

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

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

Document prepared by the International Bureau

INTRODUCTION

1. The purpose of this document is, as requested by the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”), to present detailed operational implementation proposals for the introduction of the recording in the International Register of the division and merger of an international registration under, primarily, a centralized approach. Accordingly, the document presents a proposal to amend 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”), the Administrative Instructions for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating Thereto (hereinafter referred to as “the Administrative Instructions”) and the Schedule of Fees.

I. BACKGROUND

2. In its previous session, the Working Group agreed on the view that division was a feature that, while sparsely used, was valued by users and that its introduction into the Madrid System could be desirable. Most delegations appeared to agree on the following as guiding principles upon which to base that introduction:

- Preserve the benefits of the Madrid System by maintaining its simplicity and not increasing its complexity.

- Afford holders of international registrations the same opportunities for division and merger that are provided for in the laws of the designated Contracting Parties.
 - Avoid undue increases in the burden of Offices or the International Bureau.
 - Avoid imposing any obligation on Contracting Parties that do not provide for division or merger.
 - Render a more complete and transparent International Register by recording in it the particulars of division and merger, not the mere fact that they had taken place.
3. In the aforesaid discussion, delegations noted a number of salient issues that needed to be further elaborated, namely:
- Whether to use a decentralized approach, defined as a process mostly administered by the Offices of the designated Contracting Parties, or a centralized approach, defined as a process mostly administered by the International Bureau.
 - What mechanism to use to record division and merger in the International Register.
 - What impact division would have on costs and fees.
4. It should also be recalled that, during the discussions, it was acknowledged that some degree of complexity could be expected as a result of the introduction of division. However, it was also stated that users were familiar with division at the national level, requested it only where there was real need for it and were ready to accept some degree of complexity and to bear the associated costs.

II. CENTRALIZED OR DECENTRALIZED APPROACH

A. INTRODUCTION OF DIVISION UNDER A DECENTRALIZED APPROACH

5. Division under a decentralized approach would operate as an administrative process managed by the Offices of the designated Contracting Parties, under their corresponding laws, regulations and practices. Division would be communicated and inscribed in the International Register as a decision made by an Office. This would, arguably, maintain the simplicity of the Madrid System and the integrity and transparency of the International Register, while not unduly burdening the Offices and the International Bureau.

6. Division of an international registration under a decentralized approach would require that three conditions be met in the designated Contracting Party where division is sought; namely, (i) that the legal framework of that Contracting Party provide for division; (ii) that its Office maintain the required infrastructure to process a request for division in respect of an international registration; and, (iii) that the request result in two or more certain and enforceable sets of rights in the designated Contracting Party concerned.

7. In the contributions to the discussions on division, the International Bureau has been reminded of the importance of the latter for users of the system, for instance, when enforcing rights against infringement or valuing the assets of an enterprise. The International Bureau was also reminded of the fact that not all the Offices of the Contracting Parties of the Madrid System have implemented mechanisms that would allow for the processing of a request for the division of an international registration or, following that request, result in several clear and enforceable titles in respect of one international registration.

B. INTRODUCTION OF DIVISION UNDER A CENTRALIZED APPROACH

8. Taking into account the preceding arguments, the Working Group appeared to favor the introduction of division as a procedure within the legal framework of the Madrid System and managed by the International Bureau. It was further reasoned that, to preserve the integrity and transparency of the International Register, the particulars of division of an international registration in a given designated Contracting Party needed to be recorded in it. As a result, the Working Group requested that this document give preference to a centralized approach.

9. Under a centralized approach, a request for the division of an international registration having effect in a designated Contracting Party would be filed directly with the International Bureau. The request would have to comply with the formalities provided for in the legal framework of the Madrid System and, where that is the case, it would result in a recording in the International Register having effect in the designated Contracting Party concerned. Moreover, under a centralized approach, division would preserve the date of effect of the international registration in the designated Contracting Party concerned and of any priority claimed thereto.

10. The filing of a request for the recording of division in the International Register would be subject to the payment of a fee. During the discussion, it was stated that holders would be ready to assume the costs resulting from the introduction of division, as they already do at the national level.

11. The recording resulting from division would render a more accurate and transparent International Register, as all the particulars of division would be reflected in it. In addition, that recording would enable the Office of the designated Contracting Party concerned to render and communicate a separate decision on the divided part. Division under a centralized approach would satisfy the needs of the users by achieving the desirable outcome of securing a distinct and enforceable set of rights in respect of each divided part of the international registration while attaining increased legal certainty.

12. Nevertheless, as agreed by the Working Group, division should not impose any obligation to those Contracting Parties whose legislation do not provide for division. Therefore, along with the introduction of division under a centralized approach, a regime of declarations should also be introduced. Accordingly, a Contracting Party should be able to declare that division of international registrations recorded in the International Register, in general, has no effect in that Contracting Party.

13. In addition, Offices of the Contracting Parties that have not made the above-mentioned declaration should be able to declare that the division of a given international registration has no effect. An Office might then be able to declare that the division of a certain international registration has no effect when, for instance, a decision is still subject to appeal proceedings and its legislation excludes division in this particular situation.

III. PROCESS FOR THE RECORDING OF DIVISION IN THE INTERNATIONAL REGISTER UNDER A CENTRALIZED APPROACH

A. FILING A REQUEST FOR THE RECORDING OF DIVISION

14. Recording division of an international registration under a centralized approach would require that the holder present a request, in an official form, to the International Bureau and pay the corresponding fees. It would be prudent to exclude the possibility to present a request for more than one international registration per form.

15. In the official form, the holder would have to indicate the international registration number and his name as recorded. The holder would also have to indicate the Contracting Parties where division is to have effect. In principle, a request should not be limited to one Contracting Party, insofar as the goods and services to be divided are the same in respect of all the Contracting Parties mentioned in the request, as there are reasons why a holder might wish to divide an international registration with effect in several designated Contracting Parties.

16. The goods and services the holder wishes to divide would have to be clearly indicated in positive terms, be covered by the basic list of the international registration and have been mentioned in a designation of the Contracting Parties where division is to have effect. The holder should be able to indicate goods and services in a particular class or an entire class.

17. The form should be signed by the holder or his representative. The official form would include the customary payment and continuation sheets.

B. PROCESSING A REQUEST FOR THE RECORDING OF DIVISION

18. The International Bureau would examine a request for the recording of division and verify that it complies with the required formalities. The International Bureau would verify that the Contracting Parties where division is to have effect have been designated for the classes indicated in the request. Where the request indicates goods and services in a particular class, the International Bureau would neither examine their classification nor question the terms indicated in the request. Should the International Bureau question the way in which a request for division has been expressed, it might unnecessarily interfere with a previous understanding between the holder and the Office concerned.

19. Where the request does not comply with the required formalities, the International Bureau would notify the holder who would be given the usual time limit to remedy the irregularity. Where the irregularity is not remedied, the request would be considered abandoned and, as it is customary, part of the fees paid would be withheld to cover administrative expenses.

20. A request for the recording of division which complies with the required formalities would result in a recording. The date of the recording of division would not change the date of effect of the international registration in the Contracting Parties concerned.

21. Division of an international registration under a centralized approach would require that the Contracting Party concerned be the subject of a standing designation for the goods and services mentioned in the corresponding request; otherwise, the request would not be considered as such. Accordingly, the following recordings would result in a request not considered as such:

- cancellation of the goods and services mentioned in the request;
- limitation affecting the goods and services mentioned in the request in respect of the Contracting Party where division is to have effect;
- renunciation in respect of the Contracting Party where division is to have effect;
- invalidation affecting the goods and services mentioned in the request in the Contracting Party where division is to have effect.

22. The recording of other decisions communicated by the Offices of the Contracting Parties where division is to have effect, namely, notifications sent under Rule 17 and statements sent under Rules 18*bis* and 18*ter* of the Common Regulations would not prevent the recording of division.

C. RECORDING AND NOTIFICATION OF DIVISION

23. It is recalled that the International Register follows the inscription approach where, rather than changing elements of an international registration, events that change the elements of an international registration are inscribed in chronological order.

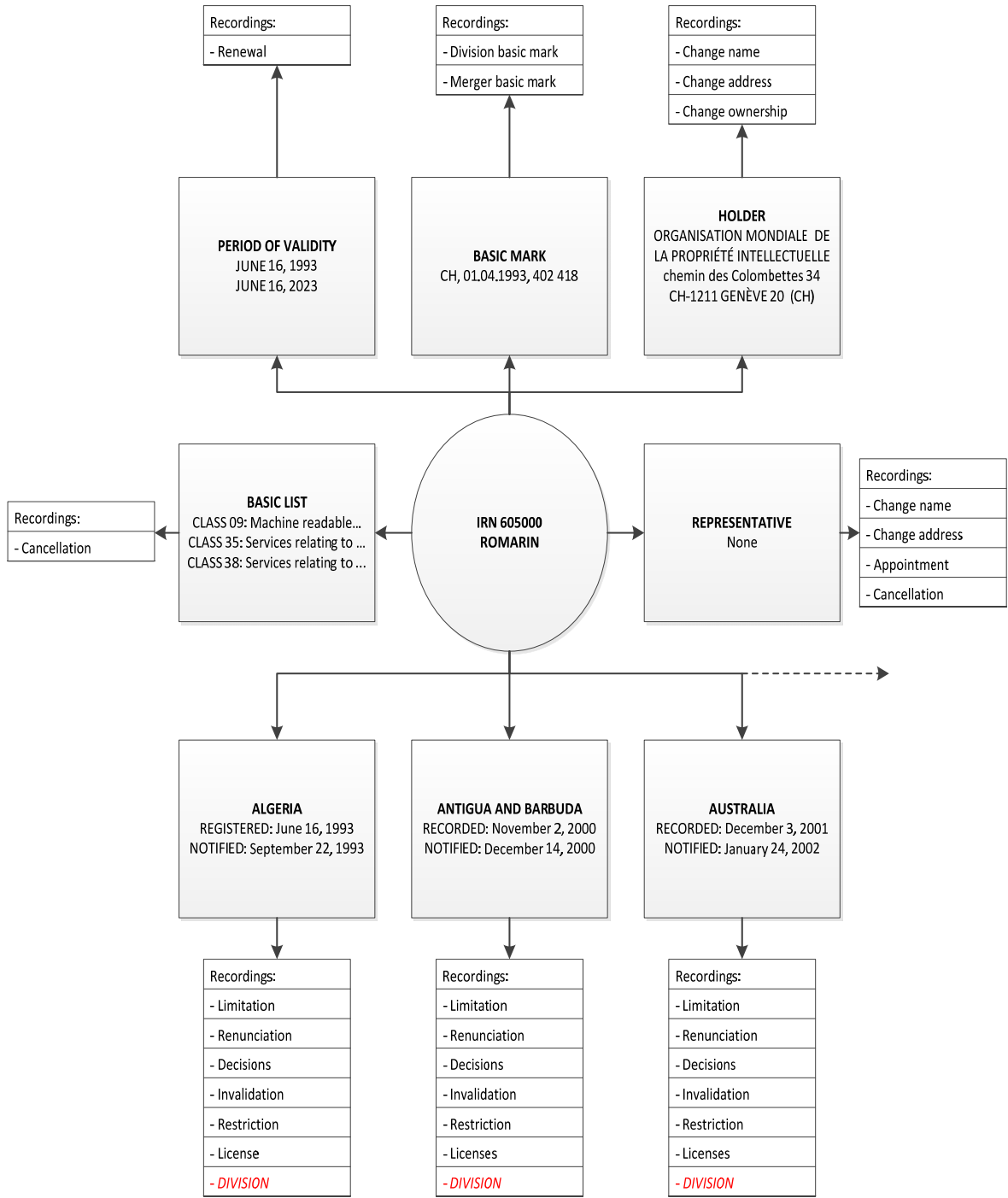
24. An international registration has been modeled to have seven elements, which are, the mark, the basic mark, the period of validity of the registration, the holder, the representative, the basic list of goods and services and the designated Contracting Parties. The only element that is not subject to subsequent recordings is the mark itself, with its diverse claims, including the claim of priority; all the other elements are subject to further recordings that would supersede or supplement the initial registration.

25. A user consulting the International Register would be able to view the current period of validity of an international registration and its currently recorded holder and, where applicable, his currently recorded representative. However, a user referring to the International Register to ascertain the status of protection of a mark in a designated Contracting Party would find the registration or the recording of the designation, with the basic list of goods and services, and all recordings which override that basic list with respect to that Contracting Party appearing in chronological order.

26. The user would have to take the basic list, as originally recorded, and take into account the recording of any cancellation, limitation, renunciation and decisions sent by the Offices of the designated Contracting Parties in order to ascertain the scope of protection of the mark in each one of them.

27. Division would be recorded as another transaction for the designated Contracting Parties concerned. For instance, Graph I illustrates the recording of the division of international registration number 605000, for the mark "ROMARIN", in respect of some of the designated Contracting Parties.

Graph I – Recording of division



D. MANAGING THE DIVIDED PART OF AN INTERNATIONAL REGISTRATION

28. If the Working Group decides to support the introduction of the recording of the division of an international registration under a centralized approach, the Working Group should also decide on the best mechanism to manage the part that has been divided from that registration. Two options are technically possible; the recording of division may result in either parallel designations of the Contracting Parties concerned, in the same international registration, or it may result in the creation of a new international registration.

Option 1: Division resulting in parallel designations

29. A Contracting Party may be designated more than once in an international registration. In general, holders use this feature in a sensible manner, designating one Contracting Party more than once but for different goods and services. Successive designations of the same Contracting Party, with overlapping goods and services, usually occur when a previous designation has been the subject of a limitation, renunciation, final refusal or invalidation.

30. Each successive designation has a distinct date of effect, the date of the international registration or of the subsequent designation. Each successive designation has a distinct date of notification which will determine the start date of the corresponding refusal period.

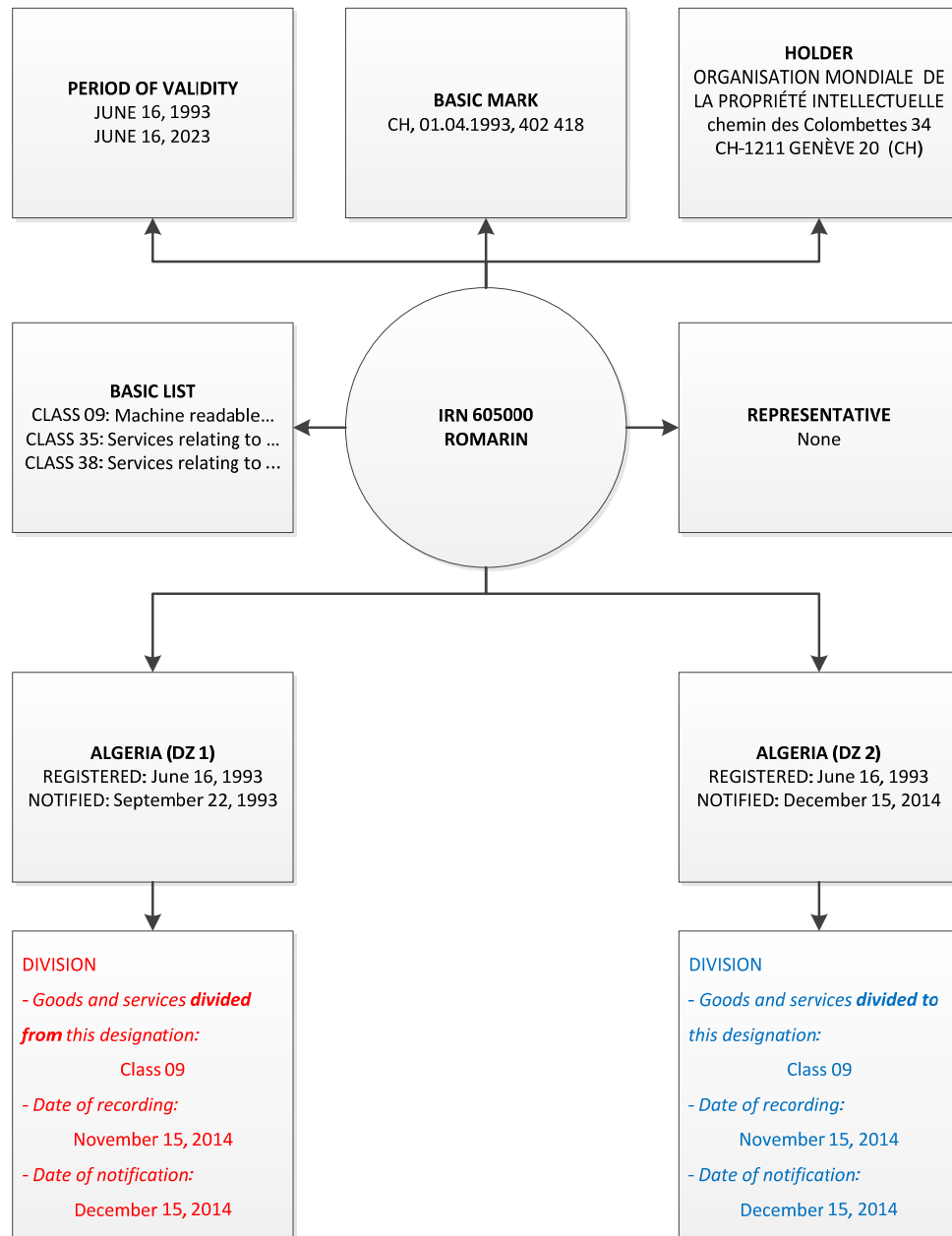
31. In principle, neither the treaties nor the regulations prevent the existence of several designations of a certain Contracting Party, in a given international registration, from having the same date of effect. In fact, a holder could subsequently designate one Contracting Party, for different goods and services, filing numerous requests directly to the International Bureau. The International Bureau would be required to process each request independently and, provided they are in order, would record and notify distinct subsequent designations.

32. The International Bureau could take advantage of this feature and, following the recording of division, take the divided part and record, under the same international registration, a new designation of the Contracting Parties concerned which would be uniquely identified. The new designation would have the same date of effect as the original designation, but it would have a new date of notification for the purposes of calculating the period the Office concerned would have to exercise the right of refusal under Article 5 of the Agreement and of the Protocol.

33. An Office may then, referring to a uniquely identified designation, send a separate notification or statement for one clearly defined list of goods and services, while trademark prosecution could continue for the remaining part.

34. Graph II illustrates the recording of division under a centralized approach resulting in uniquely identified parallel designations under the same international registration.

Graph II – Division resulting in parallel designations



35. The proposed mechanism could be advantageous for holders where a request for the recording of division is filed following the recording of a notification of provisional refusal. The holder could request that the uncontested part be divided from the original designation. Following the recording of division, the Office would be in a position to send a statement of grant of protection, in respect of the divided goods and services, referring to a uniquely identified subsequent designation, while prosecution could continue for the remaining goods and services until a final decision is notified by the Office.

36. The mechanism could also be cost efficient for holders. While holders would still be required to pay a fee for the recording of division, they would only have to pay renewal fees for one international registration and be able to renew the international registration only in respect of the goods and services effectively protected in the designated Contracting Party concerned. Moreover, the principle of centralized management would be preserved, as the recording of changes to one international registration, such as a change in name or address of the holder or a change in ownership, would still have effect in all the designated Contracting Parties.

37. However, while presenting tangible advantages and satisfying some of the needs of the users of the system, the proposed mechanism would fall short of satisfying the needs of those users seeking absolute legal certainty because it would not necessarily result in a distinct enforceable title in respect of the divided part.

38. It must be recalled that, where the Office has decided not to integrate international registrations to its national database, the Contracting Party would render a decision every time it is designated in an international registration but it might not be in a position to produce a distinct title each time. This situation would not satisfy users when this need trumps the perceived advantages of the proposed mechanism.

Option 2: Division resulting in a new international registration

(i) Features of the registration resulting from division

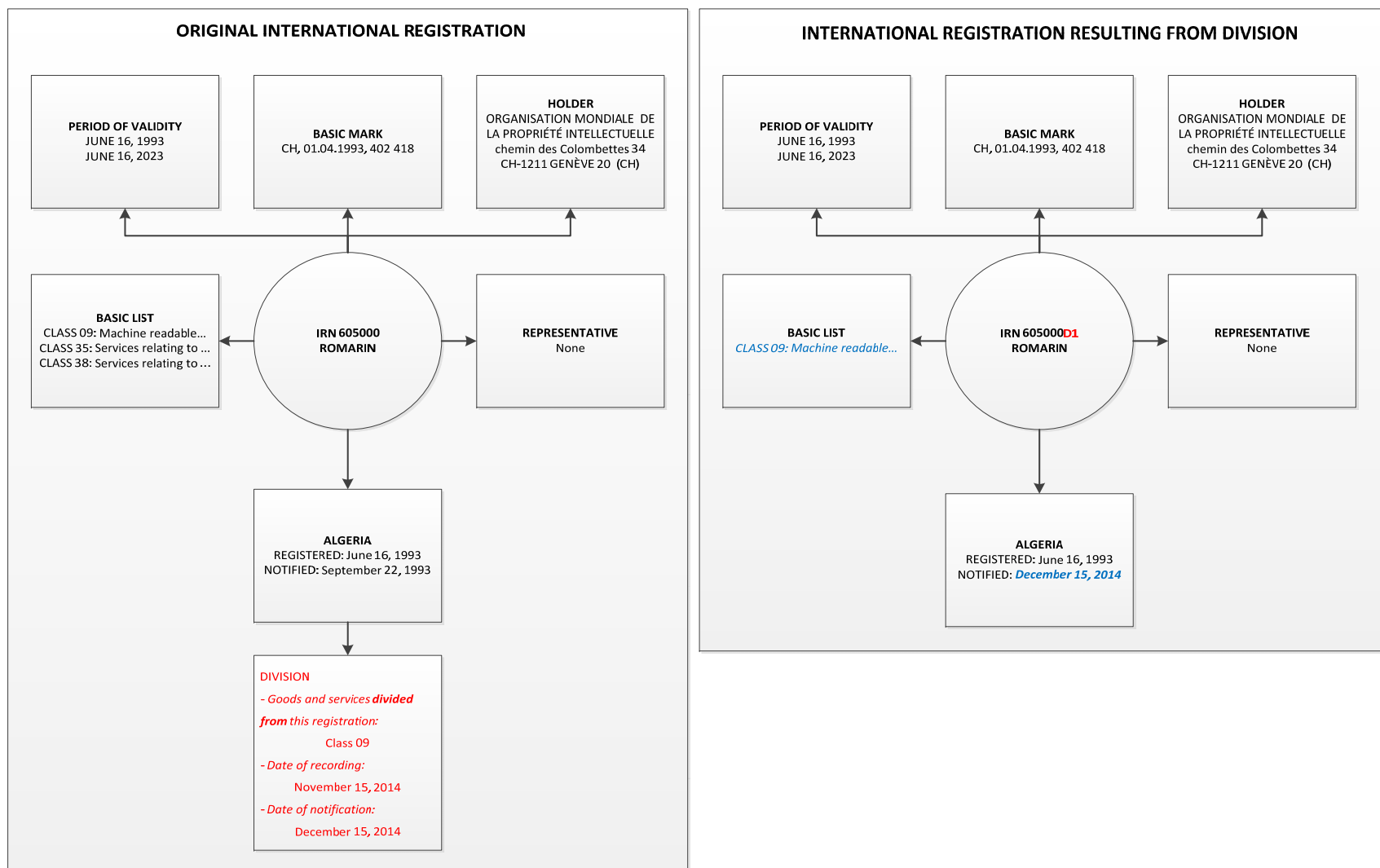
39. Users of the Madrid System are familiar with the mechanism used to manage the scope resulting from the recording of the partial change in ownership of an international registration. The transferred part is recorded as a new international registration which bears the same number as the original international registration, followed by a letter. While constituting the second most complex transaction in the Madrid System, this mechanism has the unique advantage of delivering an individual title to the transferee in the form of a new certificate of registration.

40. As proposed in earlier discussions, the introduction of division under a centralized approach could use a similar mechanism. Following the recording of division, a new international registration could be created with a distinct number that would associate it to the original international registration but clearly indicate that it is the result of the recording of division.

41. The newly created international registration would bear the same date of effect, period of validity, basic mark and claim of priority, if any, as the original international registration. The most recently recorded holder and representative of the original international registration would also appear in the newly created international registration. The basic list of goods and services of the international registration resulting from division would correspond exclusively to those goods and services which have been divided from the original international registration. The newly created international registration would indicate that the designated Contracting Parties are those in respect of which the division of the original international registration had effect. Moreover, the date of effect of the newly created international registration in respect of the designated Contracting Parties would be the same as in the original international registration.

42. Graph III illustrates the division of an international registration under a centralized approach resulting in the creation of a new international registration.

Graph III – Division resulting in a new registration



43. The major advantage of this approach is that the holder would receive one independent registration certificate, for the divided part, having effect in the designated Contracting Parties concerned. Nevertheless, the main disadvantage is that the holder would be required to maintain two international registrations. The holder would have to renew two international registrations and, where applicable, request the recording of changes for those registrations.

44. Under the mechanism being described, division would result in perfectly independent international registrations. This situation would be comparable to the one that would have resulted from the simultaneous filing of several international applications, for different goods and services or different Contracting Parties, using the same basic mark. In that respect, decisions communicated with respect to the original international registration should have no bearing on the international registration resulting from division.

45. Accordingly, the Offices of the Contracting Parties in respect of which division has been recorded would have to declare either that division has no effect or, otherwise, communicate whether protection to the mark that is the subject of the registration resulting from division is granted or not.

(ii) Possibility to merge international registrations resulting from division

46. The most complex transaction in the Madrid System is the merger of the transferred parts of an international registration where they have reverted to the same holder or where the Offices of the designated Contracting Parties concerned have declared that the recording of a change in ownership has no effect.

47. In principle, the transferred parts, with all their ensuing recordings, are restored to the original international registration. Where the transferred parts are not merged with the original registration, the resulting international registration would be the simple aggregate of all the transferred parts and all of their ensuing recordings. The recording of a partial cancellation at the request of the holder in respect of one of the transferred parts would not be taken into account where it conflicts with the resulting basic list of goods and services.

48. In all of the previous cases, the International Bureau would not interpret the scope of protection in the designated Contracting Parties. Users would have to ascertain this scope from the various recordings which can be a very complex undertaking.

49. The same principles would apply to provide for the merger of international registrations resulting from division, but it would be sensible to limit this possibility to merge them only with the original international registration. It would be reasonable for a holder to merge the divided parts with the original international registration, consolidating acquired rights to take advantage of centralized management.

50. In addition, a regime of declarations, similar to those proposed for division, should also apply for the merger of international registrations resulting from division.

IV. CONSIDERATION ON THE COSTS AND WORKLOAD IMPLICATIONS FOR THE INTERNATIONAL BUREAU AND OFFICES

A. WORKLOAD IMPLICATIONS FOR THE MADRID SYSTEM

51. The International Bureau adopted a simple model to estimate the demand for the recording of division in the International Register by taking the demand for division, relative to the total number of applications filed, in each Contracting Party, multiplying it by the number of

designations received by that Contracting Party and aggregating all the results. This model assumes that demand for division of an international registration in respect of a given designated Contracting Party would be comparable to the same demand at the national or regional level. Nevertheless, as users of the Madrid System might not be equally familiar with division, demand for it in the Madrid System would be, in all likelihood, significantly lower.

52. The International Bureau has taken the findings presented in the document on division discussed in the ninth session of the Working Group (document MM/LD/WG/9/2) and estimated the relative demand for division in each Contracting Party, assuming that the relative demand is zero in those Contracting Parties that did not furnish relevant information. Based on those estimates, demand for the recording of division in the International Register would have been, at most, equivalent to 0.19% of the total number of designations registered or recorded in 2009; that is, in that year, the International Bureau would have received, at most, 473 requests for the recording of division of an international registration.

B. COSTS IMPLICATIONS FOR THE INTERNATIONAL BUREAU

53. In terms of implementation costs, the International Bureau would have to invest resources to put in place the appropriate infrastructure to support the processing, recording and notification of requests for division. This would entail development and implementation of the required information technology adaptations, processes, communications and training and dissemination programs. Moreover, the International Bureau would have to assume an ongoing operating cost, following the introduction of division as a transaction in the Madrid System.

54. To develop the information technology processes¹ for the recording in the International Register and the publication and notification of division of international registrations, the International Bureau would have to invest 180,000 Swiss francs. In addition, to develop and implement the necessary business processes², the International Bureau would have to invest no less than 960 staff hours³ which, at a standard operating cost per hour of 107 Swiss francs⁴, would represent 102,726 Swiss francs.

55. In terms of ongoing operating costs, the International Bureau would have to assume the cost of recording division and the cost of further recordings that, under Rule 36 of the Common Regulations, are exempt from the payment of a fee, such as, among others, cancellations, renunciations, appointment of a representative and decisions sent by Offices.

56. Processing the recording of a request division, assuming the request is regular, would require some 1.3 staff hours⁵. At the standard operating cost, this would represent 139 Swiss francs. Under a very conservative estimate, division could result in no less than three further recordings which, if regular, would require, in total, 1.5 staff hours to process⁶. At the standard operating cost, maintaining the divided part would require some 160 Swiss francs. The operating costs resulting from a single request for division could reach, under a highly conservative estimate, no less than 299 Swiss francs.

¹ This would require terms of reference, software development, testing and implementation.

² This would require business analysis, process development, drafting guidelines and operating procedures, testing, training, implementation, monitoring and dissemination.

³ This would require integrating a project team – composed of one senior staff member from each division of the Madrid Registry – that would coordinate with developers and expert users.

⁴ This is a simple estimate, derived from the 2014-15 Program and Budget, which also considers operating expenses as well as the cost of equipment and supply.

⁵ This requires document reception, document indexation, data entry, examination, payment verification, electronic recording, electronic publication, production of electronic or standard paper notification and electronic or surface mail handling.

⁶ This requires undertaking the same steps described in the previous footnote.

57. The introduction of a basic fee for the recording of division would have to cover not just the processing and maintenance cost but it should also serve to amortize, within a reasonable horizon, the upfront investment required to develop and implement this new feature. Accordingly, it is suggested that the basic fee be set at 650 Swiss francs.

58. Please, note that these figures are merely intended to give an approximate indication of the costs resulting from the introduction of the recording of division in the International Register under a centralized approach and, therefore, do not constitute and should not be regarded as an implementation cost analysis.

C. COSTS IMPLICATIONS FOR OFFICES

59. Offices, acting as Office of the holder, would not be burdened with the costs associated with the presentation of a request for division, as it is being proposed that the request be filed by the holder directly with the International Bureau.

60. Offices, acting as designated Offices, would have to assume further costs, as they would be dealing with either a new designation or a new registration which, in turn, would require separate processing and the sending of distinct communications. In principle, Offices would not have to incur any investment to develop and implement infrastructure and processes particular to the management of division, since they would be handling them under their current operating procedures, as either a new designation in an existing international registration or a designation in a new international registration.

61. This anticipated increase in the workload of the designated Offices should be accompanied by an increment in the amount of the fees collected by the International Bureau on behalf of the designated Contracting Parties.

V. PROPOSAL TO CHANGE THE COMMON REGULATIONS, THE ADMINISTRATIVE INSTRUCTIONS AND THE SCHEDULE OF FEES TO INTRODUCE THE DIVISION AND MERGER OF AN INTERNATIONAL REGISTRATION UNDER A CENTRALIZED APPROACH

A. CHANGES TO THE COMMON REGULATIONS

62. It is proposed that a new Rule 27*bis* of the Common Regulations, as presented in Annex I to this document, be adopted to introduce division under a centralized approach.

63. Paragraph (1) of the proposed Rule requires that a request for the recording of division be presented in an official form directly by the holder. In addition, it enumerates the mandatory contents of the request. The paragraph determines that division may be requested for some only of the goods and services in respect of one or more designated Contracting Parties. In addition, division may be requested for all goods and services in respect of one or some only designated Contracting Parties. It would be illogical to request the recording of division for all goods and services in respect of all of the designated Contracting Parties. Accordingly, that request would be declared irregular.

64. Paragraph (2), establishes that the recording of division would be subject to the payment of the fees specified or referred to in the Schedule of Fees. Paragraph (3) of the proposed Rule establishes the obligation to notify the holder where the request is irregular and provides the customary time to remedy the request before it is considered abandoned and any fees paid refunded, after the deduction of the usual amount. Paragraph (4) provides for the obligation to record the division of an international registration where the request is received in order and to notify all the parties concerned.

65. Paragraph (5), provides for the possibility that the Office concerned declare that a recording of division has not effect in the relevant Contracting Party, within 18 months from its notification, and enumerates the mandatory contents of the declaration. Moreover, it provides for the recording of this decision in the International Register and of any final decision therefrom.

66. Paragraph (6), establishes that a request for the recording of division in respect of a Contracting Party that has made the declaration in paragraph (8) or that is not or is no longer designated for the goods and services mentioned in the request may not be considered as such and cannot be recorded.

67. Paragraph (7), would be required only if the Working Group agrees to recommend that the recording of division result in a new international registration. The paragraph provides for the merger of the international registration resulting from division with the original international registration only and for a regime of declarations similar to those provided for the recording of division.

68. Paragraph (8) establishes the principle that division of international registrations, in general, would not have effect in the Contracting Parties that have so declared.

B. CHANGES TO THE ADMINISTRATIVE INSTRUCTIONS

69. If the Working Group agrees to recommend that the recording of division result in a new designation, changes to the Administrative Instructions would be required. As presented in Annex III (Part I) to this document, the titles in Part Six, as well as Section 16 and 17, would have to be amended for further clarity. In addition, the adoption of a new Section 16*bis* would be required to introduce the recording of division as a new designation bearing a unique code.

70. On the other hand, if the Working Group agrees to recommend that the recording of division result in a new registration, amendments to the Administrative Instructions would be required. As presented in Annex III (Part II) to this document, titles in Part Six, as well as Sections 16 and 17, would have to be amended for further clarity and to include references to division and to introduce a unique numbering system for the registrations resulting therefrom.

C. CHANGES TO THE SCHEDULE OF FEES

71. If the Working Group agrees to recommend the introduction of the recording of division in the International Register under a centralized approach, changes to the Schedule of Fees would be required. In principle, the amount of the basic fee should be sufficient to amortize the investment estimated in paragraph 54 and cover the costs indicated in paragraph 56. Nevertheless, such amount should not exceed what holders already pay for an international application.

72. It is proposed that a new item 7.6 be introduced providing for the payment of a basic fee for the recording of division, set at 650 Swiss francs. In addition, the new Item would provide for the payment of either a complementary fee for each Contracting Party mentioned in the request, set at 100 Swiss francs, or an individual fee, as applicable.

VI. PROPOSED DATE OF ENTRY INTO FORCE OF THE CHANGES TO THE COMMON REGULATIONS, THE ADMINISTRATIVE INSTRUCTIONS AND THE SCHEDULE OF FEES

73. The discussions over the introduction of division occur when the International Bureau is engaged in an information technology modernization program which requires suspending further development of its current systems. As a result, the introduction of division, as an operation, would have to take place once the new systems are in place. In practical terms, this could occur, at the earliest, on January 1, 2016. It is therefore suggested that, if the Working Group decides to recommend the proposed changes to the legal framework of the Madrid System, it also recommend a date for their entry into force that take into account the previous considerations.

74. The Working Group is invited to:

(i) consider the proposals contained in this document;

(ii) indicate whether it would recommend to the Assembly the introduction of division resulting in either a parallel designations or a new international registration and the adoption of the corresponding changes to the Common Regulations, the Administrative Instructions and the Schedule of Fees, as presented in the Annex to this document or in amended form, and suggest a date for their entry into force;

(iii) otherwise, indicate which items of the current proposal require further clarification or development; or

(iv) indicate whether, at this stage, it would not recommend that division be introduced into the Madrid System.

[Annexes follow]

**PROPOSED AMENDMENTS TO THE COMMON REGULATIONS UNDER THE MADRID
AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS AND THE
PROTOCOL RELATING TO THAT AGREEMENT**

**Common Regulations under
the Madrid Agreement Concerning
the International Registration of Marks
and the Protocol Relating to that Agreement**

[...]

**Chapter 5
General Provisions**

[...]

Rule 27bis

Division [and merger] of an International Registration

(1) [Request for the Recording of Division] (a) A request for the recording of the division of either some only of the goods services in respect of one or more Contracting Parties designated in an international registration or all goods and services in respect of one or some only of those Contracting Parties shall be presented to the International Bureau on the relevant official form, in one copy, by the holder.

(b) The request shall indicate

(i) the number of the international registration,

(ii) the name of the holder,

(iii) the goods and services to be set apart,

(iv) the designated Contracting Parties where division is to have effect, and

(v) the amounts of the fees being paid and the method of payment, or

instructions to debit the required amount of fees to an account opened with the International Bureau, and the identification of the party effecting the payment or giving the instructions.

(2) [Fees] The recording of division shall be subject to the payment of the fees specified or referred to in item 7 of the Schedule of Fees.

(3) [Irregular Request] (a) If the request for the recording of division does not comply with the applicable requirements, the International Bureau shall notify that fact to the holder.

(b) If the irregularity is not remedied within three months from the date of the notification of the irregularity by the International Bureau, the request shall be considered abandoned, and the International Bureau shall notify accordingly the holder and refund any fees paid, after deduction of an amount corresponding to one-half of the basic fee referred to in item 7.6.1 of the Schedule of Fees, to the party having paid those fees.

(4) [Recording and Notification] (a) Where the request complies with the applicable requirements, the International Bureau shall record the division in the International Register, shall notify accordingly the Offices of the designated Contracting Parties in respect of which division is to have effect and shall inform at the same time the holder.

(b) Division shall be recorded as of the date of receipt by the International Bureau of a request complying with the applicable requirements.

(5) [Declaration That Division of a Given International Registration Has No Effect] (a) The Office of a designated Contracting Party which is notified by the International Bureau of the recording of the division of an international registration in respect of that Contracting Party may declare that such recording has no effect in the said Contracting Party.

(b) The declaration referred to in subparagraph (a) shall indicate
(i) the reasons for which division has no effect,
(ii) where the declaration does not affect all the goods and services to which the division relates, those which are not affected by the declaration,
(iii) the corresponding essential provisions of the law, and
(iv) whether such declaration may be subject to review or appeal and, where applicable, the time limit for and the authority with which the request for review or appeal should be filed.

(c) The declaration referred to in subparagraph (a) shall be sent to the International Bureau before the expiry of 18 months from the date on which the notification referred to in paragraph (4) was sent to the Offices concerned.

(d) The International Bureau shall record in the International Register any declaration sent in accordance with subparagraph (c) and shall notify accordingly the holder. The declaration shall be recorded as of the date of receipt by the International Bureau of a communication complying with the applicable requirements.

(e) Any final decision relating to a declaration made in accordance with subparagraph (c) shall be notified to the International Bureau which shall record it in the International Register and notify accordingly the holder.

(6) [Request Not Considered as Such] Division shall not be recorded in respect of a given designated Contracting Party that has made the declaration specified in paragraph (8) or if that Contracting Party is not or is no longer designated for the goods and services mentioned in the request. The request will not be considered as such.

[(7) [Recording of Merger of International Registrations Resulting from Division] (a) One or more international registrations resulting from division shall be merged into the international registration they were divided from at the request of the holder, provided that the same natural person or legal entity is the recorded holder in all of the aforementioned international registrations. The International Bureau shall notify accordingly the Offices of the designated Contracting Parties affected by the change and shall inform at the same time the holder.

(b) Paragraphs (5), (6) and (8) apply, *mutatis mutandis*, to the merger of international registrations resulting from division.]

(8) [Declaration That Division of International Registrations Has No Effect in a Contracting Party] The Office of a Contracting Party may notify the Director General that division of international registrations recorded in the International Register has no effect in that Contracting Party.

[Annex II follows]

PROPOSED AMENDMENTS TO THE SCHEDULE OF FEES

SCHEDULE OF FEES

Swiss francs

[...]

7. *Miscellaneous recordings*

[...]

7.6 Recording of division of an international registration

7.6.1 Basic fee 650

7.6.2 Complementary fee for each designated Contracting party indicated in the request where an individual fee is not payable in respect of such designated Contracting Party 100

7.6.3 Individual fee for the designation of each designated Contracting Party in respect of which an individual fee (rather than a complementary fee) is payable (see Article 8(7)(a) of the Protocol) except where the designated Contracting Party is a State bound (also) by the Agreement and the Office of the Contracting Party of the holder is the Office of a State bound (also) by the Agreement (in respect of such a Contracting Party, a complementary fee is payable): the amount of the individual fee is fixed by each Contracting Party concerned

[...]

[Annex III follows]

PROPOSED AMENDMENTS TO THE ADMINISTRATIVE INSTRUCTIONS

I. DIVISION RESULTING IN A NEW DESIGNATION

Administrative Instructions for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating Thereto

[...]

Part Six

Numbering of International Registrations and Requests for Territorial Extension

Section 16: Numbering of International Registrations Following Partial Change in Ownership

(a) Assignment or other transfer of the international registration in respect of only some of the goods and services or only some of the designated Contracting Parties shall be recorded in the International Register under the number of the international registration of which a part has been assigned or otherwise transferred.

(b) Any assigned or otherwise transferred part shall be ~~cancelled under~~deleted from the number of the ~~said~~concerned international registration and recorded as a separate international registration. The separate international registration shall bear the number of the registration of which a part has been assigned or otherwise transferred, ~~together with~~followed by a capital letter.

Section 16bis *Numbering of Requests for Territorial Extension Following Division*

Division shall be recorded in the International Register, under the number of the international registration concerned, as a separate request for territorial extension to the Contracting Parties where division is to have effect. The resulting request for territorial extension shall bear a unique code.

Section 17: Numbering Following Merger of International Registrations

The international registration resulting from the merger of international registrations in accordance with Rule 27(3) shall bear the number of the international registration of which a part had been assigned or otherwise transferred ~~together,~~ followed, where applicable, ~~with~~by a capital letter.

[...]

II. DIVISION RESULTING IN A NEW REGISTRATION

**Administrative Instructions for the Application of the
Madrid Agreement Concerning the International
Registration of Marks and the Protocol
Relating Thereto**

[...]

**Part Six
Numbering of International Registrations**

*Section 16: Numbering Following Division or Partial Change
in Ownership*

(a) Division, Assignment or other transfer of the international registration in respect of only some of the goods and services or only some of the designated Contracting Parties shall be recorded in the International Register under the number of the international registration of which a part has been divided, assigned or otherwise transferred.

(b) Any divided, assigned or otherwise transferred part shall be ~~cancelled under~~deleted from the ~~number~~recording of the ~~said~~concerned international registration and recorded as a separate international registration. The separate international registration resulting from the recording of a partial change in ownership shall bear the number of the registration of which a part has been assigned or otherwise transferred, ~~together with~~followed by a capital letter. The separate international registration resulting from the recording of division shall bear the number of the registration of which a part has been divided, followed by the capital letter D and a number.

*Section 17: Numbering Following Merger
of International Registrations*

The international registration resulting from the merger of international registrations in accordance with Rule 27(3) shall bear the number of the international registration of which a part had been assigned or otherwise transferred ~~together, followed,~~ where applicable, ~~with~~by a capital letter.

[...]

[End of Annex III and of document]