

**EXPLANATORY MEMORANDUM TO
THE TRADE MARKS AND TRADE MARKS (FEES) (AMENDMENT) RULES 2008**

2008 No. 11

1. 1.1 This explanatory memorandum has been prepared by the Department for Innovation, Universities and Skills and is laid before Parliament by Command of Her Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

2.1 This instrument introduces a procedure whereby an applicant for a UK national trade mark can request (subject to the payment of an additional fee of £300) that the application be examined within 10 business days following its filing date. In the event that an examination report is not sent to the applicant within that period, the additional fee will be repaid to the applicant.

3. Matters of special interest to the Joint Committee on Statutory Instruments.

3.1 None

4. Legislative Background

4.1 This instrument amends the Trade Marks Rules 2000 (“the Rules”) and the Trade Marks (Fees) Rules 2000 (“the Fees Rules”) and introduces a procedure under which an applicant may request expedited examination of his trade mark application; the policy background is discussed in more detail below. The Rules and Fees Rules set out the procedural rules and fees payable under the Trade Marks Act 1994 (“the Act”). More specifically, the proposed amendments to the Rules underpin Section 37 of the Act which outlines the requirement on the Registrar of Trade Marks to examine a trade mark in order to ascertain whether it satisfies the requirements of the Act.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The UK Intellectual Property Office (UK-IPO) is one of the fastest registering authorities at examining new trade mark applications and currently routinely examines applications within one month. Despite this, there may be circumstances when an applicant may wish to get their trade mark examined even more quickly (for example, if they wish to launch a new product on the market within a short timescale). This was recognised by Andrew Gowers' independent review (commissioned by the Chancellor of the Exchequer) into the UK intellectual property framework.

7.2 Following Gowers' recommendation, the UK-IPO consulted on a mechanism to allow an applicant to request that his trade mark be examined within 10 business days following its date of filing. It was proposed that such a request should be subject to an additional fee (on top of the application fee and class fees) of £300 and that the application containing the request should be filed electronically using the on-line filing system available on the UK-IPO website. If, however, the UK-IPO fails to send the examination report to the applicant within 10 business days then the £300 fee will be repaid.

7.3 The vast majority of the responses to consultation were positive, however, no one suggested that demand for the service would be high. This is the intended policy effect as the "standard" service is regarded by its users as one of the best in the world in terms of both speed and quality. The new service should therefore only be required from time to time when particular circumstances arise. The policy objective is simply to provide applicants with an additional choice of being able to request a very fast turnaround when required.

8. Impact

8.1 An Impact Assessment is attached to this memorandum

8.2 The impact on the public sector is nil.

9. Contact

9.1 Oliver Morris at the UK-IPO (an executive agency of the Department for Innovations, Universities and Skills) can answer any queries regarding this instrument. Tel: 01633 814287 or e-mail: oliver.morris@ipo.gov.uk

Summary: Intervention & Options

Department /Agency: Department for Innovation, Universities and Skills	Title: Impact Assessment of the Trade Marks and Trade Marks (Fees) (Amendment) Rules 2008	
Stage: Final	Version: 2	Date:
Related Publications: "Fast Track Consultation" & "Fast Track Consultation Response"		

Available to view or download at:

<http://www.ipo.gov.uk>

Contact for enquiries: Oliver Morris

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What is the problem under consideration? Why is government intervention necessary?

The United Kingdom Intellectual Property Office (UK-IPO) is one of the fastest registering authorities at examining new trade mark applications (routinely taking only one month from filing to examine new applications). However, there are circumstances when an applicant may wish to secure an even faster time to first examination e.g. in order to launch a product to market within a short timeframe or to speed up registration in order to launch infringement proceedings. This could be applicable to all businesses regardless of their size. Government intervention is therefore required to provide a mechanism to fast track examination.

What are the policy objectives and the intended effects?

The policy objective is to provide a fast track service, upon request by the applicant, and subject to a fee, in the examination of new trade mark applications. The objective and intended effect is to examine the trade mark, when such a request is made, within 10 business days following its application date; if the UK-IPO fails to deliver this then the fee will be refunded.

What policy options have been considered? Please justify any preferred option.

The options were to either introduce the proposal or to let all cases be examined within the standard timeframe (which is regarded as fast). We believe that the proposal has merit as it gives a choice, subject to the payment of a fee of £300 (additional to the usual application fee of £200 and £50 for any extra classes), as to whether applicants wish their application to be examined more quickly. In assessing the level of fee, consideration was given to whether a lower fee could be levied, however, analysis and forecast of demand was such that a lower fee would run the risk of the fast-track service being inundated which would have a major detrimental effect on standard applications. The fee proposed is not regarded as one that would prevent an applicant with a business need from accessing the service. This analysis

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The system will be continually reviewed, but, a formal review will take place one year from implementation. Implementation is planned for 6 April 2008 so formal review will take place in April 2009.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Lord Triesman.....Date: 8th January 2008

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' This is an optional service so no monetised costs arise.	
	One-off (Transition) Yrs		
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0	Total Cost (PV)	£ 0
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' This is an optional service so no monetised benefits arise.	
	One-off Yrs		
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 0	Total Benefit (PV)	£ 0
Other key non-monetised benefits by 'main affected groups'			

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?	UK
On what date will the policy be implemented?	6 April 2007
Which organisation(s) will enforce the policy?	UK-IPO
What is the total annual cost of enforcement for these organisations?	£ 0
Does enforcement comply with Hampton principles?	Yes
Will implementation go beyond minimum EU requirements?	No
What is the value of the proposed offsetting measure per year?	£ 0
What is the value of changes in greenhouse gas emissions?	£ 0
Will the proposal have a significant impact on competition?	No

Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of £ 0	Decrease £ 0	Net Impact	£ 0

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Summary

The UK-IPO is an executive agency of the Department for Innovation, Universities and Skills and is responsible, amongst other things, for granting trade mark registrations at national level. Some 40,000 new applications are received each year which, before they are accepted for registration, are examined to ensure that they satisfy the requirements for registration. This can be a complex task; many judgments of the UK Courts and the European Court of Justice have to be taken into account during this examination process.

Most applications are examined within 4 weeks of their filing. This, compared to the speed of other registering authorities, is regarded as a relatively fast turnaround. Irrespective of this, a recent independent review, commissioned by the Chancellor of the Exchequer, was conducted by Andrew Gowers into the UK Intellectual Property Framework. One of the recommendations, which was subsequently accepted by the Government, was that fast track processing, subject to the payment of a higher fee, should be pursued in order to speed up the process, when required, by the applicant in a particular case.

Proposal

The proposal is that if a request is made for fast track examination, the UK-IPO will examine it within 10 business days following the date the application was filed. A fast track application will be the subject of a "premium" fee of an additional £300 per application. The fast track service will be regulated by amendments to the trade mark rules (via the statutory instrument detailed in the title of this impact assessment) and will set out the framework under which accelerated examination will operate.

Detail

The fast track service is not intended to become the norm. The current time to first examination is already extremely competitive comparing favourably with other registering authorities. Users have told us that in most cases the standard service is more than sufficient. It should be borne in mind that in order to achieve registration every application must go through a statutory 3 month opposition period beforehand; this cannot be removed. Therefore, the reduction from one month (standard service) to a 10 day (fast track service) period in terms of first examination is only a part of the overall time it takes to secure registration. This means, together with the fact that a fee will be charged, that the fast track option will be the exception rather than the rule. It will only be required when time really is of the essence for the applicant. This view was supported by the responses to consultation. The general view being that the fast track service would not be required often (due to the already fast standard service) but that it may be used from time to time, but only if time was of the essence.

Time could be of the essence in a number of circumstances. Firstly, an applicant may wish to have early examination in order to ascertain whether objections exist to his mark or whether there are earlier conflicting marks in existence that may lead to opposition against his application. If the "all clear" is received then the applicant may elect to commence use of his mark there and then and, thus, will enable an earlier entry into the market. Although the risk of opposition still exists, he will, having had the examination report, have been able to assess this risk. Furthermore, faster examination will in any event reduce the length of time to registration and again assist in getting products to market more quickly. Quicker registration is also a factor in the second circumstance, namely, the desire to launch legal proceedings against a potential infringer. The launch of legal proceedings on the basis of an earlier mark cannot be entertained until the mark is registered, therefore, quicker registration, even if by a matter of weeks, may be desirable. These circumstances are applicable to all businesses and are not peculiar to larger or smaller firms.

A fee must be charged in order to ensure that the exception does not become the rule. If there was no fee then all applicants would request the fast track service option which would negate the differential between the two and, furthermore, would lead to a demand which could not be satisfied. We are content that £300 represents the right

balance between affordability for all interested parties and a desire to ensure that interested parties think twice before requesting fast track. One of the key messages that consultation respondents gave us was that the speed and the quality of the standard service should not be sacrificed. The UK-IPO considers this to be an important factor and one, given that a fee will be charged, that will not surface upon implementation. If the fee were less than that proposed then there is a real risk that the subsequent demand will have the negative effect on the standard service that we, and our customers, are trying to avoid. The majority of the respondents to consultation supported the fact that the proposed fee struck the right balance and the desired “exception rather than rule” objective would be met.

The Gowers’ review recommended a fast track system following its “call for evidence” and, furthermore, the UK-IPO does receive the occasional request that an application is examined more quickly. Although, as stated above, we do not consider the demand to be great (an assumption that has been borne out in consultation) but simply necessary in some circumstances.

Although the imposition of a fee introduces an additional cost, it must be borne in mind that this cost will not be enforced on anyone. The standard service is regarded as more than sufficient in the majority of cases. It merely provides an additional option should an applicant wish to obtain a quicker result.

Our initial estimate was that a maximum of 10% of applications will request fast track examination. However, following the responses to consultation, this appears to be on the high side. We therefore now estimate that demand will be no more than 5% of applications. This equates to 2000 applications per year that will each cost an additional £300 compared to the standard service. In reaching this final estimate we have taken into account that the Gowers Review found some evidence that fast track processing would be useful together with the fact that the UK-IPO receives a number of requests on an annual basis which at the moment cannot be met. Although the number of requests does not currently equate to 5%, the number of requests will no doubt increase when we have an actual service to provide. The 5% estimate has also been concluded after analysing and taking into account the consultation responses and meetings with groups of users (for example at business events).

We could, of course, have simply let the system continue unchanged. However, we believe that there will be circumstances where accelerated examination is desirable and that giving applicants a choice will benefit the business community at large. No one will be compelled to request (and consequently pay for) fast track examination and the UK-IPO will continue to ensure that its standard service leads the way both in terms of speed and quality of service. This is simply about guaranteeing faster examination when it is really important to do so. It is not useful, in our opinion, for the requests that we currently receive to continue to be declined. The system will be regularly reviewed (a formal review will take place one year from implementation) to ensure that our assessment on demand and the level of fee is correct.

Specific impact tests

The nature of the proposal and the manner in which it will operate means that no issues surrounding legal aid, sustainable development, carbon or other environmental issues, health, race equality, disability equality, gender equality, human rights or rural matters have any significance. These issues have none the less been considered in full; no impact will arise.

Competition assessment has taken place and we consider that the changes, given their nature, will have no effect on competition between right holders or between firms of legal representatives. We do not consider that a company or firm will be placed at a disadvantage as a result of the changes; neither do we consider that any new start up company or firm will be prevented from entering the marketplace. The proposal is for a voluntary service that will not be required often by any business and, even if it is required then the level of fee will not cause any real disadvantage when taken into consideration against the total cost to businesses (including small businesses) of brand development etc.

In relation to the impact on small firms, we have engaged on a number of fronts. The consultation was highlighted prominently on the home page of the UK-IPO web-site which is often the first port of call for small businesses interested in trade mark protection. The views of the profession, who represent many small businesses, have also been taken into account. To engage as directly as possible, we spoke directly with small businesses (at various business events that the UK-IPO attends) and held face-to face discussions with unrepresented applicants (who are typically small businesses). In these discussions the policy proposal was brought to their attention and views sought on the likely impact on them and what use they would make of the service. The majority view was that the service would not be used often (given the speed of the standard service), but would be used if the need arose. In the opinion of the vast majority of people we spoke to, the fee was not seen as a particular disadvantage to small businesses. We accept that the fee could be off-putting for a small number of businesses where financial matters are extremely tight; however, the vast majority view was that the fee

would not price the average small business out of the service. It should also be stressed again that the fee is not compulsory and will not be enforced on any business. In conclusion, the proposal will not have a significant or disproportionate impact on small businesses.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

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