

## **Working Group on the Development of the Lisbon System**

### **First Session Geneva, June 11 and 12, 2018**

#### FINANCIAL SUSTAINABILITY OF THE LISBON UNION

*Document prepared by the International Bureau*

1. At its fifty-fifth series of meetings (October 5 to 14, 2015), the Assemblies of the Member States of WIPO and of the Unions, each as far as it was concerned, “noted the decision of the Lisbon Union Assembly<sup>1</sup> to adopt measures by the 2016 Assemblies to eliminate the Lisbon Union’s projected biennial deficit, as described in the WIPO Program and Budget for the 2016/17 biennium (1.523 million Swiss francs)”. The Assemblies also decided “to approve a loan from the reserves of the Contribution-financed Unions to the Lisbon Union in order to fund the operations of the Lisbon System for the 2016/17 biennium, in case such measures are not sufficient to cover its projected biennial deficit. Such loan shall be provided on the basis that no interest shall be payable and that it would be repaid when the Lisbon Union reserves would allow it to do so” (document A/55/13, paragraphs 231 and 235).
2. At its thirty-third (12th extraordinary) session (October 3 to 11, 2016), the Assembly of the Lisbon Union decided that the payment of subventions under Article 11(3)(iii) of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration would constitute measures to eliminate the projected biennial deficit of the Lisbon Union (document LI/A/33/3, paragraph 28(iii)). Those subventions amounted to a total of 1,323,488 Swiss francs for the 2016/17 biennium.

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<sup>1</sup> See document LI/A/32/5, paragraph 73(i) and (ii).

3. In accordance with the decision of the Assemblies of the Member States of WIPO and of the Unions mentioned in paragraph 1, above, the Contribution-financed Unions have assumed the financing of the 75,550 Swiss francs deficit of the Lisbon Union in the 2016/17 biennium<sup>2</sup>. The amount will be reimbursed by the Lisbon Union to the Contribution-financed Unions as soon as the level of reserves of the Lisbon Union so allows.

4. At its thirty-fourth (22nd ordinary) session (October 2 to 11, 2017), the Assembly of the Lisbon Union "extended the mandate of the Lisbon Working Group with a view to allowing further discussions on the development of the Lisbon System, including solutions for its financial sustainability" (see document LI/A/34/4, paragraph 38(ii)).

5. With regard to the discussions relating to the financial sustainability of the Lisbon Union, the attention of the Working Group is also drawn to paragraph 88 of document A/57/12 (General Report):

"The Assemblies of WIPO, each as far as it is concerned:

(i) Agreed to approve the Proposed Program and Budget for the 2018/19 biennium (document A/57/6);

(ii) Recalled that, in accordance with the Treaties of the fee-financed Unions, each Union should have revenue sufficient to cover its own expenses;

(iii) Noted that fee-financed Unions with a projected biennial deficit in the 2018/19 biennium should examine measures in accordance with its own treaty to address that deficit;

(iv) Noted that if any Union in any given biennium does not have sufficient revenue and reserves to cover its projected expenses, the amount required to fund the operations of such Union is provided from the net assets of the Organization and is disclosed in the financial statements of the Organization and is to be repaid when the reserves of such Union allow it to do so;

(v) Decided that in accordance with (iv) above, for the 2018/19 biennium, if any fee-financed Union does not have sufficient revenue to cover its expenses, the required amount mentioned in (iv) shall be provided from the reserves of the Contribution-financed Unions, if those reserves are fully sufficient, otherwise from the reserves of the other Fee-financed Unions."

*7. The Working Group is invited to consider the content of the present document.*

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<sup>2</sup> In the biennium 2016/17, the total revenue of the Lisbon Union amounted to 2,358,564 Swiss francs with total expenses amounting to 2,434,114 Swiss francs. The resulting deficit for the biennium 2016/17 amounted to 75,550 Swiss francs (figures are subject to financial audit for 2017).