

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

**Seventeenth Session
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POSSIBLE REDUCTION OF THE DEPENDENCY PERIOD

Document prepared by the International Bureau

1. The Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group”) agreed, at its fourteenth¹ and fifteenth sessions, to discuss a possible reduction of the dependency period, as set out in the medium term of its Road Map.
2. This document outlines the history of dependency in the Madrid System, the context in which dependency has been previously discussed by the Working Group and sets out options for further discussions on this subject by the Working Group.

OVERVIEW OF DEPENDENCY

3. Dependency is reflected in Article 6(2) and (3) of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as “the Protocol” and “the Agreement”). Under paragraph (3), the protection resulting from the international registration may no longer be invoked if the basic registration or the registration resulting from the basic application is cancelled, renounced, revoked, invalidated or has lapsed either within five years from the date of the international registration or at any time due to actions that begun within that five-year period. The same applies if the basic application is the subject of a final decision of rejection or is withdrawn either within that five-year period or at any time due to actions that begun within such period.

¹ See “Road Map” in document MM/LD/WG/14/6, Annex IV, later revised in document MM/LD/WG/15/5, Annex II.

4. It is important to note that under Article 6(3) of the Protocol, the effects on the international registration of the ceasing of effect of the basic mark are automatic. The protection resulting from the international registration is rendered ineffective when any of the facts or decisions specified in the said paragraph results in the ceasing of effect of the basic mark.

5. Under paragraph (4) of Article 6, the Office of origin must notify the International Bureau of the facts or decisions specified in paragraph (3) of the same Article and request the total or partial cancellation of the international registration, as the case may be.

6. Dependency was perpetual when the Madrid Agreement was adopted in 1891. At the Nice Diplomatic Conference, in 1957, it was proposed that dependency be abolished because it was deemed not to be compatible with Article 6(3) of the Paris Convention for the Protection of Industrial Property². This proposal was considered too radical and dependency was limited to a five-year period as a compromise solution. This solution sought to preserve the perceived benefits of having a single central attack mechanism, balancing the interests of right-holders and third parties³.

7. The Protocol further softened the consequences of dependency by introducing the possibility of transformation. Under Article 9*quinquies* of the Protocol, the holder of an international registration cancelled due to a notification under Article 6(4) may file an application with the Office of any designated Contracting Party within three months from the date of such cancellation. That application must be treated as filed on the date of the cancelled international registration or of the recording of the subsequent designation, as the case may be, and, where applicable, must enjoy the same priority.

PREVIOUS DISCUSSIONS ON DEPENDENCY BY THE WORKING GROUP

8. The Working Group has previously discussed dependency, either by itself or as part of discussions on the possible elimination of the basic mark requirement.

9. At its second and sixth⁴ sessions, the Ad Hoc Working Group on the Legal Development of the Madrid System for the International Registration of Marks discussed a “Proposal by Norway” to abolish the basic mark requirement, which, consequently, would have eliminated dependency⁵. Part of the discussion concerned a document prepared by the International Bureau with considerations relating to that proposal⁶, in particular, the implications for third parties resulting from the disappearance of dependency following the elimination of the basic mark requirement.

10. At its eight session, the Working Group discussed a document on possible central attack mechanisms in the absence of a basic mark⁷. That document dealt extensively with dependency and concluded that more information and further discussions were required to

² Article 6(3) of the Paris Convention reads as follows:

“Article 6

“Marks: *Conditions of Registration; Independence of Protection of Same Mark in Different Countries*
“[...]”

“(3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.”

³ See WIPO publication No. 880, 1991, pages 45 and 46.

⁴ See document MM/LD/WG/6/2.

⁵ See document MM/LD/WG/2/9.

⁶ See document MM/LD/WG/6/5.

⁷ See document MM/LD/WG/8/4.

determine whether the current central attack mechanism struck a fair balance between the interests of holders of international registrations and those of third parties.

11. At its eleventh session, the Working Group discussed a document presenting information provided by the Offices of the Contracting Parties of the Madrid System concerning ceasing of effect, central attack and transformation⁸.

12. At its twelfth session, the Working Group discussed a document proposing that the operation of paragraphs (2), (3) and (4) of Article 6 of the Agreement and the Protocol be frozen⁹.

13. At its thirteenth session, the Working Group discussed the findings of a survey conducted prior to that session¹⁰ on dependency targeted at users in general. While there was no consensus, the Working Group agreed to look further into the issue of dependency at a future session.

SUMMARY OF PREVIOUS DISCUSSIONS

14. Delegations have expressed different views on dependency during previous discussions in the Working Group.

ABOLISHING DEPENDENCY

15. Some delegations supported abolishing dependency, because they considered that:

- dependency was a disadvantage of the Madrid System due to the risk, costs and uncertainty it generated;
- holders viewed the Madrid System as being complicated, risky and unreasonable due to dependency;
- dependency frightened small users due to the costs required for safe commercial use of the mark outside the country;
- abolishing or freezing dependency would increase legal certainty for users, who would not have to worry about eventual problems with the basic mark, and would simplify the Madrid System for Offices and the International Bureau alike; and,
- abolishing dependency would remove an obstacle preventing an increased use of the Madrid System.

REDUCING THE DEPENDENCY PERIOD OR LIMITING THE GROUNDS

16. Several delegations, while wishing to preserve dependency, expressed their willingness to explore a possible reduction of the dependency period. One delegation suggested limiting the facts or decisions upon which the protection that results from the international registration can no longer be invoked to, for example, ceasing of effect of the basic mark due to bad faith.

⁸ See document MM/LD/WG/11/4.

⁹ See document MM/LD/WG/12/4.

¹⁰ See document MM/LD/WG/13/6.

SUSPENDING (FREEZING) THE OPERATIONS OF DEPENDENCY

17. Other delegations supported a temporary suspension (freeze) of the operations of paragraphs (2), (3) and (4) of Article 6 of the Protocol with a view to determining whether removing dependency would indeed promote an increased use of the Madrid System, and indicated that:

- a temporary suspension, for a reasonable period, would allow the Working Group to analyze the different effects on Contracting Parties;
- freezing dependency would open up the Madrid System for a wider range of users who would be able to take advantage of its increasing geographical coverage in a more secure and flexible way; and,
- the temporary suspension of dependency would preserve the role of the Office of origin in the certification of the international application.

PRESERVING DEPENDENCY

18. Some delegations opposed abolishing, altering or suspending dependency because, in their view:

- discussing dependency should not be a priority;
- dependency was a fundamental principle of the Madrid System;
- dependency served the interest of small and medium enterprises, since they could undertake proceedings leading to the cancellation of the international registration within the five-year period, in their own language and in a cost efficient manner;
- eliminating dependency could be a first step towards eliminating the basic mark requirement; and
- eliminating dependency seemed unnecessary because central attack did not appear to be a widely used mechanism.

CONTINUING DISCUSSIONS

19. Finally, a number of delegations were of the view that dependency merited further analysis and discussion, and stated that:

- the findings of the survey on dependency, undertaken in 2015, warranted deeper analysis and broader discussion of the issues at stake;
- industry feedback revealed that brand owners sought a revision of the dependency period to ensure legal certainty and supported further discussion in the Working Group; and
- discussing dependency would be worthwhile and valuable, with a view to making the Madrid System more flexible and appealing for potential new members.

POSSIBLE WAYS FORWARD

20. The Working Group may wish to discuss the following possible options regarding dependency:

ABOLITION OF THE PRINCIPLE OF DEPENDENCY

21. The principle of dependency could be abolished by deleting paragraphs (3) and (4) of Article 6, while amending paragraph (2) to establish that the international registration is independent from the basic mark. However, there is no provision in the Protocol establishing a special procedure to amend Article 6. Accordingly, any proposed amendment to this Article would have to follow the general procedure in Article 11(2)(a) for a revision of the Protocol by the convening of a Diplomatic Conference.

REDUCTION OF THE DEPENDENCY PERIOD

22. The current length of the dependency period of five years creates a problem for holders wishing to use the Madrid System to obtain protection for marks to be used exclusively abroad. While several delegations have expressed their opposition to either abolishing or suspending (freezing) the operations of dependency, they have indicated a willingness to discuss a reduction of the dependency period.

23. For example, a Colombian holder wishing to obtain protection for a mark in Cyrillic script in Contracting Parties where this script is used (e.g. Belarus, Bulgaria, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan or Ukraine) would find it difficult to take advantage of the Madrid System. To use the Madrid System, the holder would be required to file an application for the registration of the mark, in Cyrillic script, in Colombia.

24. However, that Colombian national registration would be vulnerable to central attack. Under the applicable law in Colombia, the Office must cancel a domestic registration where the mark has not been used in at least one of the Member States of the Andean Community (Bolivia, Colombia, Ecuador and Peru) during the three consecutive years preceding the date on which the interested party initiated the cancellation action¹¹. In the example above, the international registration could be cancelled because the mark was not used, during the five-year dependency period, in countries that were not its intended market and which ironically, with the exception of Colombia, are not members of the Protocol.

25. To avoid the above-mentioned situation, it has been suggested that the dependency period be reduced to, for example, three years. To reduce the dependency period, paragraphs (2) and (3) of Article 6 would have to be amended by convening a Diplomatic Conference of revision of the Protocol.

REDUCTION OF THE GROUNDS

26. While the proposal to reduce the dependency period would address concerns related to the use requirement in certain jurisdictions, such proposal would not eliminate cases of ceasing of effect where the basic mark is refused *ex-officio* based on grounds that only apply in the Contracting Party of the Office of origin.

¹¹ Article 165 of Decision No. 486 of the Andean Community Decision.

27. Article 6(3) could be amended to restrict the above-mentioned facts and decisions to those resulting from a third-party action invoking, for example, bad faith. As in the cases described above, a Diplomatic Conference of revision of the Protocol would have to be convened.

ELIMINATION OF THE AUTOMATIC EFFECT OF DEPENDENCY

28. The cancellation of the international registration under Article 6(4) of the Protocol is not required for the international registration to be rendered ineffective by the ceasing of effect of the basic mark. As indicated above, according to paragraph (3) of that Article, the international registration is automatically rendered ineffective once the basic mark ceases to have effect. The international registration therefore, may be rendered ineffective not as a result of a central attack but as a result of, for example, a third-party action without any interest in attacking the international registration or without any interest in challenging the protection of the mark in any or some of the designated Contracting Parties.

29. To avoid the situation described above, Article 6(3) could be amended to eliminate the automatic effect of the ceasing of effect of the basic mark on the international registration and to restrict the facts and decisions specified therein to those resulting from a third-party action. In addition, paragraph (4) of the same Article could be amended to require that the Office of origin notify the International Bureau and request the cancellation of the international registration at the request of the third-party concerned only. Again, as it is with the cases above, a Diplomatic Conference of revision of the Protocol would be needed.

SUSPENSION OF THE OPERATIONS OF DEPENDENCY (FREEZE)

30. The possibility to suspend the operations of paragraphs (2), (3) and (4) of Article 6 of the Agreement and of the Protocol (freeze) was thoroughly dealt with at the twelfth session of the Working Group, in document MM/LD/WG/12/4. That document concerned the background of the dependency, the effects of dependency on the Madrid System, the constitutional considerations regarding the possibility to freeze the operations of a provision in a treaty, and the relevant precedents in WIPO-administered treaties and in the Madrid System.

31. Recent developments have confirmed the possibility of freezing the operations of a functioning provision in a treaty. In October 2016, the Assembly of the Madrid Union (hereinafter referred to as “the Assembly”) decided to freeze the application of paragraphs (1) and (2) of Article 14 of the Agreement¹².

32. Similarly, the Assembly could decide to freeze the operations of paragraphs (2), (3) and (4) of Article 6 of the Protocol, while ensuring such decision to be subject to periodical reviews to measure its impact. The Assembly could reverse its decision at any time, carefully preserving the rights of those holders whose international registrations benefited from the temporary measure.

¹² See document MM/A/50/3.

33. Of all the possible measures described above, this is the only measure that falls within the functions of the Assembly and that would not require convening a Diplomatic Conference of revision of the Protocol.

34. The Working Group is invited to discuss the information presented in this document and provide guidance to the International Bureau on a possible way forward.

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