

## **Working Group on the Legal Development of the Madrid System for the International Registration of Marks**

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### **INFORMATION RELATING TO THE REVIEW OF THE APPLICATION OF ARTICLE 9SEXIES (1)(B) OF THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS**

*Document prepared by the International Bureau*

#### **Introduction**

1. It is to be recalled that paragraph (1) of Article 9sexies of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as “the Protocol” and “the Agreement”, respectively), as originally adopted on June 27, 1989, established that, with respect to international applications or international registrations where the Office of origin was party to both the Protocol and the Agreement, the former should have no effect in the territory of any State that was also party to both treaties. In other words, this provision, commonly referred to as “the safeguard clause” established the prevalence of the Agreement in relations between States bound by both treaties.
2. Under paragraph (2) of Article 9sexies, the Assembly of the Madrid Union (hereinafter referred to as “the Assembly”) might, by a three-fourths majority of States which were party to the Agreement and the Protocol, either repeal or restrict the scope of the safeguard clause, after the expiry of a period of 10 years from the entry into force of the Protocol, but not before the expiry of a period of five years from the date on which the

majority of States party to the Agreement had become party to the Protocol. Accordingly, repeal or restriction of the scope of the safeguard clause became possible on the 10<sup>th</sup> anniversary of the coming into force of the Protocol, namely, on December 1, 2005.

3. The Director General of WIPO convened the *ad hoc* Working Group on the Legal Development of the Madrid System for the International Registration of Marks in order to, *inter alia*, facilitate the review of the safeguard clause envisaged by Article 9*sexies*(2) of the Protocol. Upon the recommendations of the *ad hoc* Working Group, the Assembly, on September, 2007, approved a modification of paragraph (1) of Article 9*sexies* establishing, in a new paragraph (a) the principle that the Protocol, and the Protocol alone, would, in all aspects, apply between States bound by both the Agreement and the Protocol.
4. In addition, the Assembly approved a new subparagraph (b), which rendered inoperative declarations made under Article 5(2)(b) and (c) or Article 8(7) of the Protocol in the mutual relations between States bound by both treaties. As a result, the standard regime of Article 5(2)(a) and of Articles 7(1) and 8(2) applies between such States, that is, the time limit of one year for the notification of a provisional refusal, and the payment of the supplementary and complementary fees.
5. The decision taken by the Assembly sought to allow users of States which are bound by both the Agreement and the Protocol to be able to benefit from the advantages offered by the Protocol with respect to the international procedure, namely, the required basis for filing an international application, the determination of the entitlement to file, the direct presentation of subsequent designations and request for recordings and the possibility of transformation, while maintaining the standard regime of the Protocol with respect to the refusal period and the fee system.
6. Finally, the Assembly approved a new paragraph (2) of Article 9*sexies*, under which the Assembly, after the expiry of three years from September 1, 2008, the date on which the modifications to Article 9*sexies* entered into force, shall review the application of paragraph (1)(b) and may maintain it as it is today or, at any time thereafter, either repeal it or restrict its scope by a three-fourths majority of States which are party to both the Agreement and the Protocol.
7. This document provides information concerning the application of paragraph (1)(b) of Article 9*sexies* of the Protocol, in particular, information with respect to the inoperativeness of declarations made under Article 5(2)(b) and (c) or Article 8(7) of the Protocol in the mutual relations between States bound by both treaties.

**I. REVIEW OF THE APPLICATION OF PARAGRAPH (1)(B) OF ARTICLE 9SEXIES OF THE PROTOCOL**

8. The following 55 States are bound by the Agreement and the Protocol: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium<sup>1</sup>, Bhutan, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Egypt, France, Germany, Hungary, Iran (Islamic Republic of), Italy, Kazakhstan, Kenya, Kyrgyzstan, Latvia, Lesotho, Liberia, Liechtenstein, Luxembourg<sup>1</sup>, Monaco, Mongolia, Montenegro, Morocco, Mozambique, Namibia, The Netherlands<sup>1</sup>, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, San Marino, Serbia, Sierra Leone, Slovakia, Slovenia, Spain, Sudan, Swaziland, Switzerland, Syrian Arab Republic, Tajikistan, The former Yugoslav Republic of Macedonia, Ukraine and Viet Nam.
9. Fourteen States, bound by the Agreement and the Protocol, have made a declaration under Article 5(2)(b) of the Protocol, of which, seven States have also made a declaration under Article 5(2)(c) of the Protocol (see paragraphs 14 and 15, below).
10. 2010 is the most recent calendar year, covered by the three-year period before the review of the Assembly, for which complete data is available concerning the application of paragraph (1)(b) of Article 9sexies of the Protocol.
11. The time limit for refusal concerns designations made in international applications and subsequently in 2010. There were 299,476 designations recorded. Of these, 133,258 were designations in which the Office of origin and the designated Office were from States bound by the Agreement and the Protocol. In 46,349 designations recorded in 2010, a declaration made under Article 5(2) of the Protocol was rendered inoperative by the application of paragraph (1)(b) of Article 9sexies (see Table I).

Table I

Designations in Which a Declaration Made Under Article 5(2) (Time Limit for Refusal) of the Protocol Was Rendered Inoperative (2008-2010)

Year	Designations Recorded	Designations Between States Bound by both Treaties	Designations in Which a Declaration Under Article 5(2) of the Protocol Was Inoperative (Time Limit)
2008	378,894	180,739	61,049
2009	303,344	144,911	49,745
2010	299,476	133,258	46,349

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<sup>1</sup> The territories of Belgium, the Kingdom of The Netherlands and Luxembourg in Europe are to be deemed a single country, for the application of the Madrid Agreement as from January 1, 1971, and for the application of the Protocol as from April 1, 1998. Under Articles 9*quater* of the Agreement and the Protocol, their common Office is the Benelux Office for Intellectual Property (BOIP).

12. Sixteen States, bound by the Agreement and Protocol, have made a declaration under Article 8(7) of the Protocol (see paragraph 32, below).
13. Individual fees concern designations made in international applications and subsequently, as well as designations contained in international registrations which are the subject of a renewal of the period of protection. In 2010, there were 553,766 designations recorded or renewed. Of these, 305,238 were designations in which the Office of origin and the designated Office were from States bound by the Agreement and the Protocol. In 101,634 designations recorded or renewed in 2010, a declaration made under Article 8(7) of the Protocol was rendered inoperative by the application of paragraph (1)(b) of Article 9*sexies* of the Protocol (see Table II).

Table II

Designations in Which a Declaration Made Under Article 8(7) (Individual fees) of the Protocol Was Rendered Inoperative (2008-2010)

Year	Designations Recorded or Renewed	Designations Between States Bound by both Treaties	Designations in Which a Declaration Under Article 8(7) of the Protocol Was Inoperative (fees)
2008	608,483	352,763	113,312
2009	530,504	309,446	98,880
2010	553,766	305,238	101,634

## **II. REVIEW OF THE INOPERATIVENESS OF DECLARATIONS MADE UNDER ARTICLE 5(2)(B) AND (C) OF THE PROTOCOL**

### **a. Designations Recorded in 2010 in Which Declarations Made Under Article 5(2)(b) and (c) of the Protocol Were Rendered Inoperative**

14. It will be recalled that the following 14 States, bound by the Agreement and the Protocol, have made a declaration under Article 5(2)(b) of the Protocol, thus extending the time limit for refusal to 18 months: Armenia, Belarus, Bulgaria, China, Cyprus, Iran (Islamic Republic of), Italy, Kenya, Poland, San Marino, Slovakia, Switzerland, Syrian Arab Republic and Ukraine.
15. Furthermore, of the aforementioned 14 States, seven States have also made a declaration under Article 5(2)(c) of the Protocol, thus extending the time limit for refusal beyond 18 months in the case of opposition: China, Cyprus, Iran (Islamic Republic of), Italy, Kenya, Syrian Arab Republic and Ukraine.
16. It will also be recalled that paragraph 1(b) of Article 9*sexies* of the Protocol renders inoperative all declarations made under Article 5(2) of the Protocol. As a result, 46,349 designations recorded in 2010, between States bound by both the Agreement and the Protocol, were subject to the standard time limit for refusal of 12 months.

17. It could be said that the Offices of the following States were the Office of origin of almost 80 per cent of the designations recorded in 2010 in which a declaration under Article 5(2) was rendered inoperative: Germany (21%), France (15%), Switzerland (10%), China (10%), Italy (10%) and Benelux<sup>2</sup> (7%). In addition, the Offices of the following States were the designated Offices in almost 70 per cent of those designations: Switzerland (37%), China (19%), Ukraine (14%), Belarus (9%), and Italy (8%).
18. Table III presents the number of designations, recorded in 2010, in which a declaration made under Article 5(2) of the Protocol was rendered inoperative. The rows present those designations by Office of origin. The columns present those designations by designated Office. For instance, looking at the first row, it can be seen that the Office of Germany was the Office of origin in 9,709 designations. Of these, the Office of China was the designated Office in 1,836 designations, the Office of Switzerland in 3,101 designations, and so on.
19. In Table III, rows and columns are presented in descending order, sorted by grand total. Therefore, the Office of Germany has been the Office of origin in the most number of designations, recorded in 2010, in which a declaration made under Article 5(2) of the Protocol was rendered inoperative, while the Office of China has been the most designated Office concerning these designations (see Table III).

Table III

Designations, Recorded in 2010, in Which a Declaration Made Under Article 5(2) of the Protocol Was Rendered Inoperative

2010	Designated Office														Grand Total
Office of Origin	CN	CH	UA	BY	IT	PL	AM	IR	BG	SK	SY	SM	KE	CY	
DE	1,836	3,101	1,151	778	513	507	253	388	235	284	247	181	135	100	9,709
FR	1,757	1,782	715	313	632	321	144	238	157	165	208	166	109	97	6,804
CH	1,327	0	762	462	502	233	321	259	162	142	223	143	145	116	4,797
CN	0	434	558	403	851	443	181	467	243	176	304	125	222	149	4,556
IT	1,354	999	620	351	0	116	185	233	96	78	219	169	80	49	4,549
RU	323	110	707	667	220	209	323	60	171	114	39	24	27	87	3,081
BX	765	785	369	222	145	114	123	120	97	81	83	61	64	45	3,074
AT	215	582	167	101	203	87	39	60	72	127	38	24	21	25	1,761
ES	291	155	113	69	65	40	35	69	17	20	52	29	23	11	989
PL	115	65	227	177	43	0	59	19	95	109	12	12	4	22	959
CZ	71	48	179	95	58	143	28	10	94	140	13	5	2	34	920
HU	31	20	110	78	84	99	68	6	79	110	3	3	0	7	698
SI	11	20	102	81	37	51	72	42	104	61	1	3	0	45	630
UA	60	27	0	156	46	67	119	18	41	33	11	3	1	14	596
BG	42	26	91	40	23	30	36	26	1	17	20	5	8	9	374
LV	16	20	80	76	13	26	42	0	11	13	0	1	0	13	311
BY	28	4	88	0	12	57	24	7	26	12	6	3	2	5	274

<sup>2</sup> It refers to the BOIP, the common Office of Belgium, the Kingdom of The Netherlands and Luxemburg.

2010	Designated Office														Grand Total
Office of Origin	CN	CH	UA	BY	IT	PL	AM	IR	BG	SK	SY	SM	KE	CY	
PT	63	49	26	13	13	10	11	13	6	4	10	11	11	3	243
RS	10	23	32	39	13	13	7	5	63	11	7	6	2	9	240
LI	47	65	22	17	15	12	9	5	10	9	1	8	7	4	231
SK	21	18	51	16	22	64	2	5	17	0	1	2	0	6	225
IR	29	8	17	13	15	8	17	0	10	7	15	6	9	13	167
HR	13	13	11	6	22	23	5	1	25	25	0	3	0	3	150
KZ	18	10	25	22	11	11	17	0	4	4	2	0	1	2	127
MA	16	33	1	0	42	6	0	3	5	5	4	1	2	4	122
RO	19	9	31	7	7	7	4	0	15	10	1	2	0	2	114
EG	20	6	5	4	9	2	3	10	3	5	27	2	13	4	113
MD	5	0	29	25	3	16	2	1	6	4	0	0	0	2	93
MC	17	20	4	1	18	6	0	1	4	3	1	2	0	1	78
CY	10	9	7	6	5	4	4	5	4	4	5	7	4	0	74
VN	26	7	3	4	8	6	0	3	4	4	3	0	2	1	71
BA	6	7	15	0	7	5	0	0	5	5	0	0	0	0	50
SM	7	5	3	2	3	1	1	3	1	1	1	0	1	1	30
KP	5	3	3	3	3	3	0	3	3	3	0	0	0	0	29
ME	1	2	2	2	2	2	1	2	2	2	2	2	1	2	25
AM	4	0	8	9	0	1	0	1	0	0	1	0	0	0	24
SY	4	1	2	1	1	1	1	5	2	1	0	1	1	3	24
AZ	1	0	3	3	0	0	0	2	0	0	1	0	0	1	11
MK	0	0	3	2	1	1	1	0	2	1	0	0	0	0	11
CU	1	1	1	1	0	0	1	1	0	0	1	1	1	0	9
MZ	3	0	0	0	0	0	0	0	0	0	0	0	0	0	3
MN	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2
KE	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Grand Total	8,591	8,467	6,343	4,265	3,667	2,745	2,138	2,091	1,892	1,790	1,562	1,011	898	889	46,349

20. Moreover, there were 86,909 designations recorded in 2010, between States bound by both the Agreement and the Protocol, in which the designated Office had not made a declaration under Article 5(2) of the Protocol. Table IV presents this information in a fashion similar to the one used in Table III (see Table IV).

Table IV

Designations Between States Bound by the Agreement and the Protocol, Recorded in 2010, in Which the Designated Office Had Not Made a Declaration Under Article 5(2) of the Protocol

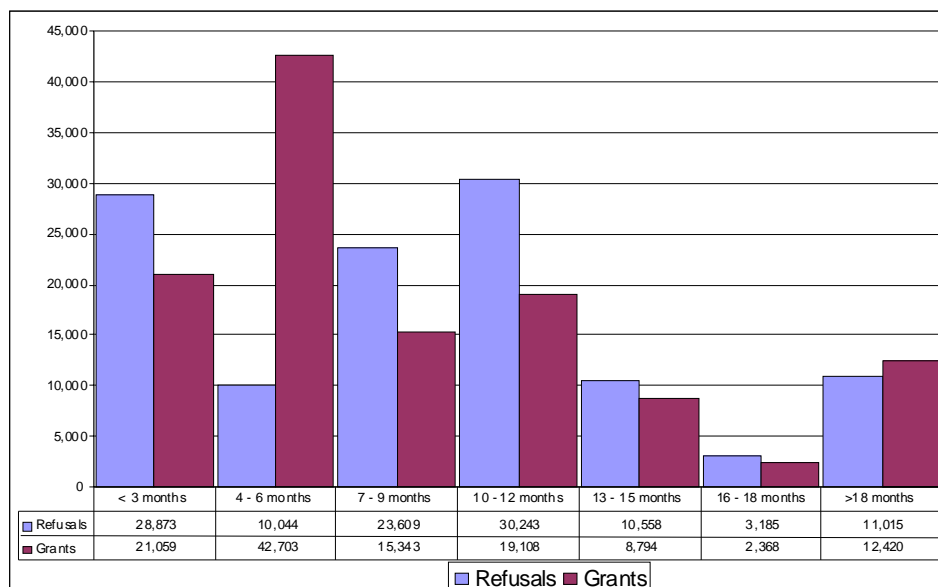
2010	Designated Offices											Grand Total
Office of Origin	RU	DE	HR	RS	KZ	FR	AT	ES	BX	BA	Others	
DE	1,889	0	770	716	504	533	1,124	426	597	557	6,919	14,035
FR	1,352	606	421	350	230	0	265	668	856	263	5,910	10,921
CH	1,286	768	479	474	466	558	594	361	414	363	6,205	11,968
CN	918	827	242	199	207	847	282	578	419	153	6,029	10,701
IT	1,198	229	495	413	308	226	161	196	156	325	4,205	7,912
BX	709	358	288	229	206	327	143	187	0	175	2,784	5,406
RU	0	305	106	120	877	212	117	185	126	53	2,678	4,779
AT	249	397	257	178	70	102	2	65	94	181	1,683	3,278
ES	221	56	84	77	46	64	27	0	54	49	1,084	1,762
PL	237	68	74	69	72	41	32	28	30	50	943	1,644
Others	1,287	595	874	887	617	467	374	369	306	830	7,897	14,503
Grand Total	9,346	4,209	4,090	3,712	3,603	3,377	3,121	3,063	3,052	2,999	46,337	86,909

21. It is worth noting that in any of the aforesaid 86,909 designations recorded in 2010, between States bound by the Agreement and the Protocol, a declaration made by the designated State under Article 5(2) of the Protocol would have been rendered inoperative.
- b. The Fate of Designations**
22. In general terms, a designation in an international registration may result in a notification of a provisional refusal, a statement of grant of protection or, where a notification of provisional refusal or a statement of grant of protection have not been received within the applicable time limit, protection under the principle of tacit acceptance.
23. The International Bureau has compiled information concerning the outcome of designations in international registrations recorded from January 1, 2008, to September 30, 2009. These are the most recent months for which the International Bureau has complete information with respect to the fate of designations. Moreover, the information collected during this period is sufficient to identify trends concerning the communication of the decisions taken by the Offices with respect to designations.
24. In the selected period, the International Bureau recorded 561,318 designations. With respect to these designations, the International Bureau has also recorded 117,527 notifications of provisional refusals and 121,795 statements of grant of protection. Consequently, for the remaining 321,996 designations, the International Bureau received neither a notification of provisional refusal nor a statement of grant of protection. In other words, 20.94 per cent of all designations recorded in the period under observation resulted in a refusal, 21.70 per cent resulted in a statement of grant of protection, and 57.36 per cent resulted in protection under the principle of tacit acceptance.

25. These findings are consistent with the information reported by the International Bureau, in May, 2008, during the fifth session of the Working Group. It may be recalled that, “in 2005, of a total of 356,607 designations recorded, around 21.2 per cent were followed by a provisional refusal and around 22.7 per cent were followed by a statement of grant of protection. In other words, 56.1 per cent of all designations in 2005 were not followed by any communication as to the status of the designation.”<sup>3</sup>
26. These trends are also consistent among all the designations between States bound by the Agreement and the Protocol and among Contracting Parties bound exclusively by the Protocol. Therefore, in the absence of paragraph 1(b) of Article 9*sexies*, in the majority of designations, with respect to which a holder is now able to claim protection under the principle of tacit acceptance at the expiry of the standard refusal period of 12 months, the holder would have had to wait until the expiry of the extended refusal period, according to any declaration made under Article 5(2) of the Protocol.
27. Of the 239,322 decisions recorded by the International Bureau with respect to designations recorded during the selected period, 80 per cent of those decisions, to either grant or refuse protection, were communicated to the International Bureau within 12 months from the date in which the Office concerned was notified with the designation in question (see Graph I).

Graph I

Timing of the Communication of Statements of Grant of Protection and Provisional Refusals for Registrations Recorded Between January 1, 2008, and September 30, 2009



<sup>3</sup> Document MM/LD/WG/5/2: “Information Relating to the Fate of Designations”, page 9, paragraph 39.



**c. Mandatory Character of Rule 18ter(1)**

28. It will be recalled that, while Rule 18ter(1) has been in force as from September 1, 2009, its compulsory character was deferred until January 1, 2011. Thus, as from this date, an Office designated in an international registration is obliged, before the expiry of the applicable refusal period and where it has not sent a notification of provisional refusal, to send a statement indicating that protection has been granted to the mark that is the subject of the international registration in question, where all procedures before the Office have concluded and there is no ground for that Office to refuse protection.
29. It is worth recalling that Rule 18ter(1) was introduced, *inter alia*, to deal with what is known as the inconvenience of the principle of tacit acceptance. Nowadays most Offices are able to examine trademark applications and to inform applicants of the result in a period which is shorter than one year. However, if the Office does not inform the holder of an international registration where it has carried out the examination and decided not to refuse protection, the holder would have to wait until the expiry of the applicable time limit for refusal in order to claim protection, under the principle of tacit acceptance, resulting in a less favorable treatment with respect to a direct applicant.
30. Since the obligation of Rule 18ter(1) became mandatory, the International Bureau has seen a significant increase in the number of statements of grant of protection sent by the Offices. In the period from January to March 2011, the number of statements of grant of protection recorded by the International Bureau has increased by 72 per cent, compared to the same period in 2010. If this trend holds, by the end of 2011 the International Bureau may record over 140,000 statements of grant of protection (see Table V). This, in turn, would decrease the number of designations with respect to which protection can be claimed under the principle of tacit acceptance.

Table V

Statements of Grant of Protection Recorded  
From January to April 2008 to January to April 2011

	January	February	March	April	Total
2008	5,839	5,162	5,987	5,745	22,733
2009	5,872	7,274	7,799	6,347	27,292
2010	6,745	5,869	6,669	8,189	27,472
2011	11,169	12,437	13,562	10,046	47,214

31. It is to be expected that, with time, more Offices will be in a position to comply with the sending of statements under Rule 18ter(1), thus potentially lessening the effect of the inconvenience of the principle of tacit acceptance. Nevertheless, as it is noted in the *Guide to the International Registration of Marks Under the Madrid Agreement and the Madrid Protocol*, “[...] no legal consequences flow from the fact that a statement of grant

of protection has been sent by an Office. The principle remains that, in the absence of the communication of a notification of provisional refusal within the period applicable under Article 5(2) of the Agreement and the Protocol, the mark is automatically protected in the Contracting Party concerned, for all the goods and services in question.”<sup>4</sup>

### **III. REVIEW OF THE INOPERATIVENESS OF DECLARATIONS MADE UNDER ARTICLE 8(7) OF THE PROTOCOL**

#### **a. Designations Recorded or Renewed in 2010 in Which Declarations Under Article 8(7) of the Protocol Were Rendered Inoperative**

32. It will be recalled that the following 16 States, bound by the Agreement and Protocol, have made a declaration under Article 8(7) of the Protocol, thus receiving individual fees: Armenia, Belarus, Belgium, Bulgaria, China, Cuba, Italy, Kyrgyzstan, Luxembourg, Netherlands, Republic of Moldova, San Marino, Switzerland, Syrian Arab Republic, Ukraine and Viet Nam.
33. It will also be recalled that paragraph 1(b) of Article 9*sexies* of the Protocol renders inoperative all declarations made under Article 8(7) of the Protocol. As a result, 101,634 designations recorded or renewed in 2010, between States bound by both the Agreement and the Protocol, were subject to the payment of standard fees, instead of individual fees.
34. It could be said that the Offices of the following States were the Office of origin of almost 80 per cent of the designations, recorded or renewed in 2010, in which a declaration under Article 8(7) was rendered inoperative: France (22%), Germany (21%), Switzerland (12%), Italy (11%), Benelux (8%) and China (5%). In addition, the Offices of the following States were the designated Office in over 75 per cent of those designations: Switzerland (18%), China (12%), Italy (12%), Benelux (12%), Ukraine (12%) and Belarus (10%).
35. Table VI presents the number of designations, recorded in 2010, in which a declaration made under Article 8(7) of the Protocol was rendered inoperative. The rows present those designations by Office of origin. The columns present those designations by designated Office. For instance, looking at the first row, it can be seen that the Office of France was the Office of origin in 22,817 designations. Of these, the Office of Switzerland was the designated Office in 4,672 designations, the Office of China in 2,661 designations, and so on.
36. In Table VI, rows and columns are presented in descending order, sorted by grand total. Therefore, the Office of France has been the Office of origin in the most number of designations, recorded in 2010, in which a declaration made under Article 5(2) of the Protocol was rendered inoperative, while the Office of Switzerland has been the most designated Office concerning these designations (see table VI).

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<sup>4</sup> WIPO Publication No. 455 (E), *Guide to the International Registration of Marks Under the Madrid Agreement and the Madrid Protocol*, Geneva, 2009, page B.II.49, paragraph 26.06.

Table VI

## Designations, Recorded or Renewed in 2010, in Which a Declaration Made Under Article 8(7) of the Protocol Was Rendered Inoperative

2010 Office of Origin	Designated Office														Grand Total
	CH	CN	IT	BX	UA	BY	VN	BG	MD	AM	KG	SM	CU	SY <sup>5</sup>	
FR	4,672	2,661	3,771	4,334	1,434	804	1,211	909	526	458	445	905	457	230	22,817
DE	5,564	2,818	2,201	2,369	1,935	1,419	765	847	765	520	516	520	332	278	20,849
CH	-	1,907	2,019	1,862	1,245	830	789	565	680	557	532	534	408	250	12,178
IT	2,483	2,086	-	1,436	1,088	676	595	648	515	355	297	534	379	238	11,330
BX	2,024	1,169	1,361	-	712	479	430	443	292	261	261	315	182	100	8,029
CN	492	-	929	476	607	450	626	285	196	204	283	147	279	309	5,283
RU	121	345	238	140	766	733	95	193	413	375	375	28	43	41	3,906
AT	1,141	325	646	448	323	206	92	210	130	75	65	85	37	40	3,823
ES	560	480	513	459	245	151	172	126	92	91	65	53	160	57	3,324
PL	84	132	71	53	294	227	50	126	117	75	55	14	10	13	1,321
CZ	102	97	121	124	277	150	34	182	68	57	27	13	12	14	1,278
HU	53	47	104	41	156	115	90	119	106	95	42	5	7	3	983
SI	35	21	56	19	138	111	41	136	98	94	89	3	-	1	842
UA	31	63	50	26	-	160	18	46	147	123	108	6	6	11	795
BG	36	60	43	33	150	92	37	1	109	84	58	8	11	20	742
PT	101	88	57	64	34	19	16	23	19	22	10	25	27	10	515
LI	121	69	63	65	33	26	28	21	14	13	9	19	8	2	491
LV	23	19	16	16	91	86	23	15	56	46	43	1	5	2	442
BY	7	30	15	13	93	-	5	29	73	28	44	5	4	7	353
SK	28	22	35	27	72	28	3	31	12	3	-	4	1	1	267
EG	17	29	18	17	16	15	16	10	16	15	15	13	16	27	240
MA	56	18	61	64	3	2	3	7	2	2	3	5	5	5	236
RS	23	10	13	6	32	39	-	63	24	7	2	6	1	7	233
MC	50	25	52	35	9	3	7	8	-	-	-	7	5	1	202
RO	15	20	14	9	36	8	6	17	30	7	2	7	2	1	174
IR	8	29	15	8	17	13	9	10	8	17	10	6	8	15	173
KZ	10	22	11	5	26	22	1	4	14	17	30	-	-	2	164
HR	17	15	29	15	15	9	4	27	9	7	6	7	3	-	163
MD	1	6	5	3	33	28	-	8	-	4	8	-	1	-	97
CY	9	10	5	5	7	6	6	4	6	4	4	7	4	5	82
VN	9	26	10	6	4	4	-	4	-	-	-	-	3	3	69
BA	7	6	8	6	15	-	-	5	14	-	-	-	-	-	61
SM	5	7	3	1	3	2	2	1	3	1	1	-	1	1	31
AM	-	4	-	-	8	9	-	-	1	-	2	-	-	1	25
KP	3	5	3	1	3	3	1	3	-	-	-	-	-	-	22
ME	2	1	2	2	2	2	1	2	1	1	1	2	1	2	22
MK	3	-	1	3	4	2	-	3	1	2	1	-	-	-	20
SY	1	4	1	2	2	1	2	2	1	1	1	1	1	-	20

<sup>5</sup> In order to facilitate the review of the application of paragraph 1(b) of Article 9*sexies* of the Protocol, even though the declaration concerning the individual fee made by the Syrian Arab Republic entered into force on October 14, 2010, we are considering in this part of the analysis all designations, recorded or renewed in 2010, with respect to the Syrian Arab Republic.

2010	Designated Office														Grand Total
Office of Origin	CH	CN	IT	BX	UA	BY	VN	BG	MD	AM	KG	SM	CU	SY <sup>6</sup>	
AZ	-	1	-	-	3	3	-	-	2	-	5	-	-	1	15
CU	1	1	1	-	1	1	1	-	1	1	1	1	-	1	11
MZ	-	3	-	-	-	-	-	-	-	-	-	-	-	-	3
MN	-	2	-	-	-	-	-	-	-	-	-	-	-	-	2
KE	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Grand Total	17,915	12,684	12,561	12,193	9,932	6,934	5,179	5,133	4,561	3,622	3,416	3,386	2,419	1,699	101,634

37. Moreover, there were 203,604 designations between States bound by both the Agreement and the Protocol, recorded or renewed in 2010, in which the designated Office had not made a declaration under Article 8(7) of the Protocol. Table VII presents this information in a fashion similar to the one used in Table VI (see Table VII).

Table VII

Designations Between States Bound by the Agreement and the Protocol, Recorded or Renewed in 2010, in Which the Designated Office Had Not Made a Declaration Under Article 8(7) of the Protocol

2010	Designated Office												Grand Total
Origin	RU	DE	AT	FR	ES	RS	PT	HU	HR	CZ	Other		
FR	2,630	3,449	2,409	0	3,298	1,679	2,560	1,694	1,194	1,249	18,654	38,816	
DE	3,052	0	3,063	2,290	1,718	1,521	1,319	1,536	1,725	1,729	17,820	35,773	
CH	1,971	2,359	2,124	2,149	1,425	1,160	1,120	1,000	1,000	899	14,569	29,776	
IT	2,148	1,429	1,302	1,602	1,236	1,350	1,082	996	1,206	706	12,906	25,963	
BX	1,293	1,732	1,102	1,885	1,141	739	885	761	623	621	8,151	18,933	
CN	1,004	902	334	923	642	242	400	336	278	306	6,453	11,820	
AT	447	914	3	479	307	465	235	583	562	515	4,086	8,596	
ES	488	453	290	535	0	312	505	254	216	161	3,246	6,460	
RU	0	327	131	232	200	135	105	135	118	177	3,278	4,838	
CZ	295	184	161	122	95	163	83	239	167	0	1,671	3,180	
Other	1,645	890	581	766	539	1,088	328	674	1,030	852	11,056	19,449	
Grand Total	14,973	12,639	11,500	10,983	10,601	8,854	8,622	8,208	8,119	7,215	101,890	203,604	

38. It is worth noting that in any of the aforesaid 203,604 designations between States bound by the Agreement and the Protocol, recorded or renewed in 2010, a declaration made by the designated State under Article 8(7) of the Protocol would have been rendered inoperative.

<sup>6</sup> In order to facilitate the review of the application of paragraph 1(b) of Article 9*sexies* of the Protocol, even though the declaration concerning the individual fee made by the Syrian Arab Republic entered into force on October 14, 2010, we are considering in this part of the analysis all designations, recorded or renewed in 2010, with respect to the Syrian Arab Republic.

**b. Distribution of Fees, Collected in 2009 and 2010, Resulting From the Application of Paragraph (1)(b) of Article 9sexies**

39. Paragraph (1)(b) of Article 9sexies of the Protocol, by rendering inoperative declarations under Article 8(7) of the Protocol in the mutual relations between States bound by the Agreement and the Protocol, results in the application of the standard regime of Articles 7(1) and 8(2) between such States.
40. The standard regime of Articles 7(1) and 8(2) is comprised of a basic fee, a complementary fee for any request of extension of protection under Article 3ter of the Protocol, and a supplementary fee for each class of the International Classification, beyond three, into which the goods or services to which the mark is applied will fall.
41. According to paragraphs (5) and (6) of Article 8 of the Protocol, the supplementary and complementary fees collected are divided among the interested Contracting Parties, in proportion to the number of designations received and to a coefficient which is defined in Rule 37 of the Common Regulations.
42. As a result, in 2009 and 2010, States bound by the Agreement and the Protocol, which had made a declaration under Article 8(7) of the Madrid Protocol, instead of receiving individual fees, received 11.20 and 11.77 million Swiss francs, correspondingly, as their share in the supplementary and complementary fees collected with respect to designations made in international registrations in which the Office of origin corresponded to a State also bound by both treaties (see Tables VIII and IX).

Table VIII

Distribution of Standard Fees, Collected in 2009, in Which a Declaration Under Article 8(7) of the Protocol Was Rendered Inoperative

2009	Complementary Fees	Supplementary Fees	Total in Swiss Francs
Armenia	430,105.17	33,908.00	464,013.17
Belarus	818,848.63	65,355.85	884,204.48
Benelux	1,247,719.23	105,051.97	1,352,771.20
Bulgaria	655,929.03	53,753.55	709,682.58
China	1,286,811.19	101,074.87	1,387,886.06
Cuba	252,239.80	19,935.00	272,174.80
Italy	831,460.32	70,026.90	901,487.22
Kyrgyzstan	417,079.45	32,857.92	449,937.37
Republic of Moldova	535,649.08	42,478.66	578,127.74
San Marino	369,042.62	30,448.98	399,491.60
Switzerland	1,719,981.79	144,625.59	1,864,607.38
Ukraine	1,184,006.49	95,209.23	1,279,215.72
Viet Nam	610,920.66	47,729.57	658,650.23
Total	10,359,793.46	842,456.09	11,202,249.55

Table IX

Distribution of Standard fees, Collected in 2010, in Which a Declaration Under Article 8(7) of the Protocol Was Rendered Inoperative

2010	Complementary Fees	Supplementary Fees	Total in Swiss Francs
Armenia	433,760.58	32,872.35	466,632.93
Belarus	841,689.83	64,973.36	906,663.19
Benelux	1,240,675.27	102,102.35	1,342,777.62
Bulgaria	646,354.70	51,365.42	697,720.12
China	1,485,187.08	110,558.50	1,595,745.58
Cuba	284,830.40	22,083.13	306,913.53
Italy	838,432.34	68,791.96	907,224.30
Kyrgyzstan	411,358.19	31,139.22	442,497.41
Republic of Moldova	544,858.15	41,090.43	585,948.58
San Marino	335,692.97	27,161.11	362,854.08
Switzerland	1,733,585.02	141,169.21	1,874,754.23
Syrian Arab Republic	284,601.80	19,007.30	303,609.10
Ukraine	1,201,042.47	92,189.22	1,293,231.69
Viet Nam	636,982.27	48,032.48	685,014.75
Total	10,919,051.07	852,536.04	11,771,587.11

**c. Simulation of the Repeal of Paragraph (1)(b) of Article 9sexies**

43. Taking into account the number of designations recorded or renewed in 2009 and 2010, in which a declaration under Article 8(7) of the Protocol was rendered inoperative, the International Bureau has been able to simulate the impact the said declaration would have had in the fee distribution of the concerned States, had it been operative.
44. This simulation makes the assumption that the number of designations and the number of classes in each designation would have remained the same, even if the amounts of the standard fee regime had been replaced by the corresponding amounts of the individual fees.
45. In 2009 and 2010, in the absence of paragraph (1)(b) of Article 9sexies, States bound by the Agreement and the Protocol, which had made a declaration under Article 8(7) of the Madrid Protocol, would have received 47.33 and 49.24 million Swiss francs, correspondingly, as individual fees collected with respect to designations made in international registrations in which the Office of origin corresponded to a State also bound by both treaties (see Table X).

Table X

Simulation of Individual Fee Distribution, Based on Designations Recorded or Renewed in 2009 and 2010, Assuming that Declarations Under Article 8(7) of the Protocol Were Operative

	2009	2010
Armenia	971,056	996,564
Belarus	4,729,350	4,943,950
Benelux	5,929,374	6,139,981
Bulgaria	2,357,795	2,175,157
China	8,590,558	10,692,894
Cuba <sup>7</sup>	798,004	921,368
Italy	2,546,949	2,624,850
Kyrgyzstan	2,027,040	1,919,760
Republic of Moldova	2,031,786	2,422,615
San Marino	1,105,975	990,003
Switzerland	7,470,300	7,562,900
Syrian Arab Republic <sup>8</sup>	N/A	316,933
Ukraine	5,984,517	6,044,662
Viet Nam	2,788,904	1,490,596
Total	47,331,608	49'242'233

46. Finally, the overall amount of the fees distributed in the framework of the Madrid system in 2009, the most recent year for which public financial information is available, was 141,610,881. Absent paragraph 1(b) of Article 9sexies, this amount could have reached 177,740,240; that is, it would have increased slightly over 25.5 per cent.

47. *The Working Group is invited to:*

- (i) *consider the information presented in this document; and,*
- (ii) *indicate any further course of action concerning the review of the application of paragraph (1)(b) of Article 9sexies, including whether it would make a recommendation to the Madrid Union Assembly.*

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<sup>7</sup> It only takes into account payment of the first half of the amount of the individual fee, as Cuba has also made a declaration under Rule 34(3)(a) of the Common Regulations.

<sup>8</sup> This simulation takes into account that the declaration concerning individual fees made by the Syrian Arab Republic entered into force on October 14, 2010.