

INTA Comments on the Proposal for Division and Merger of International Registrations

23 December 2015

At its thirteenth session, held in Geneva from November 2 to 6, 2015, the WIPO Working Group on the Legal Development of the Madrid System for the International Registration of Marks adopted the following conclusions on item 6 of its agenda, regarding the introduction of the recording and merger of division of the international registration:¹

"The Working Group:

(i) requested that the International Bureau, on the bases of the proposal contained in document MM/LD/WG/13/4, prepare a new proposal for the introduction of the recording of division and merger of an international registration, to be discussed at its next session, addressing all the questions raised during its thirteenth session, in particular, whether a proposed new rule should provide for:

- the option to require the payment of a fee and the fulfillment of other requirements, according to the applicable law, before an Office transmits a request for division;

- the option for this Office to transmit statements regarding the status of protection of the mark along with a request for division;

- an opt-out provision and a delayed implementation transitional provision modeled after provisions in the Patent Cooperation Treaty (PCT) System; and,

- similar provisions in the case of merger of registrations resulting from division; and,

(ii) invited delegations and observers to make further contributions to be delivered to the International Bureau within two months following the closing of its thirteenth session."

In accordance with the invitation of the Working Group, INTA's Madrid System Subcommittee of the Trademark Office Practices Committee prepared the following comments for the consideration of the International Bureau in preparing the new proposal requested by the Working Group.

As stated by the representatives of INTA during the 13th session of the Working Group, the proposal formulated by the International Bureau in document MM/LD/WG/4 is the result of over seven years of thorough consideration by the Working Group of the rationale for and practicability of allowing holders of international registrations to divide such registrations to suit their business needs. The proposal of the International Bureau, as embodied in draft Rules *27bis* and *27ter*, offers a sound basis for a balanced and practical solution to the

¹ See the Summary by the Chair of the 13th session of the Working Group in document MM/LD/WG/13/9, paragraph 17.

division issue and was unanimously welcomed and supported by user representatives. It is nonetheless acknowledged that a number of questions raised during the 13th session of the Working Group may require adjustments to draft Rules 27*bis* and 27*ter* as proposed. The Summary by the Chair referred to above identifies four questions on which it is understood that the International Bureau should focus in preparing a revised version of its proposal.

1. Option to require the payment of a fee and the fulfilment of other requirements, according to the applicable law, before an Office transmits a request for division.

Under the proposal of the International Bureau, the Office of the designated Contracting Party through which the request for the recording of a division would have to be transmitted to the International Bureau "would have to liaise with the holder, or with the locally appointed representative, and agree on the scope of the division before transmitting the request to the International Bureau. Accordingly, each Contracting Party would be at liberty to determine the requirements and processes that it deem suitable, including establishing the payment of a fee to its Office for the examination and transmission of the request to the International Bureau."² In other words, the national (or regional) law would apply, including as regards the payment of a fee. ***INTA suggests that this could be made clear in draft Rule 27bis, for example, by adding the words "once the latter has satisfied itself that the division whose recording is requested meets the requirements of its law" at the end of paragraph (1)(a) of that Rule.***

It should be understood, however, that the terms and conditions for the acceptance of the division of the international registration by the Office concerned should not be more cumbersome than those applicable to the division of a national (or regional) application or registration, as the case may be, and that the fee collected by the Office should not exceed the fee applicable to the division of such national (or regional) application or registration.

2. Option for the Office to transmit statements regarding the status of protection of the mark along with a request for division.

This option would be helpful, as it would allow such a statement to be sent to the International Bureau in the same communication hence, saving time for both the Office concerned and the International Bureau and ensuring recording of the statement without delay.

During the 13th session of the Working Group, however, the representatives of INTA drew attention to the fact that where, in a Contracting Party whose law provides for pre-registration opposition, division is requested after objections have been raised at the ex officio examination stage (i.e. before publication for opposition), the Office of that Contracting Party would not be able to include in the request for division a statement under Rule 18*ter*(1) -- because all procedures before the Office have not yet been completed. It could, on the other hand, issue a statement under Rule 18*bis*(1). ***INTA therefore suggest that draft Rule 27bis(1) be rephrased as follows:***

"(d) Any request presented under this paragraph may include a statement in accordance with Rule 18*ter*(1) or 18bis(1) for the goods and services listed in the request."

3. An opt-out provision and a delayed implementation transitional provision modelled after provisions in the Patent Cooperation Treaty (PCT) System.

² Document MM/LD/WG/13/4, paragraph 9.

As stated in the proposal of the International Bureau, "As emphasized on numerous occasions, one of the guiding principles of the introduction of division should be that holders using the Madrid System be treated no less favorably than those using the national or regional route. In other words, division of international registrations should be available in respect of Contracting Parties where the national or regional law provides for a similar mechanism regarding applications filed direct with their Office."³ Throughout the consideration of the division issue by the Working Group, INTA has consistently held that view. It is therefore considered that any opt-out provision regarding the division of the international registration should be available only to Contracting Parties whose law does not provide for a similar mechanism regarding applications filed direct with their Office. Draft Rule 27bis(6) offers an adequate formulation for such a provision.

On the other hand, it is fully recognized that Contracting Parties will require time to implement the new rules providing for division of the international registration once introduced and that such lead-time will vary from jurisdiction to jurisdiction depending on the extent of the legislative or regulatory action required and of the adaptation of existing IT systems that may be needed. **INTA recommends that a transitional provision allowing a delayed implementation of the new rules by those Contracting Parties needing it should therefore be considered.**

Such a transitional provision could, as suggested during the 13th session of the Working Group, be modeled on provisions existing in the Regulations under the PCT.⁴ **However, a deadline for the implementation of the new rules should be clearly stated, as was the case when the statement of grant of protection was made compulsory under the Common Regulations under the Madrid Agreement and Protocol.**⁵

4. Similar provisions in the case of merger of registrations resulting from division.

Merger is an existing feature of the Madrid system. It currently applies, under Rule 27(3) of the Common Regulations, to (divisional) registrations resulting from partial changes in ownership, irrespective of whether the law of the Contracting Party or Parties concerned provides for merger or not. No contracting party can refuse to recognize it. In principle, therefore, it would seem that merger of divisional registrations resulting from a division other than following a partial change in ownership should be treated in the same way as merger of divisional registrations resulting from a partial change of ownership. **During the 13th session of the Working Group, however, certain delegations raised a number of issues which INTA believes require careful investigation by the International Bureau, with a view to determining, in particular, whether they could be solved by the type of transitional provisions contemplated above.**

³ Document MM/LD/WG/13/4, paragraph 35.

⁴ See, for example, Rule 49.5(l), which reads as follows: "If, on July 12, 1991, paragraph (c-bis) or paragraph (k) is not compatible with the national law applied by the designated Office, the paragraph concerned shall not apply to that designated Office for as long as it continues not to be compatible with that law, provided that the said Office informs the International Bureau accordingly by December 31, 1991. The information received shall be promptly published by the International Bureau in the Gazette." (July 12, 1991, was the date on which the modifications concerned of Rule 49.5 were adopted.)

⁵ See Rule 40(5), which read as follows: "[Transitional Provision Relating to Statements of Grant of Protection] No Office shall be obliged to send statements of grant of protection under Rule 18ter(1) before January 1, 2011."