

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

**Twenty-First Session**  
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### **PROPOSED AMENDMENTS TO THE REGULATIONS UNDER THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS**

*Document prepared by the International Bureau*

1. This document proposes amendments to Rules 32 and 35 of the Regulations Under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to, respectively, as “the Regulations” and “the Protocol”). These proposals support the ongoing process of simplifying the Regulations and making the Madrid System for the International Registration of Marks (hereinafter referred to as “the Madrid System”) more user-friendly for applicants and holders, Offices of Contracting Parties and interested third parties. The proposals are reproduced in the Annex to this document.

#### **EDITORIAL AMENDMENT TO RULE 32(2)**

2. In July 2023, at its fifty-seventh (25<sup>th</sup> ordinary) session, the Assembly of the Madrid Union adopted amendments to Rule 32(2)(i) of the Regulations, which erroneously provides for the publication of notifications sent by Contracting Parties under Rule 40(7) of the Regulations. Instead, Rule 32(2)(i) should refer to notifications sent under Rule 40(8) of the Regulations.

3. Rule 40(7) of the Regulations provides for a transitional provision regarding the application of Rule 21(3)(d) of the Regulations, which concerns partial replacement. Rule 40(8) of the Regulations, which the Assembly of the Madrid Union also adopted in July 2023, gives Contracting Parties the possibility to postpone the application of certain provisions in Rules 17 and 18 of the Regulations upon the sending of a notification to the International Bureau.

4. Consequently, it is proposed to amend Rule 32(2)(i) of the Regulations by replacing the incorrect reference to Rule 40(7) of the Regulations with a reference to Rule 40(8) of the Regulations.

## **RECALCULATION OF THE AMOUNTS OF INDIVIDUAL FEES IN SWISS FRANCS**

### **INTRODUCTION**

5. The International Bureau has received complaints from users of the Madrid System concerning what they perceive to be higher fees for designating certain Contracting Parties under the Madrid System, relating to the fees users would pay to file applications directly with the Offices concerned.

6. Following up on these complaints, the International Bureau compared the amounts of the individual fees under the Madrid System and the domestic fees in the most designated Contracting Parties and concluded that fluctuations in the exchange rates and the current requirements to trigger the recalculation of the amounts of those fees in Swiss francs by the International Bureau are negatively affecting users of the Madrid System.

7. Rule 35 of the Regulations sets out how to calculate the amounts of the individual fees in Swiss francs as well as when to update such calculation. This document proposes amendments to Rule 35(2)(c) and (d) of the Regulations to remedy the situation described above.

### **THE PROCEDURE FOR CALCULATING THE AMOUNTS OF INDIVIDUAL FEES IN SWISS FRANCS**

8. Contracting Parties that declare that they wish to receive an individual fee in accordance with Article 8(7) of the Protocol must indicate the amounts of such individual fee in the currency used by their Offices, as prescribed in Rule 35(2)(a) of the Regulations. As of June 2023, 71 Contracting Parties have made such declaration. These Contracting Parties may change those amounts in subsequent declarations made under Article 8(7) of the Protocol.

9. When the above-mentioned currency is other than Swiss francs, the Director General of the World Intellectual Property Organization (WIPO) must establish the amounts of the individual fee in Swiss francs based on the official exchange rate of the United Nations (UN) applicable on the date on which the Contracting Party concerned made the declaration under Article 8(7) of the Protocol. For this purpose, the Director General of WIPO uses the UN operational rates of exchange, which the UN updates twice a month.\*

### **RECALCULATION DUE TO FLUCTUATIONS IN THE EXCHANGE RATE**

10. The UN operational rates of exchange between the Swiss franc and other currencies may increase or decrease over time. A higher rate of exchange relative to the one used to establish the amounts of an individual fee would result in a higher amount in Swiss francs, making the use of the Madrid System more expensive. Conversely, a lower rate of exchange would result in a lower amount in Swiss francs, making it less expensive.

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\* The UN operational rates of exchange are available at:  
<https://treasury.un.org/operationalrates/OperationalRates.php>.

11. Rule 35(2)(c) and (d) of the Regulations deal with fluctuations in the exchange rate used to establish the amounts of individual fees in Swiss francs. The Rule establishes a two-tier threshold for the recalculation of said amounts and provides for their recalculation either at the request of the Office concerned or at the initiative of the International Bureau.

#### Recalculation at the Request of the Office Concerned

12. Under Rule 35(2)(c) of the Regulations, the Office of a Contracting Party may request that the Director General of WIPO recalculate the amounts of its individual fee in Swiss francs when the exchange rate has remained at least five per cent higher or lower for more than three consecutive months.

13. Very few Offices take advantage of this provision to present requests under Rule 35(2)(c) of the Regulations. For example, in the period between January 2017 and June 2023, the Director General of WIPO received only three such requests. In contrast, a review of the exchange rate situation in June 2023 suggests that the Offices of 20 Contracting Parties could have presented such request.

#### Recalculation Initiated by the International Bureau

14. Under Rule 35(2)(d) of the Regulations, the Director General of WIPO must recalculate the amounts of the individual fee in Swiss francs when the exchange rate has remained at least 10 per cent lower for more than three consecutive months.

15. WIPO's Finance Division monitors the UN operational rates of exchange, and the Director General of WIPO recalculates the amounts of the individual fees in Swiss francs as soon as it is required under Rule 35(2)(d) of the Regulations. For example, in the period between January 2012 and June 2023, the Director General of WIPO recalculated the amounts of the individual fees in Swiss francs 56 times.

#### Impact of Exchange Rate Fluctuations on Users of the Madrid System

16. In recent years, a slow pace in exchange rate fluctuations between the Swiss franc and certain currencies has resulted in protracted periods in which the difference between the most recent exchange rate and the one used to establish the amounts of individual fees in Swiss francs sits below the threshold that would trigger a recalculation by the International Bureau. There are currencies with differences of up to nine per cent, and for which the Offices concerned might not be aware of the possibility to request a recalculation.

17. The above negatively affects users of the Madrid System, who must pay relatively higher amounts in Swiss francs, compared to the UN operational rate of exchange applicable when fees are paid. The difference could be significant when the amounts of the individual fee are high.

#### Proposed Amendments to Rule 35(2)(c) and (d) of the Regulations

18. This document proposes to amend Rule 35(2)(d) of the Regulations to require that the Director General of WIPO recalculate the amounts of the individual fees in Swiss francs when the exchange rate has remained at least five per cent lower for more than three consecutive months.

19. The proposed amendments would lower the threshold to trigger a recalculation by the International Bureau of the amounts of the individual fees in Swiss francs, to the benefit of the users of the Madrid System, thus ensuring that the amounts the users pay remain comparable to the amounts they would have paid had they filed directly with the Offices concerned.

20. As a consequential amendment, this document proposes to amend Rule 35(2)(c) to continue to provide Offices with the possibility to request that the Director General of WIPO recalculate the amounts of the individual fee in Swiss francs when the exchange rate has remained at least five per cent higher for more than three consecutive months.

21. The proposed amendments to Rule 35 would not negatively affect Contracting Parties. They mainly concern the practices of the International Bureau and, in particular, of the Finance Division of WIPO, which is already monitoring fluctuations in the exchange rate to identify the cases in which a recalculation can be requested by an Office or must be initiated by the International Bureau. These proposed amendments are important as they would preserve cost-effectiveness as one of the features of the Madrid System, for the benefit of users, while ensuring that Contracting Parties continue to receive the amounts of their individual fees, as specified in the declarations made under Article 8(7) of the Protocol.

#### **DATE OF ENTRY INTO FORCE**

22. It is suggested that the proposed amendments to Rules 32(2)(i) and 35(2)(c) and (d) of the Regulations enter into force on November 1, 2024.

23. *The Working Group is invited to:*

*(i) consider the proposals made in the present document; and,*

*(ii) recommend to the Madrid Union Assembly the adoption of the proposed amendments to the Regulations, as presented in the Annex to this document or in amended form, for entry into force on November 1, 2024.*

[Annex follows]

## PROPOSED AMENDMENTS TO THE REGULATIONS UNDER THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS

### Regulations Under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks

as in force on November 1, ~~2023~~2024

[...]

#### Rule 32 Gazette

[...]

(2) *[Information Concerning Particular Requirements and Certain Declarations of Contracting Parties]* The International Bureau shall publish in the Gazette

- (i) notification made under Rules 7, 17(7), 20bis(6), 27bis(6), 27ter(2)(b) or 40(6) and ~~(7)~~(8) and any declaration made under Rule 17(5)(d) or (e);

[...]

[...]

#### Rule 35 Currency of Payments

(1) *[Obligation to Use Swiss Currency]* All payments due under these Regulations shall be made to the International Bureau in Swiss currency irrespective of the fact that, where the fees are paid by an Office, that Office may have collected those fees in another currency.

(2) *[Establishment of the Amount of Individual Fees in Swiss Currency]*

- (a) Where a Contracting Party makes a declaration under Article 8(7)(a) of the Protocol that it wants to receive an individual fee, the amount of the individual fee indicated to the International Bureau shall be expressed in the currency used by its Office.
- (b) Where the fee is indicated in the declaration referred to in subparagraph (a) in a currency other than Swiss currency, the Director General shall, after consultation with the Office of the Contracting Party concerned, establish the amount of the individual fee in Swiss currency on the basis of the official exchange rate of the United Nations.
- (c) Where, for more than three consecutive months, the official exchange rate of the United Nations between the Swiss currency and the other currency in which the amount of an individual fee has been indicated by a Contracting Party is higher ~~or lower~~ by at least 5% than the last exchange rate applied to establish the amount of the individual fee in Swiss currency, the Office of that Contracting Party may ask the Director General to establish a new amount of the individual fee in Swiss currency according to the official exchange rate of the United Nations prevailing on the day preceding the day on which the request is made. The Director General shall proceed

accordingly. The new amount shall be applicable as from a date which shall be fixed by the Director General, provided that such date is between one and two months after the date of the publication of the said amount in the Gazette.

- (d) Where, for more than three consecutive months, the official exchange rate of the United Nations between the Swiss currency and the other currency in which the amount of an individual fee has been indicated by a Contracting Party is lower by at least ~~10~~5% than the last exchange rate applied to establish the amount of the individual fee in Swiss currency, the Director General shall establish a new amount of the individual fee in Swiss currency according to the current official exchange rate of the United Nations. The new amount shall be applicable as from a date which shall be fixed by the Director General, provided that such date is between one and two months after the date of the publication of the said amount in the Gazette.

[End of Annex and of document]