

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

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AN UPDATED ROAD MAP FOR THE EVOLUTION OF THE MADRID SYSTEM

Document prepared by the International Bureau

1. The Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”), in its fourteenth session, agreed upon a road map of topics for future discussions on how to make the Madrid System evolve to meet the needs of all its members and be more flexible and effective, without compromising its fundamental principles.¹ The Working Group revised this road map at its fifteenth session.²
2. Following the fifteenth session, the Working Group has discussed the majority of the topics set out in that revised road map, more specifically, replacement, transformation, new types of marks, limitations, a harmonized time limit to reply to provisional refusals, a possible reduction of the dependency period, and corrections.
3. The present document proposes an updated road map taking a more holistic view of the Madrid System, going beyond mere legal issues and covering the evolution of the Madrid System over the next five to 10 years.
4. The updated road map is inspired by, and reflects, the principles and guidelines set out in WIPO’s Medium-Term Strategic Plan (MTSP).

¹ See document MM/LD/WG/14/4 “The Future Development of the Madrid System for the International Registration of Marks”.

² See document MM/LD/WG/15/5 “Summary by the Chair”.

GEOGRAPHICAL COVERAGE OF THE MADRID SYSTEM

5. The transformation of the Madrid System into a global system, a process that accelerated with the adoption of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as “the Protocol”), has been remarkably successful. The Protocol brought more flexibility to the Madrid System, and improved the international registration process significantly. In 1988, before the adoption of the Protocol, the Madrid System had 23 members, whereas now that number has increased to 112, covering 128 countries.

6. To complete its geographical coverage, the Madrid System should have between 150 and 160 members. It is believed this objective can be achieved in the next five to 10 years.

USE OF THE MADRID SYSTEM

7. Apart from some exceptional years (notably during the financial crisis and the COVID-19 pandemic), use of the Madrid System has grown consistently over the last few decades. However, this growth has been unbalanced and fueled mostly by applications made in long-standing members of the System and a limited number of members that have joined relatively recently. In many new members, use of the System has been limited. In addition, even among the long-standing members, there is considerable potential for greater use of the Madrid System, in particular by small and medium-sized enterprises (SMEs). Finally, while Madrid filings have grown at a healthy pace, use of the direct route has grown faster in certain jurisdictions.

8. The International Bureau will be placing more focus on marketing and promoting the Madrid System with a view to responding to the above challenges. The cooperation of local authorities in the elaboration and execution of these new approaches will be fundamental. These marketing and promotional activities will go beyond the traditional event-based activities, but will take the form of longer-term and broader programs of work developed in cooperation with local authorities and based on market research.

LEGAL FRAMEWORK OF THE MADRID SYSTEM

9. A number of trademark owners seek protection for their marks abroad using the direct route rather than the Madrid route, due to certain legal requirements inherent in the Madrid System (basic mark, dependency), country-specific legal requirements (declarations) or practices (before the Offices or the International Bureau) or due to difficulties in accessing the Madrid System.

10. Up to now, there appears to be no agreement among the members to abolish these fundamental legal requirements (entitlement, the basic mark and dependency). For this reason, it is proposed to concentrate, during the next five to 10 years, on issues where concrete improvements are possible to achieve. In this regard, the following topics for (continued) discussion in the Madrid Working Group are proposed.

MINIMUM TIME LIMITS FOR HOLDERS TO RESPOND TO PROVISIONAL REFUSALS

11. When refusing protection of a mark, the Offices concerned are free to determine the time limit (and its calculation) for the trademark owners to contest that refusal. This is challenging for trademark owners due to the differences in time limits (ranging from 15 days to 15 months), and the different ways of calculating those time limits.

12. An agreement by the Working Group to introduce a minimum time limit of two months would provide important reassurance and stability to trademark holders in terms of managing their portfolio of rights. It would also give holders sufficient time to determine whether it would be worth increasing the cost of retaining a local attorney to contest the refusal. This issue is discussed in document MM/LD/WG/20/3.³

SIMPLIFICATION OF THE SCHEDULE OF FEES

13. The fees payable under the Madrid System have remained untouched since 1996. A more streamlined and simplified Schedule of Fees would benefit trademark holders and could significantly simplify the Madrid System. This can be achieved in a cost/revenue neutral manner, i.e., without increasing the fees for users or reducing revenue for member Offices or the Madrid Union. This work is closely linked to automation of processes, including the possibility of using online forms for various transactions.

ADDITIONAL LANGUAGES

14. Proposals have been made to add Arabic, Chinese and Russian to the Madrid System. Increasing the number of languages would attract more users to the Madrid System as more trademark owners would be able to file and manage their applications and registrations in their national language. Receiving decisions on the scope of protection from Offices in these languages would help foreign trademark owners enforce their rights in those territories. This issue is discussed in document MM/LD/WG/20/6.⁴

REDUCTION OF THE DEPENDENCY PERIOD

15. If the basic mark ceases to have effect during the dependency period (five years counted from the date of the international registration), the international registration will be cancelled to the same extent.

16. The Working Group has discussed the possibility of a reduction of the dependency period from five to three years, which would require the convening of a Diplomatic Conference. While such reduction will not completely remove the uncertainty that the dependency may bring to trademark owners, it will reduce the risk of a consequential cancellation of the international registration. This issue is discussed in document MM/LD/WG/20/5.⁵

PRACTICAL FUNCTIONING OF THE MADRID SYSTEM

17. Improvements to the practical functioning of the System should be made at the level of the International Bureau, the member Offices and the interface between both.

³ See document MM/LD/WG/20/3 "Provisional Refusal".

⁴ See document MM/LD/WG/20/6 "Report Following the Request in Paragraph 23(ii) and (iii) of Document MM/LD/WG/19/8 'Summary by the Chair'".

⁵ See document MM/LD/WG/20/5 "The Possible Convening of a Diplomatic Conference to Amend Article 6 of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks".

THE INTERNATIONAL BUREAU

Better Customer Service

18. The bi-yearly customer surveys conducted by WIPO show that there is room for improvement in the delivery of the International Bureau customer service, particularly with respect to the transparency and simplicity of the processes and the status of applications and international registrations. The root causes of this feedback must be more thoroughly analyzed so that appropriate action can be taken. Furthermore, better use could be made of the data contained in the Madrid Register to offer value-added services to users (e.g., where possible, providing easily recognizable and automatically generated standardized reports, reflecting the status of the trademark in each of the designated members).

Digitalization

19. There has been constant progress during decades in moving from paper-based processes to an electronic environment. However, this needs to be brought to the next level by integrating more frontier technologies and automated data processing into the business processes. This will facilitate the introduction of new features to the Madrid System (e.g., languages) and make the entire System more efficient and transparent, for the benefit of users and Offices alike. Important progress in this regard is being made in the context of the new Madrid Information Technology (IT) Platform Project.

Examination Practices

20. The International Bureau needs to review its examination practices to ensure that these add real value to users and Offices. Attention needs to be paid, in particular, to the complex area of the identification of goods and services, where the right balance between strictness and flexibility needs to be struck. The International Bureau could be guided by how the designated members would assess the lists contained in international registrations in order to improve its service in this regard.

MEMBER OFFICES

Implementing Legislation

21. It is vital for all members of the System to have Madrid-compatible legislation in place to provide legal certainty and enable trademark owners to defend and enforce their rights before the Offices concerned and their courts. Unfortunately, there are still a few members without Madrid-compatible legislation resulting in some Offices being unable to process designations. There are also a few members that are missing specific Madrid-provisions (e.g., replacement and transformation). Finally, some members have national provisions in place that are contradictory to the Madrid legal framework, causing problems for trademark owners.

22. The International Bureau calls upon the members concerned to rectify these deficiencies. The Madrid Registry is ready to support these in the drafting of Madrid-specific provisions, and to advise on safety measures that could be put in place to ensure better processing of international applications and designations in international registrations.

23. Having the required legislation in place, and a better understanding of the Madrid System, would allow the members concerned to issue enforceable decisions on the scope of protection and to provide better services to trademark holders seeking protection in their territory.

Declarations

Exclusion of Subsequent Designations

24. Trademark holders are not able to subsequently designate members that have declared that designations will not be accepted if the international registration is dated earlier than the date of the entry into force of the Protocol in that member. The possibility of withdrawing these declarations (as some members have already done) should be discussed with the members concerned.

Individual Fees Payable in Two Parts

25. A number of members require their individual fees to be paid in two parts, the first part being payable at the time of the designation and the second part being payable if, and when, the Office is ready to grant protection. Paying all the required fees up front would reduce the risk of missing the time limit to pay the second part, and of the consequent loss of that designation. Feedback from trademark holders and their representatives indicate that payment of fees in two parts causes confusion when calculating the total fees to be paid. Furthermore, withdrawing such declaration would reduce the workload of the Offices concerned and the International Bureau, as it would not be necessary to send and process the additional notifications that are currently required concerning the payment of the second part of the fee.

26. One of the members concerned is in the process of revising its legislation to move towards only one payment of fees. It would be worthwhile discussing whether withdrawing this declaration would be feasible with the remaining members.

Process Improvements

27. Different practices in different members make it cumbersome for trademark owners to manage their rights. Some members provide for an *opposition procedure* (third party), where the Office will only issue a provisional refusal should they find that the opposition has merits. Arguably, this could be seen as an advantage as the Office can filter out clearly unfounded objections. However, local attorneys often contact the holders concerned in an attempt to solicit work – incorrectly informing them of the need to take action and causing confusion. One solution could be for these Offices to send the oppositions it receives to the International Bureau, to forward on to the holders, thereby giving them clear information that an opposition has been filed and that they do not need to take action. This would give the holder the option to wait and see if the Office submits a formal provisional refusal, or to take action at an early stage, to try to avoid or overcome a possible later refusal.

28. Some members require the trademark holder, at different time intervals, to document *actual use of the mark in commerce*, or continued intention to use the mark in commerce. Such requirement follows national legislation in each of the members concerned and is outside the scope of the Madrid System. The required documentation must be submitted directly to the Offices concerned. However, to make it easier for trademark holders to manage and maintain their international registrations, it may be worthwhile discussing with these members whether the required form (evidence and documentation) may be submitted through the International Bureau (and whether reminders can be automated).

29. Ideally, all members should issue decisions on the scope of protection where they are designated. This is not yet the case as not all members are making such decisions, due to lack of Madrid-specific legislation, resources or capacity in the Office (see more under the headings “Implementing Legislation” and “Training”). Where the trademark holder has not received a decision from a member by the expiry of the applicable time limit to issue a provisional refusal, according to the Protocol, protection is deemed granted. This is of little comfort to the holder if there is no document specifically stating that the holder has an exclusive right in the member concerned, as it will be difficult to enforce the rights before the competent authorities (customs and courts). Furthermore, it makes it difficult to identify when the holder should submit documentation for actual use where this is required, or for a third party to submit cancellation actions due to a period of non-use, as the starting point to submit such action may be calculated from the date protection is deemed granted. Discussions should be held with members to see how the International Bureau can support the Offices to issue decisions on the scope of protection.

Training

30. When there is a new accession to the Protocol, the Madrid Registry offers full support and comprehensive training to the staff of the Office concerned. This training covers the roles of the Office as a member (Office of origin and Office of the designated member), and focuses on the practical aspects of issuing decisions on the scope of protection, and how to notify the International Bureau of such decisions, which will be forwarded to the holders concerned.

31. Upon request, the Madrid Registry also offers training to existing members, to refresh or update their knowledge of the Madrid System, which could be in the form of a regional training of Offices or training of a specific Office, as well as training sessions for attorneys and agents on how to use the Madrid System. The Madrid Registry can now provide tailored training to an Office, or groups of Offices, by using online platforms, it has been able to increase the number and frequency of such training activities. WIPO also provides distance-learning courses on the Madrid System (WIPO Academy), which are useful for staff of Offices, as well as for private practitioners.

Interface Between the International Bureau and Member Offices

32. The International Bureau believes that the Madrid System needs to accelerate its pace of digital transformation in a comprehensive manner with a view to building a fully digital working environment for all the users of the System, including Offices. A standardized and efficient interface for the exchange of data contained in communications between the International Bureau and the Offices is one of the key pillars of the digital working environment.

33. By March 2022, the International Bureau has communicated electronically all notifications sent to the Offices. Offices of origin transmitted to the International Bureau 86.7 per cent of all international applications electronically. For decisions issued by the Offices of designated members, the landscape is more complex as files and data are transmitted in multiple formats and using different standards depending on the type of communication. For example, 45 Offices are currently using the Madrid Electronic Communications System (MECA), an XML-based data exchange format, while 97 Offices use the Madrid Office Portal (MOP), a web-based tool to upload documents.

34. The International Bureau aims at building a modernized repository of all information from Offices (Madrid Object Storage System) as part of the new Madrid IT Platform Project. The repository requires receiving highly standardized and machine-readable data from the Offices in a constant and reliable manner. Hence, the members are encouraged to have full electronic, bi-directional communications with the International Bureau with data exchanged at sufficient levels of granularity in machine-readable format. The International Bureau will provide tools, standards and capacity-building assistance to facilitate this. The move to electronic bi-directional communications is envisaged to take place incrementally, with members shifting to technologies that are more modern as volume and resources permit.

35. The Working Group is invited to consider the information presented in this document, propose further issues for consideration, and provide guidance to the International Bureau on a possible way forward.

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