

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

Twenty-Second Session

Geneva, October 7 to 11, 2024

COMPILATION OF RECEIVED PROPOSALS AND OBSERVATIONS REGARDING DEPENDENCY

Document prepared by the International Bureau

1. At its twenty-first session, held in Geneva from November 13 to 17, 2023, the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (hereinafter referred to as “the Working Group” and “the Madrid System”) took note of document [MM/LD/WG/21/4](#) entitled “Dependency: Invitation To Submit Proposals on Other Possible Options Regarding Dependency” and solicited Contracting Parties, other WIPO Member States, and observer organizations to submit proposals or observations regarding dependency for their consideration at its twenty-second session.
2. Following that request, on February 12, 2024, the International Bureau sent to Contracting Parties of the Madrid System, other WIPO Member States and observer organizations Note C. M 1526, inviting recipients to submit proposals or observations on dependency no later than June 3, 2024.
3. The International Bureau has received contributions on dependency from the following seven members: Cambodia, China, Latvia, Lithuania, Madagascar, the Russian Federation and Switzerland.
4. Furthermore, the International Bureau has received contributions on dependency from the following six observer organizations: Brazilian Intellectual Property Association (ABPI), European Communities Trade Mark Association (ECTA), German Association for the Protection of Intellectual Property (GRUR), International Trademark Association (INTA), Japan Intellectual Property Association (JIPA) and the Japan Patent Attorneys Association (JPAA).

5. The said contributions are reproduced in the Annex to this document.

6. *The Working Group is invited to consider the contributions annexed to this document and express its views on further work concerning this topic.*

[Annex follows]

**COMPILATION OF CONTRIBUTIONS ON DEPENDENCY RECEIVED BY THE
INTERNATIONAL BUREAU**

I. CONTRIBUTION MADE BY THE DELEGATION OF CAMBODIA:

(Received by the International Bureau on June 27, 2024 – Original version: English)

Re: Submit proposal on other possible options regarding dependency

Dear Ms. Wang Binying,

Referring to the letter dated 12 February 2024, encouraging Contracting Parties of the Madrid System to submit to the International Bureau of WIPO proposals on dependency or observations regarding dependency for their consideration at the twenty-second session of the Working Group and after reviewing the document of the twentieth session of the Working Group, in the name of Contracting Party, Cambodia would like to consider the option of reducing the dependency period from five to three years.

Last but not least, I would like to express my sincere thanks to you and WIPO for the very good cooperation and continuous support for the improvement of intellectual property in Cambodia especially Cambodia Madrid Fellowship Program.

I look forward to working with you and strengthening our cooperation.

Please accept, Ms. Wang Binying, the assurances of my sincere consideration.

For Minister of Commerce
Secretary of State
OUK PRACHEA

II. CONTRIBUTION MADE BY THE DELEGATION OF CHINA:

(Received by the International Bureau on June 3, 2024 – Original version: Chinese)

Proposal to limit and narrow the grounds for applying dependency

Brief introduction:

To give better play to the positive role of dependency and reduce the negative impact of dependency on the Madrid System, it is proposed that the grounds for applying dependency be limited and narrowed.

I. Background

Article 6 of the Madrid Protocol (“the Protocol”) establishes the principle of dependency for the international registration of trademarks, whereby the protection of the international registration is dependent on the effect of the basic application or registration for a period of five years from the date of international registration.

In cases where the trademarks of right holders are squatted by others who consequently obtain protection in multiple Contracting Parties through the Madrid System, the existence of the dependency principle enables right holders to file requests for opposition, revocation or invalidation with the competent offices of the basic marks, thereby solving the problem of trademark squatting with a one stop “central attack”, and significantly reducing the cost of safeguarding their rights.

However, the existing dependency principle merely associates the effect of international protection to that of the basic mark, without considering the specific grounds for terminating the effect of the basic mark. This overly broadens the scope of central attack, adversely affects the certainty and fairness of international protection, and has become one of the important factors that many users are reluctant to choose the Madrid System.

Therefore, it is necessary to adapt the dependency principle to reduce its negative impact and enhance the competitiveness and friendliness of the Madrid System.

II. Content of Proposal

To give better play to the positive role of dependency and reduce the negative impact of dependency and of the overly broad scope of central attack, it is proposed that the grounds for applying dependency be limited and narrowed. The present proposal sets out the following options for limiting and narrowing the grounds for applying dependency for the Contracting Parties to choose from:

1. Dependency shall not apply in case of revocation of the basic mark due to non-use in the country of origin.
2. Dependency shall not apply in case of relative grounds for refusal of registration.
3. Dependency shall not apply in either of the aforementioned scenarios.
4. Dependency shall apply to specific grounds that involves only the public interest.

III. Benefits of limiting and narrowing the grounds for applying dependency

(i) Reducing the complexity of the Madrid System and the management cost for the registration holders.

In response to the disadvantages of the current principle of dependency, the Protocol establishes a procedure for transforming international registrations into domestic ones. But such practice increases not only the complexity of the Madrid System, but also the costs and burden for the holders to use the Madrid System. Limiting and narrowing the grounds for applying dependency will reduce the frequency and number of central attacks, and the transformation from international registrations into domestic ones will decrease accordingly.

(ii) Refraining from applying dependency in case of revocation of the basic mark due to non-use in the country of origin aligns with the current trends of international trade, and attracts more users for the Madrid System

With the booming of international trade and the rapid development of cross-border e-commerce industry, enterprises are increasingly engaging in investment and trade activities, and are seeking for trademark protection overseas. As a specialized mechanism for coordinating the international registration and protection of trademarks, the Madrid System is supposed to be an enabling tool for those users. However, in reality, the trademarks used by enterprises in overseas markets may not be suitable for use in their countries of origin due to differences in language, culture and customs. Owing to the existing dependency principle, once the basic marks are cancelled in the country of origin due to non-use for a consecutive period of three years or five years, the same marks actually used by holders in the overseas markets are at the risk of not being able to obtain protection. In order to avoid the risk, some users of the Madrid System have to symbolically use the basic mark in the country of origin to maintain its registration, but this will also increase the corresponding management costs. Some other enterprises are therefore compelled to abandon the Madrid System and instead seek overseas protection for trademarks by filing applications directly with other national offices. Contracting Parties may choose to exclude this situation from the application of the dependency and central attack, thereby enhancing the willingness of multinational corporations and foreign trade enterprises to opt for the Madrid System, so that they can enjoy the convenience brought by the Madrid System while reducing the risks and costs.

(iii) The exclusion of relative grounds for refusal of registration from central attack is conducive to enhancing the fairness and certainty of the Madrid System and promoting a balance between the effect of international and domestic protection.

The relative grounds for refusal of trademark registrations address primarily the conflict between the trademark registration and the prior application or registration of others as well as other prior rights. The basic marks may be refused, cancelled or invalidated due to such conflicting rights in the country of origin, but it is likely that the same conflicting rights do not exist in other Contracting Parties that have granted territorial extension of protection. Thus the consequential loss of the effect of the international protection is unfair to the holder, since the mark in question may not violate the law of the designated state. Such a situation leads to an imbalance between the protection of international and domestic registrations, and also increases the uncertainty as to the effect of protection of international registrations, since some potential conflicts of rights need to be detected by third party objection and evidence. This uncertainty resulting from dependency implicates all marks that have been granted protection in the designated states as well. Contracting Parties may choose to

exclude relative grounds for refusal of registration from the application of the dependency to avoid this situation and enhance the fairness and certainty of the Madrid System.

(iv) Applying dependency to specific grounds that involves only the public interest to give better play to the positive role of central attack.

In addition to being able to choose which grounds for non-application of dependency, Contracting Parties may also choose to apply dependency to specific grounds involving only the public interest. For example, the basic mark violates the provisions of forbidden use in the law of the country of origin, or is contrary to public order and morals, or the registration has been obtained through dishonest means such as deception. These circumstances are often detrimental to the public interest of the Contracting States and are prohibited by the laws of the Contracting States. Therefore, the office of origin shall be allowed to apply dependency to prevent such trademarks from obtaining protection through the Madrid route. In doing so, the majority of unjustified circumstances can be excluded from the application of dependency and central attack. In the meantime, the principle of dependency can better play its positive role to safeguard the public interest of the Contracting States and the legitimacy of international registrations.

III. CONTRIBUTION MADE BY THE DELEGATION OF LATVIA:

(Received by the International Bureau on June 3, 2024 – Original version: English)

Subject: Proposals on Dependency - Latvia

Dear Madam/Sir,

The Patent Office of the Republic of Latvia would like to provide its contribution to your kind request, made on 12 February 2024 regarding the Working Group's on the Legal Development of the Madrid System for the International Registration of Marks encouragement addressed to the Contracting Parties of the Madrid System, other World Intellectual Property Organization (WIPO) Member States and observer organisations to submit their proposals or observations regarding dependency.

The Patent Office of the Republic of Latvia kindly submits its proposal for the dependency, and it is as follows: Latvia, being a contracting party of the Madrid System, does not see any issues in maintaining the 5-year dependency period. At the same time, if discussions regarding this dependency period continue and develop, our office would see no obstacles for respective discussions to reduce the dependency period to 3 years.

Also, let me, please, express our deep gratitude for your great contribution to the activities helping shape the IP ecosystem and building networks across the IP community and for our excellent cooperation also in the future.

Yours sincerely,

Ēriks Rēķis
Acting Director

IV. CONTRIBUTION MADE BY THE DELEGATION OF LITHUANIA:

(Received by the International Bureau on June 3, 2024 – Original version: English)

WIPO: Proposals on Dependency

Dear Sir/Madam,

Following the request of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks made at its twenty-first session, to submit to the International Bureau of WIPO proposals or observations regarding dependency, the State Patent Bureau of the Republic of Lithuania (SPB) submits its position/opinion.

The current Madrid system is in line with SPB expectations and works very well. SPB could consider to support a reduction of the dependency period from 5 to 3 years, but would not prefer an option whereby the dependency or the requirement for a basic mark would be completely abolished.

Yours sincerely,

Irina Urbonė
Director

V. CONTRIBUTION MADE BY THE DELEGATION OF MADAGASCAR:

(Received by the International Bureau on June 3, 2024 – Original version: French)

Subject: Proposals on dependency – Observations of Madagascar

Madam, Sir,

In accordance with Circular No. C. M. 1526 of February 12, 2024, please find below our observations on dependency.

The issue of dependency has been examined and discussed for several years by the Working Group on the Madrid System.

Madagascar has maintained its position at those meetings, and it continues to do so.

Madagascar considers dependency to be a primary feature of the Madrid System in preserving the balance between the interests of the holder of the international registration and those of third parties with a special interest.

With the Madrid System required to evolve and adapt to the context of its use in view of international transactions and trade, on the one hand, and its intensive global use as a result of its geographical expansion, on the other hand, Madagascar supports the modernization of the System.

However, in our view, such a modernization should not consist of a radical change from a system of dependency to one of total independence, which would involve doing away with the basic mark and the role of the Office of origin, as well as the right of third parties to access a less costly procedure for querying a bad faith registration, for example (in our opinion, the availability of the system is more important than how rarely it may be used).

We would like to highlight the important role played by the Office of origin, particularly in a developing country such as Madagascar, in assisting applicants who often have few means and are worried about entering the international arena. Lastly, for our Office, this is not a question of revenue as we do not receive many international applications, but rather one of being able to provide businesses with as much support as possible so as to prepare their requests and ensure their success.

Regarding dependency, Madagascar proposes the following options:

- Consider reducing the duration from five years to three years: this option seems to have obtained the approval of a good number of those who oppose the removal of dependency;
- Maintain the basic mark and the role of the Office of origin;
- Limit the grounds for cancelling an international registration to actions taken by third parties in the context of bad faith opposition: judging by the dependency statistics already presented, cancellations under Article 6(4) of the Madrid Protocol are rarely the result of a central attack, but mainly concern cancellation by the Office of origin (refusal, non-renewal, etc.);
- Eliminate the automatic effect of dependency that is at the root of numerous losses of rights in many contracting parties and thereby enable cancellation on the basis of a request to that effect.

In conclusion, in our view, such a concession would already constitute a significant modernization of the Madrid System; the simplest option to take while meeting expectations would be to choose solutions that would avoid a diplomatic conference for the time being (suited to reviewing various aspects of the Madrid System at once). If a diplomatic conference is planned, whether for the near or more distant future, the Working Group should strive to review the Madrid System as a whole and determine which parts would require a significant change. This, however, also opens the door to other discussions, the outcomes of which are unknown.

These are our observations and proposals. We nonetheless remain open to new proposals and stand ready to continue discussions in the interest of all stakeholders and to make the Madrid System a user-friendly, low-cost and modern system that safeguards the interests of everyone, characterizing its effectiveness.

Yours sincerely,

Ms. Mathilde M. S. RAHARINONY
On behalf of the Malagasy Industrial Property Office (OMAPI)
MADAGASCAR

VI. CONTRIBUTION MADE BY THE DELEGATION OF THE RUSSIAN FEDERATION:

(Received by the International Bureau on June 3, 2024 – Original version: Russian)

Dear Ms. Wang,

In response to WIPO Circular letter dated February 12, 2024, M 1526 concerning the submission of proposals or comments on the dependency principle under the Madrid system we would like to inform you of the following.

The issues arising from the dependency principle of the international registration on the basic application/registration have been discussed at a number of sessions of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks as they affect the fundamental principles and features of operation of the Madrid System.

We believe that the development of the Madrid system should meet the interests and needs of the Madrid system users, in particular, holders of international registrations who perceive the dependency principle as a negative aspect of the Madrid system that may cause losses of their international registrations.

Given the lack of clear understanding of the particular consequences of reducing the period of or abolishing the dependency principle, we believe that it is necessary to conduct a comprehensive analysis of the possible advantages and disadvantages of a potential reduction of a period or abolishment of the dependency principle.

For this purpose, we would suggest considering the option of temporarily suspending (“freezing”) the implementation of paragraphs (2), (3) and (4) of Article 6 of the Madrid Protocol for a certain period of time.

Such an approach would provide an opportunity for Member States, users and the WIPO Secretariat to assess the practical consequences of reducing the period of or abolishing the dependency principle to make a reasonable pragmatic decision on how to proceed with respect to the amendments of the abovementioned provisions.

Look forward to the continuing the fruitful cooperation between the Russian Federation and WIPO.

Sincerely,

Yury Zubov
Head of Rospatent

VII. CONTRIBUTION MADE BY THE DELEGATION OF SWITZERLAND:

(Received by the International Bureau on July 16, 2024 – Original version: French)

Observations of Switzerland concerning the principle of dependency in the Madrid System

Introduction

The Madrid Protocol is an international treaty administered by the World Intellectual Property Organization (WIPO) which enables trademarks to be protected in multiple countries through a single procedure. One of the fundamental principles of this system is the principle of dependency, which stipulates that the international registration is dependent on the basic registration in the country of origin for a period of five years.

History of the principle of dependency

The principle of dependency was introduced through the Madrid Act of 1891 and maintained through the adoption of the Madrid Protocol in 1989. Historically, this principle was designed to ensure a measure of consistency and stability within the trademark protection system. It guarantees that trademarks are rigorously assessed in their country of origin before receiving international protection. This approach sought to minimize the risks of international disputes and litigation by using national trademark protection standards.

Why keep the principle of dependency?

- **Consistency within the system**

Dependency stems from the principle of the basic mark, and both are intrinsically linked and fundamental to the Madrid System:

1. **Basic mark:** To file an international trademark application through the Madrid System, you must already have – or have applied for – a basic mark in a member state. This basic mark forms the basis of the international registration.
2. **Dependency:** The international protection of the trademark is initially dependent on the validity of the basic mark. If the basic mark is refused, canceled or limited in the five years following the international registration, the related international registrations will be affected accordingly.

Dependency links the fate of the international registration to that of the basic mark. The aim is to guarantee that the international trademark has a solid and legitimate national basis.

Without the basic mark, there is no legal basis for the international registration. Without dependency, the essential link between the basic mark and the international registration would be missing, which would make the system inconsistent and vulnerable to abuse. Why ask the Office of origin to certify that the international application is identical to the basic mark if the international application is no longer dependent on the basic mark? What is the purpose of such a system?

Therefore, maintaining the principle of dependency ensures consistency within the international protection system for trademarks.

- **Reliability of the system**

By guaranteeing that trademarks are assessed and registered in the country of origin, only trademarks that meet strict national criteria can receive international protection. This strengthens the reliability of the system and reduces the risk of potential litigation.

Removing the principle of dependency and the requirement of a basic mark would seriously compromise the quality and reliability of international registrations. The principles of dependency for a period of five years and of the basic mark guarantee that the trademark is thoroughly assessed in its country of origin. This first assessment is an initial barrier against the registration of trademarks that could be contrary to public order or deceptive according to the legislation of the country of origin.

- **Simplicity and clarity for users and risks of international disputes**

Currently, users of the Madrid System enjoy a relatively simplified procedure. Removing the principle of dependency and creating different options for certain countries would significantly complicate the system (see the proposal (document MM/LD/WG/21/8) below).

Consistency and harmonization are the pillars of the Madrid System. If each country were able to establish different rules on dependency (or even on the requirement for a basic mark), this would go against the very aim of the system to simplify and unify trademark protection at the international level. It would create a fragmented system in which the rules and procedures would vary considerably from one country to another.

Moreover, doing away with the principle of dependency (or the requirement for a basic mark) would significantly increase the risk of international disputes. Currently, the five-year dependency period enables many potential disputes to be resolved at the national level before they become international. Without this buffer period, trademark disputes would move to the international level, multiplying the procedures between trademark owners in different countries.

The proposal made by the delegations of Australia, Chile, the Republic of Korea and the United States of America at the 21st session of the Working Group (document MM/LD/WG/21/8) – which would allow certain countries to remove the principle of dependency (and of the basic mark) while enabling others to keep the principles – is not desirable for several reasons:

1. Increased complexity: authorizing certain countries to remove the principle of dependency would make the system much more complex for users. Companies would need to navigate various sets of rules in different countries, which would increase costs and the time needed to obtain international protection.
2. Legal inconsistency and the undermining of the unity of the system: a differentiated system would create legal inconsistencies that could lead to an increase in litigation. Harmonizing rules is crucial to ensuring that the Madrid System functions effectively.
3. Undermining the stability of the system: the stability and predictability of the trademark protection system would be undermined. Users would lose confidence in a system that differs considerably between countries.

Conclusion

In conclusion, our country considers the principles of dependency and the basic mark to be intrinsically linked and therefore remains opposed to removing the principle of dependency in the international trademark protection system. We consider that this principle guarantees the consistency, reliability and simplicity that users need. The proposal to allow certain countries to remove the principle would introduce excessive complexity and legal inconsistencies that would be detrimental to the effectiveness of the Madrid System. We therefore recommend maintaining the current period of dependency but remain open to discussions on potentially reducing its duration, as we have indicated in the past. This is to ensure that the trademark protection system remains stable and predictable, in line with the majority of users' expectations.

VIII. CONTRIBUTION MADE BY THE BRAZILIAN INTELLECTUAL PROPERTY ASSOCIATION (ABPI)

(Received by the International Bureau on June 26, 2024 – Original version: English)

ABPI Position Paper on Dependency

ABPI, the Brazilian Intellectual Property Association, established in 1963, is a non-profit entity dedicated to advancing understanding and advocating for the significance of intellectual property (IP) in Brazil and globally. Bringing together a diverse coalition including companies, research institutions, universities, law firms, and IP agents, ABPI has been instrumental in fostering knowledge dissemination that promotes innovation and economic growth over its six-decade history, standing as a leading authority in the academic and legal realms pertaining to IP in Brazil. As the national representative of AIPPI and a partner of LIDC and the Global IP Network, ABPI engages in scholarly and legal dialogues concerning IP through initiatives such as convening expert groups, issuing recommendations, and providing amicus curiae support.

In view of the upcoming twenty-second session of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (Madrid Working Group Meeting), scheduled to take place in Geneva from October 7 to 11, 2024, and as per WIPO's invitation, ABPI would like to position itself on the dependency issue.

As background, we point out that the Dependency Clause was established at the beginning of the Madrid Agreement to prevent the risk of abusive and defensive filings through the link between an international registration and the basic mark in the country of origin. Such mechanism enabled a low-cost and simple removal of an international registration by a Central attack of the home application or registration, which allowed the cancellation of the international registration in all countries to which it had been extended.

The dependency period, hitherto perpetual, was restricted to five years in 1957 with the introduction of the requirement to designate territories of interest, which likewise lowered the occurrences of abusive filings. In a further attempt to attenuate the disadvantages of Dependency, the Transformation was instituted in 1989, which allowed the maintenance of an international registration in a designated country through its conversion to a national or regional application.

ABPI acknowledges the efficiency presented by the system of dependency in mitigating bad-faith applications and the consolidated and widespread understanding of its rules. Nevertheless, it is also noted that Dependency has constantly being subject to discussions, surveys and studies which aimed at its improvement and adaptability to the needs of Madrid System users and to the realities of the modern international trade.

Although efficient in combating abusive applications, the dependency term in force is perceived by many users as excessively strict and may cause real disadvantages for good faith applicants. Thus, we endorse creating an equilibrium between reducing dependency and combating bad faith applications.

In this sense, this proposal takes into consideration WIPO's document on the Future Development of the Madrid System for the International Registration of Marks (MM/LD/WG/14/4), as well as recent proposals on Dependency such as MM/LD/WG/21/8 of 2023, and agrees that the reduction of Dependency from five to three years is a realistic option, which would maintain the effectivity of the current system in preventing abusive filings whilst promoting the adoption of the Madrid Protocol by hesitant holders by limiting the uncertainty and vulnerability period faced by basic marks.

Among the benefits of reducing the dependency period to three years, we emphasize the following:

- **Harmonization of risk of non-use cancellations.** It is possible that the applicant's country of origin has a three-year period for cancellation by lack of use, which would lead to greater vulnerability of international registrations filed in these particular jurisdictions, in comparison with applications filed in countries that adopt a five-year grace period for non-use.
- **Decreased use of transformation procedures.** This practice established to diminish the downsides of central attacks is considered by many users as complex, uncertain and costly.
- **Greater predictability.** The 5-year dependency term is considered too long and creates a wide vulnerability period in which basic marks can be opposed or kept on hold by any means, not only by interested parties but also by strict examination requirements of IP Offices of their countries of origin. Thus, considering that a final decision on opposition procedures can last several years, and that an eventual cancellation of the national application or registration may result in the cancellation of the international registration in all countries it was extended to, the restriction of the Dependence period from 5 to 3 years curtails opportunities for disputes or objections.
- **Legal Certainty:** The abolition of dependency could lead to a new wave of abusive filings which would turn the Madrid System less reliable and even deterrent to good faith trademark users. On the other hand, a more reduced dependency term maintains the necessary safeguards while adopting a more agile procedural path.

Based on the above considerations, to better foster the adoption of the Madrid System with enhanced fairness and legal certainty, while aligning with the realities of the global economy and meeting the needs of both applicants for international registrations and those contesting them, ABPI supports the maintenance of the basic mark and the system of dependency with a reduction of the dependency period from five to three years.

Brazilian Intellectual Property Association - ABPI

IX. CONTRIBUTION MADE BY THE EUROPEAN COMMUNITIES TRADE MARK ASSOCIATION (ECTA)

(Received by the International Bureau on May 16, 2024 – Original version: English)

POSITION PAPER REGARDING THE DEPENDENCY OF INTERNATIONAL TRADE MARKS ON NATIONAL BASIC APPLICATIONS OR REGISTRATIONS (MADRID SYSTEM) 2024 UPDATE

I. INTRODUCTION

This statement provides an update on [ECTA's 2018 position paper](#) concerning the proposed changes in the Madrid System relating to the dependency of international trademarks on national basis applications or registrations.

There is a recent proposal to modernise the Madrid Protocol regarding the dependency issue for international trade marks put forward by a number of delegations, including Australia, Chile, Ghana, the Philippines, the Republic of Korea, and the US (hereinafter “the Proposal”).

The Proposal discusses the following options to go about the dependency:

- 1) Retain the basic mark requirement, but reduce the dependency period from 5 to 3 years

Everything would remain the same as under the existing system except for the dependency period, which would be shortened from 5 to 3 years.

- 2) Retain the basic mark requirement, but eliminate the dependency principle

The basic mark requirement would remain but, if the basic mark ceases to have effect, it would not result in cancellation of the international registration and all designations.

- 3) Eliminate both the basic mark requirement and dependency principle

A trade mark holder would simply file an international application and designate the territories for protection. Each designated Contracting Party would examine the request for extension of protection according to its national laws and decide whether to grant or refuse protection.

- 4) Eliminate both the basic mark requirement and dependency principle.

In addition to the above proposal for the abolishment of the basic mark requirement, a further suggestion is to retain a different form of a central attack mechanism.

According to such suggestion third parties may, instead of objecting to or cancelling the registration of basic mark before the competent national Offices/Courts, centrally attack the international registrations before a central, independent dispute settlement body, which could be established at the WIPO Arbitration and Mediation Center. If such a central attack was successful, the international registrations and all designations would be cancelled.

Further, the Proposal is also suggesting that Member States may choose which of the three above options of the dependency, if any, they want to retain, namely:

“If the Protocol is amended, each Contracting Party may either continue the current practice, or make a voluntary declaration to elect a new option. This would be similar to existing declarations in the Protocol to select an 18-month time limit to respond to provisional refusals and to elect individual fees. This proposal does not require Contracting Parties to immediately decide whether to choose one of the new options or which option to choose. Rather, they need only agree that the Protocol be amended to offer these flexibilities, and recommend formal adoption of the amendments by the Madrid Union Assembly.”

II. SURVEY ON THE PROPOSAL TO MODERNIZE THE MADRID PROTOCOL

In view of the above, ECTA decided to proceed with a questionnaire to hear the voice of its members regarding the Proposal and, based on results of such questionnaire, to prepare an updated Position Paper on Dependency within the Madrid System.

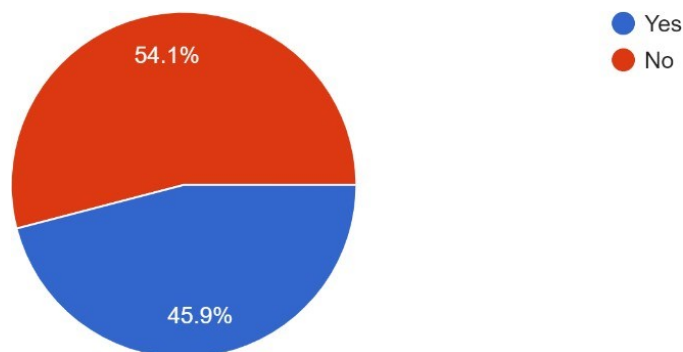
1. Details of the survey

Questionnaire distribution and analysis of responses were carried out during March - April, 2024. ECTA received responses from 74 members

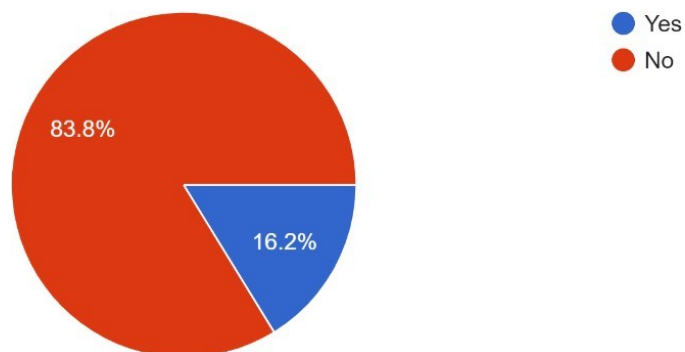
2. Results of the survey

The results of the survey are summarized below.

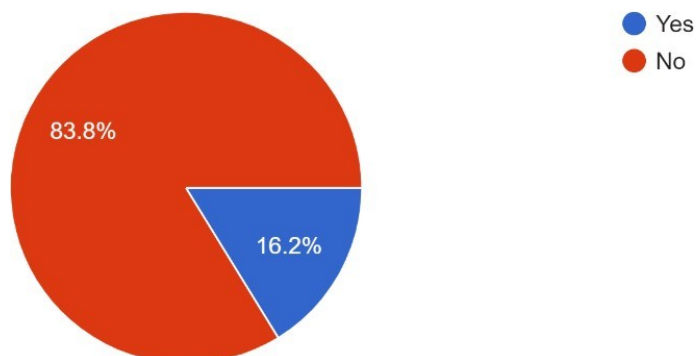
Option 1: I agree that the basic mark requirement is retained, but that the dependency period is reduced from 5 to 3 years.



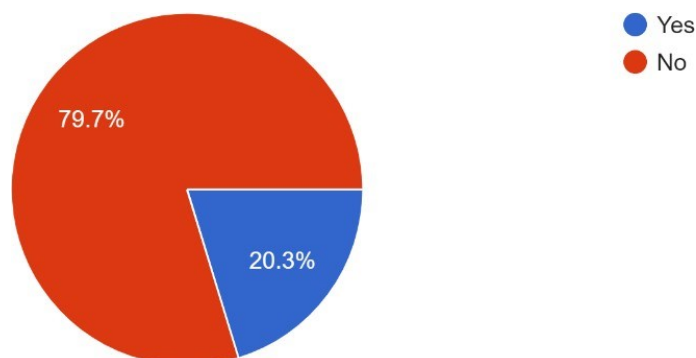
Option 2: I agree that the basic mark requirement is retained, but that the dependency principle is eliminated.



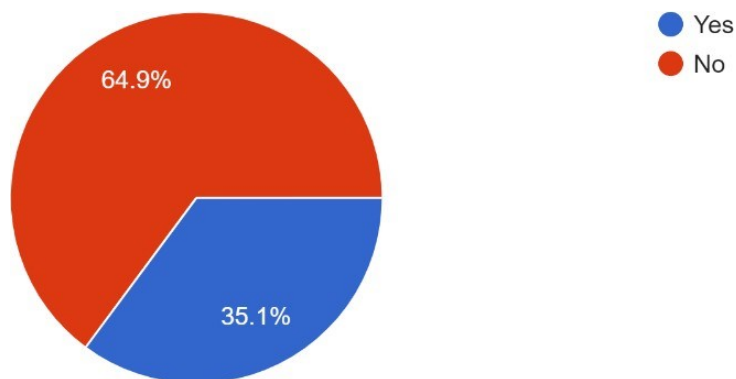
Option 3: I agree that both the basic mark requirement and dependency principle are eliminated, without the possibility of a central attack mechanism



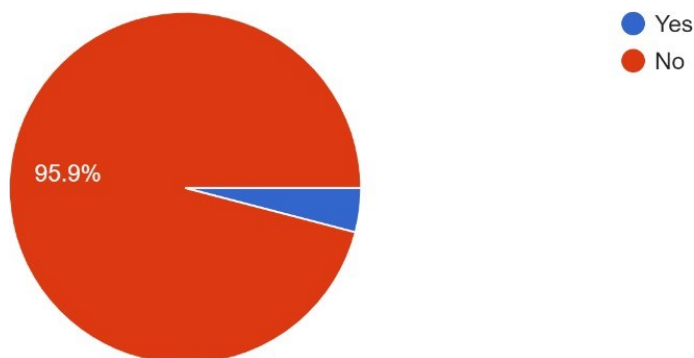
Option 4: I agree that both the basic mark requirement and dependency principle are eliminated but that there may be maintained a central attack mechanism as regards the International registration before a central, independent dispute settlement body.



Option 5: I agree that both the basic mark requirement and the dependency period of 5 years are maintained as they are.



I agree that there will be a list of countries that can choose one or the other option, resulting in 3-4 types of countries following different dependency rules.



III. ANALYSIS OF THE RESULTS OF THE SURVEY ON THE PROPOSAL TO MODERNIZE THE MADRID PROTOCOL

The results of the survey show that the vast majority of the voters (more than 83%) are against the elimination of the dependency principle (as options 2 and 3 of the proposal).

Almost 80% of the voters also expressed to be against option 4 of the proposal, i.e. to have an independent dispute settlement body handling central attack; this option in particular has prompted mixed responses, with some seeing it as a necessary modernization, while others expressing concerns about potential procedural complexity and need to clarify the related legal framework.

As far as options 1 and 5 are concerned, the results show that 54% of the voters are against the reduction of the dependency period from 5 to 3 years, while - at the same time - almost 65% of the respondents do not agree that the basic mark requirement and the dependency period of 5 years are maintained as they are; it appears there is some division among respondents regarding the proposal to change the dependency period.

The diverging opinions on this topic revealed by the survey indicate that decisions regarding the reduction of the dependency period should be made with a thoughtful analysis of their potential impacts in the trade mark landscape.

The last question on the possibility for member countries to choose among the options received almost 96% votes being against this option.

IV. CONCLUSIONS

ECTA Position Paper of 2018 emphasized the crucial link between the requirement of a basic application or registration and the dependency clause within the Madrid System. ECTA firmly advocated for maintaining the existing dependency period of 5 years, recognising it as a powerful and indispensable instrument in trade mark prosecution strategy.

ECTA confirms its position in support of the current dependency system, that still performs its aim to balance the interests of the newcomers who would like to easily and rapidly register a new trade mark in as many countries as possible through the Madrid System and, on the other hand, of those who already have a trade mark right and would like to defend it easily against possible new conflicting identical or confusingly similar trade marks.

This is confirmed by the results of the survey, with a clear majority consensus in favor of retaining the dependency clause. With respect to the reduction of dependency from 5 to 3 years, while there exists some diversity of opinions among ECTA members, the survey shows that this modification would be accepted in general by ECTA.

On the other hand, of paramount importance is the unanimous and resolute stance revealed in our survey against the adoption of a heterogeneous system for dependency and its timeframe. ECTA members stand united in opposing any scenario where individual countries could opt for various options. Instead, we advocate for a cohesive and consistent approach within the Madrid System, ensuring clarity and effectiveness in trade mark registration and protection globally.

In general, there is a recent call from broader IP community for simplifying of the IP system rather than complicating it, as it is perceived as already quite complicated, thus preventing, in particular, many SMEs from fully benefiting from it.

ECTA hopes that the above comments will be useful while we navigate these complex issues and strive for the advancement of trade mark policies that benefit all stakeholders.

ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,300 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world.

ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields.

The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
 - European Union Trade Mark Regulation and Directive;
 - Community Design Regulation and Directive;
 - Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a Non-Government Organisation (NGO).

ECTA does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy.

X. CONTRIBUTION MADE BY THE GERMAN ASSOCIATION FOR THE PROTECTION OF INTELLECTUAL PROPERTY (GRUR)

(Received by the International Bureau on May 10, 2024 – Original version: English)

German Association for Intellectual Property Law (GRUR)

Submission on Dependency under Article 6 of the Madrid Protocol

The Working Group on the Legal Development of the Madrid System for the International Registration of Marks, at its Twenty-First Session (held in Geneva November 13 to 17, 2023), invited all Contracting Parties and accredited non-governmental organizations to submit proposals to amend the dependency period set out in Article 6 of the *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks* (hereinafter referred to as “**the Protocol**”), for consideration at a later session of the Working Group.

The German Association for Intellectual Property Law (“*Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht e.V.*”, in the following “GRUR”) is a non-profit association with an academic focus. Its statutory purpose is the academic advancement and development of industrial property, copyright and competition law at the German, European and international level. For fulfilling these tasks, GRUR provides assistance to the legislative bodies and to authorities competent for issues of intellectual property law, organises conferences, workshops and continued education courses, provides financial aid to selected university chairs and research projects and also publishes four leading German professional IP law journals (GRUR, GRUR International, GRUR-RR and GRUR-Prax). With approx. 5,000 members from 60 countries, GRUR offers an umbrella for a wide range of IP professionals: lawyers, patent attorneys, judges, academics, representatives of public authorities and international organisations as well as enterprises dealing with issues of intellectual property.

Members of the GRUR Standing Committee on Trademarks have reviewed and discussed the various proposals regarding amendments to the principle of dependency under the Madrid System.

Executive summary:

GRUR supports maintaining the existing five-year dependency period. It would, however, also find a reduction to three years acceptable. Under no circumstances should the duration of the dependency period differ from one Contracting Party to another. GRUR is also opposed to making dependency dependent on the grounds for which the basic mark loses effect. Basic procedural rules must be clear and uniform and not subject to any interpretation. While GRUR sees a potentially positive effect in granting an option to third-party opponents to waive the automatic cancellation of the IR (or restrict it to certain Designated Contracting Parties), abolishing the automatic effect in its entirety would result in the Madrid System deteriorating. Temporarily suspending the operation of dependency is neither a viable nor a realistic option.

(1) INTRODUCTION AND BACKGROUND OF THE DEPENDENCY REQUIREMENT

Since the implementation of the Madrid Agreement in 1891, both the basic mark requirement as well as the dependency requirement belong to the fundamental principles on which the Madrid System is based. In its original version the Madrid Agreement even considered an International Registration (IR) as an extension of the respective national basic mark registered at the trademark office in the country of origin of the trademark owner. Hence, the original Madrid Agreement provided a permanent dependency between the basic mark and the IR. Only in 1957 the dependency period of five years from the date of the registration of the IR was introduced.

Due to the needs and expectations of economic operators, the IR later developed into a more independent trademark right which paved the way for an easier change of ownership and partial transfer of ownership. However, also these later revisions of the Madrid Agreement left the fundamental principles unaffected.

Today the Madrid System is governed by the Madrid Protocol concluded in 1989. The Protocol is still based on the same fundamental principles, namely the requirement of a basic mark and a dependency period of five years. However, the Protocol modified the basic mark requirement to the extent that the IR can also be based on a trademark application. This served to accelerate the filing process in the interest of the economic operators but did not question or alter the dependency principle as such - rather the contrary (see below). In addition, the Protocol introduced the possibility to transform the IR into respective national trademarks in case the basic mark was cancelled during the dependency period.

Therefore, although the Madrid System has been repeatedly modernized during its more than 130 years of existence, the basic mark requirement and the dependency remain as its fundamental principles. This is not simply due to the historical development of the Madrid System but because both principles reflect a reasonable balance between the legitimate interests of an IR holder on the one hand and those of the owner of earlier trademark registrations and applications on the other.

The Madrid Protocol provides the possibility to internationally expand one's domestic trademark protection by means of a single application, in one language, with a uniform list of goods and services, and for fees which regularly are substantially lower than those of corresponding national applications. Moreover, an IR according to Article 4 (1) (a) of the Madrid Protocol is protected in the designated country/-ies as from the date of registration. Hence, a designation to Germany will, as long as the IR has not been refused, be treated in the same way as a national trademark registered at the same date (Section 112 German Trademark Act) - and this irrespective of whether the basic trademark has actually been registered.

In return for these benefits, the principle of dependency allows that potential conflicts with absolute or relative grounds for refusal of protection, within a period of five years from the registration of the IR, are addressed in one singular proceeding, namely against the basic trademark. This rationale was also shared by the negotiators at the Diplomatic Conference that led to the adoption of the Madrid Protocol.¹

Considering that the requirement of a basic mark (or application) and the dependency are fundamental principles of the Madrid System it is not surprising that organizations in the field of Intellectual Property² uniformly state that, while certain modifications might be considered, the fundamental principles of the Madrid System (i.e. basic trademark requirement; dependency) as such should remain unaffected.

(2) ABOLISHING DEPENDENCY

The Madrid System provides an easy and cost-effective way to obtain trademark protection in numerous countries by means of a single application and for considerably lower fees.

These benefits of the Madrid System must be balanced to avoid that applicants may obtain trademarks without proper justification – notably in the event of (1) “bad faith”-trademark applications, and (2) third parties owning better rights, e.g. an earlier trademark. Both scenarios have in common that an assessment *ex officio* is not necessarily assured:

In case of a “bad faith”-application, the trademark office often is not aware of the factual basis to ascertain the act of bad faith. And in numerous Contracting Parties, earlier rights are not assessed *ex officio* but only upon third party opposition. The Madrid System therefore must balance the possibility for the IR holder to obtain trademark protection with one filing only and rather cost-savings, with the legitimate interest of third parties in preventing unjustified trademark registrations in a similarly cost-saving and lean process.

The principle of dependency enshrined in Article 6 (2), (3) of the Protocol is pivotal to achieve such an equitable balance. Under the initial Madrid System the requirement of a basic registration provided an important element to balance these conflicting interests: Since, at least, absolute grounds for refusal are assessed *ex officio* in all Contracting Parties prior to registration of the basic trademark, this requirement ensures that an independent body (the Office of Origin) has assessed the legitimacy of the trademark owner’s application for trademark protection. However, as (i) pursuant to Art. 3 (1) (i) of the Protocol, already a trademark *application* may be used as a basis for an IR registration and (ii) such application would already result in a fully protected trademark in all designated countries, the original balance has notably shifted to

¹ Proceedings of the Diplomatic Conference for the Conclusion of a Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, pp. 205 to 217; retrievable at https://www.wipo.int/treaties/en/preparatory-documents.html#accordion_collapse_10_a; see also Federal Supreme Court of Switzerland (Bundesgericht), decision of 5 August 2020 – 4A_97/2020; published in GRUR Int. 2021, 794.

² AIPPI, Resolution of Q 239, adopted on September 17th, 2014; ECTA Position Paper, May 16th, 2018; INTA Board resolution, March 20th, 2017; MARQUES’ Proposals for improvements to the Madrid System, June 3rd, 2016. Although all aforementioned organisations do not promote an abolition of the basic mark requirement and the dependency, they are open for modification, namely to reduce the dependency period from five to three years.

the advantage of the owner of an IR: The basic trademark is an application only, the office of origin has not completed the necessary assessment yet.

This development makes the principle of dependency and the possibility of a “central attack” resulting therefrom even more important as the second element to balance the conflicting interests. As a consequence, also the third party with a legitimate interest may contest the IR as such within one proceeding only, namely by contesting the basic application / basic registration.

GRUR stresses that recent developments have further increased the legitimate interest of owners of older trademarks in such a “central attack”: Digitalization makes it easier and faster for trademark owners to expand their business from one country to the rest of the world, which results in an increasing number of trademark conflicts. As this development applies equally to the owners of older trademarks, they likewise and increasingly see their trademarks conflict with those of IR holders.

Hence, the principle of dependency fulfils, on the one hand, an important function to balance the legitimate interests of *all* parties involved. On the other hand, the dependency, which is already limited in time does not unduly burden the IR holder. Neither the argument of additional costs for upholding the basic registration, nor the risk of cancellation due to non-use is valid. It is up to the IR holder’s discretion to decide which of its national trademarks should serve as basic registration. Moreover, the Madrid System allows the transformation of an IR into a national or regional application enjoying the same priority than the former IR (Article 9quinquies of the Protocol), which avoids any serious loss of rights even in the event of a central attack leading to the cancellation of the IR.

GRUR stresses that a comparison to the Hague Agreement is no argument to abolish the principle of dependency in the Madrid System: *The Hague Agreement concerning the international registration of Industrial Designs*, going back to 1925, does not provide for dependency. However, the situation and corresponding interests are different to the Madrid System. In the context of designs, bad faith plays a relatively small role. Moreover, the mere existence of registered designs tends to have little impact on market practices – or on the scope of protection of prior intellectual property rights. In particular, there are no dilution concerns, which often arise from the existence of third-party registrations of trademarks that collide with prior trademarks. The biggest difference to trademarks is, however, that the primary reason for invalidity of designs (i.e. lack of novelty or individual character) tends to be *global* in nature, and not tied to any one party’s prior rights. Once the facts resulting in invalidity are established in any jurisdiction in the world, such facts easily may be invoked against the design at issue also elsewhere. The situation is substantially different with respect to trademarks, the mere registration of which can give rise to significant concerns, and the cancellation of which is more complex and, usually, tied to grounds that are based upon the understanding of the trademark in different languages. Invalidation therefore often is assessed differently in different jurisdictions, and therefore must be shown to exist in each jurisdiction in question.

Summarizing, GRUR strongly objects to any attempt to abolish the principle of the central attack resulting from dependency, it being a pivotal element to balance the various stakeholders’ interests under the Madrid System.

(3) REDUCTION OF THE DEPENDENCY PERIOD

GRUR in principle supports maintaining the five-year dependency period as laid down in Article 6(2) Protocol. This is, in essence, for the reasons set out above at (2). Given the relative ease with which applicants for International Registrations can obtain protection in many jurisdictions at comparatively low cost, trademark owners with better rights have a legitimate interest in being able to attack the entire IR with all its designations with a single proceeding in a single country – and for as long as possible.

While, in most countries, bringing an opposition or invalidity action based on prior rights is relatively straightforward and will not normally require five years to prepare, this can be different where the IR (and its basic mark) was filed in bad faith. Trademark owners may not have a worldwide watch service in place so that it may take quite some time for them to become aware of the later filing. In addition, any action based on bad faith requires careful consideration and gathering of facts and evidence, often involving third-party suppliers (such as commercial investigators), and normally also prior contacts and attempts to arrive at a negotiated solution with the IR holder. This may well take close to five years to prepare thoroughly.

In addition, eliminating unused registrations from trademark registers worldwide is in the public interest. Where the basic mark is not used, normally national designations under an IR based on this mark are not used either. It makes sense to allow third parties, for as long as possible, to make use of the “central attack” option to have all these unused registrations removed in one uniform procedure. Reducing the dependency period from five years to less, e.g. three, would greatly reduce the number of occasions where the basic mark would become subject to use requirements during the dependency period. As a result, third parties would have to request cancellation on account of non-use in multiple jurisdictions, which is not desirable for public policy reasons.

That said, GRUR understands that there are **reasons for a reduction of the dependency period to three years**, such as:

- The five-year dependency rule derives from the Madrid Agreement, which required a basic registration for obtaining an IR, while an application could not serve as a basis. Where an IR is based on a pending application – and we understand that this is the majority of the cases presently – a non-use cancellation of the basic mark during the dependency period will rarely be an option. Realistically this will only apply where the national laws of Contracting Parties provide for a grace period that, while “reasonable” within the meaning of Article 5.C.1 Paris Convention, is shorter than five years – typically three years.

As such, one might see a certain disadvantage of IR holders whose basic marks are registered in such Contracting Parties as compared to those whose basic marks enjoy a five-year grace period before being subject to use requirements. While differences relating to the use requirement based on national laws and practices (such as the duration of opposition proceedings) will always occur, a reduction of the dependency period to three years would address such differences at least to a certain extent.

- Of course, if this were the aim of the proposed reduction of the dependency period, one could also consider an extension, e.g. to six years, which would mean that most basic marks registered in countries with a five-year grace period would also become subject to use

requirements during the dependency period. However, a dependency period exceeding five years is undesirable from the perspective of IR holders, who have an interest in obtaining legal certainty (to a greater degree) as to the reliability and validity of their designations under the IR.

- Another argument to support a reduction to three years could be the much-reduced administrative burden and difficulties in trademark proceedings around the world when compared to the situation when the five-year dependency period was conceived. While, again, the differences between the various Contracting Parties continue to be significant, by and large initiating proceedings anywhere in the world has become much easier from a formalities' perspective, if only on account of electronic communication, as well as (to the extent ratified) due to the Singapore Treaty on the Law of Trademarks, establishing common standards for procedural rules. As such, when balancing the interests of third parties in cancelling wide-ranging IRs by means of a central attack, on the one hand, against those of IR holders on the other, a dependency period of three years could still be a reasonable compromise.

All in all, while GRUR favours the five-year dependency rule, it would also deem acceptable a reduction to three years, with a view to modernized global communication and to equalizing – to an extent – the treatment of basic marks from different jurisdictions with different grace periods for non-use.

(4) REDUCTION OF THE GROUNDS

GRUR understands that a proposal has been made to amend Article 6(3) of the Protocol to reduce the grounds for refusal or invalidity of basic marks that will entail the consequence that the IR is deleted altogether. GRUR is decidedly opposed to this proposal.

GRUR holds that procedural rules and in particular such basic rules as the duration of the dependency period must be uniform and clear to all parties involved. In the interest of legal certainty, they must be the same for all Contracting Parties and simple to understand.

First of all, limiting the dependency to “common grounds” and exempting those that may be particular to specific countries would not appear to have much practical impact: Most cancellations or refusals of trademarks or trademark applications are based on lack of distinctiveness, descriptiveness, or generic character. These, as well as public order and morality, misleading character, and of course infringement of (or conflict with) third parties' rights, are certainly “common grounds” (see Article 6quinquies.B Paris Convention), as would be signs mentioned in Article 6ter Paris Convention. Therefore, there are very few grounds that would be limited to specific Contracting Parties, and which would deserve being exempted from the dependency rule.

Moreover, national decisions are often difficult to access and in addition less than clear as to the specific ground or grounds that have led to the refusal or cancellation of the basic trademark application or registration. It may therefore be unclear which grounds applied, or whether these are among those exempted from the consequences of dependency under Article 6(3) of the Protocol, or both.

Therefore, tying the dependency to the grounds that have led to the refusal or cancellation of the basic application or registration would invariably lead to significant uncertainties as to whether the IR as such retains its validity. In fact, already during the proceedings (opposition or cancellation), provided they were initiated during the dependency period, third parties would have difficulties finding out whether the validity of the IR as such is even at stake.

Finally, the principle of respect for national legislation of Contracting Parties should caution against an exemption of certain national grounds for invalidation, because they are not “common grounds”: If a Contracting Party decides that a certain ground to invalidate a national trademark is important, its national trademark holders will have to submit to the consequences of this legislation.

For all these reasons, GRUR is strictly opposed to an amendment of Article 6(3) Protocol whereby dependency of the IR on the basic mark is made conditional on the grounds that have led to the basic mark being refused or losing validity.

(5) ELIMINATION OF THE AUTOMATIC EFFECT OF DEPENDENCY

It has been proposed to abolish the automatic effect of the cancellation of a basic registration upon the IR. Further, Article 6 (4) of the Protocol might be amended to the avail that the cancellation of the IR would only take place if the third party having initiated the cancellation of the basic registration so requests.

In GRUR’s view, the Madrid System provides a balanced system of (i) on the one hand enabling a trademark owner to obtain in a fast, simple and cost-effective way trademark protection in most countries of the world and (ii) offsetting this possibility by granting third parties an equally easy way to attack an unjustified trademark application by attacking the basic registration, with effect upon the entire IR.

(a) GRUR presently does not see this balanced system materially affected if only third-party opponents are granted the option to extend the effect of their attack against the basic registration – as such parties retain the option of a single attack. An option may even ease an amicable settlement with the trademark owner in case the economic interest of the third party is limited to only the country of the basic registration or to a certain number of Designated Contracting Parties. However, such option in practice will have such an effect solely if:

- The third party may exercise its option until the end of the proceedings against the basic registration (as an amicable settlement in most cases will only take place during the cancellation proceedings, the third party must still have the possibility to waive or limit its option right); if the third party has to exercise its option at the beginning of its cancellation action, it most probably will exercise it to the fullest extent to safeguard its rights.
- The third party’s option may be limited to certain Designated Contracting Parties.

GRUR sees, however, also certain risks in such an option right as such a change would require all Contracting Parties to introduce into their national trademark procedures a possibility and obligation for opponents to communicate their decision regarding the effect of their cancellation action against the basic registration upon the IR. GRUR points out that:

- Practice has shown that Contracting Parties have often been reluctant or slow in implementing such national legislation – without the third party or the International Bureau having any effective possibility to enforce the rights they would have been granted under a revised Article 6 (4). This risk may, however, be mitigated to a certain extent by granting the Contracting Parties sufficient time to implement such change.
- If the third party doesn't have any knowledge of the pending IR it may abstain from actively requesting cancellation of the IR in the national proceeding even if it had a legitimate interest to cancel the IR as a whole. GRUR deems such risk acceptable as it is a generally accepted principle that every owner of certain rights is solely responsible to verify and enforce such rights.

(b) GRUR presently does not see any compelling reason to abolish the automatic effect in its entirety. It is the legitimate interest of all Contracting Parties to request equal treatment of their respective national trademark holders. If in case of *ex officio* cancellations, a Contracting Party could unilaterally decide not to request cancellation of the IR, it could safeguard its national level of trademark protection while the same trademark would enjoy protection as IR in the Designated Contracting Parties. It is easily foreseeable that this will lead sooner or later to Contracting Parties gradually reducing their requests for dependency, seeing that other Contracting Parties are doing the same – with the result, that the entire Madrid System will gradually deteriorate.

While GRUR sees a potentially positive effect in granting an option to third party opponents to waive the automatic cancellation of the IR (or restrict it to certain Designated Contracting Parties), abolishing the automatic effect in its entirety will gradually result in the Madrid System deteriorating.

(6) SUSPENDING (FREEZING) THE OPERATION OF DEPENDENCY

GRUR understands that it has been proposed to temporarily freeze the operations of paragraphs (2), (3) and (4) of Article 6 of the Protocol, eventually in conjunction with periodical reviews to measure its impact.

However, such temporary measures would result in an unacceptable confusion as to validity and legal effects of trademarks registered under the Madrid System: It would be necessary to negotiate and agree amongst the Contracting Parties, inter alia,

- the consequences for IR registered during the freeze period if the dependency is reinstated later on,
- whether a national invalidation action against a basic application has to be started during the freeze period to retain the right of the third party to invoke dependency later on, and
- to what extent the Office of Origin during the freeze period should continue to inform the International Bureau of the facts regarding the basic registration.

Further, without detailed safeguards, a trademark owner could let its national basic registration lapse during the freeze period and still retain the IR, depriving third parties of their possibility to start a central attack, as the national base mark doesn't exist any more.

Hence, GRUR opines that temporarily suspending the operation of dependency is neither a viable nor a realistic option.

Stephan Freischem
Secretary General

Dr Gert Würtemberger
President

XI. CONTRIBUTION MADE BY THE INTERNATIONAL TRADEMARK ASSOCIATION (INTA)

(Received by the International Bureau on May 30, 2024 – Original version: English)

INTA PROPOSAL ON DEPENDENCY

INTA continues to support accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”) while supporting efforts to modernise, streamline and harmonise the Madrid System with the aim to further improve certainty and fairness for its users.

The World Intellectual Property Organisation (WIPO) has invited Contracting Parties of the Madrid System, other WIPO Member States and Observers to submit proposals or observations regarding dependency, to be discussed in the Working Group on the Legal Development of the Madrid System for the International Registration of Marks (the “Working Group”), at its twenty-second session to be held in Geneva, from 7 to 11 October 2024.

To limit the adverse effects of the “central attack” and encourage increased use of the Madrid System, INTA is in favour of the reduction of the dependency period from five to three years as stated in our [2017 Board Resolution on the Madrid Protocol: Dependency Period](#).

Background

The beginning of the Madrid Agreement saw the automatic extension of every international registration to all Contracting Parties. The simplicity and significantly low fee led to a number of abusive or defensive filings. To balance the prevention of said filings with the interest of honest trademark owners, the dependency was introduced, according to which an international registration shared the fate of the basic mark in the country of origin indefinitely. This mechanism allowed for inexpensive removal of an international registration with just one proceeding.

The requirement to designate territories of interest was introduced in 1957, lowering the risk of abusive filings. To reflect these changes, the dependency period was reduced to five years from the date of the international registration.

In an attempt to further alleviate the effects of the dependency, the transformation procedure was introduced in 1989, allowing for transformation of the international registration into national or regional applications following the ceasing of effect of a basic mark. This has spurred accessions to the Protocol.

Since 1957, the dependency period has been subject to ongoing discussions. By and large, the following options are being discussed: abolishing the dependency period in its entirety, freezing the same for an undetermined period of time, reducing its duration, maintaining the status quo, and a combination of the options at will of the Member States.

A user survey conducted by the International Bureau in 2015 on Madrid Dependency Principle Issues, document MM/LD/WG/13/6 dated 5 October 2015, concluded that 58% of users viewed dependency as a disadvantage, with this negative perception being found across all regions. 62% of users were found to be in favour of abolishing, suspending or restricting dependency, likewise equally strong across all regions. 86% of users would use the system to the same extent or more if dependency did not exist, compared to 5% of users who would be less inclined to use the Madrid System without dependency. Notably, participation in the survey was balanced between holders of international registrations and legal representatives of holders, holding or with clients holding small, medium or large portfolios.

The survey has also shown that cancellations of international registrations as a result of the ceasing of effect of the basic mark, is, for the most part, unrelated to central attack. Central attack is rare and sometimes used as a pure threat in negotiations. In addition, only 20% of users have ever used the transformation procedure with 7% experiencing difficulties through each step of the procedure. The document MM/LD/WG/11/4 "Information concerning the ceasing of effect, central attack and transformation", published by the International Bureau on 22 August 2013 has shown that between 1 December 2011 and 30 November 2012 29,770 international applications were filed in participating Contracting Parties, whereas only 618 notifications of ceasing of effect, which appear to have resulted from central attack were received, amounting to only 24% of all notices of ceasing of effect.

According to recent data from the International Bureau, between 2017 and 2024, about half of all notifications of ceasing of effect of the basic mark were received by the International Bureau from the US, which are, in the majority, likely the result of maintenance requirements rather than central attack.

The 2015 survey on Madrid Dependency Principle Issues also revealed that 20% of users had filed a national application for a mark in characters other than the characters used in the country of origin for the sole purpose of using that national application as the basis for filing an international application. The use requirement has played a vital part for users considering this option. Where a Contracting Party has stricter requirements or shorter non-use grace periods and does not consider export activities to be genuine use, users have not considered an international registration as a viable option due to the perceived risks, uncertainties and potentially increased costs.

Advantages of the proposed reduction

The reduction of the dependency period to three years would have the following advantages:

- **Greater legal certainty.** While the dependency lasts five years, the central attack in which ever form (opposition, cancellation litigation, non-use cancellation application, amongst others) must only be initiated within five years. A final decision on national level may take several more years, which prolongs uncertainty. This acts as a considerable deterrent to the use of the Madrid System, as above detailed numbers have shown. Increased legal certainty will likely lead to increased use of the Madrid System.
- **Greater fairness.** Prior rights in one territory may lead to potentially even unintended cancellation of an entire international registration. It is rare that rights holders have identical territorial interest and prior rights do not normally extend to all or the majority of the effected designations. Further, national laws vary substantially and users in Member States with stricter examination requirements may be disadvantaged by objections on national level. Large cooperations may overcome this issue by filing basic mark applications through

subsidiaries in territories where objections or a successful central attack are unlikely. However, SMEs will rarely be able to circumvent the dependency in the same way. A shorter dependency period leaves less room for attacks/objections.

- **Less need for the transformation procedure.** In some Contracting Parties the transformation procedure is complex and burdensome for users, leading potentially to an irreversible loss of rights in a territory in which the third party initiating the central attack had no prior rights.
- **Harmonised risk of non-use.** If the applicant's country of origin has a five-year grace period for non-use, a non-use action will unlikely lead to the ceasing of effect of the international registration as most applications for international registrations are filed within a short time frame from the basic mark application. As the five-year dependency counts from the date of the international registration which tends to be quicker than national registrations, the five-year dependency term will in many cases have expired by the time the national registration becomes vulnerable for non-use. On the other hand, where a Contracting Parties' grace period is only three years, non-use cancellation actions may more often lead to the loss of the international registration. Where an applicant seeks protection of a trademark in jurisdictions other than its own, e.g. in export countries for a mark in characters which will not be used in the country of origin with a non-use grace period of only three years, the reduction of the dependency to three years to tie in with the grace period for non-use would prevent loss of rights and increase the use of the Madrid System.
- **Reduction in workload.** A shorter dependency period would reduce the workload of the International Bureau, the Offices of Contracting Parties and users as well as user representatives, as the number of transactions affected by the dependency principle would be reduced.
- **Reflecting the realities of international trade.** The Madrid Agreement originated at a time when international trade was constrained by linguistic differences. That no longer holds true, and international trade is conducted at a much faster rate. The current length of the dependency period does not reflect this. A greater certainty in the status of an international registration would benefit users of the Madrid System in preparing for and participating in international trade.
- **Sovereignty of Contracting Parties.** A successful attack of the basic mark would lead to cancellation in territories where different rules exist and an attack may have been unsuccessful, i.e. a foreign system decides on the validity of a registration.
- **Increased harmonisation of international registration systems.** The Hague System for the International Registration of Industrial Designs has no equivalent to the basic mark requirement or dependency and has been very successful.

Conclusion

Echoing our [2017 Board Resolution on the Madrid Protocol: Dependency Period](#), the benefits of a reduction of the dependency period from five to three years are plentiful. The reduction would strike a better balance between parties seeking international registrations and those interested in challenging international registrations. It would also reflect international trade in modern times. We hope our comments remain useful. Should you wish to further discuss any of the points we have raised or additional issues, please contact Tat-Tienne Louembe, Chief Representative Officer- Europe and IGOs, at TLouembe@inta.org.

XII. CONTRIBUTION MADE BY THE JAPAN INTELLECTUAL PROPERTY ASSOCIATION (JIPA)

(Received by the International Bureau on May 14, 2024 – Original version: English)

Re: Invitation to Contracting Parties of the Madrid System, other WIPO Member States and Observer Organizations to Submit Proposals Regarding Dependency

Dear Ms. Binying

We, the Japan Intellectual Property Association or “JIPA”, is a non-profit, non- governmental organization, which has 990 members (as of April 10, 2024). It represents industries and users of the intellectual property (IP) system and provides related institutions all around the world with well-timed, suitable opinions on the improvement of their IP systems and their utilization. For further information regarding JIPA is available at <http://www.jipa.or.jp/>.

Regarding the “Invitation to Contracting Parties of the Madrid System, other WIPO Member States and Observer Organizations to Submit Proposals Regarding Dependency” received in the letter dated February 12, 2024, we would like to submit the following statements.

Proposals Regarding Dependency

(1) Impact Assessment of Dependency Relaxation

We support the relaxation of dependency from 5 years to 3 years, but believe it is necessary to assess the impact of this relaxation.

As part of the impact assessment, we propose that WIPO take the lead for a certain period to investigate the increase in oppositions to international registrations in each designated country, and report the findings at a working group or other forum.

We also propose that WIPO set up a dedicated online suggestion box on websites it operates, such as the WIPO IP Portal, to directly collect cases affected by the relaxation of dependency from users and others, and report these cases at a working group or other forum.

(2) Remedies for Users

To maintain a deterrent against bad-faith applicants after the mitigation of dependency, we propose the establishment of new remedies in connection with the cancellation of International Registration.

As the first remedy, we propose the creation of a procedure to maintain international registration after a central attack.

The procedure to maintain international registration after a central attack involves the right holder paying a certain additional fee within a specific period to maintain their international registration. (This procedure is similar to subsequent designation but is a different procedure.)

The creation of this procedure gives the chance for the genuine right owners to maintain their rights with filing one Transformation form and less cost compared from conventional Transformation or direct applications to each Offices, while imposing the higher economical and mental pressure on the bad faith applicants to maintain IRs due to the additional fee for this new Transformation procedure. At the same time, this allows the International Bureau or the offices of each designated country to provide all the benefits of international registration to the right holder without compromising their revenue or incurring significant operational costs. The simple system also enables attorneys to explain the remedy more easily to their clients.

As a second remedy, we propose the introduction of a cancellation system for international registrations by WIPO.

The cancellation system for international registrations by WIPO allows genuine right holders who have been harmed by malicious international registrations to apply to WIPO for cancellation, and WIPO decides whether to maintain the international registration in each designated country.

The establishment of this system will make the relaxation of dependency a deterrent against malicious right holders, allowing genuine users to receive a uniform standard of judgment without being subject to the varying laws and regulations of each designated country. Therefore, the establishment of this system is beneficial for maintaining the order of the global economy in the 21st century.

To avoid confusion due to the change in the system of dependency relaxation, we believe it is best to introduce the relaxation of dependency and the enhancement of remedies for users simultaneously and to investigate and assess the impact of their introduction. However, we support WIPO even if the order is to first relax dependency, then investigate and assess its impact, and finally strengthen remedies for users.

(3) Suspension or Abolition of Dependency

Due to the potential increase in malicious trademark applications caused by the relaxation of dependency from 5 years to 3 years and the introduction of new languages, we propose not to consider the suspension or abolition of dependency as an agenda item until the results of the impact assessment proposed in (1) and the establishment of the remedy system and the plan for new language introduction proposed in (2) are confirmed.

We believe that all rules and systems under the Madrid Protocol should be simple and balanced, and it is not advisable to proceed with the relaxation of dependency alone hastily.

JIPA looks forward to participating in the Madrid Working Group meeting.

Yours sincerely,

Koji SAITO
Managing Director of JIPA

XIII. CONTRIBUTION MADE BY THE JAPAN PATENT ATTORNEYS ASSOCIATION (JPAA)

(Received by the International Bureau on May 30, 2024 – Original version: English)

Re: Proposals on Dependency

Dear Ms. Binying:

At the Japan Patent Attorneys Association (JPAA), we would like to express our appreciation for this opportunity to present our opinion on the above-referenced subject matter. JPAA is an association of all patent and trademark attorneys, who have an obligation to join and register themselves before practicing in any aspects of intellectual property, including patent, design, trademark and copyright in Japan. As of April 1, 2024, more than 11,745 patent and trademark attorneys belong to our association.

It is premature to make a decision to abolish basic requirements and dependency, as there has been little discussion about what kind of system would be introduced if basic requirements and dependency were abolished. Furthermore, if new languages are introduced, there is a possibility that number of bad faith applications will be increased, so discussions should be carried out carefully. As a user organization, we cannot support to introduce a system that is unclear.

The following points, for example, should be carefully discussed:

- System for applying international applications for users who cannot use Madrid e-filing system if user need to apply international applications directly to the International Bureau.
- Possibility to limit the person who can apply international applications to the applicant or a lawyer/patent attorney from each contracting party in order to maintain international order and prevent delays in processing at the International Bureau, if user need to apply international applications directly to the International Bureau (not through the office of origin)(This is similar to PCT article 10 and 49, PCT regulations 83.1 2).
- Possibility to continue to apply with the office of origin especially for start-up, small and medium-sized enterprises that would like to have an option of application and consultation in their own language.
- Possibility to introduce self-designation system similar to the Hague system.
- Alternative system to central attack (including whether International registration is to be cancelled if the self-designated registration is cancelled in certain period of time).
- If a central, independent dispute settlement body is to be established at the WIPO Arbitration and Mediation Center as an alternative to current central attack, it's mechanism for detail.
- Possibility of introduction of DAS.

Thank you very much for your attention in this matter. JPAA looking forward to contributing the productive discussions.

Sincerely,

SUZUKI Kazunori President
Japan Patent Attorneys Association

[End of Annex and of document]