

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 International Bureau

INTRODUCTION

1. According to Article 11(3) of the Lisbon Agreement, the budget of the Lisbon Union shall be financed from the following sources:

- (i) international registration fees collected under Article 7(2) and fees and charges due for other services rendered by the International Bureau in relation to the Special Union;
- (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;
- (v) contributions of the countries of the Special Union, if and to the extent to which receipts from the sources indicated in items (i) to (iv) do not suffice to cover the expenses of the Special Union.

2. As regards item (i) of Article 11(3), 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. Under Article 11(4)(b) 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 item (v) of Article 11(3).

3. The Fee Schedule currently applicable 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.

4. A proposal to update the Fee Schedule under Rule 23 of the Regulations under the Lisbon Agreement was presented to the thirty-first (11th extraordinary) session of the Lisbon Union, which took place from September 22 to 30, 2014 (see document LI/A/31/2). At that session, the Assembly of the Lisbon Union did not take a decision on the proposal (see document LI/A/31/3, paragraph 44).

FINANCIAL SUSTAINABILITY OF THE LISBON UNION

5. In 2016/17, the expenses related to the Lisbon Union are expected to amount to 1,125,000 Swiss francs *per annum*. It should be noted that the calculations of expenditure for the Lisbon Union are based on the current methodology on the allocation of expenditure by Unions as described in Annex III of the draft proposed Program and Budget for the 2016/17 biennium. In accordance with this methodology, the Lisbon Union does not bear any burden of indirect Union and indirect administrative costs.

6. Due to the low number of applications for the registration of appellations of origin – the average number of applications received over the last 20 years was 14 per year – the fee volume currently generated is by far insufficient to cover the expenses of the Lisbon Union. Moreover, as appellations of origin and other geographical indications are based on geographical names, there is an inherent limit to the total number that may ever exist. In any event, unlike in other registration systems in respect of intellectual property rights (IPRs), it cannot be expected that there will be a continuous and progressive flow of new applications in respect of geographical indications and appellations of origin¹.

7. In this respect, a document entitled *Options for the Financial Sustainability of the Lisbon Union*, which sets out options related to the financing of the Lisbon Union, is presented to the twenty-fourth session of the Program and Budget Committee (PBC) for consideration by Member States (see document WO/PBC/24/16).

¹ 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.

8. The purpose of the present document is to present proposals for updating the Fee Schedule under Rule 23 of the Regulations under the Lisbon Agreement, with due regard given to the estimated future registration activity under the Lisbon System and the need to maintain the System accessible and attractive for users. Concerning this latter point, it is important to find a balance between: (1) the principle that the amount of the fees fixed should be sufficient under normal circumstances to cover the expenses for maintaining the international registration service without requiring payment of contributions of members of the Lisbon Union (Article 11(4)(b) of the Lisbon Agreement); (2) the fact that, if applied strictly, this principle would lead to potentially exorbitant amounts of fees; and (3) the necessity to apply fees that reflect the effect of obtaining titles of protection in multiple jurisdictions and are in sync with registration fees to be paid under other international industrial property registration systems.

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

9. A forecast of registration activity under the Lisbon System has to be based on a number of factors that are highly variable and to a large extent dependent upon the success rate of the Geneva Act of the Lisbon Agreement.

10. As a starting-point, it can be presumed that, over the period 2015-2034, all current Lisbon member States will become Contracting Parties of the Geneva Act of the Lisbon Agreement and that, in addition, 30 new Contracting Parties will accede to that Act. As it is difficult to predict when the accessions would occur during these 20 years, a forecast has to show average numbers.

11. In view of the fact that there are currently some 900 international registrations in force under the Lisbon System, divided over 28 Contracting Parties, the average number per Contracting Party is a little over 30. If the same average is used in respect of the 30 other Contracting Parties presumed to accede to the Geneva Act over the period 2015-2034, there would be some 900 new international registrations over that period, i.e., on average, 45 per year. As it may be assumed that, in addition to the 45 international registrations from new Lisbon Union members, there would also be an average of 10 new international registrations from current Lisbon member States to be entered in the International Register, the average number for the medium range for annual applications would be 55. As the entry into force of the Geneva Act will probably not occur before 2018, the average figures proposed above cannot be applied to the period 2015-2017. Instead, and based on the average number of international registrations over the last five years, an annual number of 20 international registrations can be estimated for the 2016/17 biennium.

12. As regards the current Lisbon Union member States, it should be noted that, upon accession to the Geneva Act of the Lisbon Agreement, all the international registrations in force at that time, in respect of which they are the Contracting Party of Origin, will have to be modified in order to bring them in conformity with the requirements of the Geneva Act of the Lisbon Agreement. On the basis of the same assumptions as mentioned in the previous paragraph, there would be some 960 international registrations in force under the Lisbon System in case the Geneva Act of the Lisbon Agreement enters into force in 2018. Thus, the average number of mandatory modifications to be entered in the International Register over the period 2018-2034 would be 56. As it may be assumed that, in addition to these mandatory modifications, there would also, on average, be four other modifications to be entered in the International Register per year, the average number of annual modifications would, as from 2018, be 60.

13. It is important to note that these are very broad estimates spread out over a period of 20 years. Moreover, they are merely based on historical application data and premised on the entry into force of the Geneva Act in 2018 as well as the accession rate mentioned in paragraph 10, above. Recent statistics have, however, shown a very important fluctuation in annual registration activity.
14. As mentioned in paragraph 11 above, the estimated number of international registrations and modifications in the 2016/17 biennium would be 20 per year respectively. On that basis, the international registration fee required would be 54,750 Swiss francs (see also paragraph 9 of document WO/PBC/24/16).
15. As pointed out in paragraph 8, above, such a fee level would be exorbitant and defeat the primary purpose of the international registry for geographical indications and appellations of origin, namely to facilitate the protection of geographical indications (including appellations of origin) in multiple jurisdictions by way of one international procedure. They could make the international registration system inaccessible for users and thus have the effect of rendering the system obsolete.
16. It is commonly accepted that the protection of IPRs is not without cost and that the fees charged for the use of an administrative registration system for IPRs should reflect the expenses necessary to set up and maintain such systems. Because of the relatively small overall number of geographical indications and appellations of origin, their finite nature as well as the fact that neither the Lisbon Agreement nor the Geneva Act of the Lisbon Agreement foresee any administrative maintenance fees, fees generated by the Lisbon System can never be expected to fully cover its expenses. Therefore, options for the financial sustainability of the Lisbon Union are being presented separately to the WIPO PBC (see document WO/PBC/24/16).
17. As regards a level of fees that, on the one hand, reflects a standard currently applicable in international registration systems for IPRs in WIPO and, on the other hand, would not constitute a deterrent to the use of the Lisbon System, it is proposed to use the Schedule of Fees under the Madrid System for the International Registration of Marks (the Madrid System) as a benchmark.
18. Based on the assumption that, at present, an international registration under the Lisbon System will cover 27 Contracting Parties (the international registration does not have effect in the Contracting Party of Origin), an analogous application of the Madrid Schedule of Fees would result in an international application fee of 3,353 Swiss francs². It should be noted that this figure is being used for the mere purpose of comparing the actual cost of an international registration having effect in 27 Contracting Parties and that, under the Madrid System, the complementary fee for designated Contracting Parties is distributed to the designated Contracting Parties. Also, this amount does not take into account the possibility for Contracting Parties to charge individual fees.

² Basic fee of 653 Swiss francs plus complementary fee for each designated State of 100 Swiss francs x 27.

PROPOSAL

19. In view of the preceding considerations, it is proposed that the Fee Schedule under Rule 23 of the Lisbon Agreement be updated, so as to reflect the following amounts: (i) an international registration fee of 3,350 Swiss francs; (ii) a fee of 1,500 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.

20. *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 19, above, with effect from January 1, 2016.

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