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

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PROPOSALS CONCERNING
THE ISSUE OF 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 suggested 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). At the conclusion of the discussion it was noted by the Chair that the issue of model provisions concerning replacement required further discussion (see document MM/LD/WG/1/3, paragraph 149).

2. At its 36th session (September-October 2005), the Assembly of the Madrid Union took note of the conclusions and recommendations 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 model provisions concerning replacement (see document MM/A/36/1, paragraphs 16 and 18 and document MM/A/36/3, paragraph 15).

3. In order to facilitate the discussions at the second session of the Working Group, the International Bureau has prepared for consideration draft model provisions concerning the issue of replacement. The draft model provisions are contained in Annex I to this document.

4. It is noted in this connection that early in 2005, the International Bureau undertook a survey, in the form of a questionnaire, submitted to the Offices of all Contracting Parties, with the aim of compiling a range of country/region-specific data regarding various operations and procedures¹, including replacement. The comments and draft model provisions that follow are largely drawn from the responses to that questionnaire.

II. REPLACEMENT: BASIC PRINCIPLES

5. 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 following²:

(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,

¹ The questionnaire was sent to the (then) 77 members of the Madrid Union, and to date, the International Bureau has received 57 responses.

² 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 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.

(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.

6. 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.

7. 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 accordingly³. 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.

8. 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.

III. PROCEDURE AND PRACTICE AT THE NATIONAL AND REGIONAL LEVEL

9. It must 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.

³ 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. From the responses to the questionnaire circulated by the International Bureau, and from subsequent exchanges between the International Bureau and some Offices, it appears that divergent procedures and practices currently prevail regarding the implementation of Article 4*bis* of the Agreement or of the Protocol (hereinafter referred to as Article 4*bis*).

Request to Take Note – Procedure

11. With regard to procedures for the implementation of Article 4*bis*, information obtained by the International Bureau shows the following:

- (a) many Contracting Parties have not adopted specific provisions to implement Article 4*bis*;
- (b) 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);
- (c) only a small number of Offices indicated that a request under Article 4*bis*(2) needs to be presented on a specific form;
- (d) only a small number of Offices confirmed that a request under Article 4*bis*(2) requires the payment of a fee, and finally
- (e) some Offices have not, to date, received any request under Article 4*bis*(2)⁴; some Offices, however, have an *ex-officio* procedure for taking note of the international registration.

Replacement – Divergent Views and Practices

12. Among those Offices that do have in place procedures for the implementation of Article 4*bis* or have had some experience in relation to replacement, fundamental divergences appear to exist. 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 Protocol⁵. In particular, the following matters are noteworthy:

⁴ It is worth noting that, by December 31, 2005, only 705 recordings had been made in the International Register under Rule 21(2) of the Common Regulations.

⁵ 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.)

Date on which replacement takes place

13. The view expressed by some Offices was that the relevant date for the purpose of replacement was the date of the international registration or subsequent designation. Most Offices, however, expressed the view that replacement takes place upon the date of expiry of the refusal period or, where applicable, on the date of the grant of protection.

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

14. A number of Offices indicated that such a request may be filed at any time after the notification by the International Bureau of the international registration or subsequent designation. Other Offices indicated that it may be filed 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

15. Some Offices indicated that where the list of goods and services in the national or regional registration is not entirely covered by that of the international registration, they do not accept to take note of the international registration. Others stated that, in such a case, they would 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. However, a number of Offices indicated that where the list of goods and services in their register is not entirely covered by that of the international registration, they consider that replacement can take place in respect of the goods and services that are common to both lists and that 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

16. Most Offices appear to permit co-existence of a replaced national or regional trademark registration alongside the international registration that replaced it⁶. In contrast, a small number of Offices indicated that once a national or regional registration had been replaced, that registration will be cancelled. Out of these two groups, some Offices further indicated that should the international registration cease to have effect, the replaced national registration could, in certain circumstances, be reinstated.

⁶ 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, in the five-year period during which the international registration is dependent on the fate of the basic mark.

III. NOTES ON THE DRAFT MODEL PROVISIONS

17. The draft model provisions contained in the Annex do not address the matters of substance noted in paragraphs 12 to 16, above. In that respect, it is recalled that, at the conclusion of the discussions during the first session of the Working Group, the Chair noted that the issue of model provisions concerning replacement required further discussion. The draft model provisions focus on the implementing procedure for Article 4*bis*(2) and Rule 21(1).

Notes on Model Provision 1

18. 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).

19. 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 above, 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.

20. 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

21. 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 indicate, as provided for under Rule 21(1) of the Common Regulations as it currently stands. The last element in square brackets is intended to mirror the possible introduction of a new item in that Rule, as proposed below.

IV. DRAFT PROPOSAL FOR AMENDMENT OF RULE 21(1) OF THE COMMON REGULATIONS

22. As noted above, the purpose of Rule 21 of the Common Regulations is notably to ensure that the relevant information concerning replacement is made available to third parties in the International Register. The information obtained by the International Bureau on the procedures and practices among the Offices of the Contracting Parties suggests that this objective would be better addressed if the scope of paragraph (1) of that Rule were to be broadened.

23. In light of these considerations, the International Bureau has prepared a draft proposal to amend Rule 21(1) of the Common Regulations. This proposal is submitted as Annex II to this document for consideration by the second session of the Working Group, in view of a possible submission to the thirty-seventh session of the Assembly of the Madrid Union in September 2006.

Notes on Rule 21(1), *chapeau*

24. Paragraph (1) of Rule 21 as it currently stands provides that where, following a request by the holder, an Office has taken note in its register that a national or regional registration has been replaced by an international registration, that Office is required to notify the International Bureau accordingly; this enables the latter to proceed with the appropriate recording under paragraph (2). As noted above however, there are Offices of Contracting Parties that have an *ex-officio* procedure of taking note of such a replacement. It is therefore proposed to amend Rule 21(1) so that the obligation to notify the International Bureau also applies to cases where note is taken on an *ex-officio* basis.

Notes on Rule 21(1)(iv)

25. 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. The proposed new item (iv) in paragraph (1) of Rule 21 would provide for the communication of relevant information on any such rights (additional to the priority right already mentioned under item (iii)) with a view notably to ensure their recording under paragraph (2) of that Rule.

26. *The Working Group is invited to:*

(i) *comment on the above,*

(ii) *consider the draft model provisions, as provided in Annex I hereto, and formulate its recommendations, if any, to the Assembly of the Madrid Union,*

(iii) consider the draft proposal for amendment of Rule 21(1) of the Common Regulations, as provided in Annex II hereto, and indicate whether it would recommend that such a proposal be submitted to the Assembly of the Madrid Union for adoption, and

(iv) consider if there is any further action deemed appropriate in view of the current status of practices regarding replacement in Offices of Contracting Parties, including those noted in paragraphs 12 to 16, above.

[Annexes follow]

ANNEX I

DRAFT 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 Registrar¹ to take note of that international registration in the register.

(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,

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

- (ii) where only some of the goods and services listed in the international registration are concerned, those goods and services,
 - (iii) the filing date and number of the application for registration of the mark in [Contracting Party],
 - (iv) the registration date and number of the registration in [Contracting Party],
- [and]
- (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

DRAFT PROPOSALS FOR AMENDMENT OF RULE 21(1) OF THE
COMMON REGULATIONS

Rule 21

*Replacement of a National or Regional Registration
by an International Registration*

(1) *[Notification]* Where **the Office of a designated Contracting Party, either ex-officio or** in accordance with Article 4*bis*(2) of the Agreement or Article 4*bis*(2) of the Protocol, ~~the Office of a designated Contracting Party~~ has taken note in its Register, ~~following a request made direct by the holder with that Office,~~ that a national or a regional registration has been replaced by an international registration, that Office shall notify the International Bureau accordingly. Such notification shall **contain or** indicate

- (i) the number of the international registration concerned,
- (ii) where the replacement concerns only one or some of the goods and services listed in the international registration, those goods and services, ~~and~~
- (iii) the filing date and number, the registration date and number, and, if any, the priority date of the national or regional registration which has been replaced by the international registration, ~~and~~
- (iv) **information relating to any other rights acquired by virtue of that national or regional registration, as specified in the Administrative Instructions.**

[End of Annex II and of document]