

EXPLANATORY MEMORANDUM TO
THE TRADE MARKS AND TRADE MARKS (FEES) (AMENDMENT) RULES 2012

2012 No. 1003

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

2. Purpose of the instrument

2.1 The purpose of the instrument is to amend two separate provisions in the current Trade Marks Rules 2008 (SI 2008 No. 1797). The first relates to the Intellectual Property Office's obligation to provide a notification service to owners of earlier registered trade marks; the second relates to the conditions under which registered trade marks or applications for trade marks can be merged together. A consequential amendment is also made to the Trade Marks (Fees) Rules 2008 as a result of the amendments to delete a redundant fee provision.

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

3.1 None.

4. Legislative Context

4.1 Following implementation of the Trade Marks (Relative Grounds) Order (SI 2007 No. 1976), the Intellectual Property Office ('IPO') abolished *ex officio* refusal of trade marks on relative grounds and replaced it with a search-and-notify system. The Trade Marks Rules 2008 set out further detail relating to the way in which IPO provides notifications to its users. In particular, Rule 14 ('Notifying results of search') stipulates that, whilst proprietors of both national and international (UK) trade marks should receive information on later trade marks as automatic right, proprietors of Community and International (EC) trade marks should receive notifications only where they have requested such information by way of an official form and payment of the prescribed fee. Because demand for the service has been so low since its introduction in 2007, the instrument removes the obligation to provide notifications to proprietors of Community and International (EC) trade marks. This instrument amends Rule 14 of the Trade Marks Rules 2008 to such effect.

4.2 Section 41 of the 1994 Trade Marks Act ('the Act') states that provision may be made by rules as to the merging of trade mark applications and registrations. Rule 27 of the Trade Marks Rules 2008 (SI 2008 No. 1797) sets out these regulations governing trade marks mergers in greater detail. Although the rules do not specify that registrations intended for merger must bear identical filing dates, the vast majority of actions do involve registrations with identical dates. As a result, the current regulations do not reflect patterns of demand and, furthermore, the very small number of merger requests involving trade marks which do *not* bear identical filing dates creates administrative problems for both IPO and - in the

case of registrations which form the basis for an International (UK) trade mark - the World Intellectual Property Organisation ('WIPO'). The regulations governing trade mark mergers are amended so as to exclude those registrations which bear different filing dates *and/or* form the base registration for an International (UK) trade mark protected under the Madrid Protocol *and/or* are subject to cancellation or invalidation proceedings. These changes are given effect to by amendments to Rule 27 of the 2008 Rules. The instrument also amends rule 27 of the 2008 Rules to remove the option of merging applications for trade marks before marks have been registered pursuant to those applications.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom and the Isle of Man.

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

Notification to proprietors of Community and International (EC) trade marks

7.1 Since being introduced in 2007, demand for The Intellectual Property Office's ('IPO') subscription-based notification service offered to owners of Community and International (EC) trade marks has been very low. IPO has only received around 1,500 annual subscriptions over each of the previous four years, equating to less than 2% of all registered Community Trade Marks.

7.2 IPO is aware that high numbers of domestic and international trade mark proprietors already employ private sector businesses to monitor trade mark activity. As a result, much of what IPO generates in the form of its notification service duplicates information already provided by the public sector.

7.3 Given the low demand, IPO has naturally concluded that its users perceive little value in the notification service, and has therefore decided to remove it. However, IPO wishes to retain the automatic notification service provided free-of-charge to proprietors of UK and International (UK) registered trade marks.

Merging of registered trade marks

7.4 The Trade Marks Act 1994 differed from previous legislation by introducing the facility for applicants to obtain single registrations covering multiple classes of goods and services (under the preceding law, businesses seeking broad protection were obliged - at greater cost - to file separate applications for each class of product). To avoid unduly penalising proprietors of those marks registered under old law, the Act and corresponding rules introduced provisions enabling separate marks to be merged together into a single registration - thereby allowing existing proprietors to combine their registrations, reduce future renewal fees, and

establish greater parity with those submitting new multiple-class applications under the 1994 Act.

- 7.5 Reflecting the fact that many of the 'connected' registrations submitted prior to the 1994 Act were not filed at the same time, the rules did *not* insist that marks intended for merger should bear identical filing dates. Although appropriate in 1994 and the years immediately after, this lack of strict criteria for mergers is no longer compatible with the current nature of demand for trade mark registration mergers. The vast majority of pre-1994 registrations seeking merger action as a means of reducing renewal costs have now already been merged, and demand for the function has reduced accordingly.
- 7.6 There is still some demand for mergers, but the majority of requests relate to multiple-class applications which have been subsequently divided as part of the examination and/or opposition process, and where proprietors seek to return them back to their original singular form. In such cases, the registrations intended for merging will normally bear identical filing dates.
- 7.7 By insisting that identity of filing date is a requirement for the merging of trade mark registrations, IPO seeks to simplify the regulations and make them more compatible with current patterns of demand. In a very small amount of cases, merger actions are also sought in respect of those registrations which form the basis for an International (UK) trade mark (and which are still within the five year dependency period) and/or those which are subject to cancellation proceedings. Although few in number, such cases create disproportionately complex administrative problems for both IPO and WIPO and, particularly in the case of cancellation actions, higher costs for users of IPO's tribunal function. The changes will therefore limit merger actions to those registrations which bear identical filing dates, and will exclude any registrations which constitute the basis for an International (UK) mark and are within the five year dependency period, and/or those which are subject to cancellation proceedings at the time on which the merger request is made.
- 7.8 The changes will also revoke rules 27(1) and (2), both of which relate to the merging of trade mark applications (as opposed to registrations). Given the capacity for applicants to file multi-class applications under the Trade Marks Act 1994, there is very little demand for a function which allows separate applications bearing the same signs, the same filing dates, and the same proprietors, to be merged together. These provisions are unnecessary, and are therefore being removed.

8. Consultation outcome

- 8.1 A 12 week public consultation exercise was run from 8 March to 1 June 2010, setting out a range of questions and proposals relating to both the notification service and the current provisions for merging registered trade marks. 23 responses were received from a range of users including representative bodies for trade mark attorneys and business groups, law firms specialising in intellectual property, and individual trade mark attorneys. The Administrative Justice and Tribunals Council was consulted.

8.2 A full summary of the responses received, and how these were reflected in the final proposals, is available on IPO's website. In brief, 79% of respondents considered the optional notification service to be largely redundant and agreed that it should be removed. On the questions relating to current merger provisions, 66% of respondents felt that the function was useful and should be retained, but all agreed that the rules should be amended so as to limit the criteria for merging trade marks.

9. Guidance

9.1 Full and detailed guidance about the proposed changes to both the optional notification service and the rules affecting merging of registered trade marks has been published on the website of the Intellectual Property Office.

10. Impact

10.1 Changes to the notification service will have little impact on business. The small number of Community and International (EC) trade mark owners who do not simultaneously use private sector 'watching' companies may now need to use them as a consequence of the IPO service being removed. However, much of this cost is offset by the savings made by those businesses that will longer be paying simultaneous subscription fees to both IPO and private sector firms. Removal of the IPO service may also encourage further growth and competition in the private sector.

10.2 IPO was required to complete a Regulatory Impact Assessment for the proposed changes to the rules affecting mergers, and a copy of that Impact Assessment is attached to this memorandum. An Impact Assessment was not required in respect of changes to the notification service.

11. Regulating small business

11.1 The legislation applies to small business, but it has no specific negative impact on that sector.

12. Monitoring and Review

12.1 The changes will be continuously monitored and will be formally reviewed 12 months from implementation.

13. Contact

13.1 Nathan Abraham at the Intellectual Property Office can answer any queries regarding the instrument. Telephone: 01633 814521 or email: nathan.abraham@ipo.gov.uk