

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

Twenty-Third Session
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REPORT ON INTERSESSIONAL INFORMAL CONSULTATIONS ON THE PROPOSALS IN DOCUMENTS MM/LD/WG/20/5, MM/LD/WG/21/8 REV.2, MM/LD/WG/22/5 REV. AND MM/LD/WG/22/14 AND OTHER RELEVANT ISSUES TO IDENTIFY POSSIBLE ELEMENTS OF CONVERGENCE

Document prepared by the International Bureau

BACKGROUND

1. At its nineteenth and twenty-second sessions, the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group” and “the Madrid System”) discussed documents MM/LD/WG/20/5, MM/LD/WG/21/8 Rev.2, MM/LD/WG/22/5 Rev. and MM/LD/WG/22/14¹. The Working Group agreed to conduct intersessional informal consultations with interested members and observers to discuss the various proposals contained in these documents and other relevant issues with a view to identifying possible elements of convergence².

2. This document reports on the technical consultations the International Bureau has undertaken in accordance with the request referred to in paragraph 1, above.

¹ See documents [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”, [MM/LD/WG/21/8 Rev.2](#) “Updated Proposal by the Delegations of Australia, Chile, Ghana, Mexico, the Philippines, the Republic of Korea and the United States of America”, [MM/LD/WG/22/5 Rev.](#) “Compilation of Received Proposals and Observations Regarding Dependency” and [MM/LD/WG/22/14](#) “Proposal by the Delegation of China”.

² See paragraph 15(iii) in document [MM/LD/WG/22/15](#) “Summary by the Acting Chair”.

INFORMAL CONSULTATIONS UNDERTAKEN BY THE INTERNATIONAL BUREAU

3. In February 2023, the International Bureau, through the Group Coordinators, called on Madrid and WIPO Members to express interest in participating in the informal consultations referred to in paragraph 1, above. The following members of the Madrid System expressed their interest: Austria, Bulgaria, Canada, Chile, China, France, Germany, the European Union, Hungary, Jamaica, Japan, Norway, Poland, Spain, the United Kingdom and Switzerland (16). The following WIPO Members also expressed interest in participating in the informal consultations: Dominican Republic and Sri Lanka (2).

4. The International Bureau conducted informal consultations with officials from the above-mentioned Members between June 17 and July 4, 2025. The International Bureau prepared and distributed a note, reproduced in Annex I to the present document, to facilitate the informal consultations. In this note, the International Bureau listed several proposals and concerns that emerged from documents discussed by the Working Group or were expressed during its deliberations as far back as its second session, which took place in June 2006, following the introduction of a proposal by Norway³, with a view to identifying possible elements of convergence. Table I, below, lists those proposals and concerns.

Table I: Proposals Discussed by or Concerns Expressed at the Working Group:

Proposal or Concern
1. Eliminating the basic mark requirement – A proposal to remove the requirement for a prior domestic application or registration when filing an international trademark application.
2. Deleting the dependency and transformation provisions – A proposal to delete the five-year dependency and transformation provisions.
3. Freezing the dependency principle – A proposal to suspend the operations of the provisions related to dependency.
4. Shortening the dependency period – A proposal to reduce the five-year dependency period.
5. Limiting the grounds for cancellation due to ceasing of effect – A proposal to limit the grounds to cancel the international registration due to ceasing of effect (e.g., limit it to bad faith, public interest grounds) or to exclude non-use and relative grounds.
6. Harmonizing grounds for non-use cancellations – A proposal to harmonize non-use interpretation in Madrid members to protect export marks from being cancelled.
7. Eliminating the automatic effect of dependency – A proposal to cancel the international registration after the ceasing of effect of the basic mark only upon a third-party request.
8. Introducing flexibility to the mark identity requirement – A proposal to add flexibility to the requirement that a mark in an international application be the same as the basic mark, particularly to address linguistic diversity.

³ See document [MM/LD/WG/2/9](#) "Proposal by Norway".

Proposal or Concern
<p>9. Increasing bad faith in the Madrid System – Concerns expressed about a possible increase in bad faith international registrations that may result from weakening the basic mark requirements or dependency.</p>
<p>10. Providing for an Alternative Dispute Resolution (ADR) mechanism – A proposal to introduce opposition boards or a WIPO-administered ADR mechanism based on limited grounds such as identity with earlier rights, bad faith or lack of entitlement.</p>

OVERVIEW OF DISCUSSIONS HELD DURING THE INFORMAL CONSULTATIONS

5. Delegations expressed diverse views on the proposals and concerns, particularly regarding dependency and alternative dispute resolution (ADR) mechanisms.

6. Interest in reducing the dependency period, which the Working Group has discussed during previous sessions, was confirmed as a potential area of convergence. However, questions were raised about whether convening a diplomatic conference solely for this purpose could be justified. Some participants suggested broadening the scope of a possible diplomatic conference to include other previously discussed options, namely, reducing the grounds for cancellation and eliminating the automatic effects of dependency. One view specifically proposed to exclude non-use relative grounds from cancellation actions.

7. Reactions to the proposed ADR mechanism to address bad faith registrations varied. Several participants acknowledged potential value in discussing an ADR mechanism separately from the dependency question but raised numerous questions regarding how this would be implemented. Several participants suggested developing detailed documentation on a possible ADR mechanism to facilitate productive discussions in future Working Group sessions. At the same time, the view was expressed that developing an ADR mechanism may be a distraction from the main concern that the current dependency principle overly favors third parties, arguing that an ADR mechanism would not create better balance while dependency remained. Another suggestion made was to await the bad faith survey results before considering ADR as a possible element of convergence⁴.

8. The ADR implementation questions raised by delegations focused on the legal nature of the ADR mechanism, whether it would be mandatory or voluntary, its structure, scope, effects, and other procedural considerations. These questions and some preliminary feedback on them, without prejudice to the conclusions that the Working Group may ultimately reach, are presented in Annex II to the present document.

POSSIBLE ELEMENTS OF CONVERGENCE

9. Based on the feedback from the informal consultations, the International Bureau proposes four possible elements of convergence for further discussion by the Working Group: shortening the dependency period, limiting the grounds for cancellation due to ceasing of effect, eliminating the automatic effect of dependency, and providing for an ADR mechanism. Discussions on these possible elements would not preclude ongoing consideration of other elements contained in formal proposals or in written comments presented by various delegations or raised during sessions of the Working Group.

⁴ See document [MM/LD/WG/23/5](#) "Findings of the Survey on the Incidence of Bad Faith in the Madrid System and the Use of Central Attack in Respect Thereof."

SHORTENING THE DEPENDENCY PERIOD

10. During the nineteenth session of the Working Group, significant goodwill emerged among members to reduce the dependency period from five to three years.

11. Implementing this change requires a formal amendment to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to “the Madrid Protocol”) through a diplomatic conference. The Working Group previously discussed this possibility during its twentieth session, acknowledging the specific procedural requirements involved in modifying a treaty⁵.

12. The proposed reduction to three years would enhance legal certainty for trademark holders by reducing the vulnerability of an international registration because of its possible cancellation due to matters affecting the basic mark in the home market.

13. Reducing the dependency period would benefit users, especially for international registrations based on domestic applications, which would face significantly less risk of cancellation for non-use under a three-year framework. While international registrations based on domestic registrations would still be subject to cancellation actions during this shorter period, the overall vulnerability window for all registrations would be reduced.

LIMITING THE GROUNDS FOR CANCELLATION DUE TO THE CEASING OF EFFECT OF THE BASIC MARK

14. Article 6(3) of the Madrid Protocol establishes a detailed framework outlining the specific facts and decisions that can cause the basic mark to cease having effect. When this occurs, the consequences are significant; holders lose the protection of their international registration in all designated territories. The Madrid Protocol further mandates that the Office of origin is under an obligation to request the cancellation of the international registration, irrespective of the reasons for which the basic mark has ceased to have effect.

15. The reasons for which a basic mark may cease to have effect are diverse. This can result from the holder’s own actions such as abandoning or withdrawing the basic application or from decisions made by competent authorities, whether acting *ex officio* or in response to third-party challenges. These include refusals by the Office of origin following its substantive examination or opposition proceedings. Notably, these triggering events often concern matters that are specific to the jurisdiction of the Office of origin, yet they currently affect international trademark protection in all designated territories.

16. Modifying the Madrid Protocol to limit the grounds for cancellation due to the ceasing of effect of the basic mark would enhance legal certainty for trademark holders. Potential amendments could restrict cancellation of the international registration to specific grounds such as bad faith. This approach would significantly reduce the indiscriminate effects currently prescribed by Article 6(3) of the Madrid Protocol, providing more fair and predictable protection across multiple jurisdictions while preserving the full array of legitimate challenge mechanisms in respect of the basic mark. This approach could be viewed as further aligning the Madrid System with the principle of independence of protection in Article 6(3) of the Paris Convention for the Protection of Industrial Property. Such changes would prevent local procedural or technical issues from unnecessarily disrupting an otherwise carefully constructed international trademark portfolio.

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”.

ELIMINATING THE AUTOMATIC EFFECT OF DEPENDENCY

17. Article 6(3) of the Madrid Protocol provides for an automatic cancellation process affecting international registrations. When the conditions in this Article are met, the international registration stops being effective immediately without any further action needed. At that point, the holder loses all protection in the designated Madrid members. The Office of origin's request to cancel the registration only confirms what has already legally happened – that the registration no longer has effect.

18. This automatic dependency effect can lead to unfortunate consequences, potentially cancelling international registrations for reasons unrelated to the mark in designated Madrid members and without any third party actively seeking such cancellation in those jurisdictions. Proposed amendments to Article 6(3) and (4) of the Madrid Protocol could eliminate this automatic effect, resulting in cancellation only at the explicit request of a third party who has successfully challenged the basic mark.

19. Eliminating the automatic effect of dependency could function independently or in conjunction with limiting the grounds for cancellation due to ceasing of effect. This change would ensure that cancellations of international registrations occur only when there is a genuine third-party interest therein, providing greater security for trademark holders while still maintaining a mechanism for legitimate challenges to international registrations.

PROVIDING FOR AN ALTERNATIVE DISPUTE RESOLUTION (ADR) MECHANISM

20. Observer organizations have raised concerns about potential increases in bad faith international trademark registrations, particularly if the basic mark requirement is eliminated or the dependency principle relaxed.

21. In response to these concerns, the Working Group could explore implementing an ADR mechanism specifically designed to address bad faith international applications. This approach presents several advantages in the context of Madrid System reform discussions. Such a mechanism could be introduced to operate in parallel with the current dependency system, rather than replacing it. This would allow for addressing bad faith concerns without fundamentally altering the existing dependency framework that many stakeholders value. Affected third parties could still challenge the basic mark under this framework or opt for the new ADR mechanism.

22. A particularly attractive aspect of this proposal is that implementing an ADR mechanism would not necessitate convening a diplomatic conference, which would be required for more substantial changes to the Madrid Protocol itself. The introduction of an ADR mechanism could be achieved through amendments to the Regulations Under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as "the Regulations"), representing a more streamlined path to implementation while still providing meaningful protection against bad faith registrations.

23. Introducing a WIPO-administered ADR mechanism by amending the Regulations would be consistent with previous evolutions of the Madrid System made in response to users' needs. This approach has already been used to successfully implement important new features like relief measures for missed time limits due to *force majeure* reasons, the introduction of use requirements in designated Madrid members, subsequent designation resulting from conversion, and the recording of restrictions, licenses, and division.

24. Rather than developing an entirely new dispute resolution framework, the Working Group could consider a WIPO-administered ADR mechanism modeled after the Uniform Domain Name Dispute Resolution Policy (UDRP). The UDRP has established itself as an effective

mechanism for addressing bad faith domain name registrations, and its principles could be adapted to the trademark context. Under such a system, the WIPO Arbitration and Mediation Center (hereinafter referred to as “the AMC”) could administer cases similar to how it currently handles UDRP disputes, leveraging its extensive experience in this field.

Brief Description of the UDRP and Process

25. The UDRP, established by WIPO and adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) in 1999, efficiently resolves domain name disputes between domain name registrants and trademark owners regarding potentially abusive domain name registrations. It applies to all generic Top-Level Domains (gTLDs) such as .COM and .NET, as well as numerous country code Top-Level Domains (ccTLDs) that have voluntarily adopted the UDRP or variations of it.

26. Under the UDRP framework, any owner of a registered trademark or adequately proven unregistered trademark can initiate a complaint against a domain name they believe infringes upon their rights. Complainants must demonstrate three essential elements, namely, that the disputed domain name is identical or confusingly similar to their trademark; that the domain registrant has no legitimate rights or interests in the domain; and, that the domain was both registered and is being used in bad faith. The UDRP policy specifically outlines circumstances that constitute evidence of bad faith, including registration primarily for selling to the trademark owner at an inflated price, preventing the trademark owner from using their mark in a domain, disrupting a competitor’s business, or intentionally creating confusion for financial gain.

27. The UDRP provides an efficient alternative to traditional court litigation for addressing trademark-related domain disputes, offering a streamlined and expedited process based on a single round of pleadings, significantly reducing both time and cost for resolving disputes. Cases are decided by panelists with specialized expertise in trademark law and domain name disputes, ensuring knowledgeable adjudication. The international nature of the UDRP allows for resolution regardless of the parties’ geographical locations, and successful decisions are implemented directly through domain registrars, eliminating enforcement concerns. Importantly, the UDRP does not preclude either party from pursuing action in court before, during, or after the UDRP proceeding, thereby preserving access to judicial remedies.

28. On December 2, 1999, the AMC received its first domain name complaint. Since then, the AMC has managed over 73,000 cases under the UDRP, involving parties from 185 countries and covering more than 130,000 Internet domain names⁶.

29. Unlike traditional ADR mechanisms, decisions regarding complaints filed under the UDRP are publicly available, creating a transparent and accessible body of precedent that serves as an invaluable resource for understanding and identifying patterns of bad faith in domain name registrations⁷.

⁶ WIPO Caseload Summary, available at <https://www.wipo.int/amc/en/center/caseload.html>.

⁷ WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition, available at: <https://www.wipo.int/amc/en/domains/search/overview3.0/>.

How an ADR Mechanism Modeled After the UDRP Could Function in the Madrid System to Address Bad Faith International Registrations

30. Implementing an ADR mechanism modeled after the UDRP in the Madrid System would require amendments to the Regulations. New rules would define the proceeding, types of disputes, bad faith criteria, and complaint requirements. Furthermore, it would specify the panel-based administrative proceeding, outline filing requirements, establish consequences for adverse findings, and set the fee structure.
31. Management of these proceedings would be delegated to the Director General through the AMC, with authority to establish supplemental rules. This approach would leverage WIPO's existing expertise in managing similar dispute resolution processes while ensuring that the specific needs of the Madrid System are appropriately addressed.
32. The Working Group could develop a comprehensive definition of bad faith by drawing from multiple established sources, including existing legal frameworks and judicial precedents established in various jurisdictions, UDRP principles and the AMC jurisprudence.
33. Filing an international application or requesting the recording of a change in ownership would require explicit agreement by the applicant or new holder to submit to the new ADR mechanism. All relevant forms would be updated to include a consent clause that applicants or new holders must accept, ensuring that all Madrid System participants understand and agree to this dispute resolution mechanism before proceeding with the international registration process.
34. The new ADR mechanism is proposed to be limited to addressing bad faith international registrations. The Working Group could consider expanding this mechanism to include other Madrid System issues that would benefit from centralized resolution, such as entitlement claims involving transferees or challenges to priority claims. However, this expansion would be more challenging for matters that depend on local law, such as distinctiveness or public order concerns.
35. While the objective of the WIPO-administered ADR would be to provide an expedient and cost-effective mechanism to challenge bad faith international registrations, the Working Group could consider introducing certain features to prevent frivolous complaints, while maintaining a cost-effective alternative to litigation, such as placing the burden of proof on the complainant to establish clear evidence of bad faith, as well as requiring the complainant to bear the initial costs of the proceedings.
36. Affected third parties could file a complaint directly with the International Bureau under the new mechanism, or they could use the existing dependency mechanism in Article 6 of the Madrid Protocol. The WIPO-administered ADR mechanism and the dependency principle would operate in parallel, preserving distinct roles of national and regional authorities and the international mechanism.
37. The ceasing of effect of the basic mark under Article 6 of the Madrid Protocol would continue to cause the cancellation of the international registration, even if contradicting an ADR panel's findings. Conversely, a panel's determination that an international registration was obtained in bad faith would cancel that registration while leaving the basic mark unaffected in its jurisdiction of origin.
38. The Working Group would need to determine if choosing the Article 6 mechanism would preclude subsequent use of the new ADR mechanism. Moreover, the Working Group would need to establish a possible time limit within which complaints must be filed, potentially aligning it with the current dependency period for consistency and clarity.

39. When a third party files a complaint, the holder of the international registration concerned would be promptly notified, and a panel would be established to adjudicate the dispute. The Working Group would need to determine the panel composition, balancing expertise, impartiality, and cost-effectiveness.

40. Successful complaints would result in cancellation of the international registration, either automatically or only upon specific request from the complainant. Panel decisions would affect only the international registration, not the basic mark in the member of origin. Moreover, transformation, while remaining available following cancellation due to ceasing of effect, would not be available under a WIPO-administered ADR mechanism following a finding that the international registration was obtained in bad faith. Transformation was designed to protect legitimate trademark owners from losing rights due to technical or procedural issues, not to provide a safety net for those who have acted in bad faith.

41. *The Working Group is requested to:*

(i) consider the contents of the present document;

(ii) indicate whether it would agree to continue discussions on the possible elements of convergence described in paragraphs 9 to 40 of the present document or on other elements; and,

(iii) provide guidance to the International Bureau on possible future work on the above-mentioned elements.

[Annexes follow]

ANNEX I: NOTE TO FACILITATE INFORMAL CONSULTATIONS ON DEPENDENCY AND ON OTHER RELEVANT ISSUES

BACKGROUND

1. At its twenty-second session, the Working Group requested the International Bureau to “conduct intersessional informal consultations with interested members and observers to discuss the various proposals contained in the documents referred to in paragraph 14¹, above, and other relevant issues with a view to identify possible elements of convergence”².
2. The purpose of this note, prepared by the International Bureau, is to facilitate the informal consultations requested by the Working Group regarding dependency and other relevant issues.

POSSIBLE ELEMENTS OF CONVERGENCE

3. The International Bureau has identified the following proposals and concerns that emerged from documents discussed by the Working Group or were expressed during its deliberations as far back as its second session, which took place in June 2006, following the introduction of a proposal by Norway³. These points could help identify possible elements of convergence.

Proposal or Concern
1. Eliminating the basic mark requirement – A proposal to remove the requirement for a prior domestic application or registration when filing an international trademark application.
2. Deleting the dependency and transformation provisions – A proposal to delete the five-year dependency and transformation provisions.
3. Freezing the dependency principle – A proposal to suspend the operations of the provisions related to dependency.
4. Shortening the dependency period – A proposal to reduce the five-year dependency period.
5. Limiting the grounds for cancellation due to ceasing of effect – A proposal to limit the grounds to cancel the international registration due to ceasing of effect (e.g., limit it to bad faith, public interest grounds) or to exclude non-use and relative grounds.
6. Harmonizing grounds for non-use cancellations – A proposal to harmonize non-use interpretation in Madrid members to protect export marks from being cancelled.
7. Eliminating the automatic effect of dependency – A proposal to cancel the international registration after the ceasing of effect of the basic mark only upon a third-party request.

¹ Paragraph 14 of document [MM/LD/WG/22/15](#) “Summary by the Acting Chair”, recalls that discussions “were based on documents [MM/LD/WG/20/5](#), [MM/LD/WG/21/8 Rev.2](#), [MM/LD/WG/22/5 Rev.](#) and [MM/LD/WG/22/14](#)”. These documents concern dependency and other proposals to modernize the Madrid System.

² See paragraph 15(iii) of document [MM/LD/WG/22/15](#) “Summary by the Acting Chair”.

³ See document [MM/LD/WG/2/9](#) “Proposal by Norway”.

Proposal or Concern
8. Introducing flexibility to the mark identity requirement – A proposal to add flexibility to the requirement that a mark in an international application be the same as the basic mark, particularly to address linguistic diversity.
9. Increasing bad faith in the Madrid System – Concerns expressed about a possible increase in bad faith international registrations that may result from weakening the basic mark requirements or dependency.
10. Providing for an Alternative Dispute Resolution (ADR) mechanism – A proposal to introduce opposition boards or a WIPO-administered ADR mechanism based on limited grounds such as identity with earlier rights, bad faith or lack of entitlement.

A POSSIBLE WAY FORWARD

4. While the Working Group has yet to reach consensus on the future of the dependency principle, there appears to be some convergence in principle on the possibility of reducing the dependency period, which would require convening a diplomatic conference to amend the Madrid Protocol.

5. In addition, Working Group members and observer organizations have expressed concerns regarding the increase in bad faith applications throughout the global trademark system and within the Madrid System; in the latter, as a potential consequence of relaxing the dependency principle. Addressing these concerns presents a valuable opportunity to identify another possible element of convergence among members.

6. In view of the above, the Working Group could consider exploring an Alternative Dispute Resolution (hereinafter referred to as “ADR”) mechanism to address bad faith in international applications. This approach would not affect dependency because an ADR mechanism could be introduced in parallel with the current dependency system. Furthermore, the approach would not require convening a diplomatic conference because the said introduction could be achieved through amendments to the Regulations.

7. Under the suggested approach, Madrid applicants would be required to opt in to a WIPO-managed ADR process to allow challenges against international registrations by third parties on the basis of the allegation that the related international applications were filed in bad faith. This would provide users with a broader range of remedial avenues, offering an option to rely on the existing dependency system or to engage the new ADR mechanism to resolve issues of bad faith.

8. The Working Group discussed the possibility of introducing a WIPO-administered ADR mechanism as early as 2008⁴. Such mechanism represents a flexible solution that could modernize the Madrid System while preserving its fundamental principles and functionality. This approach would:

- allow users to choose between the traditional dependency system or the new ADR process;
- enable users to challenge alleged bad faith registrations before a WIPO panel;

⁴ See paragraph 45 of document [MM/LD/WG/6/5](#) “Considerations Related to the Proposal by Norway”.

- balance innovation with tradition by preserving the core structure of the Madrid System;
- address user concerns about bad faith applications without eliminating dependency.

9. Taking into account the above, the International Bureau proposes two potential areas of convergence for further discussion by the Working Group, namely, the reduction of the dependency period and the introduction of a WIPO-administered ADR mechanism. Through these informal consultations, the International Bureau seeks feedback on these identified areas and welcomes insights regarding any additional elements of convergence that participants might identify or suggest for consideration.

[Annex II follows]

ANNEX II: QUESTIONS ABOUT A POSSIBLE ADR MECHANISM RAISED DURING THE INFORMAL CONSULTATIONS

STRUCTURE AND IMPLEMENTATION

Which specific ADR mechanism would be introduced from among the various options (arbitration, mediation, or both)?

1. A WIPO-administered ADR modeled after the UDRP is proposed, offering greater efficiency and cost-effectiveness than arbitration. This approach would allow for easy implementation within the Madrid System and provide transparent, publicly available findings.

Would existing WIPO Arbitration or Mediation Rules apply to Madrid System disputes, or should new Madrid-specific rules be created?

2. New Madrid-specific rules would need to be developed, using existing Rules for UDRP and WIPO Supplementary Rules¹ as models. These specialized rules could be approved by the Director General to address the unique aspects of international trademark registrations.

Could such a fundamental change to the Madrid System be introduced by simply amending the Regulations?

3. The WIPO-administered ADR mechanism could be introduced by amending the Regulations, consistent with previous evolutions of the Madrid System made in response to users' needs. This approach has already been used to successfully implement important new features like relief measures for missed time limits due to *force majeure* reasons, the introduction of use requirements in designated Madrid members, subsequent designation resulting from conversion, and the recording of restrictions, licenses, and division.

What provisions could be added to the Regulations to introduce the WIPO-administered ADR mechanism?

4. The Working Group would need to consider and recommend amendments to the Regulations requiring applicants and new holders to submit to the ADR proceeding and define its essential elements. The framework, scope, and procedural requirements would need to be established, with implementation details in supplementary rules approved by the Director General.

SCOPE AND JURISDICTION

Would the ADR mechanism be limited to addressing “bad faith” registrations, or could it address other grounds?

5. The WIPO-administered ADR mechanism would primarily address alleged bad faith in international registrations, providing a centralized forum for resolving potentially abusive registration practices. The Working Group could consider expanding this mechanism to include other Madrid System issues that would benefit from centralized resolution, such as entitlement claims involving transferees or challenges to priority claims. However, this expansion would be more challenging for matters that depend on local law, such as distinctiveness or public order concerns.

¹ See Updated UDRP Rules and WIPO Supplementary Rules available at https://www.wipo.int/amc/en/domains/resources/updated_udrp_rules.html.

Should only international registrations be subject to cancellation through the ADR mechanism, while leaving basic marks untouched?

6. A finding by a panel that an international registration was obtained in bad faith would have effects strictly limited to the framework of the international registration system, applying only to the international registration itself, and not to the basic mark in the Office of origin, which would remain valid and enforceable in its home jurisdiction.

Would implementing this ADR mechanism require WIPO to handle substantive trademark matters?

7. The International Bureau would manage the ADR process administratively while a panel of experts with international trademark expertise would make substantive determinations on alleged bad faith, based on a definition specifically adopted within the international registration system. The panel's authority and determinations would be strictly limited to the international registration system, focusing exclusively on bad faith as defined within the Madrid System. This process would be consistent with the way in which the International Bureau currently manages domain name complaints under the UDRP.

How would "bad faith" be defined in the context of international trademark registrations?

8. The Working Group would need to establish a definition of bad faith specifically tailored to the context of the international registration system, drawing from existing sources such as the legal frameworks and case law of Madrid members, as well as the definition of bad faith embedded within the UDRP and the extensive decisions in cases resolved under this policy.

Would Madrid System members be required to align their practices with the definition of bad faith that emerges from the new mechanism?

9. While Madrid members would not be required to align their trademark practices with the definition of bad faith adopted within the international registration system, this definition could serve as a reference for national and regional authorities. As panels issue reasoned decisions under the proposed WIPO-administered ADR mechanism, they would address various manifestations of bad faith in international trademark registrations, which could potentially contribute to more harmonized approaches to bad faith determinations across different territories.

PARTICIPATION AND REQUIREMENTS

Would applicants be required to submit to the ADR mechanism, or would they have the option to choose whether to participate?

10. Holders of international registrations would be required to submit to the new WIPO-administered ADR mechanism as a condition of filing an international registration or recording a change in ownership. This mandatory participation requirement is essential for the new mechanism's effectiveness. Making submission mandatory ensures that all international registrations – regardless of intent – are held to the same standard of good faith conduct, ensuring accountability and preventing selective avoidance by bad faith actors.

When would applicants make a commitment to participate – when filing a Madrid application or only when a dispute arises?

11. Holders would be required to submit to the new WIPO-administered ADR mechanism at the time of filing an international application or requesting the recording of a change in ownership, creating an advance binding agreement to participate in any future proceedings. Requiring holder consent only at the point when a complaint has already been filed would effectively make the ADR process optional, as holders acting in bad faith would simply refuse to participate when challenged.

If an applicant refuses to participate, would there be penalties? If so, what penalties would be appropriate?

12. Should submission to the WIPO-administered ADR mechanism become a mandatory requirement for registering a mark or recording a change in ownership, the absence of such consent would prevent the International Bureau from recording these transactions. The new requirement would be integrated into the relevant forms requiring explicit consent.

PROCESS AND EFFECTS

What would be the consequences for designated Madrid members if an international registration was determined to have been obtained in bad faith?

13. Should a panel under the WIPO-administered ADR mechanism find that an international registration was obtained in bad faith, the registration would be cancelled, either *ex officio* or upon the complainant's request. Consequently, the international registration would immediately cease to have effect across all designated Madrid members, reflecting the principle that bad faith undermines the legitimacy of protection in all designated territories. For practical purposes, in the designated Contracting Parties, this would have similar consequences to a cancellation of the international registration resulting from the ceasing of effect of the basic mark. The key differences would be that it would neither affect the basic mark itself nor entitle the holder to transform the cancelled international registration.

What would happen if the panel's findings contradicted determinations made by the competent authority in the Office of origin; which decision would prevail?

14. The WIPO-administered ADR mechanism and the dependency principle would operate in parallel, preserving distinct roles of national and regional authorities and the international mechanism. The ceasing of effect of the basic mark under Article 6 of the Madrid Protocol would continue to cause the cancellation of the international registration, even if contradicting an ADR panel's findings. Conversely, a panel's determination that an international registration was obtained in bad faith would cancel that registration while leaving the basic mark unaffected in its jurisdiction of origin. The Working Group would need to decide whether and under which circumstances third parties that use the mechanism in Article 6 of the Madrid Protocol would be prevented from using the WIPO-administered ADR mechanism.

Would there be a process to review or appeal the panel's decision?

15. While the primary objective of introducing a WIPO-administered ADR mechanism would be to provide an agile, efficient, and cost-effective system for addressing bad faith international registrations, the Working Group could consider incorporating additional features to enhance its functionality. For instance, the process might benefit from a mandatory conciliation phase before advancing to the panel's formal decision. Additionally, the Working Group could explore implementing a quick review mechanism to address potential errors or oversights in panel decisions without requiring full appeals. However, any such review process would need to include carefully crafted conditions and thresholds to prevent frivolous requests that could undermine the system's efficiency and create unnecessary delays.

Would any form of relief (such as transformation) be available against the panel's decision?

16. While transformation would continue to be available following the cancellation due to ceasing of effect, such relief would not be available under a WIPO-administered ADR mechanism following a finding that the international registration was obtained in bad faith. Transformation was designed to protect legitimate trademark owners from losing rights due to technical or procedural issues, not to provide a safety net for those who have acted in bad faith.

PROCEDURAL CONSIDERATIONS

How would arbitration awards or settlement agreements be enforced within the Madrid System?

17. Under a WIPO-administered ADR mechanism, there would not be any arbitration award or settlement agreement. Instead, there would be a panel decision, the consequences of which would be specified in the Regulations. Where the panel finds that the international registration was obtained in bad faith, the consequence would be the cancellation of the international registration, either *ex officio* or at the request of the complainant.

Should the International Bureau make *ex officio* recordings for cancellations, or should the holder submit a request based on the arbitration outcome?

18. The Working Group would need to discuss whether a decision by the panel that an international registration obtained in bad faith should be cancelled automatically (*ex officio*) or only at the holder's request. Allowing for holder-requested cancellation would give the parties an opportunity to settle the matter, perhaps through coexistence agreements, compensation, or phased withdrawal. This flexibility could benefit complex commercial situations where immediate cancellation might not serve the interests of all parties involved.

During what timeframe could the ADR mechanism be used?

19. For the sake of consistency, this period could be aligned with the dependency period, which currently stands at five years under the Madrid Protocol. This alignment would create a coherent timeframe within the Madrid System, making it easier for users to understand and navigate both processes. In any case, the period should not be longer than the dependency period as extending it would create prolonged legal uncertainty about the status of international registrations.

Would the proposed system make it too easy for third parties to challenge registrations from anywhere in the world?

20. While the objective of the WIPO-administered ADR would be to provide an expedient and cost-effective mechanism to challenge bad faith international registrations, the Working Group could consider introducing certain features to prevent frivolous complaints, such as placing the burden of proof on the complainant to establish clear evidence of bad faith, as well as requiring the complainant to bear the initial costs of the proceedings.

IMPACT ASSESSMENT

21. The process would be managed by WIPO, most likely through the AMC, which has existing expertise in dispute resolution. The cancellation of international registrations would be processed as a recording under Rule 27 of the Regulations, fitting into established procedures. As prescribed in that Rule, the recording would be notified to the Office of origin if requested during the five-year dependency period, and in all cases to the designated Madrid members, which would process these cancellations according to their standard procedures for Rule 27-cancellations, requiring no additional administrative adaptations.

[End of Annex II and of document]