

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

Fifteenth Session
Geneva, June 19 to 22, 2017

REPLACEMENT

Document prepared by the International Bureau

INTRODUCTION

1. At its fourteenth 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”) considered proposed amendments to paragraphs (1) and (2) and new paragraphs (3), (4) and (6) of Rule 21 of 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 Working Group requested that, for its next session, the International Bureau revise proposed new paragraphs (5) and (7), concerning the scope of replacement and the collection of fees respectively, and suggest a date of entry into force for the proposed amended Rule 21.*

SCOPE OF REPLACEMENT

2. The proposed new paragraph (5) of Rule 21, discussed at the previous session of the Working Group, reads as follows: “[Scope of Replacement] The names of the goods and services listed in the national or regional registration or registrations shall be equivalent, but not necessarily identical, to those listed in the international registration that has replaced them.”*

* See document MM/LD/WG/14/6, paragraph 13(iii) and Annex II.

3. Under Article 4*bis*(1)(ii) of the Protocol, all the goods and services listed in the national or regional registration must also be listed in the international registration with respect to the concerned designated Contracting Party. This provision does not exist in the corresponding Article 4*bis* of the Agreement, which simply says, “[...] the international registration shall be deemed to have replaced the earlier national registrations [...].”
4. During the discussion on the proposed new paragraph (5), a number of delegations stated that the proposed equivalence of the names of the goods and services conflicted with Article 4*bis*(1)(ii) of the Protocol, and considered that the list in the national or regional registration had to be identical to the list of goods and services in the international registration.
5. A literal reading of the provision in the Protocol may lead to the conclusion that replacement requires absolute identity and correspondence of all goods and services where the replaced registration or registrations are concerned. This would imply that the replaced registration cannot be broader than the international registration. Such understanding seemed to be shared by a number of delegations.
6. The following example illustrates the situation: holders may have older national registrations covering the heading of class 25, namely, “clothing, footwear, headgear”, while their newer international registrations may only cover “clothing” in the same class. According to the understanding described above, those holders would need to request a limitation of the goods and services in their older national registrations prior to requesting that the Offices concerned take note of their international registrations. Such practice might be considered – from the holder’s point of view – rigid and inconvenient, adding costs due to necessary involvement by local agents, and therefore limiting the usefulness of replacement to users of the Madrid System. This could undermine the objective of replacement, which is to simplify the management of trademark portfolios for trademark holders.
7. A different reading of Article 4*bis*(1)(ii) of the Protocol is possible, which would better take into consideration the objective of replacement. Following a more flexible and contextual reading of the provision, the reference to “all the goods and services listed in the national or regional registration [must] also [be] listed in the international registration” could be understood as meaning all the goods and services listed for replacement purposes. Replacement would then be possible for those goods and services that are found both in the national or regional registration and in the international registration. This approach would enable users to benefit from replacement more extensively, while limiting replacement to those goods and services listed in the national or regional registration that are replicated in the international registration.
8. Using the same example provided above, with the prior national right covering the heading of class 25, while the international registration covers only “clothing” in the same class, under the more flexible approach described above, the national register could reflect that replacement of the prior national right is limited to “clothing” in class 25. Should the holder later decide to let the prior national right lapse, there would no longer be any protection for goods in class 25 beyond “clothing”. However, the national register will show that, under the international registration, the holder has protection for the mark concerned for “clothing” in class 25, as from the date of protection of the prior national right.
9. An additional advantage of the more flexible approach is that it would prevent an increase in the workload of Offices because they would not need to process limitations as a precedent to replacement procedures.
10. This more flexible approach is in fact already taken by a number of Contracting Parties, which is reflected in the compilation of the replies to a questionnaire sent in 2014. Such compilation is contained in document MM/LD/WG/12/5, which was discussed by the Working Group at its twelfth session.

11. One of the questions in the above-mentioned questionnaire was: “If it occurs that the goods and services listed in the national registration are *not* all listed in the international registration, i.e., the list of goods and services in the international registration is narrower than the list recorded nationally, does, or would, your Office nevertheless consider that a partial replacement takes place in respect of the specification that is common to both the national and international registrations?” The answers to this question revealed that more than 40 per cent of the 71 Offices that responded to the questionnaire would consider that such “partial” replacement has occurred. This result confirmed the findings of the Working Group in a previous similar exercise in 2005.

12. Replacement would benefit from a harmonization exercise, as it would become more predictable and with wider-reaching effects. However, it is clear that practices on the scope of replacement diverge substantially among Contracting Parties and such exercise would not be an easy achievement. In such context, two approaches are possible:

(a) initiate a discussion in the Working Group with a view to harmonize practices through amendments to the Common Regulations; achieving this goal could take a significant amount of time, with additional time required for its implementation which would likely entail changes to national laws and procedures; or

(b) discard proposed paragraph (5), in view of the differing interpretations by Contracting Parties.

13. If paragraph (5) would be discarded, this would not affect the current practices of Contracting Parties, but it would provide for a flexible implementation of replacement, making it a more useful and usable mechanism for trademark holders, while not preventing a deeper analysis of this matter, should the Working Group so decide.

14. A flexible implementation by Contracting Parties could accommodate different classification practices and take into account linguistic differences; that is, differences between the working languages of the Madrid System (English, French and Spanish) and the language used in the national or regional register. Moreover, it should be noted that it might be difficult to achieve a literal and total coincidence of the applicable lists of goods and services.

15. Should the Working Group decide to discard proposed paragraph (5) of Rule 21 for now, then paragraphs (6) and (7) would be renumbered accordingly.

FEES

16. Following the discussion by the Working Group at its previous session and a further internal analysis by the International Bureau, a new paragraph (7) of Rule 21 is proposed, with the following features:

(a) a Contracting Party requiring the payment of a fee that wishes the International Bureau to collect such fee, should notify the applicable amount to the International Bureau, in Swiss francs;

(b) the International Bureau would not monitor currency exchange rate fluctuations; this would be the responsibility of the Offices concerned;

(c) Contracting Parties could notify new amounts, in Swiss francs, to the International Bureau twice in a given year;

(d) fees and later changes to the fees would enter into force three months from the date of receipt by the International Bureau of any notification relating thereto. This would allow time for necessary preparatory work by the International Bureau, such as updating relevant Information and Technology (IT) solutions and publication of information for users;

(e) fees received by the International Bureau would be credited to the concerned Contracting Party, in the currency applicable under the procedures to credit income from standard or individual fees; and,

(f) Contracting Parties would need to undertake any legal or administrative measures to implement proposed amended Rule 21, to establish the amounts that the International Bureau should collect and to notify them to the International Bureau.

17. Amounts collected under proposed paragraph (7)(c) would be transferred to the Contracting Parties following the same mechanisms already in place to transfer the amounts corresponding to either their individual fee or to their share in the standard fees. Accordingly, amounts collected under paragraph (7)(c) for a Contracting Party that has declared for an individual fee would be transferred in the month following the one in which the amount of the fee was received by the International Bureau. Amounts collected for Contracting Parties participating in the standard fee regime would be transferred annually together with its share of the annual revenue. This solution would avoid increasing financial transaction costs, which are borne by the World Intellectual Property Organization (WIPO).

18. The proposed replacement procedure would involve the use of resources from the International Bureau; in particular, to develop necessary IT-solutions and processes for holders to present their request through the International Bureau; and, to establish a process for the collection and distribution of fees. To alleviate administrative tasks, it is proposed that Offices notify the fee to be collected in Swiss francs only, and that such notifications may be received up to twice a year per Contracting Party. It is envisaged that the official form to present a request under amended Rule 21 through the International Bureau could be exclusively an electronic form accessible through WIPO's website. Such would enable users to present a request per international registration, in respect of one or more designated Contracting Parties, in one form only and with fees payable by debiting them from a WIPO current account or from a credit card. This would provide for a more efficient and cost-effective means of presenting the request.

19. It would be necessary for the International Bureau to charge a fee to cover part of the costs related to the development and maintenance of IT-solutions and procedures required to process requests presented under the amended rule, as well as those financially related, such as, credit card processing charges and those related to the collection and distribution of the fees. In this regard, the International Bureau would need more time for internal consultations concerning the specifications and development of the required IT-solutions in order to gain a clearer understanding of the costs involved.

ENTRY INTO FORCE

20. The proposed amendment would involve considerable changes in the legal, operational and IT frameworks of the Madrid Registry as well as for those of Contracting Parties. The International Bureau would need to conclude its internal consultation as stated in paragraph 19, and revert to the Working Group with a proposed fee, a modified Schedule of Fees and a date of entry into force of the amendment. This assessment will also take into account the planning of the implementation of other upcoming changes to the legal framework, adopted by the Madrid Union Assembly in 2016 with entry into force dates of 2017 and 2019.

21. The Working Group is invited to consider the proposals made in paragraphs 16 to 20 of this document.

[Annex follows]

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

See document MM/LD/WG/14/6, paragraph 13(iii) and Annex II. The text of Rule 21, as tentatively agreed by the Working Group at its fourteenth session, is reproduced below in a clean version. The proposed amendments under discussion are indicated in track-changes.

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

(as in force on [\[to be determined\]](#))

[...]

Rule 21

Replacement under Article 4bis of the Agreement or the Protocol

(1) *[Presentation of the Request]* The holder may, from the date of the notification of the designation, present a request for the Office of a designated Contracting Party to take note of the international registration in its Register. The request may be presented directly to that Office or through the International Bureau. Where presented through the International Bureau, the request shall be effected on the relevant official form.

(2) *[Contents of a Request Presented Through the International Bureau and Transmission]* (a) The request referred to in paragraph (1), where presented through the International Bureau, shall indicate:

- (i) the number of the international registration concerned,
- (ii) the name of the holder,
- (iii) the Contracting Party concerned,
- (iv) where replacement concerns only one or some of the goods and services in the international registration, those goods and services,
- (v) the filing date and number, the registration date and number, and, if any, the priority date of the national or regional registration or registrations which are deemed to be replaced by the international registration; and,
- (vi) where paragraph (7) applies, the amount of the fees being paid, 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.

(b) The International Bureau shall transmit the request referred to in subparagraph (a) to the Office of the designated Contracting Party concerned and inform the holder accordingly.

(3) *[Examination and Notification by the Office of a Contracting Party]* (a) The Office of a designated Contracting Party may examine the request referred to in paragraph (1) for compliance with the conditions under Article 4bis(1) of the Agreement or of the Protocol.

(b) An Office that has taken note in its Register of an international registration shall so notify the International Bureau. Such notification shall contain the indications specified in paragraph (2)(a)(i) to (v). The notification may also contain information relating to any other rights acquired by virtue of the national or regional registration or registrations concerned.

(c) An Office that has not taken note may so notify the International Bureau, which shall inform the holder accordingly.

(4) *[Recording and Notification]* The International Bureau shall record in the International Register any notification received under paragraph (3)(b) and shall inform the holder accordingly.

[(5) *[Scope of Replacement]* The names of the goods and services listed in the national or regional registration or registrations shall be equivalent, but not necessarily identical, to those listed in the international registration that has replaced them.]

(6) *[Effects of Replacement on the National or Regional Registration]* A national or regional registration or registrations shall not be cancelled or otherwise affected by the fact that they are deemed to be replaced by an international registration or that the Office has taken note in its Register of the latter.

[(7) *[Fees]* (a) Where a Contracting Party requires a fee for the presentation of a request under paragraph (1), the request is presented through the International Bureau, and the Contracting Party wishes the International Bureau to collect that fee, it shall so notify the ~~International Bureau~~ Director General, indicating the amount of the fee in Swiss currency ~~or in the currency used by the Office~~. A Contracting Party can notify changes in the required fee twice in a given year. Rule 35(2)(b) shall apply mutatis mutandis.

(b) Fees or changes thereto will be applicable three months from the date of receipt by the International Bureau of any notification under subparagraph (a).

(c) Fees collected by the International Bureau on behalf of a Contracting Party under subparagraph (a) shall be credited to the account of that Contracting Party according to the procedure applicable to the fee payable for the designation of such Contracting Party.

(d) Services rendered by the International Bureau in relation to replacement shall be subject to the payment of the fee specified in item 7.8 of the Schedule of Fees.]

PROPOSED AMENDMENTS TO THE SCHEDULE OF FEES

SCHEDULE OF FEES

(in force on [\[to be determined\]](#))

Swiss francs

7. *Miscellaneous recordings*

[...]

7.8 Services rendered per request for taking note of an international registration (replacement) presented through the International Bureau [\[to be determined\]](#)

[End of Annex and of document]