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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

**SPECIAL UNION FOR THE INTERNATIONAL REGISTRATION OF MARKS
(MADRID UNION)**

ASSEMBLY

**Thirty-Eighth (17th Ordinary) Session
Geneva, September 24 to October 3, 2007**

REPORT

adopted by the Assembly

1. The Assembly was concerned with the following items of the Consolidated Agenda (document A/43/1): 1, 2, 3, 4, 5, 6, 9, 10, 14, 22, 28, 31 and 32.
2. The report on the said items, with the exception of item 22, is contained in the General Report (A/43/16).
3. The report on item 22 is contained in the present document.
4. Mr. Li-Feng Schrock (Germany), Chair of the Assembly, presided over the meeting.

ITEM 22 OF THE CONSOLIDATED AGENDA:

MATTERS CONCERNING THE MADRID UNION

5. Discussions were based on documents MM/A/38/1, 2, 3, 4 and 5.
6. The Chair opened the meeting by recalling that the first three items for consideration by the Assembly, namely, a proposal for a new Rule *1bis*, the review of the safeguard clause and related amendments of the Madrid Protocol and of the Common Regulations, and the legal development of the Madrid system were the subject of recommendations made by the *ad hoc* Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”) and invited the Chair of the Working Group to report on this to the Assembly.
7. The Chair of the Working Group, Mr. António Campinos from Portugal, reported on the work of the Working Group at its two sessions held in 2007 and said that this had resulted in the proposals now submitted for consideration by the Assembly in documents MM/A/38/1, 2 and 3, prepared by the Secretariat. On the issue of the review of the safeguard clause, he highlighted the fact that the recommendation of the Working Group, which consisted in an amendment of Article 9*sexies* accompanied by an increase in the amounts of the supplementary and complementary fees, was a compromise solution. In that regard, he expressed his gratitude to the Delegations of Australia and the United States of America for their flexibility. On the issue of the legal development of the Madrid system, Mr. Campinos indicated that the Working Group had received proposals from Australia, Japan, Norway and the Republic of Korea, that were of great interest for users. In light of these, the Working Group was recommending that the Assembly give it an ongoing mandate.

Proposal for a New Rule *1bis*

8. Discussions were based on document MM/A/38/1.
9. The Delegation of Portugal, speaking on behalf of the European Community and its Member States, supported the proposed adoption of Rule *1bis* and the proposed consequential amendments to other Rules.
10. The Delegations of Australia, Austria, China, Cuba, France, Iran (Islamic Republic of), Italy, Japan, Kenya, Russian Federation, Spain, Switzerland and the United States of America expressed their support for the proposals contained in document MM/A/38/1.
11. The Assembly adopted the new Rule *1bis* and the consequential amendments to Rules 1(xvii) to (xviii), 25(1)(c) and 30(4) of the Common Regulations, as set out in Annex I of document MM/A/38/1, with a date of entry into force of January 1, 2008.

Review of the Safeguard Clause and Related Amendments of the Madrid Protocol and of the Common Regulations

12. Discussions were based on document MM/A/38/2.

13. The Delegation of Portugal, speaking on behalf of the European Community and its Member States, welcomed the excellent results of the work undertaken by the Working Group on the review of the safeguard clause and expressed its appreciation for the active and constructive efforts of all Member States over the last two years. The Delegation said that the European Community and its Member States welcomed the progress made on the important issues associated with the simplification of the Madrid system. It wished to underline the importance of the revision of the several existing mechanisms that constitute the international trademark registration system, thus further enhancing its effectiveness and facilitating and simplifying its procedures, for the benefit of users, notably businesses that use the system in the context of their commercial activity.

14. The Delegation of Austria associated itself with the statement of the Delegation of Portugal on behalf of the European Community and its Member States and expressed its support for the recommendations in document MM/A/38/2.

15. The Delegation of China stated that the repeal of the safeguard clause and the proposed amendments were in conformity with the statements which the Delegation of China had expressed in the course of the four sessions of the Working Group.

16. The Delegation of France expressed its support for the statement of the Delegation of Portugal on behalf of the European Community and its Member States. The Delegation congratulated the Chair of the Working Group as well as the International Bureau for the excellent results, which were satisfying for both Offices and users. It thanked the Delegations of Australia and the United States of America for the flexibility which those Delegations had shown.

17. The Delegation of Spain thanked the Delegations, the Chair of the Working Group, as well as the International Bureau of WIPO, for their excellent work, which had resulted in a successful conclusion. The Delegation associated itself with the statement of the Delegation of Portugal on behalf of the European Community and its Member States and fully supported the proposals in documents MM/A/38/2.

18. The Delegation of Iran (Islamic Republic of) said that with a view to the simplification and harmonization of the Madrid system and in order to move in the direction of having a single applicable treaty, it supported the amendment of Article 9*sexies* and the consequential amendments to the Common Regulations. The Delegation also expressed its support for the increase in the amounts of the supplementary and complementary fees and the further proposals set out in document MM/A/38/2.

19. The Delegations of Australia, Cuba, Italy, Japan, Kenya, Russian Federation and Switzerland indicated their support for all the proposals set out in document MM/A/38/2.

20. The Delegation of the United States of America stated that, in light of the support expressed by many of the Delegations during the fourth session of the Working Group for the compromise solution, and after careful consideration, it was withdrawing its reservations regarding the increase in the amounts of the supplementary and complementary fees, particularly due to the small amount of the increase. The Delegation, however, hoped that any future proposal for a fee increase would be put forward and justified prior to the meeting at which the proposed increase was intended to be considered.

21. The Assembly* :

(i) noted the conclusions and recommendations of the Working Group on the review of the safeguard clause, as well as the operational consequences of the proposed repeal of the safeguard clause for the Offices of States that are bound by both the Agreement and the Protocol, and for the International Bureau, as set out in Part II of document MM/A/38/2;

(ii) adopted the amendment of Article 9*sexies* of the Protocol, as set out in Annex I of document MM/A/38/2, with effect from September 1, 2008;

(iii) set the amounts of the supplementary and complementary fees under sub-items 1.2, 1.3, 2.2, 2.3, 3.2, 3.3, 5.2, 6.2 and 6.3 of the Schedule of Fees at 100 Swiss francs, as set out in Annex III of document MM//A/38/2, with effect from September 1, 2008;

(iv) adopted the amendment of Rules 1(viii) to (x), 6, 9(4)(b)(iii), 11(1)(b) and (c), 16(1), 18(2), 24(1)(b) and (c), and 40(4), and of the text of sub-items 2.4, 3.3, 3.4, 5.2, 5.3 and 6.2 to 6.4 of the Schedule of Fees, as set out in Annex III of document MM/A/38/2, with effect from September 1, 2008.

Legal Development of the Madrid System

22. Discussions were based on document MM/A/38/3.

23. Regarding the future work associated with the legal development of the Madrid system, the Delegation of Portugal underlined that the European Community and its Member States remained committed to moving forward on the basis of a mutually agreeable, focused and defined program of work on the issues relating to the legal development of the Madrid system. It therefore encouraged the Assembly to give the Working Group an ongoing mandate in that regard.

24. The Delegation of Australia indicated its support for the recommendations of the Working Group set out in document MM/A/38/3, and said that it was looking forward to the Working Group developing a work program to progress the further work on issues concerning the legal development of the Madrid system.

* The decision under item (ii) was adopted by the Assembly consisting of States party to both the Agreement and the Protocol.

25. The Delegation of the United States of America indicated its appreciation for the support of other Delegations of the Working Group regarding the improvement of the Madrid system and increasing the level of services provided by Offices. It stated that it wished to begin to work immediately on improving the system for the long-term benefit of users, offices and prospective contracting parties. The Delegation said that it was looking forward to the next session of the Working Group in order to begin this important work. Finally, the Delegation supported extending the mandate of the Working Group so as to continue discussions on the future legal development of the Madrid system.

26. The Delegation of Norway stated that it strongly supported the recommendation of the Working Group that the Assembly extend its mandate. This would allow for important discussions on the legal development of the Madrid system. The Delegation underlined that, when discussing the development of the Madrid system, the Working Group should focus on the provisions that the system should have, in order to be even more user-friendly and efficient and to make it more attractive for users and potential new Member States.

27. The Delegation of Japan referred to the contribution of Japan to the Working Group (documents MM/LD/WG/4/5 and MM/LD/WG/4/5 Corr.), and said that it was looking forward to positive participation in the discussions on the legal development of the Madrid Protocol.

28. The Delegations of Cuba, France, Iran (Islamic Republic of), Italy, Kenya, the Russian Federation, Spain and Switzerland indicated their support for the proposals set out in document MM/A/38/3.

29. The Assembly noted the conclusions and recommendations of the Working Group and decided to give an ongoing mandate to the Working Group to consider issues relating the legal development of the Madrid Protocol, as indicated in paragraph 20 of document MM/A/38/3.

Madrid Union Budget Flexibility Formula

30. Discussions were based on document MM/A/38/5.

31. The Secretariat suggested an amendment to the decision paragraph to indicate, explicitly, that the adoption of the formula was for the 2008/09 biennium, and that this decision would be without prejudice to the envisaged revision of the Financial Regulations and Rules of the Organization.

32. The delegations of China and Kenya supported the proposals contained in the document.

33. The Assembly:

(i) took note of the methodology described in the Annex to document MM/A/38/5, and

(ii) approved the new flexibility formula for the budget of the Madrid Union for the 2008/09 biennium, proposed in paragraphs 10 to 12 of document MM/A/38/5, noting that that decision should not prejudice the envisaged revision of the Financial Regulations and Rules of the Organization.

Modernization of the Information Technology System and Use of Madrid Union Budget Surplus

34. Discussions were based on document MM/A/38/4.

35. The Secretariat suggested a slight amendment to the decision paragraph (replacing “in 2009” by “in due course” under item (iii)) to take into account the global proposals made by the International Bureau for financing of projects in the medium term, as contained in document A/43/15.

36. The Delegation of Portugal, speaking on behalf of the European Community and its Member States, expressed its appreciation for the proposals and initiatives related to the modernization of the information system of the Madrid Union, which, it hoped, would bring more efficiency and speed to the work of those involved in the international registration of trademarks.

37. The Delegation of China supported the proposals contained in document MM/A/38/4, as they would make it possible to improve services and strengthen the Madrid information systems.

38. The Delegation of Switzerland stated that it strongly supported the proposals contained in document MM/A/38/4 and that it was in favor of all measures that would make it possible to strengthen the Madrid information systems.

39. The Delegations of Denmark, Portugal and Spain supported the statement made by the Delegation of Switzerland.

40. The Delegation of the United States of America declared that it supported the proposals to use the surplus in the Madrid Union budget to contribute to financing the proposed IT modernization program, without prejudice to its position on the use of other funds proposed in document A/43/15 .

41. The Assembly:

(i) took note of the proposed IT modernization program as described in paragraphs 28 to 31 of document MM/A/38/4 and approved the implementation of Phase I of that program in 2008/09;

(ii) approved the financing of Phase I of the IT modernization program as proposed in paragraphs 35 and 42 of document MM/A/38/4;

(iii) took note that proposals for the implementation and financing of Phase II and, possibly, Phase III of the IT modernization program would be submitted for consideration by the Assembly in due course;

(iv) decided to maintain the target level of the Madrid Union Reserve and Working Capital Funds (RWCF) at 25 per cent of the estimated biennial expenditure (PBE factor) for the 2008/09 biennium, and consequently keep within the RWCF any surplus generated by the Madrid Union budget in 2006/07 to the extent necessary to reach that target level;

(v) decided that any amount of the above-mentioned surplus exceeding the amount necessary to reach the target level of reserves indicated in (iv), above, be kept in the Madrid Union RWCF with a view to contributing to the financing of Phase II and, possibly, Phase III of the IT modernization program, as may be required.

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