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**Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs**

**Seventh Session**

**Geneva, July 16 to 18, 2018**

Submission by the Delegation of the United States of America

*Document prepared by the Secretariat*

In a communication dated July 13, 2018, the Delegation of the United States of America transmitted to the International Bureau of the World Intellectual Organization (WIPO) the submission contained in the Annex to the present document.

[Annex follows]

**Contributing to the Financial Well-being of the Organization**

**Submission of the United States to the Hague Working Group**

According to the October 2017 WIPO Assemblies decision on the 2018-2019 WIPO Program and Budget[[1]](#footnote-2), the fee-financed Unions with a projected deficit are each expected to examine measures in accordance with its treaty to address that deficit. The United States believes that the long-term health of WIPO is dependent on each of the fee-financed Unions covering their own expenses and contributing to the common expenses of the Organization, as required by their respective treaties.

In 2017, the Hague Union Assembly, together with all other WIPO Assemblies, agreed upon the following[[2]](#footnote-3):

“The Assemblies of WIPO, each as far as it is concerned:

(i) Agreed to approve the Proposed Program and Budget for the 2018/19 biennium (document A/57/6);

(ii) Recalled that, in accordance with the Treaties of the fee-financed Unions, each Union should have revenue sufficient to cover its own expenses;

(iii) ***Noted that fee-financed Unions with a projected biennial deficit in the 2018/19 biennium should examine measures in accordance with its own treaty to address that deficit***;

(iv) Noted that if any Union in any given biennium does not have sufficient revenue and reserves to cover its projected expenses, the amount required to fund the operations of such Union is provided from the net assets of the Organization and is disclosed in the financial statements of the Organization and is to be repaid when the reserves of such Union allow it to do so;

(v) Decided that in accordance with (iv) above, for the 2018/19 biennium, if any fee-financed Union does not have sufficient revenue to cover its expenses, the required amount mentioned in (iv) shall be provided from the reserves of the Contribution-financed Unions, if those reserves are fully sufficient, otherwise from the reserves of the other Fee-financed Unions.” (Emphasis added)

Annex III of the Program and Budget for 2018/19 biennium shows the Budget of Unions, and clearly shows that the Hague Union has a projected biennial deficit. The Hague Union projects an income of 12,324,000 CHF, well below its projected expenses of 26,238,000 Swiss Francs. From the Table, one can see that the Hague Union is not alone in having a deficit. The Lisbon Union and the contribution-financed (CF) Unions also project deficits.

**Table 11: Overall Scenario by Union**

(*in thousands of Swiss francs)*



*\*RWCF targets are calculated as percent of the biennial budgetary expenditure for each Union*

*Consideration of Fees at the Hague Working Group*

An agenda item addressing fees with respect to the Hague system was originally included in earlier versions of the draft agenda for the seventh session of the Hague Working Group, but this agenda item subsequently was not included in the most recent draft.[[3]](#footnote-4)

To ensure that the mandate of the WIPO Assemblies, including the Hague Union Assembly, is carried out – namely the consideration of measures in accordance with the Hague Agreement to address the Hague Union budget deficit – the United States proposes that the Hague Working Group initiate, as a top priority, a comprehensive review of the fee structure and current fees of the Hague System, and examine measures to address the deficit.

The United States believes that such measures could be taken, over time, to address the budget deficit of the Hague Union consistent with the mandate of the WIPO Assemblies and the financial provisions of the Hague Convention.

[End of Annex and of document]

1. See paragraph 88 of document A/57/12 (General Report). [↑](#footnote-ref-2)
2. Id. [↑](#footnote-ref-3)
3. The topic of budget expenses, however, is included on the agenda for this meeting in relation to the language regime of the Hague System. The context, H/LD/WG/7/INF/2 - consideration of additional languages - is a measure that would worsen rather than improve the budget shortfall of the Hague Union. [↑](#footnote-ref-4)