively to a divided registration but also to a partially assigned registration”.

25. It was noted also that “the Swiss proposal carries with it an obligation for all Contracting Parties whose legislation provides for the possibility of dividing an application filed directly with their Office or a registration effected by their Office to give effect, under the same conditions, to a division of an international registration designating them. [...] [T]he proposal of the International Bureau does not carry that obligation”¹⁰. The proposed amendment of the Common Regulations as set out in the Swiss document is contained within the framework of Rule 25. However, that Rule does not, of itself, impose a corresponding obligation upon Offices with respect to the various possible changes that may be recorded under the Rule. The Rule merely lays out the regulatory procedure for the recordings (and, in this regard, see further below).

V. SUGGESTED ELABORATION AND CLARIFICATIONS

PROCEDURE FOR DIVISION NOT AVAILABLE AT THE NATIONAL OR REGIONAL LEVEL

26. Firstly, it appears that it has been fully accepted by all participants in the discussions that if a procedure for the division of international registrations were to be introduced into the Madrid system, then the introduction of any such procedure should not impose any obligation upon the Offices of those Contracting Parties which do not have in place a procedure for the recording of division at the national or regional level.

PROCEDURE FOR DIVISION AVAILABLE AT THE NATIONAL OR REGIONAL LEVEL

27. An Office may have in place procedures for division at the national or regional level. Among those, certain Offices may take the view that those national or regional procedures would not automatically also apply to the division of international registrations designating them as Contracting Parties of the Madrid system. In this regard, and as an aside, it may be appropriate to refer, at this point, to Article 4 of the Agreement and Protocol, where it is provided that an international registration that has not been refused, or in respect of which an earlier notified refusal has been withdrawn, shall have the same effect as if the mark had been registered by the Office of the Contracting Party in question.

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AROPI.

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INTA.

28. Other Offices may either already have provisions allowing for the division of international registrations or be able to apply existing provisions on division of national registrations to international ones¹¹. Finally, if provision is made in the Common Regulations for the division of international registrations, other Offices may wish to introduce provisions, allowing for the division of an international registration.

OPTIONAL OR MANDATORY RECORDING IN THE INTERNATIONAL REGISTER

29. Apart from what has been just stated, however, there appears to be a certain lack of unanimity with respect to whether, if a procedure for the division of international registrations were to be introduced, it should be optional or mandatory for Offices to implement such procedure, in terms of the compulsory, or otherwise, notification of division of an international registration (at the national or regional level), by an Office to the International Bureau.

30. The International Bureau document proposed having the notification as an option, although there appeared to be a perception among certain of the participants in the Working Group that the Swiss proposal was more robust in this regard. The Swiss document included a draft amendment to Rule 25 as the Rule which would embody the new procedure.

31. Rule 25 deals with recording of changes. Parallel to Rule 25, Article 9 of the Madrid Protocol provides that the International Bureau shall record any change in ownership “at the request” of the person in whose name the international registration stands. However, of itself, Rule 25 is a rule which merely offers to Offices or holders of international registrations a facility enabling them to request the International Bureau to record certain changes and the Rule does not go beyond that.

32. Likewise, Article 9*bis* of the Madrid Protocol provides that the International Bureau “shall record” in the International Register various changes referred to in that Article. However, Rule 25 complements this Article only by providing for submission of the relevant official form and indicating what that form should contain in any given case. Thus, it is submitted that a strict interpretation of the Articles in question and Rule 25 leaves it far from clear that a positive obligation is being imposed upon a holder or an Office, in any case. It is questionable, therefore, whether the proposal in the Swiss document is, as now formulated, in fact, more prescriptive than the proposal set out in the International Bureau document.

33. The amendment to Rule 25, as set out in the Swiss document, in contracted form, reads as follows: “[a] request for recording shall be presented to the International Bureau on the relevant official form, in one copy, where the request relates to [...] a division of the international registration in respect of a designated Contracting Party and some of the goods and services.” It is submitted that there is not any further element in the proposed amendment which would suggest any level of obligation to file such a request.

THE TRADEMARK LAW TREATY AND THE SINGAPORE TREATY

34. It has been suggested that the Madrid system is deficient insofar as it is said that it does not measure up to the standards that have been established in the TLT and the Singapore Treaty. The lack of a provision in the Madrid treaties or in the Common Regulations dealing with division of an international registration is suggested as unfairly prejudicing holders of international registrations when compared to applicants who avail of the national or regional route.

¹¹ In the questionnaire regarding practices of members of the Madrid Union with respect to division, in response to the question “Does the applicable law of your country/organization allow the division of a territorial extension (or ‘designation’) under Article 3ter of the Madrid Agreement or of the Madrid Protocol other than upon notification by the International Bureau of WIPO of a partial change in ownership of the international registration concerned?” eight of the 54 participants responded affirmatively.

35. In this respect, the different nature of the applications and/or registrations envisaged by the TLT and the Singapore Treaty on the one hand, and the Agreement and the Protocol on the other, must be kept in mind. A full conceptual parallelism between both sets of treaties should not be presumed; the TLT/Singapore legal framework directly affects national/regional *substantial* mark legal systems, whereas the Madrid system is a filing system generating a centralized recording of an "international" mark, with no protection effects of its own in each designated Contracting Party. Under Article 4 of the Agreement and Protocol, the protection of a mark in each designated Contracting Party shall, from the date of recording of an international registration, be the same as if the application had been filed directly with the Offices in question and, if no refusal has been notified within the appropriate time limit, or a notified refusal has been withdrawn, then the protection of the mark shall, as from that time, be the same as if the mark had been actually registered by the Offices in question.

36. In essence, therefore, from the expiry of the refusal period, the rights flowing from an international registration are rights which do not in any manner depend upon the Madrid system, *per se*, but stem instead from the laws and procedures which obtain at the national or regional level.

37. However, that is not to say that the division of an international registration, or perhaps more accurately, the rights flowing from an international registration, cannot be effected at the national or regional level. There is nothing in the regulatory framework of the Madrid system which so mandates or even suggests. Thus, it is notable that one particular Office¹² successfully operates a division procedure for international registrations which designate its territory as a Contracting Party under the Madrid system.

38. It is accepted, however, that this latter situation may be of little comfort for the vast majority of Offices which do not have the facility of assigning a national/regional-specific number to international registrations nor maintain an independent parallel register for international registrations. Nevertheless, it remains that, in principle, there is not, in fact, any prohibition or regulatory barrier to the division of an international registration.

POSSIBLE ADOPTION OF THE PROCEDURE FOR THE RECORDING OF A PARTIAL CHANGE IN OWNERSHIP

39. If it were to be decided by the Working Group to introduce a procedure for the recording, at the level of the International Register, of the division of an international registration, it has been suggested that advantage be taken of the existing procedure for the recording of partial changes in ownership.

40. The procedure for the recording of partial changes in ownership is dealt with by Section 16 of the Administrative Instructions, which provides, in paragraph (b), that the transferred part of an international registration shall be cancelled under the number of the international registration in question and recorded as a separate international registration, bearing the original international registration number along with a capital letter.

41. It can be said that this recording procedure works to the reasonable satisfaction of users of the system and does not place an undue burden upon the International Bureau. To date, because of the repeated transfer transactions that may arise with respect to any given international registration, over time, the recordings have arrived at the letter "L".

¹² The United States Patent and Trademark Office (USPTO).

42. Having said that, it is still worth recalling that the recording of changes in ownership, *per se*, is often not limited to the simple recording of a one-off change in ownership. Thus, it sometimes occurs that the Office of a designated Contracting Party which is notified of a change in ownership affecting that Contracting Party may, under paragraph (4) of Rule 27 of the Common Regulations, declare that the change in ownership has no effect in the said Contracting Party. In such case, the International Bureau is required to implement a further recording, cancelling from the transferred part the designation concerned and re-instating it in the parent part of the original international registration.

43. It might be said that the procedure for the recording of changes in ownership is somewhat cumbersome, but reasonably practical and effective. In addition, one of the salient advantages of the procedure that is in place is that the system of lettering that has been established has the added value that the appearance, in the International Register, of an international registration number followed by a letter carries with it a single piece of information for the holder of the mark, as well as for users of the system and third parties – that is to say, it conveys the information that there has been recorded a partial change in ownership, and nothing else.

44. If an equivalent procedure were to be introduced for the recording of the division of an international registration there may be justification for questioning whether the benefits to be derived from such a system of recording of divisions would outweigh the relative clarity of the historical narrative of the recordings contained in the International Register. In effect, no longer would the appearance of a letter alongside an international number come to signify, of necessity, a single type of event (partial change in ownership) in the life of an international registration but would require to be further analyzed so as to establish whether what was being narrated was a partial change in ownership or a division of an international registration. Alternatively, the lettering mechanism would need to be further complicated in order to accommodate divisions; the result would be a more complex layout of the International Register.

45. It is suggested that the introduction of the partial change in ownership mechanism for the recording also of divisions of international registrations might have the effect of cluttering or diluting the transparency of the International Register. By their nature, the divided part of an international registration would remain in the name of the original holder of the registration and one would imagine that, in many cases, the lettered (divided) part would eventually be merged back with the original parent part. This merger would be analogous to the current procedure implemented by the International Bureau where there has been a declaration by an Office that a change in ownership has no effect. Additionally, one might, it is suggested, arrive at situations where there has been a partial merger, with the remaining, unmerged and lettered part, continuing to appear in the International Register as a somewhat redundant item of data, which evidently would not be renewed in due course.

VI. CONCLUSION – POSSIBLE WAYS FORWARD

46. Perhaps a more appropriate approach might be to formulate the discussion not in terms of the division of an international registration, as such, but rather in terms of the provision of a facility for the provision of an easy and workable mechanism for the *recording*, at the level of the International Register, of the division of an international registration that has taken place at the level of the Office of a designated Contracting Party. Whether this would also, as a corollary, require the recording of two statements of grant of protection, or a single statement, as heretofore, would be an issue that would need to be addressed.

47. At present, the recording in the International Register of the one sole event that has a consequent impact upon the initial number assigned to an international registration is the recording of a partial change in ownership. It would be difficult to argue that it should be otherwise. All of the other events that take place during the course of the lifetime of an international registration are merely recorded in the International Register as an incident in the

life of the registration, and which, apart from the recording of a provisional refusal, are recorded and published optionally only, at the request of the parties concerned. Perhaps, one might ask, what is there that is so fundamentally different about a designation that has come to be divided at the level of the national or regional Office (which, of course, continues in the name of the holder recorded in the International Register and, if the holder is fortunate, will, in all likelihood be merged back with the parent in due course) that would require that that event be marked by revising the number of the international registration as a consequence?

48. The Swiss document goes further than the International Bureau document, in terms of the information to be recorded, and makes provision also for the recording of lists of goods and services. The Working Group may find that there is merit in the more extensive scope of the Swiss proposal, but consideration should be given to the additional workload that such would entail for the International Bureau. Additionally, in this regard, it may be necessary to give consideration to putting in place a framework of checks and controls that would have the effect of restricting the scope of the possibility of introducing new class numbers for a divided part or extensive re-organization of the indications of goods and services during the course of the division.

49. The Swiss document would also, in all likelihood, result in an additional workload for the International Bureau, in terms of the downstream management and issuing of notifications emanating from a divided international registration, which would no longer be recorded in the International Register under a single integral number but instead, would exist as two separate and individual registrations, both being entitled fully to the resources available to holders of international registrations under the Madrid system. Irrespective of the actual number of occurrences of division, this would imply the definition, creation and implementation of the necessary IT resources, forms and other related means to fulfill such obligation.

50. It is submitted that the introduction of division, in either the proposed format set out in the Swiss document or the International Bureau document, would inevitably imply that additional technological means should be put in place in order to preserve the necessary clarity – and, in the light of the mandate of the Madrid Union Assembly, user-friendliness of the Madrid system. One measure of the efficiency of a mechanism is the ratio between the means invested to make it operational and the intensity of its use. The empirical knowledge obtained from the use of division would not seem to indicate that its introduction in the Madrid system would embody the most efficient possible use of the resources of the International Bureau.

51. Both documents merely provide for the possibility of recording the division of an international registration rather than mandating it as an obligation upon Offices of designated Contracting Parties. It would be for the Working Group to conclude which approach it favored. Finally, if a division procedure were to be introduced, the sole issue that could perhaps be said to be remaining to be resolved is the issue as to whether the recording be a mere recording, as such, or whether the fact of a division having taken place at the level of a designated Contracting Party should further be viewed as an event that would be equivalent in significance perhaps to a change in ownership and should therefore be not only recorded as a fact in the International Register but also reflected in the numbering process of the international registration concerned. The reflections on the added complexity and expected efficiency made above should be recalled here.

52. The International Bureau will require further guidance and direction from the Working Group as to how it should proceed. In this regard, reference is made to the somewhat laconic response by Offices to the invitation by the Chair to participate in the discussions through the medium of the Madrid Forum, which may reflect perhaps a lack of interest in the issue on the part of Offices. There would appear, however, to be a fairly general consensus as to the need to proceed with caution and deliberation. It may well be that, in the future, given the ongoing development of technological means for the recording of data and also the expanding scope of electronic communications and electronic recordings between Offices and the International

Bureau, there may be less complexity inherent in the introduction of new features and procedures involving the International Register. Thus, for example, it may be possible, in the future, to have a tracking mechanism or a tagging system which would individually identify each designation and thereby facilitate more easily a procedure that would allow for the notification and recording in the International Register of the division of international registrations at the level of a designation, without compromising the integrity of the recording of the parent international registration.

53. More particularly, it has been suggested also that care should be taken not to jeopardize the simplicity of the Madrid system, as it stands, in the light of the growing interest of potential new Contracting Parties in acceding to the system, not least in the Latin-America and Asia-Pacific regions. Furthermore, if and when all Contracting Parties to the Madrid system have acceded to the Madrid Protocol, the Working Group will perhaps be required to consider, in depth, the overall structure and workings of the Madrid system and the possible freezing of the Madrid Agreement. It is suggested that there may be merit in not further complicating or compromising the system at this particular time and that unless a clear and simple procedure for the introduction of division can be arrived at, at this time, it may be wise to defer its further consideration for a period of time.

54. The Working Group is invited to provide guidance with respect to the further direction, if any, which should be taken with regard to the issue of the division of international registrations.

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