

# WIPO



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(MADRID UNION)**

**ASSEMBLY**

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**MODERNIZATION OF THE INFORMATION TECHNOLOGY SYSTEM  
AND USE OF MADRID UNION BUDGET SURPLUS**

*Document prepared by the International Bureau*

## I. INTRODUCTION

1. The information technology (IT) systems supporting the operations under the Madrid System for the International Registration of Marks (Madrid system) have evolved over time in accordance with the needs and demands of users. The first components of an automated system with respect to the administration of the Madrid Agreement Concerning the International Registration of Marks (Agreement) were developed and introduced in the 1980s: international applications in 1982, renewals in 1984, and modifications and refusals in 1986. By 1988, an automated system named the "System of Electronic Marks' Interrogation, Registration and Administration" (SEMIRA) had been developed to support most of the operations under the Agreement. During the same period, an optical disk system for the electronic archival of the Madrid system paper files named "Marks Information Optically Stored" (MINOS) was introduced and a back scanning project was initiated to take electronic copies of all relevant documents in the International Bureau's paper archives.

2. Between 1991 and 1995, a new automated system was analyzed, designed and developed to replace SEMIRA in anticipation of the entry into force of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol). The new system, named the “Madrid Agreement and Protocol System” (MAPS), became operational in 1995, and was loosely integrated with an upgraded version of the document image database, MINOS. The technologies used for the preparation of the *WIPO Gazette of International Marks* (“the Gazette”) and the preparation of official notifications to offices and users were also upgraded. The introduction of these new systems and technologies has allowed the International Bureau to operate as a “paperless office” with respect to operations under the Madrid System since December 1995, i.e., more than 10 years ago, a significant milestone in the history of IT at WIPO.

3. Since 1995, MAPS has been modified to adapt to changes in the legal framework and to improve Madrid system operations. As new technologies have become available, MAPS data has been extracted and published as external databases or PDF files in various optical disk formats and/or on the Madrid pages of the WIPO website (e.g., ROMARIN, *Madrid Express* and the *WIPO Gazette of International Marks*). Also, the MECA system (“Madrid Electronic CommunicAtions”) was developed for the transmission of communications under the Madrid System by electronic means. This system is currently used by WIPO to send such electronic communications to 43 Offices of Madrid Union members (“Output MECA”), while seven offices also send certain communications electronically to WIPO (“Input MECA”).

4. In 1998, MAPS served as the basis for the development of an IT system enabling the International Bureau to administer the international procedure under the Hague System for the International Registration of Industrial Designs (Hague system). The resulting system, an adaptation of MAPS, was named DMAPS.

5. In 1999, the ageing MINOS system was replaced by the IMAPS system. During the course of 2007, the IMAPS system was further upgraded to use faster and less expensive magnetic disk storage technology rather than optical disks.

6. Currently, the automated systems which support the international procedures of the Madrid and Hague systems consist of the MAPS and DMAPS systems for the management of bibliographic and other text based data, the IMAPS system for document image management and archival, and the Publication system for the preparation of the Gazette and official notifications to offices and users. These loosely integrated systems are hereinafter referred to as the “*IT system*”.

7. MAPS and DMAPS run on a mainframe computer environment under an IBM Operating System (IBM mainframe platform hosted by the United Nations International Computing Centre - UNICC). The IMAPS and Publication systems, which are loosely integrated with MAPS and DMAPS, run on Microsoft Windows platforms. MAPS and DMAPS have interfaces with the AIMS system of the Finance Department of the International Bureau.

## II. NEED FOR UPGRADING THE CURRENT IT SYSTEM

8. With the entry into force of the Madrid Protocol in 1995, the Madrid system embarked on a new phase of growth – and corresponding increase in workload – which will transform it into a truly global system for the international registration of marks<sup>1</sup>. This historic development is taking place at a time when the ability to access data over the Internet and the introduction of new technologies has revolutionized how the users of trademark registration systems expect to be able to obtain information and conduct business.

9. In order to meet the challenges of geographic expansion, increased use and user expectations in the 21<sup>st</sup> century, full exploitation of the possibilities afforded by IT will be required for the necessary: (i) increase in efficiency of the administration of all aspects of the international procedure; (ii) expansion of electronic communication between the International Bureau and Offices, holders, representatives and third parties; (iii) Internet access to information recorded in the International Register<sup>2</sup> and to communications received and sent by the International Bureau (whether in electronic or paper form); and (iv) introduction of new or enhanced administrative services of interest to national or regional Offices<sup>3</sup>.

10. Already in 2001, WIPO commissioned an external firm, OCS Consulting, to assess, *inter alia*, the suitability of the IT platform for the MAPS, DMAPS, IMAPS and publication subsystems and the capacity of those systems to absorb expected increases in registration activity as well as to identify alternative hardware and database management systems that might be considered in anticipation of the possible upgrading or replacement of the current ones at some point in the future. The study by OCS Consulting concluded that those IT systems supported business effectively and with low operational risk and should be able to cope with the expected growth in workload. However, as a long term recommendation, the study suggested that at some time in the future, WIPO might wish to consider the convenience of migrating MAPS and DMAPS to a modernized technical environment.

11. In 2004-2005, an internal Task Force examined the business requirements to be considered with respect to the further development of the IT system, and made recommendations regarding functionalities that might be enhanced or added to increase efficiency in the administration of procedures by the International Bureau and expand electronic communication with offices, holders and representatives. Based on those

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<sup>1</sup> Since 1995, 34 new Contracting Parties have joined the Madrid system, an increase of 74%. Between 1995 and 2006, the volume of transactions recorded by the International Bureau has grown significantly. For example, international registrations increased from 18,852 in 1995 to 37,224 in 2006 (+97.5%); renewals, from 3,808 to 15,205 (+299.3%); subsequent designations, from 6,749 to 10,978 (+62.7%); modifications (including changes in ownership, cancellations, renunciations, limitations and changes in name or address of holders or representatives), from 32,034 to 47,460 (+48.2%); the notification of decisions by designated Contracting Parties, from 53,646 to 212,941 (+296.9%). The number of active international registrations in the International Registry increased from 328,133 at the end of 1995 to 471,325 at the end of 2006 (i.e., by almost 50%). The volume of registration activity by the International Bureau is expected to continue to grow in the years to come.

<sup>2</sup> The International Register offers a unique and invaluable source of raw data with regard to, at present, more than 80 separate jurisdictions which can be used for monitoring filing trends, tracking performance, and comparative legal study.

<sup>3</sup> A more sophisticated IT platform may allow the International Bureau greater flexibility in tailoring certain of its services to the needs of individual national or regional offices: e.g., the compilation and publication of mark information, i.e., a gazette, and the maintenance of databases used to search for pending and registered marks for purposes of clearance, examination, opposition, invalidation and enforcement.

recommendations, allocations for the financing of certain functional projects, including e-Business (for an amount of 1.0 million Swiss francs) were included under Program 18 (Madrid, Hague and Lisbon Registration systems) in the proposed Program and Budget for 2008-09, as contained in document WO/PBC/11/6.

12. In addition, in early 2007, WIPO commissioned a consulting firm, Sogeti SA Switzerland, to reassess the state and effectiveness of the IT system, to update the work done by OCS Consulting and to recommend, as appropriate, alternative solutions for its enhancement or replacement, including an assessment of the costs and risks associated with each. The specific terms of reference were as follows:

- to review operations under the procedures of the Madrid and Hague systems and determine the level of automation and user satisfaction before proposing options to enhance the technology;
- to identify any functional gaps in the IT system;
- to assess the long-term suitability of the current technical platforms hosting the IT system;
- to identify any risks to the continued secure operation of the IT system and make recommendations for the mitigation of such risks;
- to assess alternative technical platforms and make recommendations on strategies for the modernization of the IT system, taking into account the possibilities of alternative hardware and database management systems.

13. The following section summarizes the key findings, risks, modernization alternatives and recommended approach identified in the report prepared by Sogeti. The complete report, “WIPO MAPS DMAPS Final Report,” and its accompanying Power Point presentation, “WIPO MAPS Final Presentation,” can be consulted on the WIPO website at the following address: <http://www.wipo.int/madrid/en/>. A paper copy is available to members of the Madrid Union upon request.

### III. SUMMARY OF THE SOGETI REPORT

#### Key Findings

14. MAPS and DMAPS were well designed, building efficient and effective business functions based upon integrated workflow tools, interactive programs and modular programs for the elaboration of business and data logic.

15. MAPS and DMAPS support the business activities of the International Bureau for the administration of procedures under the Madrid and Hague systems effectively and with low operational risk. The IBM mainframe platform, on which MAPS and DMAPS operate, is inherently scalable and robust with respect to internal operations.

16. Operation managers and internal users are satisfied with the features available in MAPS and DMAPS, for the internal activities related to their operational responsibilities. However, some functional weaknesses have been identified in specific areas, such as translation, classification, text handling and e-Business.

17. MAPS and DMAPS are not well positioned to implement mainstream e-Business functionality (for example web services) and present a number of technical constraints for improving translation, text management, data analysis and search tools. The existing IBM mainframe platform also presents difficulties for the integration of standard office automation tools and document management products.

18. Running MAPS and DMAPS on an IBM mainframe platform is a relatively expensive way to operate what is essentially only a medium size system. MAPS and DMAPS are dependent on software licenses for the Adabas and Natural applications, which are more expensive when written for an IBM mainframe platform as opposed to other platforms such as UNIX. Consequently, similar performance and reduced operational costs could be achieved through a migration to UNIX.

19. While the services provided by the UNICC via its IBM mainframe platform hosting are available 24 hours a day, seven days a week, the application of MAPS and DMAPS only run from 7 a.m. until 10 p.m. Due to the broad geographical distribution of new prospective users (offices, holders, representatives) of the MAPS/DMAPS systems in the context of e-business, those systems must be available 24 hours a day, seven days a week.

20. MAPS and DMAPS have the same origin in MAPS and share core functionalities. Any change from the IBM mainframe platform with respect to MAPS will necessarily affect DMAPS to the same extent. For conversion purposes, specific DMAPS features would represent some 30% of the total MAPS features.

### Risks

21. The number of IT staff supporting MAPS and DMAPS (only three staff and two external consultants) is significantly below industry standards. As a result, what progress is made cannot keep up with the ever increasing list of new or enhanced functionalities that are needed. The absence of sufficient dedicated IT resources is a significant risk to the ongoing Madrid and Hague operations.

22. The services provided by the UNICC via its IBM mainframe platform hosting of MAPS and IMAPS, which are already relatively expensive, are likely to become more expensive over time. As other UN agencies begin to decommission their systems that are hosted on the IBM mainframe platform, there is a risk that WIPO might be obliged to pay for a greater proportion of UNICC's IBM mainframe platform costs since it is a shared service.

### Modernization Alternatives

23. The report identifies four possible approaches for the required IT modernization over the next two biennia.

*Option A – Step by Step Evolution Maintaining the Same Architecture:* This option would involve continuing to run the MAPS and DMAPS systems on an IBM mainframe platform and initiating a limited series of projects to improve internal operations.

*Option B – Step by Step Evolution Towards an Open and Flexible E-Business Information System:* This option would involve three phases, the first of which would be implemented in 2008 and 2009 and comprise the downsizing of MAPS and DMAPS to operate in a UNIX platform, so as to reduce operational costs, and a mix of high priority projects aimed at modernizing the MAPS user interface and addressing the functional deficiencies of MAPS with respect to translation, classification, text processing and e-Business. A second phase, to be implemented as from 2010, would involve partial migration of Natural interactive programs to Java and further development of the publication subsystem. The possible implementation of a third phase involving overall migration to a new technical environment would require a further assessment in early 2009.

*Option C – One to One Migration to Oracle/Java or .Net:* This option would involve rewriting MAPS and DMAPS in a Java/Oracle-Unix or .net-Windows environment on a function by function basis without undertaking a redesign exercise. Only upon completion of that conversion, a mix of projects to address the functional deficiencies identified in *Option B*, above, would be initiated.

*Option D – Rewrite from New Specifications:* This option would involve undertaking a full systems analysis exercise for the complete redevelopment of MAPS and DMAPS. Only upon completion of a revised set of system specifications, including recommendations as to the appropriate technical architecture, could a new turn-key IT system be built.

### Recommended Approach

24. Option A is unacceptable because it would not address e-Business requirements and thus not fulfil the needs and expectations of holders and their representatives, the primary users of the Madrid and Hague systems.
25. Option D is risky and expensive, as it would require the commitment and expenditure of the full amount of estimated financial resources before yielding any tangible result and not provide any tangible benefit to any users for at least three years while, moreover, no specifications would be available and compatibility with the current MAPS/DMAPS system would be difficult to achieve.
26. Option C is also risky and expensive, as it would require full investment for the technical migration before being able to bring new features to internal users, national offices and holders/representatives; moreover approximately three years would be required before such features could be added.
27. Option B presents the best solution of the four, as it would reduce operational costs and address high priority deficiencies as early as possible, maximize the return on previous investments in IT by deferring – perhaps indefinitely – a complete rewrite of MAPS and DMAPS in a Java/Oracle Unix or .net-Windows environment, put the least amount of strain on the available IT resources and minimize any disruption to the productivity of internal users who are quite satisfied with MAPS and DMAPS.

#### IV. PROPOSED IT MODERNIZATION PROGRAM

28. For the reasons outlined above, it is hereby proposed that an IT modernization program be undertaken, following the approach identified under Option B in paragraph 23, above, and involving the three categories of projects listed in Annex I, Tables 1 (Internal), 2 (E-Business) and 3 (Governance and Technical).

29. These projects would be implemented in three phases, as follows:

(a) In Phase I, the high priority projects indicated in Table 1 of Annex II would be taken up. These projects would be developed and implemented in the course of the 2008/09 biennium against an estimated investment cost of 5.028 million Swiss francs. Projects C1, C2 and C3 would set the governance and architectural basis for the development of Phase I. Project C4 would provide for the downsizing of MAPS and DMAPS to UNIX – and thus allow for significant savings to the Madrid and Hague Union budgets, as explained below. Implementation of projects A1, A2, A3, A4, A6 and A7 would immediately contribute to a more efficient performance by the International Bureau in discharging of its tasks in various stages of the registration procedures (translation, classification, notification, issuing of extracts, text and image handling). Project A2 would enable a better analysis and monitoring of operational processes and the production of relevant statistics. Projects B1 to B6 would provide for the expansion of electronic business with offices, holders and representatives. Projects C5 and C6 would enable the International Bureau to test selected technologies in a pilot project with a national office. Finally, project C7 would result in technical enhancements related to the data base management.

(b) Phase II would consist of the projects indicated in Table 2 of Annex II, which would be developed and implemented in the course of the years 2010 and 2011, against an estimated cost of 1.943 million Swiss francs. These projects would involve partial migration of Natural interactive programs to Java (C8) and further development of the publication subsystem (C10).

(c) Phase III would consist of the projects indicated in Table 3 of Annex II, i.e., resulting in the overall migration to a new technical environment (C9 and C11). This phase could be developed and implemented in the course of the years 2010 and 2011, or, if they only prove to be necessary at a later time, at any such later time<sup>4</sup>. If needed and implemented in the course of 2010 and 2011, their estimated cost would be 8.292 million Swiss francs.

30. It should be noted that the migration to a UNIX platform (Project C4) would result in savings in operational costs of some 1.9 million Swiss francs per year for the Madrid and Hague Unions altogether, as from the year 2009, as the annual operational costs today amount to some 2.8 million Swiss francs and would be reduced to some 830 thousand Swiss francs.

31. For the reasons indicated in paragraph 20 above, it should be noted that some of the above-mentioned projects would concern not only MAPS but also DMAPS and will therefore be proposed to be partially financed from the Hague Union budget.

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<sup>4</sup> As mentioned above, if Phase I delivers sufficient functional improvements in the IT system, it may not be necessary to embark on Phase III of the modernization effort, which concerns parts of the programs not involving the users.

## V. FINANCING THE PROPOSED IT MODERNIZATION PROGRAM

### Phase I (2008/09 biennium)

32. The implementation of Phase I of the IT modernization program in 2008/09 would amount to an estimated cost of 5.028 million Swiss francs, of which 4.569 million Swiss francs should be borne by the Madrid Union budget and 459 thousand Swiss francs by the Hague Union budget (see Annex II, Table 1). The proposed participation by the Hague Union budget relates to Project C4 – which, unlike the other projects of Phase I, will result in a direct benefit for the Hague Union, as it will reduce the DMAPS operational costs borne by the budget of that Union.

33. As indicated in paragraph 11, above, an amount of 1.0 million Swiss francs has been allocated under Program 18 (Madrid, Hague and Lisbon Registration systems) within the proposed Program and Budget for the 2008/09 biennium, for the purpose of financing a number of functional projects (i.e., operational and e-Business projects) included within Phase I of the proposed IT modernization program. In addition, as indicated in paragraph 30, above, the migration of MAPS and DMAPS to a UNIX platform (Project C4 within Phase I) is expected to result in savings in operational costs of an amount of 1.9 million Swiss francs under Program 27 in the 2008/09 biennium.

34. Furthermore, as indicated in Annex III, the Madrid Union budget for the 2006/07 biennium is expected to generate a surplus of 8.864 million Swiss francs by the end of 2007.

35. Taking into account the above, it is proposed that Phase I of the IT modernization program for the Madrid and Hague systems, amounting to a total estimated cost of 5.028 million Swiss francs, be implemented in 2008/09 and financed with the following resources:

- 1.000 million Swiss francs from Program 18;
- 1.900 million Swiss francs from Program 27;
- 2.128 million Swiss francs from the surplus generated by the Madrid Union budget by the end of 2007.

36. It should be noted that the participation of the Hague Union budget in the financing of Phase I (459,000 Swiss francs) is already included within the 1.9 million financed from Program 27.

### Phase II (2010/11 biennium)

37. The implementation of Phase II of the IT modernization program – to be undertaken in 2010/11 – would amount to an estimated cost of 1.943 million Swiss francs, to be shared between the budgets of the Madrid Union (1,432,000) and the Hague Union (511,000). Proposals for the financing of Phase II will be made in the context of the preparation of the Program and Budget for 2010/11 and submitted for consideration by the Madrid Union and Hague Union Assemblies in 2009.



Phase III (2010/11 or beyond)

38. As indicated in paragraph 29(c) above, the projects under Phase III may prove to be unnecessary and a decision regarding Phase III will only be taken if and when those projects prove to be necessary. A further study will be undertaken in early 2009 before any proposals regarding the financing of Phase III of the IT modernization program is made. The estimated investment cost of Phase III, 8.292 million Swiss francs, would also be shared between the budgets of the Madrid and the Hague Unions. Depending on the outcome of the study and based thereon, proposals will be made in the context of the preparation of the Program and Budget for 2010/11 and submitted for consideration by the Assemblies of the Madrid Union and the Hague Union in 2009.

## VI. ALLOCATION OF THE MADRID UNION BUDGET SURPLUS FOR 2006/07

39. As indicated in Annex III, the Madrid Union budget for the biennium 2006/07 is expected to generate a surplus of 8.864 million Swiss francs by December 31, 2007.

40. In the absence of a decision to the contrary by the Madrid Union Assembly, and in accordance with Articles 8(4) of the Agreement and Protocol, any such surplus is to be distributed equally among the Contracting Parties to the Agreement and Protocol. Whenever any such surplus has occurred, the distribution or allocation thereof to specific purposes has been the subject of a decision by the Madrid Union Assembly. As indicated in Annex III, different distribution criteria have been applied over the past 35 years.

41. In 2000, in the context of the adoption of a new policy on reserve and working capital funds of the Unions administered by WIPO, the Madrid Union Assembly decided to establish the target level of the Reserve and Working Capital Funds (RWCF) of the Madrid Union as a percentage of estimated biennial expenditure (PBE factor) and approved a PBE factor of 25 per cent for the Madrid Union RWCF. It also approved to discontinue transferring the surpluses of the Madrid Union to the Special Reserve Fund for Additional Premises and Computerization. It further noted that the policy on budget surplus did not restrict the prerogative of the Director General to propose, for approval by the Assembly, project activities funded from available surplus.

42. In this context it is proposed to use 2.128 million Swiss francs of the surplus of the Madrid Union budget for 2006/07 to finance the implementation of Phase I of the IT modernization program in 2008/09, as indicated in paragraph 35, above.

43. The estimated biennial expenditure of the Madrid Union in 2008/2009 would therefore amount to 103.001 million Swiss francs, including the 100.873 million Swiss francs indicated in the proposed Program and Budget for 2008/2009 (document WO/PBC/11/6) plus the 2.128 million Swiss francs to be spent in the implementation of the IT modernization program, as proposed in the previous paragraph.

44. To be in line with the decision taken by the Assembly in 2000 concerning the target level of reserves under the Madrid Union RWCF (i.e., 25 per cent of the estimated biennial expenditure), the RWCF should amount to a minimum of 25.750 million Swiss francs as from January 2008 (i.e.,  $103.001 \times 0.25$ ). That level will be attained if the surplus of the Madrid Union budget for 2006/07 amounts to the expected 8.864 million Swiss francs and the Assembly decides that that surplus be kept within the Madrid Union RWCF at the end of 2007.<sup>5</sup>

45. Should the surplus of the Madrid Union budget for 2006/07 be higher than expected, the Assembly may wish to decide that any amount exceeding the amount necessary to reach the target level of reserves in the RWCF (i.e., 25.750 million Swiss francs) at the end of 2007, be kept in the Madrid Union RWCF with a view to contributing to the financing of the subsequent phases (Phase II and, possibly, Phase III) of the IT modernization program.

46. *The Assembly is invited to:*

(i) *take note of the proposed IT modernization program as described in paragraphs 28 to 31, above, and approve the implementation of Phase I of that program in 2008/09;*

(ii) *approve the financing of Phase I of the IT modernization program as proposed in paragraphs 35 and 42, above;*

(iii) *take note that proposals for the implementation and financing of Phase II and, possibly, Phase III of the IT modernization program will be submitted for consideration by the Assembly in 2009;*

(iv) *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;*

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<sup>5</sup>

The estimated surplus of 8.864 million Swiss francs added to the 17,053 million Swiss francs available in the Madrid Union RWCF at the end of 2005 would bring the total level of reserves under the Madrid Union RWCF to an amount of 25.917 million Swiss francs by the end of 2007, or 25.2 per cent of the estimated biennial expenditure (PBE) of the Madrid Union in 2008/09 (103.001 million Swiss francs).

*(v) decide 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.*

[Annexes follow]

## ANNEX I

## PROJECTS

Table 1: Internal

Seq.	Project	Description	Category
A1	Translation	Update translation tools to replace in-house translation tools with commercial ones.	Operational
A2	Classification	Update Nice classification tools by integrating database of accepted goods and services into classification procedure. Make the tools available on the Internet.	Operational
A3	Irregularity Letters and Notifications	Update the letter generation process to produce more understandable documents.	Operational
A4	Trademark Last Status	Create tools to show the goods and services protected within a given designated Contracting Party, and show how these change over time.	Operational
A5	Monitoring and Statistics	Create tools to monitor and analyze operational processes. Create statistics for internal and external use.	Analytical
A6	Office Automation	Integrate internal administrative tasks into the MAPS/IMAPS system, e.g., importing Word documents, e-mails, etc. directly into MAPS/IMAPS.	Operational
A7	IMAPS Enhancements	IMAPS enhancements (e.g., search capabilities, new document formats, tighter integration with MAPS, ...).	Operational

Table 2: External

Seq.	Project	Description	Category
B1	e-Payment, e-Billing	Create e-Billing (for extracts from the International Register) and e-Payment (for other transactions) for holders.	e-Business
B2	e-Modification	Allow holders to submit transactions electronically and to further automate their processing within MAPS.	e-Business
B3	e-Status	Allow holders to monitor the status of their communications to WIPO.	e-Business
B4	Electronic Communication: Offices → WIPO	Enhance the transmission of information from national offices to WIPO.	e-Business
B5	Electronic Communication: WIPO → Holders/Reps	Enhance the transmission of information from WIPO to holders and representatives.	e-Business
B6	Electronic Communication: WIPO → Offices	Create tools that enhance collaboration between WIPO and national or regional offices with respect to the international procedure.	e-Business

Table 3: Governance and Technical

Seq.	Project	Description	Category
C1	Project Organization and Change Management	Put procedures into place which will facilitate the implementation of these projects.	Governance
C2	Requests for Proposal and POC <sup>1</sup>	Requests for Proposal (tenders) and Proof of Concept of technical solution.	Governance
C3	SOA <sup>2</sup> and Tools	Create the IT architecture (SOA) and provide the necessary tools for its use.	Architecture
C4	Downsizing on Unix	Migrate MAPS and DMAPS from the UNICC mainframe to a UNIX environment.	Downsizing
C5	Pilot with an Office	Pilot project with a single national office based on direct access to MAPS. (SOA+BPM <sup>3</sup> +e-Business +Portal <sup>4</sup> +RIA <sup>5</sup> )	Conversion
C6	Complete Architecture + BPM + Middleware	Adapt the IT architecture and BPM processes based on experience with Pilot (C5) to allow expansion to other interested offices.	Conversion
C7	DBMS <sup>6</sup> and Technical Enhancements	Improve the database design of MAPS and resolve any technical issues.	Conversion
C8	Remaining BPM, Portal and RIA	Migrate business logic from Natural to Java, but retain Adabas.	Conversion

<sup>1</sup> Proof of Concept: verifying that the proposed technical architecture performs according to specifications.

<sup>2</sup> Service Oriented Architecture: an architecture that uses loosely coupled services to support the requirements of business processes and users.

<sup>3</sup> Business Process Management.

<sup>4</sup> Portal: a Web interface which provides individualized access to users based on their security profile.

<sup>5</sup> Rich Internet Application: a Web application that has the features and functionality of traditional desktop applications.

<sup>6</sup> Data Base Management System.

Seq.	Project	Description	Category
C9	Remaining Interactive Web Services	If needed, define processes and develop a new user interface with common technology for WIPO and national or regional offices.	Conversion
C10	Publication	Modernize the publication process including the replacement of the legacy Visual Basic programs.	Architecture
C11	Remaining Java / Oracle Conversion	Migrate the remaining Natural /Adabas programs to Java/Oracle if and when needed, but not before 2010.	Conversion

[Annex II follows]

## ANNEX II

## ROADMAP

Table 1: Phase I 2008/2009 (high priority)

Seq.	Project	Madrid Optimized Cost in Swiss francs	Hague Optimized Cost in Swiss francs	Madrid + Hague Optimized Cost in Swiss francs
C1	Project Organization and Change Management	48,000	0	48,000
C2	Requests for Proposal and POC	48,000	0	48,000
C4	Downsizing to Unix	1,070,913	458,963	1,529,875
C3	SOA and Tools	72,000	0	72,000
A1	Translation	124,500	0	124,500
A2	Classification	124,500	0	124,500
A4	Trademark Last Status	240,000	0	240,000
A6	Office Automation	48,000	0	48,000
A7	IMAPS Enhancements	48,000	0	48,000
A3	Irregularity Letters and Notifications	480,000	0	480,000
C5	Pilot with an Office (includes B4 and B6) <sup>1</sup>	599,200	0	599,200
A5	Monitoring and Statistics	340,000	0	340,000
C6	Complete Architecture + BPM + Middleware	150,000	0	150,000
C7	DBMS and Technical Enhancements	240,000	0	240,000
B1	e-Payment, e-Billing	240,000	0	240,000
B2	e-Modification	336,000	0	336,000
B3	e-Status	240,000	0	240,000
B5	Electronic Communication : WIPO → Holders/Reps.	120,000	0	120,000
	Total	4,569,113	458,963	5,028,075



Table 2: Phase II 2010/2011

Seq.	Project	Madrid Optimized Cost in Swiss francs	Hague Optimized Cost in Swiss francs	Madrid + Hague Optimized Cost in Swiss francs
C8	Remaining BPM, Portal and RIA	1,191,960	510,840	1,702,800
C10	Publication	240,000	0	240,000
	Total	1,431,960	510,840	1,942,800

Table 3: Phase III (if needed)<sup>2</sup>:

Seq.	Project	Madrid Optimized Cost in Swiss francs	Hague Optimized Cost in Swiss francs	Madrid + Hague Optimized Cost in Swiss francs
C9	Remaining Interactive Web Services	1,526,000	654,000	2,180,000
C11	Remaining Java / Oracle Conversion	4,278,400	1,833,600	6,112,000
	Total	5,804,400	2,487,600	8,292,000

Table 4: Total Investment (Phase I + Phase II + Phase III)

Madrid Optimized Cost in Swiss francs	Hague Optimized Cost in Swiss francs	Madrid + Hague Optimized Cost in Swiss francs
11,805,473	3,457,403	15,262,875

[Annex III follows]

<sup>2</sup> Primary Determining Factor: useful life of the Natural/Adabas software.

## ANNEX III

## FINANCIAL SITUATION OF THE MADRID UNION

A. Level of Reserve Funds and Surplus

1. As of December 31, 2005 (i.e., at the end of the 2004/05 biennium), the Reserve and Working Capital Funds (RWCF) of the Madrid Union amounted to 17.053 million Swiss francs.
2. Based on the latest forecasts, the budget of the Madrid Union in 2006/07 is expected to generate a surplus of 8.864 million Swiss francs by December 31, 2007 (see Revised Budget for the 2006/07 biennium, document WO/PBC/11/5, Table II/1)<sup>1</sup>.
3. In 2000, the Madrid Union Assembly decided to establish the target level of the Madrid Union Reserve and Working Capital Funds (RWCF) at 25 per cent of the estimated biennial expenditure (PBE factor). To meet that target level and taking into account an estimated biennial expenditure of 100.873 million Swiss francs in 2008/09, as indicated in the proposed Program and Budget for 2008/09 (document WO/PBC/11/6), the funds available in the Madrid Union RWCF at the beginning of 2008 should amount to 25.218 million Swiss francs (100.873 x 0.25). This amount could only be reached if the Assembly decides to keep within the Madrid Union RWCF at least part of the surplus expected to result from the Madrid Union budget by the end of 2007.

B. Criteria for the Allocation or Distribution of a Surplus

4. Article 8(4) of the Agreement and Article 8(4) of the Protocol prescribe that the annual produce of the various receipts derived from international registration, with the exception of the receipts derived from supplementary and complementary fees<sup>2</sup>, shall be divided equally among the Contracting Parties by the International Bureau, after deduction of the expenses and charges necessitated by the implementation of the Agreement and the Protocol.
5. Whenever any such surplus has occurred, the distribution or allocation thereof to specific purposes has been the subject of a decision by the Madrid Union Assembly. Different distribution criteria have been applied over the past 35 years.
6. From 1972 to 1983, only ten per cent of any such surplus was distributed among the Contracting Parties of the Madrid Union. The remaining 90 per cent was allocated to the

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<sup>1</sup> This surplus would result from an estimated income of 92.361 million Swiss francs and an estimated expenditure of 83.497 million Swiss francs.

<sup>2</sup> Amounts derived from the supplementary and complementary fees are distributed among the interested members of the Madrid Union, at the end of each year, in proportion to the number of marks for which protection was applied for in each of them during that year, that number is multiplied, in the case of Contracting Parties that undertake an examination, by a coefficient determined by the Regulations. An amount of 47.566 million Swiss francs, corresponding to the biennium 2004-2005, and an amount of 30.746 million Swiss francs, corresponding to 2006, were thus distributed among Contracting Parties. Concerning the year 2007, given the present level of registrations, an amount of some 29.000 million Swiss francs is expected to be distributed.

Madrid Union Reserve Fund. Between 1984 and 1989, these percentages were 20 and 80 per cent, respectively, and, as from 1990, 40 and 60 per cent. Payments into the Reserve Fund of the Union were partly justified by requirements for investment in the development of the Madrid computerization system (see documents MM/A/XXI/1 and 3). As from 1990, those payments were made into the Special Reserve Fund for Additional Premises and Computerization.

7. The distribution criteria approved in 1989 were only operational in practice for the years 1990 to 1995, as no surplus was generated thereafter.

8. In 2000, the Assembly of the Madrid Union approved that 100 per cent of any surplus accumulated during the biennium 2000-2001 was to be distributed to Member States under Articles 8(4) of the Madrid Agreement and Protocol. However, no funds were distributed, since the Madrid Union budget showed a deficit rather than a surplus at the end of that biennium. The Madrid Union budget also did not generate a surplus in the 2002/2003 or the 2004/2005 biennium.

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