

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

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PROPOSAL TO FREEZE THE APPLICATION OF ARTICLE 14(1) AND (2)(A) OF THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS

Document prepared by the International Bureau

I. INTRODUCTION

1. It may be recalled that, on April 1, 1996, when the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as “the Protocol” and “the Agreement”) became operational, out of the 49 members of the Madrid Union, 40 were bound exclusively by the Agreement. However, since the turn of the century, interest on the Agreement has drastically declined. Since 2001, there have been only four accessions to the Agreement. In fact, the last accession to the Agreement occurred on August 5, 2004, when the Agreement entered into force with respect to the Syrian Arab Republic¹. Moreover, it is to be noted that the Syrian Arab Republic has since denounced the Agreement, and that such denunciation took effect on June 29, 2013. In contrast, the opposite could be said with respect to the Protocol. Today, almost 24 years after the adoption of the Protocol, out of the 92 members of the Madrid Union², 91 are bound by the Protocol (55 by both treaties, 36 only by the Protocol) and only one of them is bound exclusively by the Agreement.

¹ While the Agreement entered into force with respect to Montenegro on June 3, 2006, it followed the deposited of a declaration with the Director General of WIPO the effect of which was that the Agreement and the Protocol continued to be applicable in Montenegro as of June 3, 2006, the date on which the union of Serbia and Montenegro ceased to exist.

² On July 16, 2013, the Government of Tunisia deposited its instrument of accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. The Madrid Protocol will enter into force with respect to Tunisia, on October 16, 2013.

2. In 1989, during the Diplomatic Conference leading to the adoption of the Protocol³, it was indicated that the Protocol intended, as its first objective, to remove the four main impediments to the further expansion of the Madrid system contained in the Agreement, namely, the fact that an international registration had to be based on a national registration; that the time limit for refusing the effect of the international registration by a designated Office was one year; that the amount of the fee that reached, for each designation, a national Office, was generally less than what the Office received under its own fee system; and, that the cancellation of an international registration due to the ceasing of effect of a basic mark might lead to unjust results. The Protocol removed these perceived impediments, as it introduced the possibility to file an international application based on a national or regional application; it allowed Contracting Parties to declare for an extension of the refusal period from one year to 18 months, and beyond, in case of opposition; it also allowed Contracting Parties to declare for an individual fee, whose amount is set in such declaration; and, finally, it introduced the possibility to transform a failed international registration into a national or regional application.

3. During the Diplomatic Conference leading to the adoption of the Protocol, it was also indicated that the Protocol intended, as its second objective, to establish a link between the Madrid system and the future trademark system of the then European Community. The Protocol allows intergovernmental organizations to become party to this Treaty, provided that at least one member State of the organization is a Party to the Paris Convention for the Protection of Industrial Property (hereinafter referred to as “the Paris Convention”) and that the organization has a regional Office for the purposes of registering marks with effect in its territory.

4. The Protocol has far accomplished its intended objectives. At the time of the aforementioned Diplomatic Conference, there were some 13,000 international registrations in force and the Madrid Union comprised 27 out of the 99 States party to the Paris Convention. Today, there are some 560,000 international registrations in force and the Madrid Union comprises 92² out of the 179 States party to the Paris Convention. Moreover, the European Union Community trade mark (CTM) and the Madrid systems are linked, while other intergovernmental organizations are taking initial steps towards their corresponding accessions to the Protocol.

5. As early as 2006, during the sessions of the then *ad hoc* Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the *ad hoc* Working Group”), in view of the apparent success of the Protocol, the idea of a unified system, under the Protocol, began to take hold. This idea was best expressed by the Chair of the second session of the *ad hoc* Working Group when, summarizing the conclusions of the said session concerning the preparatory work of the *ad hoc* Working Group for the review of Article 9*sexies* of the Protocol, stated that said review should be done with the aim of simplifying, as much as possible, the operations of the Madrid system, keeping in mind the ultimate goal that the system be governed by only one treaty (see document MM/LD/WG/2/11). Such conclusions were endorsed by the Assembly of the Madrid Union (hereinafter referred to as “the Assembly”) during its thirty-seventh (21st extraordinary) session (see document MM/A/37/4).

6. The first step towards a one-treaty system was taken by the Assembly in September 2007, when it approved a modification of paragraph (1) of Article 9*sexies* of the Protocol, the so-called safeguard clause, establishing, in a new subparagraph (a), the principle that the Protocol, and the Protocol alone, would, in all aspects, apply between States bound by both the Agreement and the Protocol. A new Rule 1*bis* was also introduced in the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (hereinafter referred to as “the Common Regulations”) to establish that, where the Agreement ceased to be applicable between the

³ See document MM/DC/3, Basic Proposal for the Protocol, paragraphs 1 to 12.

Contracting Party of the holder and a Contracting Party whose designation was governed by the Agreement, such designation would be governed by the Protocol if, on the date the Agreement ceased to be applicable, both Contracting Parties were bound by the Protocol.

7. It must be noted that the Assembly, while repealing the so-called safeguard clause, also approved a new paragraph (1)(b) of Article 9*sexies* of the Protocol, which, in the relations between Contracting Parties bound by both the Agreement and the Protocol, renders inoperative declarations made under Article 5(2)(b) and (c) and Article 8(7) of the Protocol. Nevertheless, the principle that the Protocol prevails in the relations between Contracting Parties bound by both treaties remains, as in these cases the standard refusal period of one year, provided for in Article 5(2)(a) of the Protocol, and the standard fees, provided for in Article 8(2) of the Protocol, apply.

8. The repeal of the safeguard clause and the fact that most members of the Madrid Union are now bound by the Protocol have resulted in its predominance in the Madrid system, as the Protocol governs an overwhelming majority of the designations currently in force. In fact, out of some 5.7 million designations in force in the International Register, fewer than 60,000 are governed by the Agreement.

9. It would appear that the time is right for the Madrid Union to consider further steps towards the goal of a consolidated Madrid system, under one treaty.

II. FREEZING THE APPLICATION OF ARTICLE 14(1) AND (2)(A) OF THE AGREEMENT

10. Whilst it is a fact that there have been no effective accessions to the Agreement during the past eight years, such remains a possibility. It would be beneficial for the Madrid system if the Assembly could agree upon a solution that, while securing an orderly passage to a one-treaty system, preserves the existing obligations in the relations between countries currently bound by the Agreement.

11. Such solution could be a decision taken by the Assembly to freeze the application of Article 14(1) and (2)(a) of the Agreement. Said decision would be akin to the suspension of the operations of provisions of a treaty by consent of the parties. Customarily, there is no limit to what the Assembly can unanimously agree under a decision to suspend the operations of provisions of a treaty. The only limit to this decision would be given by the nature of a treaty, such as, for instance, the impossibility to suspend the operations of provisions of treaties dealing with human rights, or by an express prohibition contained in the treaty.

12. Moreover, it is the Assembly that would decide the consequences of such suspension. This suspension would be in effect as from the date it is agreed upon and without retroactive effect. As a result, a suspension of the operations of a particular provision of a treaty would not affect the rights and obligations arising between the parties before the date on which such suspension comes into effect. The decision could also be taken for a certain period and, by its own nature, it could be reversed by the Assembly at any moment thereafter.

13. Two precedents are relevant to a possible decision to freeze the application of Article 14(1) and (2)(a) of the Agreement. In September 1991, the Assembly of the Trademarks Registration Treaty (TRT) Union adopted the decision to freeze the application of this Treaty, as from October 2, 1991 (see document TRT/A/VII/2). In addition, in September 2009, the Contracting States to the London (1934) Act of the Hague Agreement Concerning the International Deposit of Industrial Designs adopted the decision to freeze the application of said Act, as from January 1, 2012 (see document H/EXTR/09/2). In both cases, however, the decision concerned the entire Treaty and had wide implications.

14. A decision to freeze the application of Article 14(1) and (2)(a) of the Agreement would have only one implication, namely, that a country would no longer be able to deposit an instrument of accession to the Agreement with the Director General of the World Intellectual Property Organization (WIPO).

15. It should be clear that a decision to freeze the application of Article 14(1) and (2)(a) of the Agreement would not imply a suspension of the application of the Agreement. The Agreement would remain an operational treaty. Accordingly, such decision would not affect the rights and obligations between existing contracting countries of the Agreement. A decision to freeze the application of Article 14(1) and (2)(a) of the Agreement would only prevent new contracting countries from ratifying or acceding to this Treaty.

16. Under the proposal to freeze the application of Article 14(1) and (2)(a) of the Agreement:

(a) international applications could still be presented under the Agreement and international registrations could still be effected under this Treaty;

(b) requests for territorial extension subsequent to the international registration could still be presented under Article 3~~ter~~(2) of the Agreement;

(c) international registrations where either some or all designations are still governed by the Agreement would remain in force and the period of protection could still be renewed with respect to those designations;

(d) international registrations where either some or all designations are still governed by the Agreement could still be the subject of any change or recording provided for by the Agreement and the Common Regulations;

(e) in the relations between Contracting Parties bound by both the Agreement and the Protocol, Article 9~~sexies~~(1)(b) would still apply;

(f) the Assembly could still occupy itself with matters concerning the implementation of the Agreement; and,

(g) the decision to freeze the application of Article 14(1) and (2)(a) of the Agreement, if taken by the Assembly, would have effect as from a certain date and it could be reviewed or reversed by the Assembly at any time in the future.

17. *The Working Group is invited to:*

(i) consider the proposal made in this document; and,

(ii) indicate any further course of action, including whether it would recommend that the Madrid Union Assembly freeze the application of Article 14(1) and (2)(a) of the Agreement, as described in paragraphs 14 to 16 of this document, including the date as from which such decision would have effect.

[Annex follows]

PROPOSAL TO FREEZE THE APPLICATION OF ARTICLE 14(1) AND (2)(A) OF THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS

Article 14^{*}

[Ratification and Accession. Entry into Force. Accession to Earlier Acts. Reference to Article 24 of Paris Convention (Territories)]

^{*}(1) Any country of the Special Union which has signed this Act may ratify it, and, if it has not signed it, may accede to it.

^{*}(2) (a) Any country outside the Special Union which is party to the Paris Convention for the Protection of Industrial Property may accede to this Act and thereby become a member of the Special Union.

(b) As soon as the International Bureau is informed that such a country has acceded to this Act, it shall address to the Office of that country, in accordance with Article 3, a collective notification of the marks which, at that time, enjoy international protection.

(c) Such notification shall, of itself, ensure to the said marks the benefits of the foregoing provisions in the territory of the said country, and shall mark the commencement of the period of one year during which the Office concerned may make the declaration provided for in Article 5.

(d) However, any such country may, in acceding to this Act, declare that, except in the case of international marks which have already been the subject in that country of an earlier identical national registration still in force, and which shall be immediately recognized upon the request of the interested parties, application of this Act shall be limited to marks registered from the date on which its accession enters into force.

(e) Such declaration shall dispense the International Bureau from making the collective notification referred to above. The International Bureau shall notify only those marks in respect of which it receives, within a period of one year from the accession of the new country, a request, with the necessary particulars, to take advantage of the exception provided for in subparagraph (d).

(f) The International Bureau shall not make the collective notification to such countries as declare, in acceding to this Act, that they are availing themselves of the right provided for in Article 3*bis*. The said countries may also declare at the same time that the application of this Act shall be limited to marks registered from the day on which their accessions enter into force; however, such limitation shall not affect international marks which have already been the subject of an earlier identical national registration in those countries, and which could give rise to requests for extension of protection made and notified in accordance with Articles 3*ter* and 8(2)(c).

(g) Registrations of marks which have been the subject of one of the notifications provided for in this paragraph shall be regarded as replacing registrations effected direct in the new contracting country before the date of entry into force of its accession.

^{*} [The Assembly of the Madrid Union decided to freeze the application of paragraphs \(1\) and \(2\)\(a\) of Article 14 as from \[date\].](#)

(3) Instruments of ratification and accession shall be deposited with the Director General.

(4) (a) With respect to the first five countries which have deposited their instruments of ratification or accession, this Act shall enter into force three months after the deposit of the fifth such instrument.

(b) With respect to any other country, this Act shall enter into force three months after the date on which its ratification or accession has been notified by the Director General, unless a subsequent date has been indicated in the instrument of ratification or accession. In the latter case, this Act shall enter into force with respect to that country on the date thus indicated.

(5) Ratification or accession shall automatically entail acceptance of all the clauses and admission to all the advantages of this Act.

(6) After the entry into force of this Act, a country may accede to the Nice Act of June 15, 1957, only in conjunction with ratification of, or accession to, this Act. Accession to Acts earlier than the Nice Act shall not be permitted, not even in conjunction with ratification of, or accession to, this Act.

(7) The provisions of Article 24 of the Paris Convention for the Protection of Industrial Property shall apply to this Agreement.

[End of Annex and of document]