

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

Eleventh Session
Geneva, October 30 to November 1, 2013

INFORMATION CONCERNING CEASING OF EFFECT, CENTRAL ATTACK AND TRANSFORMATION

Document prepared by the International Bureau

1. As determined by Rule 22 of the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (hereinafter referred to as “the Common Regulations”), where, pursuant to Article 6(3) of the Madrid Agreement Concerning the International Registration of Marks or Article 6(3) of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to, respectively, as “the Agreement” and “the Protocol”), the protection resulting from an international registration may no longer be invoked, in whole or in part, as a result of the total or partial ceasing of effect of the basic mark – upon which the international registration is dependent for a period of five years from the date of such registration – the Office of origin is required to notify the International Bureau, which would then proceed to cancel the international registration, to the extent requested in the notification.

2. This procedure was considered in document MM/LD/WG/8/4, entitled “How Could a Mechanism of Central Attack Be Envisaged in the Absence of a Basic Mark?”, which was discussed during the eighth session of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”). The said document noted that the information maintained by the International Bureau concerning notifications under Rule 22 of the Common Regulations does not determine the extent to which the cancellations of the international registrations in question are the result of a mere ceasing of effect (i.e., as a result of *ex officio* refusal, limitation, abandonment or withdrawal of the basic mark), or, in fact, the result of what might be perceived as an “attack”, in the sense of an opposition or other third-party action. As a result, the International Bureau did not have any information concerning the real impact the current mechanism of central attack has in the Madrid system.

3. The document also noted that information concerning transformations, under Article 9*quinquies* of the Protocol, which allows for the conversion of international registrations into national or regional applications in the designated Contracting Parties, following the cancellation of an international registration after the ceasing of effect of the basic mark, is not reported to the International Bureau by the concerned Offices.
4. These procedures were again considered in document MM/LD/WG/9/3, entitled "Information Concerning Ceasing of Effect and Transformation", which was discussed during the ninth session of the Working Group. The document compiled information with regard to ceasing of effect and transformation in Offices of 24 Contracting Parties which participated in the voluntary exercise of collection of information for a period of six months, from July 1 to December 31, 2010. The document did not seek to analyze or comment upon its content; it was for the delegations to therefore draw their own conclusions from the information made available in the document. The Working Group reached an agreement on the need to compile additional, more accurate information on ceasing of effect, and specifically on central attack and transformation.
5. It is in the aforementioned context that the Working Group decided to request that the International Bureau undertake again a probing exercise and prepare a document compiling additional, more accurate information concerning notifications of ceasing of effect, central attack and transformation. The procedure for the collection of information concerning notifications of ceasing of effect and transformation was detailed in an Annex to Note C.M. 1374, dated November 15, 2011. Under the aforesaid procedure, Offices of the Contracting Parties of the Madrid system were asked to collect information for a period of one year, from December 1, 2011 to November 30, 2012.
6. The Offices of the following 29 Contracting Parties confirmed their willingness to participate in the proposed exercise: Belgium (BX), Czech Republic (CZ), European Union (EM), Georgia (GE), Germany (DE), Israel (IL), Japan (JP), Latvia (LV), Lithuania (LT), Luxembourg (BX), Morocco (MA), Netherlands (BX), Norway (NO), Poland (PL), Portugal (PT), Republic of Korea (KR), Republic of Moldova (MD), Romania (RO), Russian Federation (RU), Serbia (RS), Singapore (SG), Spain (ES), Sweden (SE), Switzerland (CH), The former Yugoslav Republic of Macedonia (MK), Turkey (TR), Ukraine (UA), United States of America (US) and Zambia (ZM).
7. The Offices of the participating Contracting Parties were Offices of origin in 67.95 per cent of the total number of international applications received by the International Bureau from December 1, 2011 to November 30, 2012. These Offices were also the subject of 52.39 per cent of all designations during the aforementioned period.
8. During the period of the exercise, Offices which had agreed to furnish the requested information to the International Bureau were asked to conduct a certain amount of enquiries in order to ascertain the underlying grounds for a notification of a ceasing of effect. Where a notification under Rule 22 of the Common Regulations was the result of a third party intervention, Offices were requested to report that said ceasing of effect appeared to have resulted from central attack.
9. Offices could report the requested information, case-by-case, inserting a reference to the appearance of central attack in Part V of Model Form 9, or its equivalent in a self-generated form. As an alternative, Offices could forward the said information at the end of the period of the exercise, in the form of a summary, indicating the number of notifications of mere ceasing of effect and notifications of ceasing of effect which appeared to have resulted from a central attack, providing a breakdown between total and partial cancellations.
10. It was understood that notifications of ceasing of effect sent to the International Bureau by Offices which had agreed to participate in the exercise and had not reported any incidence of central attack, would be regarded as notifications of mere ceasing of effect.

11. Concerning transformations, Offices were also given the choice of reporting the information on a case-by-case basis or reporting it at the end of the period of the exercise, by simply providing the number of requests that, under Article 9*quinquies* of the Protocol, the Office had received during the aforementioned period.

12. Offices which had agreed to participate in the exercise were asked to send the information to the International Bureau by January 15, 2013, at the latest.

13. The participating Offices reported to have sent, during the period of the exercise, 2,527 notifications of ceasing of effect; however, it is to be noted that these Offices reported that only 618 of those notifications appeared to have resulted from central attack. During the same period, these Offices were the Office of origin in 29,770 international applications. Finally, the participating Offices reported 127 transformations. A summary of the key findings is provided in Table I.

Table I

*International Applications, Notifications of Ceasing of Effect, Ceasing of Effect Which Appear to Have Resulted from Central Attack and Transformations
December 1, 2011 to November 30, 2012*

Contracting Party	International Applications	Notifications of Ceasing of Effect	Ceasing of Effect Which Appear to Have Resulted from Central Attack	Transformation
BX	1,810	47	3	0
CH	2,737	129	0	17
CZ	426	14	7	0
DE	4,455	566	169	2
EM	6,322	600	357	28
ES	761	N/A	0	2
GE	13	1	0	1
IL	181	3	0	0
JP	2,034	115	1	22
KR	510	71	0	N/A
LT	103	19	6	0
LV	79	2	1	N/A
MA	59	0	0	5
MD	62	7	0	1
MK	51	186	1	0
NO	337	29	6	N/A
PL	318	12	0	N/A
PT	170	7	3	0
RO	89	3	0	1
RS	184	7	3	N/A
RU	1,661	17	0	2
SE	223	20	N/A	1
SG	241	10	0	N/A
TR	1,188	135	45	15
UA	359	2	0	5
US	5,397	525	16	25
ZM	0	0	0	0
TOTAL	29,770	2,527	618	127

14. Offices participating in the exercise also provided further details with respect to the information furnished as part of the exercise. It is to be noted that 67.7 per cent of these notifications concerned only a partial ceasing of effect, with part of the international registration still remaining in effect. Also, almost 80 per cent of the notifications which appear to have resulted from central attack, as reported by the participating Offices, concerned a partial ceasing of effect. Detailed information is provided in Table II.

Table II

*Notifications of Ceasing of Effect Which Appear to Have Resulted from Central Attack
December 1, 2011 to November 30, 2012*

Contracting Party	Notifications of Ceasing of Effect (CE)	CE Total	CE Partial	Central Attack (CA)	CA/CE	CA Total	CA Partial
BX	47	21	26	3	6.38%	2	1
CH	129	N/A	N/A	0	0.00%	0	0
CZ	14	6	8	7	50.00%	4	3
DE	566	110	456	169	29.86%	18	151
EM	600	85	515	357	59.50%	48	309
ES	N/A	N/A	N/A	0	0.00%	0	0
GE	1	0	1	0	0.00%	0	0
IL	3	0	3	0	0.00%	0	0
JP	115	32	83	1	0.87%	1	0
KR	71	18	53	0	0.00%	0	0
LT	19	6	13	6	31.58%	2	4
LV	2	2	0	1	50.00%	1	0
MA	0	0	0	0	0.00%	0	0
MD	7	1	6	0	0.00%	0	0
MK	186	47	139	1	0.54%	0	1
NO	29	10	19	6	20.69%	6	0
PL	12	7	5	0	0.00%	0	0
PT	7	3	4	3	42.86%	2	1
RO	3	N/A	N/A	0	0.00%	0	0
RS	7	4	3	3	42.86%	3	0
RU	17	11	6	0	0.00%	0	0
SE	20	N/A	N/A	N/A	N/A	N/A	N/A
SG	10	1	9	0	0.00%	0	0
TR	135	78	57	45	33.33%	25	20
UA	2	2	0	0	0.00%	0	0
US	525	220	305	16	3.05%	16	0
ZM	0	0	0	0	0.00%	0	0
TOTAL	2,527	664	1,711	618	24.46%	128	490

15. The information on “central attack” and transformations for the period from December 1, 2011 to November 30, 2012, contained in this document is based on the data furnished by the Offices of the Contracting Parties that confirmed their willingness to participate in the exercise proposed by the Working Group. According to the data provided to the International Bureau, a total of only 618 cases of ceasing of effect appear to have resulted from central attack, and only a total of 127 transformations were reported by the Offices participating in the exercise.

Table III*Comparison Between the Current Exercises of Collection of Information on Ceasing of Effect, Central Attack and Transformation**From July 1, 2010 to December 31, 2010, and from December 1, 2011 to November 30, 2012*

	International Applications	Notifications of Ceasing of Effect (CE)	CE Total	CE Partial	Central Attack (CA)	CA Total	CA Partial	CA/CE
July 1, 2010, to December 31, 2010	14,104	1,240	500	740	215	64	151	17.33%
December 1, 2011, to November 30, 2012	29,770	2,527	664	1,711	618	128	490	24.46%

16. As previously indicated, the period of the previous information gathering exercise comprised six months. Considering such period insufficient to formulate any inference, the Working Group asked for a new information gathering exercise, for a period of 12 months. Comparing the overall results of both exercises, once discounted the effect of the different number of Offices participating in each exercise, it can be said that the number of international applications presented and the number of notifications of ceasing of effect sent, as reported by the Offices of the Contracting Parties participating in the exercises, doubled. This is reasonably within expectations and consistent with the increase in length between both exercises. Such finding would strongly suggest that the overall impact that the notifications of ceasing of effect have in the Madrid system remains constant. An increase above expectations has been observed in the number of notifications of ceasing of effect attributable to a third-party action. It must be noted that such increase can be ascribed to two Contracting Parties, the European Union and Germany.

17. The findings of both information gathering exercises confirm that an overwhelming majority of the notifications of ceasing of effect sent by the Offices of the Contracting Parties participating in the exercise, correspondingly over 82 per cent and over 75 per cent, were not sent as a result of a third-party action. The fact that most of the notifications of ceasing of effect which were not prompted by a third-party action concerned only part of the goods or services for which protection had been sought in the international application would strongly suggest that these notifications were the result of *ex-officio* actions taken in the course of regular proceedings regarding processing of the basic mark in the Contracting Party of the Office of origin. In any event, it may be inferred that, in all likelihood, an overwhelming majority of the notifications of ceasing of effect sent by the Offices of the Contracting Parties participating in the exercise does not correspond to an actual case of central attack.

18. Moreover, the aforesaid findings confirm that a relatively low portion of the notifications of ceasing of effect sent by the Offices of the Contracting Parties participating in the exercise, correspondingly 17 and 24 per cent, were prompted by a third-party action in what has been tagged as a probable case of central attack. It may be inferred that, in all likelihood, only a fraction of the aforesaid notifications which were prompted by a third-party action may indeed correspond to an actual case of central attack, understood as “one procedure for attacking and bringing about the invalidation of an international registration”¹.

¹ WIPO publication No. 880, 1991, page 45.

FURTHER WORK

19. The data on ceasing of effect, central attack and transformation lead to an additional conclusion: all of them are not-often used features of the Madrid system. As a consequence, it could be fairly inferred that their presence – and, eventually, their absence – in the system does not and would not result in a significant effect on the overall balance of the interests at stake in the functioning of the Madrid system as a whole. It might be useful to remind at this point that the two exercises on statistical information concerning ceasing of effect, central attack and transformation were framed in the purpose of contextualizing further discussions on possible alternative mechanisms to central attack – and, in a larger landscape, ceasing of effect; this, in turn, impinges on the solidity of international registrations and the efforts of the Working Group to develop a more appealing, user-friendly, Madrid system.

20. It should be recalled that the Working Group discussed and ruled out the possibility of eliminating the features of the basic mark and the impact of ceasing of effect and central attack on the international registration – not least because such an undertaking would require the convocation of a diplomatic conference to amend the treaties.

21. During the ninth session of the Working Group, an alternative to the formal modification of provisions on ceasing of effect was discussed. This was the possibility of freezing the operation of the dependency principle. It may be recalled that a sizable number of delegations were in favor of considering this option as a means of streamlining the performance of the Madrid system whilst keeping all its current features unaltered.

22. In view of the results of the latest exercise on ceasing of effect, central attack and transformation, the Working Group may wish to revisit the abovementioned freezing of the operation of the dependency principle.

23. As far as the notion of dependency is concerned, a preliminary consideration may be useful. As a rule, when discussing “dependency”, reference is made to the fact that the protection granted by the international registration is linked to the fate of the basic mark during a five-year period, calculated from the date of the international registration. Yet the international registration is dependent on the basic mark in many more respects, i.e., before resulting in an international registration, an international application, and the mark it contains, must mirror the basic mark in a relevant series of elements: the correspondence of applicants/holders, color requirements, requirements concerning the nature of the mark (three-dimensional, sound, certification, collective, guarantee mark), correspondence of description, identity of marks, correspondence of goods and services, etc. This dependency is more intense than the one relating to the five-year period and binds the international mark beyond it. The abovementioned linkage between the basic mark and the international mark adds to the quality and consistence of the international registration and is a factor of legal certainty of the Madrid system at large. It is to be noted that the freezing of the operation of the dependency principle being discussed here does not impinge on the aspects and effects above and is limited to the restricted notion of dependency relating to the protection granted by the international registration during its first five-year period.

24. From a legal perspective, the freeze of the operation of the dependency principle would essentially mean that Articles 6(3) of both the Agreement and the Protocol would not apply; these provisions stipulate that the protection resulting from the international registration may no longer be invoked if the effect of the basic mark has ceased during the five-year dependency period.

25. The decision to freeze the operation of the dependency principle should be adopted by the Madrid Union Assembly. Since it would be a mere suspension of the operation of the concerned provisions, the freezing would be reversible, i.e., the Assembly could decide that the freezing would be for a given period of time and/or that it could be repealed by the Assembly at any time. Thus freezing of the operation of the dependency principle would provide a flexible approach allowing the Madrid membership, as well as users and third parties, to assess its effects on the functioning and evolution of the system.

26. Freezing of the operation of the dependency principle might prove to have non-negligible beneficial results. Some of them were discussed in the framework of the possible deletion of the basic mark requirement. The effects of such freezing could be spelled out as follows:

(a) the solidity of the international registration would be strengthened, as its fate would not depend on the vicissitudes of the basic mark;

(b) legal certainty would also benefit from the decision to freeze the operation of the dependency principle: in the current scenario, the loss of protection from the international registration is a mechanical outcome of the ceasing of effect of the basic mark, yet not even in cases of “central attack” it can be certainly established that there was an intention to attack the international registration as such, instead of only the basic mark;

(c) there would still remain mechanisms to attack the international registration as such in designated Contracting Parties, thus the legal balance would not be substantially altered. Admittedly, these “local attacks” would imply more costs than central attacks but both the fact that the quantitative relevance of ceasing of effects is not considerable and the actual intention of attacking international registrations as such by means of the ceasing of effects of the basic mark cannot be ascertained, are factors to be considered when analyzing freezing the operation of the dependency principle. Where interest to attack an international registration is prevalent, the need to use national legal remedies should not deter a third party from doing so. An additional effect would be the possibility to determine when ceasing of effects are geared toward the legal elimination of international registrations as such;

(d) legal sovereignty of designated Contracting Parties would be better respected, as the invalidation of an international registration would not depend on a decision made not on the international registration itself, but on the basic mark by an alien jurisdiction, possibly on the basis of grounds that would not be applicable in the concerned designated Contracting Party;

(e) transformation was introduced in the Protocol as a means to balance the vulnerability of international registrations based on applications. Yet transformation, as attested by the exercises undertaken by the Working Group, is not widely used. One reason for this may be the additional costs incurred when processing new applications in the concerned designated Contracting Parties. The freezing of the operation of the dependency principle would dilute this handicap;

(f) although the occurrences of ceasing of effect and central attack are not numerous, the freezing of the operation of the dependency principle would possibly have a positive “psychological impact” on potential users of the system that envisage ceasing of effect and central attack as a deterrent for filing international applications;

(g) freezing of the operation of the dependency principle would also have a positive impact on the workload of the Offices of Contracting Parties and the International Bureau, by reducing the number of transactions performed by these actors or the Madrid system. Likewise, the handling of trademark portfolios of users would be simplified;

(h) the linguistic diversity of the constituency of the Madrid system would be better served through the freezing of the operation of the dependency principle. In certain Contracting Parties of non-Latin culture, the fact that Latin characters are required for the basic mark represents a real hindrance to the use of the Madrid system, due to the inconvenience of the requirement of use of the basic mark in order to avoid cancellation or revocation;

(i) it is submitted that the freezing of the operation of the dependency principle would strike a balance between the interest of certain Contracting Parties that the requirement of a basic mark be upheld and the reality that for a number of users filing international applications directly may better correspond to their actual needs and convenience. In this respect, it should be considered that the basic mark requirement is a feature of the Madrid system, not mirrored by national or regional trademark systems; even if this requirement is maintained, freezing of the operation of the dependency principle could be a factor of modernization of the Madrid system, making it more flexible and in tune with the prevailing trademark frameworks of both Contracting Parties and the rest of the world;

(j) as stated above, the freezing of the operation of the dependency principle would not affect the core features of the Madrid system, which would stay in place; it would rather allow the Madrid Union to assess the effects of a new development of the system and consider its evolution with an enriched judgment. By its own nature, freezing is reversible and could be subject to a limited duration, or repealed by the Madrid Union Assembly if so needed; this would provide a most convenient safety net if freezing of the operation of the dependency principle were introduced.

27. *The Working Group is invited to:*

(i) consider the above;

(ii) comment and draw conclusions on the information contained in this document; and,

(iii) provide guidance to the International Bureau on possible further actions concerning ceasing of effect and transformation.

[End of document]