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## AD HOC WORKING GROUP ON THE LEGAL DEVELOPMENT OF THE MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS

Third Session  
Geneva, January 29 to February 2, 2007

REPLACEMENT

*Document prepared by the International Bureau*

### I. INTRODUCTION

1. At the first session of the *ad hoc* Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”) held in Geneva in July 2005, it was proposed that the drawing up of model provisions regarding replacement could introduce a significant improvement in the functioning of the Madrid system, in terms of certainty and harmonization (see document MM/LD/WG/1/3, paragraph 141).
2. At its thirty-sixth session (September-October 2005), the Assembly of the Madrid Union took note of the conclusions and recommendations of the first session of the Working Group and requested the Director General to convene a further session of the Working Group to, *inter alia*, consider the preparation of such model provisions (see document MM/A/36/1, paragraphs 16 and 18 and document MM/A/36/3, paragraph 15).

3. For the purpose of facilitating the discussions of the second session of the Working Group, the International Bureau submitted to the Working Group a set of draft model provisions for its consideration (see Annex I of document MM/LD/WG/2/8). At the conclusion of the second session of the Working Group it was recommended that the Assembly of the Madrid Union should encourage the International Bureau to make available to the Offices of Contracting Parties such model provisions and, furthermore, that the Assembly should extend the mandate of the Working Group in order to continue the preparatory work aimed at simplifying and harmonizing the practices of the Offices of Contracting Parties on the issue of replacement (see document MM/LD/WG/2/11, paragraph 170).

4. At its thirty-seventh session (September-October 2006), the Assembly of the Madrid Union took note of the conclusions and recommendations of the second session of the Working Group and requested the Director General to convene a further session of the Working Group in order to, *inter alia*, continue the preparatory work aimed at simplifying and harmonizing the practices of the Office of the Contracting Parties with regard to replacement, and to report back to the following session of the Madrid Assembly with respect to progress on its discussions (see document MM/A/37/4, paragraph 13(c)(ii)).

5. The present document recalls the basic elements of the operation of the replacement procedure, examines how the applicable provisions of the treaties have been implemented by offices, addresses the issue of the divergent interpretation by offices of the underlying principles governing replacement and, finally, proposes for the consideration of the Working Group some means by which the Working Group might constructively continue with the preparatory work aimed at simplifying and harmonizing the practices of the Offices of Contracting Parties on the issue of replacement.

## II. REPLACEMENT: BASIC PRINCIPLES

6. The basic principles which govern the replacement procedure have been set out in document MM/LD/WG/2/8, and for the convenience of the third session of the Working Group are now reproduced below.

7. Article 4*bis*(1) of the Madrid Agreement Concerning the International Registration of Marks and of the Madrid Protocol Relating to the Madrid Agreement (hereinafter referred to as “Article 4*bis*(1)”, “the Agreement” and “the Protocol”, respectively) provide that a mark that is the subject of a national or regional registration in the Office of a Contracting Party is, under certain conditions, deemed to be replaced by an international registration of the same mark. According to the more precise text of the Protocol, the conditions under which replacement takes place are the following<sup>1</sup>:

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<sup>1</sup> In the Basic Proposal for the Madrid Protocol submitted at the Conference of Madrid of 1989, the notes concerning Article 4*bis*(1) stated that “this provision – as well as paragraph (2) – is in essence the same as it is in the Stockholm Act but has been redrafted for greater clarity.” See document MM/DC/3, paragraph 133. Aside from the addition of the words “without prejudice to any rights acquired by virtue of the latter” – similar to the wording found in the Agreement – and

(i) both the national or regional registration and the international registration are in the name of the same holder,

(ii) protection resulting from the international registration extends to the Contracting Party in question,

(iii) all the goods and services listed in the national or regional registration are also listed in the international registration in respect of the Contracting Party in question and

(iv) the extension of the international registration to that Contracting Party takes effect after the date of the national or regional registration.

8. Furthermore, it is expressly stated in Article 4*bis*(1) that the international registration is deemed to replace the national or regional registration without prejudice to any rights acquired by virtue of the latter.

9. Article 4*bis*(2) of the Agreement and of the Protocol (hereinafter referred to as “Article 4*bis*(2)”) provide that the office in whose national or regional register the mark is recorded, is required, upon request, to take note in its register of the international registration. Rule 21(1) of the Common Regulations under the Agreement and the Protocol (hereinafter referred to as “the Common Regulations”) further provide that where, following a request by the holder, an office has taken such a note in its register, that office is required to notify the International Bureau accordingly<sup>2</sup>. Such notification should indicate the following:

(i) the number of the international registration concerned,

(ii) where the replacement concerns only some of the goods and services in the international registration, those goods and services, and

(iii) the filing date and number, the registration date and number, and the priority date, if any, of the national or regional registration which has been replaced by the international registration.

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from merely editorial changes, Article 4*bis*(1) of the Protocol was adopted as proposed. Against this background, the position of the International Bureau is that the conditions under which replacement takes place are the same under the Agreement and the Protocol. See in particular the *Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol*, WIPO publication No. 455 (hereafter referred to as “WIPO’s Guide”), paragraph 87.01.

<sup>2</sup> Rule 21 was introduced with the adoption of the Common Regulations, which entered into force on April 1, 1996. There was no equivalent procedure in the Regulations under the Agreement.

10. Pursuant to Rule 21(2), the International Bureau then records and publishes the above indications. The purpose of these procedures is to ensure that the relevant information concerning the replacement is made available to third parties in the national or regional registers, as well as in the International Register<sup>3</sup>.

11. It should be underlined that the formality of an office taking note in its register of an international registration, pursuant to Article 4*bis*(2), is not a precondition of replacement. Article 4*bis*(2) merely provides that an office shall “upon request” be required to take note. In other words, provided the conditions under Article 4*bis*(1) have been met, replacement takes place and the possibility of requesting an office to take note of that fact is an option which the holder may elect, or not, to exercise. However, apart from the qualification relating to earlier acquired rights, neither the Agreement nor the Protocol elaborates further on the effects of replacement.

### III. IMPLEMENTATION AND APPLICATION OF ARTICLE 4*BIS* OF THE MADRID AGREEMENT AND PROTOCOL AND RULE 21 OF THE COMMON REGULATIONS

12. It has become apparent to the International Bureau that divergent procedures and practices currently prevail regarding the implementation of Article 4*bis* of the Agreement and of the Protocol and of Rule 21 of the Common Regulation under the Agreement and the Protocol.

#### Implementation of Article 4*bis*

13. With regard to the actual implementation of Article 4*bis*, it appears that many Contracting Parties have not, in fact, adopted any specific provisions.

#### Request to Take Note (Article 4*bis*(2) – Procedure)

14. Regarding the formality of an office taking note in its register of an international registration, the following practices have been adopted:

(a) most offices have not established any procedures for taking note of replacement and of those that have, only a small number require that a request under Article 4*bis*(2) be presented on a specific form;

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<sup>3</sup> In this respect, it is further recalled that, following the recommendation of the Working Group, the Assembly of the Madrid Union adopted, at its 37<sup>th</sup> session, an amendment to Rule 21(1) to broaden its scope by allowing the communication by Offices to the International Bureau of information relating to “other rights” acquired by virtue of a replaced national or regional registration. This amendment will come into force on April 1, 2007, and reads as follows:

“The notification may also include information relating to any other rights acquired by virtue of that national or regional registration, in a form agreed between the International Bureau and the Office concerned.”

(b) most offices have not established any fees structure concerning replacement – a small number of offices require the payment of a replacement fee;

(c) while many offices have not, to date, received any request under Article 4*bis*(2)<sup>4</sup>, it seems that some offices operate an *ex-officio* procedure for taking note of the international registration, that is to say, irrespective of the filing of a request to take note.

#### Notification to the International Bureau (Rule 21)

15. In most Contracting Parties, and even in some of those that have implementing provisions for Article 4*bis*, there is no specific implementing procedure for Rule 21(1) of the Common Regulations, which requires offices that have taken note of an international registration in their register to notify this fact to the International Bureau (see paragraph 9, above).

#### IV. INTERPRETATION OF ARTICLE 4*BIS* – DIVERGENT VIEWS AND PRACTICES AT THE NATIONAL AND REGIONAL LEVEL

16. Apart from the matter of the direct implementation and application of Article 4*bis* and Rule 21 of the Common Regulations, it appears that among those offices that do have in place procedures, or have had some experience in relation to replacement, fundamental divergences appear to exist with regard to how those provisions are interpreted. It does not seem that these divergences could be categorized in terms of the Contracting Parties concerned being bound only by the Agreement or only by the Protocol, or by both the Agreement and the Protocol<sup>5</sup>. In particular, the following differences are noteworthy:

##### *Date on which replacement takes place*

17. Certain offices take the view that the relevant date for the purpose of replacement is the date of the international registration in question. It appears that most offices, however, operate on the principle that replacement takes place upon the date of expiry of the refusal period or, where applicable, on the date of the grant of protection.

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<sup>4</sup> It is worth noting that, by October 31, 2006, only 711 recordings had been made in the International Register under Rule 21(2) of the Common Regulations.

<sup>5</sup> In that regard, it is worth recalling that disparities in the implementation of Article 4*bis* among Contracting Parties to the Agreement alone were already noted at the Madrid Conference of 1989 (see *Records of the Diplomatic Conference for the Conclusion of a Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks*, WIPO publication No. 345, 1991, page 181, paragraph 316.1.)

*Time at which a request under Article 4bis(2) may be filed with the Office*

18. A number of offices will accept such a request filed at any time after the notification by the International Bureau of the international registration. Others, however, will accept such a request only from the date of expiry of the refusal period, or after the date of the grant of protection, consistent with their view that replacement takes place on such date.

*Goods and services listed in the national or regional registration*

19. Some offices will not accept to take note of the international registration where the list of goods and services in the national or regional registration is not entirely covered by that of the international registration. On the other hand, it appears that certain offices will, in such a case, either *ex-officio* proceed to a limitation (or partial cancellation), or require that a request for the recording of a limitation (or partial cancellation) be filed, in respect of the goods and services not covered by the international registration. In addition, a number of offices hold the view that where the list of goods and services in their register is not entirely covered by that of the international registration, replacement can take place in respect of the goods and services that are common to both lists and the goods and services not covered by the list of the international registration remain unaffected in their register.

*Effects of replacement on the national or regional registration*

20. Most offices appear to permit co-existence of a replaced national or regional trademark registration alongside the international registration that replaced it<sup>6</sup>. In contrast, a small number of offices will proceed to cancel a national registration once it has been replaced. Notwithstanding such cancellation, some offices will, in certain circumstances, permit re-instatement of the national registration should the international registration cease to have effect (within the five-year dependency period).

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<sup>6</sup> In 1957, the International Bureau stated that it favored the view that the national registration remains on the register of the Contracting Party concerned, with the possibility of being renewed; see *Actes de la Conférence de Nice, 1957*, page 46. This view is further expounded in WIPO's Guide; see paragraphs 87.04 and 87.06. In particular, it will be in the interest of the holder of the international registration to have the national or regional registration renewed, as necessary, within the five-year period during which the international registration is dependent on the fate of the basic registration.

## V. MODEL PROVISIONS

21. In accordance with the recommendations of the second session of the Working Group, as noted by the Assembly of the Madrid Union at its thirty-seventh session, the International Bureau has made available on the WIPO website model provisions which focus on the implementing procedures for Article 4*bis* and Rule 21. Those model provisions, along with explanatory notes, are set out in Annexes I and II of this document, respectively. It is to be noted that they do not address the matters of substance noted in paragraphs 16 to 20, above but focus on the implementing procedure for Article 4*bis*(2) and Rule 21(1).

## VI. HARMONIZATION AND SIMPLIFICATION – THE WAY FORWARD

22. With a view to simplification and harmonization, the issue of the divergent interpretation of Article 4*bis* and Rule 21, and the varying practices adopted by national and regional office remains to be addressed.

23. The International Bureau has already conducted a limited survey of the practices adopted by offices with regard to the replacement procedure. This was instigated in advance of the second session of the Working Group. The survey brought to light the divergences among Contracting Parties that have already been referred to in parts III and IV of the present but did not extend to the canvassing of views in general, with regard to replacement, and it did not involve users of the Madrid system. The International Bureau believes that in order for the Working Group to proceed further, it would be appropriate to obtain also the views of users of the Madrid system.

### Internet Forum

24. With a view to facilitating the discussions of the Working Group, the International Bureau proposes for its consideration the establishment of an Internet discussion forum, in order to obtain the views of users, user groups, offices, legal professionals, intellectual property specialists and others, with regard to the question of replacement. Such discussion forum could address the matters already highlighted above and provide a useful platform for the submission of ideas and proposals for simplification and harmonization.

25. If the Working Group were to take this route, the parameters of such a forum would be a matter for the Working Group to determine. However, in order to assist the Working Group in its discussions on this matter, the International Bureau would suggest the following modalities, merely by way of guidelines:

(a) the forum would be located on the “Trademarks” page of the WIPO public Internet site, by means of a link leading to an open window;

(b) users accessing that window would be invited to express their views on the issues in question. The issues would be briefly introduced, and in order to direct the flow of information, certain questions might be posed by the International Bureau;

(c) subject to what the views of the Working Group are, the forum might be mono-directional only – that is to say, responses would be directed to the International Bureau alone and would remain confidential; they would not be published for the information of other respondents. Thus, there would not be a facility for respondents to exchange communications with each other, or comment upon the information contained in any particular response sent to the International Bureau. On the other hand, the Working Group may feel that it would be beneficial to have a free exchange of information and views, in which case the forum would be set up in such a way as to accommodate that;

(d) a dedicated e-mail address would be set up for the purpose of receiving responses;

(e) the forum would be available in the three languages of the Madrid system;

(f) the forum could remain open for a period of, say, three months, after which time the link would be deleted and the information collected would be compiled, analyzed by the International Bureau and presented to the Working Group;

(g) the existence of the forum would be publicized in different ways, including an announcement in the *WIPO Gazette of International Marks*, the publication of an information notice, a notice in the WIPO newsletter and also through the WIPO e-mail notification system (which currently has almost 5,000 subscribers for Madrid-related matters). Additionally, user groups could be invited to encourage their members to participate and offices could be requested to publicize the forum through their own internal channels of communication.

26. Given the complexity of the issues at stake, the International Bureau believes that the establishment of such a forum would have the merit of maximizing the participation of all parties concerned with the Madrid system. A review of the outcome of the survey could then be presented by the International Bureau to the Working Group as a basis upon which the latter might progress in its discussions with a view to simplifying and harmonizing the replacement procedure.

## VII. CONCLUSION

27. It would be expected that at the completion of its discussions, the Working Group, would be in a position to formulate a set of proposals on replacement, along with some recommendations to the Assembly. These could include, for example, that the International Bureau publish and make these proposals available for adoption by offices, if and when such offices saw fit to do so. In this way, in conjunction with the model provisions that have already been made available by the International Bureau, it is hoped that in the short to medium term offices may adopt a more convergent and harmonious application of the replacement procedure under the Madrid system.

28. *The Working Group is invited to:*

(i) *comment on the above,*

(ii) *consider the proposal for an Internet forum, as described in paragraph 25, above, and indicate whether it wishes the International Bureau to establish a forum along the lines of that proposal, and*

(iii) *indicate any other action it deems appropriate in view of the current status of practices regarding replacement in Offices of Contracting Parties, including those noted in paragraphs 16 to 20, above.*

[Annexes follow]

ANNEX I

MODEL PROVISIONS RELATING TO THE REPLACEMENT  
OF A NATIONAL OR REGIONAL TRADEMARK REGISTRATION  
BY AN INTERNATIONAL REGISTRATION

Provision 1

(a) Where:

(i) a mark registered in [Contracting Party] is also the subject of an international registration and the protection resulting therefrom extends to [Contracting Party]; and

(ii) the same person is recorded as holder of the registration in [Contracting Party] and of the international registration; and

(iii) all the goods and services listed in the registration in [Contracting Party] are also listed in the international registration in respect of [Contracting Party]; and

(iv) the extension of that international registration to [Contracting Party] took effect after the date of registration of the mark in [Contracting Party],

the holder of the international registration may request the Registrar<sup>1</sup> to take note of that international registration in the register, and the Registrar shall be required to do so.

(b) A request filed with the Registrar in accordance with paragraph (a), shall be made on Form [...] and [shall be subject to the payment of the prescribed fee] [shall not be subject to the payment of a fee].

Provision 2

Where the Registrar has taken note of an international registration in accordance with Provision (1)(a), he shall notify the International Bureau accordingly. Such notification shall indicate the following:

(i) the number of the international registration in question,

(ii) where only some of the goods and services listed in the international registration are concerned, those goods and services,

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<sup>1</sup> The expression “Registrar” is used in this Annex as a reference to the competent national (or regional) trademark authority.

- (iii) the filing date and number of the application for registration of the mark in [Contracting Party],
- [and] (iv) the registration date and number of the registration in [Contracting Party],
- (v) the priority date, if any, of the registration in [Contracting Party], and
- (vi) information relating to other rights acquired by virtue of the registration in [Contracting Party].

[Annex II follows]

ANNEX II

NOTES ON THE MODEL PROVISIONS

Model Provision 1

1. Paragraph (1): this provision establishes the entitlement of the holder of an international registration to request the Office of a designated Contracting Party to take note in its register of that international registration, in accordance with Article 4*bis*(2). This entitlement is subject to certain conditions, which are in essence those of Article 4*bis*(1).
2. In particular, with respect to the issue of goods and services, item (iii) is drafted so as to mirror the conditions under which, pursuant to Article 4*bis*(1), replacement necessarily occurs. However, as noted in the document, the Offices of some Contracting Parties have opted for a more flexible approach and accept a request under Article 4*bis*(2) even though the list of goods and services in their register is not entirely covered by that of the international registration.
3. Paragraph (2): this provision is self-explanatory and merely provides for the possibility of an official form for the purpose of requesting a note to be taken in accordance with Article 4*bis*(2), and additionally, the possibility for an office to charge a fee. The use of an official form would reduce the risk of error or omission and facilitate examination by the office. The examination carried out to ensure that the conditions under paragraph (1) are met, would involve, in particular, a comparison of the lists of goods and services involved. In this connection, Contracting Parties may wish to reserve the possibility of charging a fee.

Notes on Model Provision 2

4. This provision establishes the duty for the office that took a note in its register, in accordance with Model Provision 1, to notify the International Bureau accordingly. It further lists the elements that such notification should or may indicate, as provided for under Rule 21(1) of the Common Regulations.

[End of Annex II and of document]