

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

**Thirteenth Session  
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### **AMENDED RULE 24(5) OF THE COMMON REGULATIONS UNDER THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS AND THE PROTOCOL RELATING TO THAT AGREEMENT: IMPLEMENTATION ISSUES**

*Document prepared by the International Bureau*

#### **INTRODUCTION**

1. During its twelfth session, the Working Group for the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as the “Working Group”) discussed specific amendments to 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”). The Working Group recommended that, *inter alia*, amendments to Rule 24(5) be adopted by the Madrid Union Assembly. The Madrid Union Assembly, in its Forty-Ninth Session, held in October 2015, adopted the amendments to Rule 24(5), with November 1, 2017, as their date of entry into force<sup>1</sup>.

2. The amendments to Rule 24(5) of the Common Regulations change two particular aspects regarding subsequent designations. Amendments to subparagraphs (a) and (d) introduce the application, *mutatis mutandis*, of Rules 12 and 13, where a subsequent designation is for only part of the goods and services listed in the international registration, and the amendment to subparagraph (c) limits the consequences resulting from an irregularity related to a missing or defective declaration of intention to use the mark that is not remedied.

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<sup>1</sup> See document MM/A/49/3.

3. During its preparatory work to determine the way in which the amendments to the Common Regulations could be implemented, the International Bureau has identified certain issues that impact the implementation of the amendments to Rule 24(5)(a) and (d). These issues are the need to verify the classification of indications listed in subsequent designations according to older editions of the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification), an expected increase in examination workload and complexity, the constraints on what could be achieved with automation and the resources and skills set required to implement the amended Rule.

4. Given these implementation issues, it is necessary to bring them to the attention of the Working Group, as they may require that the amendments to Rule 24(5)(a) and (d) be further considered.

5. Since the International Bureau does not see any implementation issues with the amendment to Rule 24(5)(c), it would remain as adopted by the Madrid Union Assembly, entering into force on November 1, 2017.

### **SPECIFIC IMPLEMENTATION ISSUES**

#### **VERIFICATION IN ACCORDANCE WITH OLDER EDITIONS OF THE NICE CLASSIFICATION**

6. The International Bureau controls the classification of indications of goods and services in international applications according to the edition or version, of the Nice Classification in force at the time the international application was received by the Office of origin. The International Bureau does not reclassify the list of the goods and services at any time thereafter, nor is there any mandate to do so in the treaties or the Common Regulations<sup>2</sup>.

7. The amended Rule 24(5) would require that the International Bureau verify the classification of goods and services listed in a subsequent designation and notify the holder when these are not properly classified. For the sake of coherence, the goods and services in a subsequent designation should be listed by the holder and verified by the International Bureau in accordance with the edition and version of the Nice Classification that was used to classify the main list in the international registration concerned.

8. Table 1 below shows the number of international registrations in force corresponding to the various editions and versions of the Nice Classification used to classify their main lists. As it can be seen in that table, a subsequent designation could contain goods and services listed in almost any edition or version of the Nice Classification and, under amended Rule 24(5), the International Bureau has now the mandate to verify this classification.

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<sup>2</sup> Until March 31, 1996, the International Bureau consolidated the list of goods and services in international registrations at the time of their renewal, by eliminating indications that were cancelled and those that were refused in all the designated Contracting Parties. Moreover the International Bureau reclassified the list of goods and services according to the edition of the Nice Classification in force when the international registration was renewed. This practice was discontinued on April 1, 1996, when the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement entered into force.

*Table I – Number of International Registrations per Edition and Version of the Nice Classification*

<b>Edition and version</b>	<b>Publication or entry into force</b>	<b>Number of international registrations</b>	<b>%</b>
NCL (2)	January 1, 1971	13,397	2%
NCL (3)	January 1, 1981	5,569	1%
NCL (4)	January 1, 1983	17,835	3%
NCL (5)	January 1, 1987	33,314	5%
NCL (6)	January 1, 1992	53,781	9%
NCL (7)	January 1, 1997	53,374	9%
NCL (8)	January 1, 2002	102,977	17%
NCL (9)	January 1, 2007	189,426	30%
NCL (10-2012)	January 1, 2012	42,430	7%
NCL (10-2013)	January 1, 2013	45,548	7%
NCL (10-2014)	January 1, 2014	45,469	7%
NCL (10-2015)	January 1, 2015	20,584	3%

Total

623,704

#### CURRENT AND EXPECTED INCREASE IN THE VOLUME AND COMPLEXITY OF THE EXAMINATION WORKLOAD OF THE INTERNATIONAL BUREAU

9. It must be noted that the number of subsequent designations recorded with at least one limitation is increasing. In 2011, 2,248 recorded subsequent designations contained at least one limitation. In 2014, that number had increased to 3,211 recorded subsequent designations<sup>3</sup>.

10. In addition to increased workload in terms of the higher number of subsequent designations containing at least one limitation, it is also anticipated that the implementation of amended Rule 24(5) will make the International Bureau's examination procedure more complex because an increasing number of these limitations are made using free expressions, that is, indications that are neither contained in the international registration nor listed in the alphabetical list of the Nice Classification<sup>4</sup>.

11. Where the subsequent designation concerns all the goods and services in the international registration or where it is meant to simply exclude one or more indications or classes contained in the international registration, its examination and recording is a straightforward process. Examination becomes a more complex process when holders express a limitation of the list of goods and services using free expressions.

12. The use of free expressions allows holders to specify in more detail the goods and services for which protection is to be extended, as the Nice Classification has, relatively speaking, few indications in the alphabetical list. The holder can thereby tailor the lists of goods and services for the various designated Contracting Parties, especially those known to require a higher degree of specificity, thus attempting to avoid provisional refusals.

13. Whilst using free expressions in subsequent designations is a very convenient flexibility for holders, it adds complexity to the control that the International Bureau will have to exercise under amended Rule 24(5). As explained earlier, this control will have to be done according to the edition and version of the Nice Classification that was used to classify the main list in the international registration concerned.

<sup>3</sup> See document MM/LD/WG/13/2, Table I.

<sup>4</sup> Document MM/LD/WG/12/2.

## LIMITS TO THE AUTOMATION OF THE CLASSIFICATION OF LIMITATIONS IN SUBSEQUENT DESIGNATIONS

14. The current classification database supporting examiners with the classification of goods and services listed in international applications was introduced in 2005. The contents of this classification database system (informally called the "Christmas Tree") were compiled in accordance with the ninth edition of the Nice Classification. The database has been updated to reflect the changes introduced by each version of the tenth edition of the Nice Classification as well as to include frequently used and consistently classified terms. It currently has 88,387 indications in English, 46,425 indications in French and 45,534 indications in Spanish. The ninth and the tenth editions of the Nice Classification have been integrated in this system, whereas the first to the eight have not.

15. The Christmas Tree is not the same as the Madrid System Goods and Services Manager (MGS), which is the external classification tool available for users to assist in the compilation and classification of the list of goods and services. The MGS is more limited in terms of indications than the Christmas Tree and it only reflects the current edition and version of the Nice Classification.

16. Under amended Rule 24(5)(a) and (d), where a holder presents a subsequent designation including limitations with free expressions (i.e., which are not contained in the international registration, not listed in the alphabetical list of the Nice Classification and not included in the internal classification database), the International Bureau would need to examine these limitations manually, verifying the classification in accordance with the edition and version of the Nice Classification used in the international registration.

17. The Christmas Tree could be further developed to include also the alphabetical lists of all the previous editions of the Nice Classification. However, even this development would most likely not be sufficient for the International Bureau to fulfill its new examination and classification duties.

### ADDITIONAL, QUALIFIED RESOURCES

18. Since the verification of the classification of goods and services listed in subsequent designations will have to be made manually in accordance with older editions of the Nice Classification, examiners doing so will be required to have substantial historical knowledge of all editions of the Nice Classification. The Madrid Registry does not have such historical knowledge today and it will be challenging, at best, to obtain the necessary level of knowledge.

19. Considering only the additional workload resulting from the implementation of amended Rule 24(5), and not its complexity, four additional examiners will be needed. However, it is unclear whether examiners with the required historical knowledge of the Nice Classification could be externally recruited. This is a challenge experienced also by national Offices.

20. It could be possible, over time, to develop internal resources to obtain the relevant historical knowledge, but this would entail a considerable and permanent investment in training. However, the efforts of obtaining such competency must be weighed against the net gain of undertaking the abovementioned manual verification.

21. Moreover, there are potential risks that could result from the implementation of the amended Rule, such as a possible negative impact on general processing time and, in particular, on the processing of subsequent designations that could also create unnecessary delays for holders.

22. Finally, Contracting Parties and holders need to assess whether the manual control of the classification made by the International Bureau, to the extent possible, would add value to the examination by designated Offices to determine the scope of protection of a subsequent designation with a limited list.

23. In light of the issues raised above, the Working Group needs to consider whether amended Rule 24(5) as it now stands, should be implemented or whether it should be further revised.

*24. The Working Group is requested to note the above implementation issues and consider which additional recommendations may be necessary for their adoption by the Madrid Union Assembly in 2016.*

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