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SUBJECT: Ad Hoc Working Group on the Legal Development of
the Madrid System 4th Session held in Geneva
(May 30 – June 1)

PURPOSE: Ratification

TABLED TO: Delegates



W I P O

AD HOC WORKING GROUP ON THE LEGAL DEVELOPMENT OF THE MADRID SYSTEM 4TH SESSION HELD IN GENEVA (MAY 30 – JUNE 1, 2007)

Background

The question of how to deal with the safeguard clause has been the subject of the last several meetings of the Ad Hoc Working Group on the Legal Development of the Madrid System. Five options for advancement were tabled for consideration. These included:

1. Maintain safeguard clause as present;
2. Repeal safeguard clause;
3. Repeal of the safeguard clause with measures aimed at limiting undesirable effects;
4. Restriction of the scope of the safeguard clause to cover only certain features of the international procedure (refusal and fees);
5. Restriction of the Safeguard Clause to cover only existing international registrations (freezing).

Delegates were in agreement that simplification of the Agreement/Protocol system, at least to the extent possible, was essential. The ultimate goal was to have one treaty governing all states. Equal treatment among contracting parties was recognized as being of critical importance. Finally, it was felt that trademark owner users of the Agreement and Protocol systems should benefit from the advantages of the Protocol while limiting any negative effects of that instrument. Repeal or restriction of the safeguard clause was favoured. It was contemplated that repeal could possibly be accompanied by provisions aimed at ensuring quality of services provided by the Offices of designated Contracting Parties. Fixing the fees charged to users was also considered to be something which benefited users.

In a spirit of compromise the 3rd session of the working group adopted a proposal that in respect of the relationship between countries bound by both the Protocol and the Agreement, Protocol alone would apply. However, notwithstanding the foregoing, the

old fee schedule would be applicable to renewals of existing registrations. In short, countries could raise fees for new applications but could not charge increased fees for renewal of existing registrations. The restriction of the safeguard clause to cover existing international registrations only and not new registrations would mean that time limits for refusal of notification of refusal could be lengthened by some contracting parties. It was also agreed that there should be provision for the possible repeal of the new provision in 10 years. The International Bureau (IB) was invited to prepare draft revisions to article 9*sexies*, draft of a new rule 1*bis* and revision to the common regulations under the Madrid Agreement for discussion at the 4th session of the Working Group.

The WIPO International Bureau then studied the issue and prepared draft amendments to the Protocol and Common Regulations in conjunction with the agreed upon proposal. The draft revisions required to enact the compromise solution decided upon at the 3rd session were circulated to attendees just prior to the meeting. In particular, a draft of Article 9*sexies* of the Protocol incorporating the compromise principles agreed to at the 3rd session was tabled. Also circulated to delegates and observers were draft revisions pertaining to contemplated implementation of amendments to the Common Regulations. A new rule 1*bis* was to become the key implementing provision of the recall of the safeguard clause. Rule 1*bis* would also apply in the event that a Contracting party denounced one of the two treaties and would apply in certain cases involving changes in ownership. Consequential amendments flowing from revisions to Article 9 *sexies* and transitional provisions were also drafted and rounded out the proposed changes.

The final study topic for the 4th session of the working group was a proposal by Australia in relation to further work on the future development of the Madrid System, essentially comprising the same paper distributed informally at the prior meeting. Australia put forth, for discussion purposes the proposal that priority be given to a consideration of improvements to accessibility of international registration information.

If agreement was reached within the Working Group, the International Bureau was to prepare a draft amendment of the Protocol, for report to, and adoption by the Madrid Assembly in September 2007.

CET Group 1 Consideration of the Proposed Topics

CET Group 1 members, particularly from countries who are signatories to both the Agreement and Protocol, were not generally supportive of the proposed “freeze” option for which consensus had been reached during the 3rd session of the Working Group. The need for a simplified system was clearly recognized however considered equally important was maintenance of the 12 month refusal period and the need to keep fees as low. The members tended to support any further modification that might offer a short refusal period and low fees. However, prior to the meeting it seemed as though the “freeze” option would be finalized through draft changes to the instruments. As agreement had been reached, further debate was not expected.

Insofar as the Australian proposal was concerned, as might be imagined, all efforts towards raising the level of official services were strongly supported by members.

4th Session of the Madrid Working Group

Upon arrival at the 4th session delegates were presented with informal documents from several user groups including AROPI, BUSINESS EUROPE, ECTA and MARQUES which advocated a new compromise solution.

In its paper, ECTA made the very good point that in the first instance the system should serve the users and it is therefore the user's views that should be considered. More particularly it is the users of the Madrid Agreement whose opinion should be sought. The thesis put forth by ECTA was that the advantage of one having one system, as opposed to the Protocol and Agreement, was not necessarily outweighed by the advantage of having one system. Examples as to how the proposed regime would affect users in terms of fee increases were provided. Also of concern to users, according to ECTA, was the lengthening of the provisional refusal period and the period for opposition. The preferable option put forth was to restrict the Safeguard clause so as to have it cover only the refusal period and the fee system. The “freeze” option was characterized as insufficient in terms of loss of advantages to users. Any compromise proposal should, in ECTA's view, guarantee individual fees are limited to a reasonable amount, set the refusal period at a maximum of 18 months and ensure that the level of services provided by Offices meet a certain standard.

At the commencement of the 4th session, after a short debate regarding the proposed amendments, the representative from INTA presented views largely in line with the ECTA information paper. It was proposed that an “improved compromise” would be to have the Protocol apply with the exception of the individual fees and the extended refusal period. Representatives from ATRIP and CEIPI supported this view suggesting that there was a risk of reducing the attractiveness of the system if the “freezing” only applied to existing registrations.

The Australian Delegate was very bothered by the prospect of moving away from the agreed upon compromise solution. However, the delegation of Slovenia took the floor in support of the INTA intervention. AIM, AROPI and GRUR voiced their approval for the “new compromise”. MARQUES, ECTA and FICPI representatives also spoke in favour of the proposition.

The support of the users alone would, of course have been not enough to carry the day however the proposal began to be taken seriously when France chose to support this improved compromise solution. German support followed with the Delegate suggesting that the time period for review might be shortened and the fees adjusted to 100 Swiss francs. The Dutch delegate agreed with the previous speakers.

Spain, The United States and Australia continued to object to the new proposal. The primary concern on the part of the latter two states involved the fact that fees would increase without any assurance of improved quality.

A revised draft amendment of Article 9 *sexies* was tabled and the delegates from the states which are party to both agreements, and therefore affected, were specifically invited to provide their opinion. In response Germany, France, Russia, Slovenia, Kenya, Latvia, Austria and Italy voiced support whereas the Spanish delegate maintained its reservation concerning the re-opening of discussions on the compromise solution in the face of having reached agreement at the previous session. Cuba supported Spain but the remaining delegates from other countries party to both agreements fell into line supporting the new compromise.

Australia’s delegate again expressed concern regarding the increase in the standard fees as proposed as part of the compromise solution. The US supported the statements reiterating that future improvements were jeopardized by the fee

increase. MARQUES noted that the fee increase should be accompanied by an improvement in service.

The user groups, FICPI included, supported the proposals but called for a commensurate increase in the level of services.

At the end of the day Cuba and Spain expressed preference for the original compromise. The Spanish delegate did however state that he would not oppose the consensus. Cuba reserved. The Delegations of the US and Australia reserved their positions on the new compromise to the extent it was linked to a fee increase.

The Australian proposal put forth prior to the meeting was favoured by delegates and the WIPO Secretariat was called upon to prepare a paper addressing the issue of how quality might be improved.

The work of the group concluded with a recommendation that the Madrid Union Assembly give it an ongoing mandate to consider the legal development of the Protocol. The first meeting was envisioned for the first half of 2008.

June 3, 2007

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