



Internal Oversight Division

Reference: IOD-INV-2015-04

Management Implication Report

June 24, 2016

SUMMARY

1. During a past inquiry, the Internal Oversight Division (IOD) of the World Intellectual Property Organization (WIPO) found that a trademark ownership transfer declaration (MM5 form) received by the Madrid Registry possibly contained falsified information, resulting in the transfer of trademarks to a company which they did not belong to. IOD recommends that the Madrid Registry examine possible ways of mitigating the risk of reoccurrence of such an incident.

BACKGROUND

2. Users of the Madrid Registry normally submit an MM5 form to WIPO to declare the transfer of the ownership of a trademark between two entities. The MM5 procedure is one of the 32 types of “changes or modifications” in trademark ownership that may be processed by the Madrid Registry.

3. IOD received a complaint from a company (the Complainant) who claimed to be the “lawful assignee” of two trademarks (the Trademarks), the ownership of which had been wrongly transferred to another company (the Transferee) in the Madrid Registry, following the fraudulent submission of a MM5 form.

4. IOD subsequent inquiries found that:

- (a) The MM5 form pertained to a total change of ownership for the Trademarks, and showed the Complainant as the holder and transferor of the Trademarks, to be transferred to the Transferee;
- (b) The MM5 form was signed on behalf of both the Complainant and the Transferee by the same individual (the Alleged Perpetrator); and
- (c) The Alleged Perpetrator was a former director of the Complainant, who had later become director of the Transferee.

5. Overall, while the inquiry did neither find any violation of WIPO’s internal rules and procedures nor any other misconduct involving WIPO staff, IOD found it likely that the Madrid Registry would have been used for unlawful purposes. As a result, changes in trademark ownership were possibly wrongly recorded by WIPO.

ISSUES

6. IOD noted that the procedures in place¹ neither require, nor allow for, WIPO to verify that the signatories of an MM5 form have been duly authorized to act on behalf of the entities concerned.

7. Accordingly, a Madrid Registry examiner stated to IOD: “I can see that [someone] signed in capacity as Director of [the Complainant]. But there is no way for me to check that [this

¹ As per the Madrid Examination Procedures Manual, Chapter VI, Part VI.

individual] is authorized (...) to act on behalf of the company. The International Register captures the names of companies holding trademarks, as well as the attorney firms appointed as their representatives, but not necessarily the individuals managing these entities”.

8. Ms. Asta Valdimarsdóttir (Director, Operations Division, Madrid Registry) accordingly stated to IOD: “(...) we basically record the information that we receive. It is not our responsibility to check the accuracy and integrity of that information (...). I cannot say whether or not the MM5 form in question was fraudulent. I do not have the means to investigate this matter (...)”.

9. While the above situation does neither constitute a deviation from the Protocol Relating to the Madrid Agreement nor from the Common Regulations under the Madrid Agreement (see relevant excerpts in **Annex**), it could nevertheless be considered a control weakness leading to a risk of fraud as identified in this case.

RECOMMENDATION

10. It is not WIPO’s primary responsibility to ensure the truthfulness of information provided by third parties in submissions such as MM5 forms, and the legal risks to WIPO arising from fraudulent practices such as identified above may not be material. However, reasonable diligence from WIPO to prevent fraudulent use of the Madrid Registry could only positively affect customer satisfaction and compliance with commitments of the WIPO Service Charter, and contribute to the protection of WIPO’s reputation.

11. In view of the foregoing:

The Madrid Registry should examine possible ways of mitigating the risk of false information being submitted as part of an MM5 form. Consideration should be given to possible actions including but not limited to:

- Amending all official forms to include a declaration by the signatory that he/she is entitled to sign the form under the applicable law;
- Ensuring that all electronic forms to be created in the future, for allowing users to perform Madrid transactions online, require the creation of a WIPO user account linked to a verifiable email address.

(Importance: Medium)

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TABLE OF RECOMMENDATIONS

No.	Recommendation	Responsible unit/manager	Deadline for implementation	Management comments and action plan
1	<p>The Madrid Registry should examine possible ways of mitigating the risk of false information being submitted as part of an MM5 form. Consideration should be given to possible actions including but not limited to:</p> <ul style="list-style-type: none"> - Amending all official forms to include a declaration by the signatory that he/she is entitled to sign the form under the applicable law; - Ensuring that all electronic forms to be created in the future, for allowing users to perform Madrid transactions online, require the creation of a WIPO user account linked to a verifiable email address. <p>(Importance: Medium)</p>	<p>Madrid Registry D. Muls</p>	<p>June 2017</p>	<p>The recommendation is agreed and the Madrid Registry will specifically:</p> <ol style="list-style-type: none"> 1. Amend all its official forms to include a declaration by the signatory that he/she is entitled to sign the form under the applicable law (by September 2016); and 2. Ensure that all electronic forms to be created in the future, for allowing users to perform Madrid transactions online, require the creation of a WIPO user account linked to a verifiable email address (by June 2017).