

Special Union for the Protection of Appellations of Origin and their International Registration (Lisbon Union)

Assembly

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PROPOSAL TO UPDATE THE FEE SCHEDULE UNDER RULE 23 OF THE REGULATIONS UNDER THE LISBON AGREEMENT

Document prepared by the Secretariat

INTRODUCTION

1. The WIPO Program and Budget for the 2014/15 biennium, Annex III, Table 14, indicates a projected income for the Lisbon Union of 694,000 Swiss francs and a projected expenditure of 1.606 million Swiss francs. Comparison with the actual income and expenditure figures in previous biennia shows that a deficit has occurred since 2009. In that year, the Working Group on the Development of the Lisbon System (“Lisbon Working Group”), established by the Lisbon Union Assembly in September 2008, started its review of the Lisbon System, which has resulted in increased costs in respect of the Lisbon Union, not only the cost related to holding the sessions of the Lisbon Working Group, but also staff costs.

2. As regards staff costs, it should be noted that, in comparison with the core business of the Lisbon Registry, as mentioned below, currently about 70 per cent of the total workload of the Lisbon Registry consists of the services it provides in respect of the revision of the Lisbon System or related information and promotion activities. These activities are not likely to stop immediately after the conclusion of the planned revision of the Lisbon Agreement in 2015. While the work related to the revision process will disappear, requests for information and

promotion activities in respect of the Revised Lisbon Agreement are likely to increase, in view of the set objective for revising the Agreement – to allow the Lisbon System to attract a truly global membership.

3. In view of the increased costs in respect of the Lisbon Union and the prospects in that regard for the years to come, the question has arisen as to what measures should be taken to ensure that the Lisbon System can be administered by the International Bureau in a cost effective manner.

CORE BUSINESS OF THE LISBON REGISTRY

4. As mentioned in the WIPO Program and Budget for the 2014/15 biennium, Section III, Program 6 under B, paragraph 6.14, the average number of international applications and other requests for recording in the International Register under the Lisbon System since 1967 has amounted to approximately 25 such transactions per year, with large variations, however, between years (for example, seven transactions were received in 2009 and 596 in 2007).

5. Processing of transactions includes: the receipt and examination of international applications; recording of appellations of origin in the International Register (immediately following examination or after correspondence with the country of origin concerning any irregularities found in the international application); notification of new international registrations to all contracting parties; confirmation of the dates of receipt of these notifications to all contracting parties and notification of these dates to the country of origin; receipt and examination of refusals and grants of protection; recording of refusals and grants of protection in the International Register; notification of refusals and grants of protection to the country of origin; receipt, examination, recording and notification of modifications to international registrations; updating the Lisbon Express database on the WIPO web site; preparing and publishing the periodic official Bulletin of the Lisbon System.

6. The staff of the Lisbon Registry currently consists of four persons: Head (P5), Senior Legal Officer (P4), Associate Legal Officer (P2), Clerk (G5). Based on the actual number of transactions in 2013, i.e., 25 transactions – of which some 50 per cent concerned new international registrations and 50 per cent other transactions – the processing of transactions represents about 30 per cent of the total workload of the Lisbon Registry. Although further refinement of the registration and notification procedures with the help of electronic tools is expected to shorten the processing time per transaction considerably in the near future, this does not necessarily mean that the overall processing time will decrease, as the number of transactions may well increase, certainly after the revision of the Lisbon Agreement, as and when new contracting parties join the Lisbon System.

RELEVANT PROVISIONS OF THE LISBON AGREEMENT

7. According to Article 11(3) of the Lisbon Agreement, the Lisbon System shall, in principle, be financed from: (i) international registration fees; (ii) proceeds from the sale of, or royalties on, WIPO publications concerning the Lisbon System; (iii) gifts, bequests and subventions; (iv) rents, interest and other miscellaneous income. However, the provision further specifies that, if and to the extent to which receipts from these sources do not suffice to cover the expenses of the Lisbon System, this deficit should be covered by contributions of the Contracting Parties of the Lisbon Agreement. In addition, Article 11(5) specifies that these contributions shall be established taking into account the class to which a Member State belongs in accordance with Article 16(4) of the Paris Convention for the Protection of Industrial Property.

8. Under Article 11(4) of the Lisbon Agreement, the amount of international registration fees under the Agreement shall be fixed by the Lisbon Union Assembly on the proposal of the Director General. This amount shall be so fixed that the revenue of the Lisbon System should, under normal circumstances, be sufficient to cover the expenses of the International Bureau for maintaining the international registration service, without requiring payment of contributions as referred to in the previous paragraph.

9. Article 7 of the Lisbon Agreement specifies that “a single fee shall be paid for the registration of each appellation of origin” and that registration is not subject to renewal.

PRACTICAL ASPECTS

10. As reflected in the WIPO Program and Budget for the 2014/15 biennium, Annex III, Table 12, fee income is by far not sufficient to cover the expenses of the International Bureau for maintaining the international registration service of the Lisbon System: 98 per cent of the abovementioned income of the Lisbon Union is from other sources than fees, including from its share in the miscellaneous income of WIPO¹.

11. Moreover, as appellations of origin and other geographical indications are based on geographical names, whether directly or indirectly, there is a limit to the total number that may ever exist. In any event, unlike in other registration systems in respect of intellectual property rights, there will never be a continuous and major flow of new applications in respect of geographical indications and appellations of origin.

DEVELOPMENT OF THE AMOUNTS OF FEES UNDER THE LISBON SYSTEM

12. At the time of the conclusion of the Lisbon Agreement in 1958, a single fee of 50 Swiss francs was established for the international registration of appellations of origin.

13. Following the entry into force of the Lisbon Agreement, in September 1966, the international registration fee was increased to 200 Swiss francs by a decision of the Council of the Lisbon Union, at its second session, in December 1967, with effect from January 1, 1968.

14. Following the entry into force of the Stockholm Act of the Lisbon Agreement, in 1973, the Lisbon Union Assembly established new fees in October 1976, with effect from January 1, 1977: (i) an international registration fee of 300 Swiss francs; (ii) a fee of 100 Swiss francs for the modification of an international registration; (iii) a fee of 60 Swiss francs for providing an extract from the International Register; (iv) a fee of 50 Swiss francs for providing an attestation or any other information given in writing concerning the contents of the International Register; (v) a fee of 10 Swiss francs for information provided orally on the content of the International Register; (vi) a fee of 10 Swiss francs for providing photocopies up to five pages and of 2 Swiss francs for any additional page.

¹ Section II, paragraph 26, of the WIPO Program and Budget for the 2014/15 biennium mentions that such miscellaneous income “includes payments by UPOV to WIPO for administrative support services; rental income; support charges in respect of extra-budgetary activities executed by WIPO and financed by trust funds; registration fees for conferences and training programs”. As reflected in Annex III, Table 12 of the Program and Budget, such income – which cannot be linked to a specific Union – is divided over the various Unions. The Madrid Union thus receives 1.080 million Swiss francs and the Contribution Financed Unions, the PCT Union, the Hague Union and the Lisbon Union receive each 680,000 Swiss francs.

15. The fee schedule currently applying under the Lisbon Agreement is contained in Rule 23 of the Regulations under the Lisbon Agreement (“Lisbon Regulations”) and was established by the Lisbon Union Assembly in September 1993, with effect from January 1, 1994: (i) an international registration fee of 500 Swiss francs; (ii) a fee of 200 Swiss francs for the modification of an international registration; (iii) a fee of 90 Swiss francs for providing an extract from the International Register; (iv) a fee of 80 Swiss francs for providing an attestation or any other information given in writing concerning the contents of the International Register.

PARAMETERS FOR CALCULATING THE AMOUNTS OF THE FEES MENTIONED IN RULE 23 OF THE LISBON REGULATIONS

Discussion of the proposed fee increase in the Lisbon Working Group

16. A draft of the present document, as contained in document LI/WG/DEV/9/6, was submitted to the Lisbon Working Group for comments. Following discussions on that document at the ninth session of the Working Group, which took place from June 23 to 27, 2014, an amended text has been prepared, as contained in the present document, in order to respond to the Working Group’s request for more information (see the Summary by the Chair, as contained in document LI/WG/DEV/9/7).

17. When concluding the discussion on document LI/WG/DEV/9/6, the Chair of the Working Group highlighted a number of elements that should be taken into account before the document would be finalized for submission to the Lisbon Union Assembly. Firstly, he pointed out that the Program and Budget for the 2014/15 biennium had been adopted as it was. Consequently, the proposed fee increase should be considered in the context of the Program and Budget for the 2016/17 biennium and beyond, even though the Lisbon Union Assembly might decide that increased fees should apply as from January 1, 2015. Secondly, he underlined the fact that, to the extent that WIPO activities in respect of the Lisbon Union related to the review of the Lisbon System and the planned revision of the Lisbon Agreement, the expenses for these activities were not only of interest to members of the Lisbon Union, but also to other WIPO members as well as of general interest to WIPO. And thirdly, following the revision of the Lisbon Agreement, a significant increase could be expected in registration activity under the Lisbon System. In this regard, the Chair added that, although it is true that there is a limit to the total number of geographical indications and appellations of origin that may ever exist, in view of the fact that they are based on geographical names, whether directly or indirectly, it is also true that many are not (yet) registered under the Lisbon System.

Variable factors for estimating future registration activity under the Lisbon System

18. As to the third element highlighted by the Chair of the Working Group, it would be interesting to know how many future registrations could be expected under the Lisbon System after the planned revision of the Lisbon Agreement and what the timeframe would be within which these registrations could be expected. In view of paragraph 11, above, estimates in this respect are subject to a number of highly variable factors and depend to a large extent on the success rate of the Revised Lisbon Agreement.

19. It is proposed to take as a starting-point the average number per contracting party of international registrations currently in force under the Lisbon System. As there are currently some 840 international registrations in force under the Lisbon System, divided over 28 contracting parties, the average number per contracting party is 30. Among the current 187 Member States of WIPO, an average number of 30 internationally registered geographical indications and appellations of origin would result in a total of 5,610. As this would include the

currently registered ones, the number of newly registered geographical indications and appellations of origin would amount to 4,770 originating from 159 newly acceded WIPO Member States.

20. As regards the possible accession rate after the adoption of a Revised Lisbon Agreement, if one takes the increase in membership of the Madrid and Hague Systems as a guideline, 50 new accessions could be expected in the 20 years following adoption of a Revised Lisbon Agreement. New accessions may, however, occur in a much shorter period, as the Revised Lisbon Agreement is designed as the solution for the growing number of countries seeking protection for their geographical indications and appellations of origin abroad.

Estimated expenditure

21. On the basis of the estimates reflected in paragraph 19, above, 50 new accessions would generate some 1,500 new international registrations, i.e. on average some 75 annually. On the basis of the workload of the Lisbon Registry reflected in paragraph 6, above, this would mean that the workload of the Lisbon Registry in the 20 years following the adoption of a Revised Lisbon Agreement would amount to some 150 transactions annually, i.e., six times as many as in 2013. However, as a result of the automation process referred to in paragraph 6, the processing time in respect of these transactions is estimated to be reduced to one-third. Consequently, the expenses of the International Bureau for maintaining the international registration service, as referred to in Article 11(4) of the Lisbon Agreement (see paragraph 8, above), would double, and amount to some 60 per cent of 1.346 million Swiss francs – i.e., the projected total expenditure for the Lisbon Union of 1.606 million Swiss francs, as mentioned in paragraph 1, above, diminished with the cost related to sessions of the Lisbon Working Group, which will have finished its work on the revision of the Lisbon Agreement – i.e. some 800,000 Swiss francs, including both Union direct expenses in respect of Union specific activities and Union direct administrative expenses.

Estimated income

22. As mentioned in paragraphs 1 and 10, above, the projected income for the Lisbon Union in the 2014/15 biennium would amount to some 700,000 Swiss francs. On the basis of the assumptions in the preceding paragraphs, as from the 2016/17 biennium, an amount of fee income should be added resulting from 75 new international registrations annually. This would mean, on the basis of the current fees, an amount of 75 x 500 Swiss francs per year, i.e. for the biennium 150 x 500 Swiss francs = 75,000 Swiss francs. The total projected income per biennium for the Lisbon Union would consequently amount to 775,000 Swiss francs. As this amount would not be sufficient to cover the expenses of the International Bureau for maintaining the international registration service of the Lisbon System, as referred to Article 11(4) of the Lisbon Agreement (see paragraph 8, above), it would be reasonable to increase the international registration fees and establish, in particular, a fee for new international registrations of 1,000 Swiss francs. Thus, the total projected income per biennium would be 850,000 Swiss francs.

Additional measures

23. If and when the moment comes that all existing geographical indications and appellations of origin² are registered under the Lisbon System, registration activity under the system would be reduced to a minimum while not obviating the need for the International Bureau to continue to have staff providing services in respect of the Lisbon System. In this regard, attention is drawn to Article 7(2)(b) of the draft Revised Lisbon Agreement, as contained in document LI/WG/DEV/9/2, which, if adopted, would introduce the possibility for the Lisbon Union Assembly to establish a fee to be paid for the maintenance of each international registration, if and to the extent to which income does not suffice to cover the expenses of the Lisbon Union. Moreover, as indicated in the Summary by the Chair adopted by the Lisbon Working Group at its ninth session (document LI/WG/DEV/9/7), paragraph 13, item (vi), the provisions of Article 11(3)(v) of the current Lisbon Agreement, dealing with contributions by members of the Lisbon Union, have been proposed to be applicable also under the Revised Lisbon Agreement.

PROPOSAL

24. In view of the preceding considerations, it is proposed:

- (a) that the fee schedule mentioned in paragraph 15, above, be updated so as to reflect the following amounts: (i) an international registration fee of 1,000 Swiss francs; (ii) a fee of 500 Swiss francs for the modification of an international registration; (iii) a fee of 150 Swiss francs for providing an extract from the International Register; (iv) a fee of 100 Swiss francs for providing an attestation or any other information given in writing concerning the contents of the International Register; and
- (b) that the possible introduction of a maintenance fee be considered in the context of the revision of the Lisbon Agreement.

25. *The Assembly is invited to:*

- (i) take note of the present document; and*
- (ii) decide to modify the amounts of the fees mentioned in Rule 23 of the Lisbon Regulations, as indicated in paragraph 24, above, with effect from January 1, 2015.*

[End of document]

² According to the *Guide to Geographical Indications – Linking Products and Their Origins*, prepared by Daniele Giovanucci et al. and published by the International Trade Centre in 2009, there were at that time some 10,000 protected geographical indications – a figure that includes appellations of origin as well. While this number has probably increased since then, no figure is available as regards the number of geographical indications and appellations of origin that might become protected in the future.