

EXPLANATORY MEMORANDUM TO
THE PATENTS, TRADE MARKS AND REGISTERED DESIGNS (FEES)
(CORONAVIRUS) (AMENDMENT) RULES 2020

2020 No. 644

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Intellectual Property Office (IPO), an Executive Agency of the Department for Business, Energy and Industrial Strategy and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 The purpose of the instrument is to reduce temporarily (in most cases to zero) certain specific fees that the IPO charges in relation to patents, trade marks and designs. This change will apply for a specified period only, as a part of measures to support businesses in the aftermath of the Covid-19 pandemic.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 It is accepted that, where legislation requires a fee to be prescribed, it is not then possible to prescribe a fee of zero. The majority of the fees the subject of this instrument are not levied in pursuance of a statutory requirement and may, therefore, be reduced to nil. However, the fee payable in relation to the late renewal of the registration of a trade mark pursuant to rule 36(2) of the Trade Marks Rules 2008 is required to be paid by s.43(3) Trade Mark Act 1994 (“*an additional renewal fee must also be paid*”). In view of this, it has not been possible to reduce the fee to zero and so the fee has been reduced to £1.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is to all of the United Kingdom and the Isle of Man.
- 4.2 The territorial application of this instrument is to all of the United Kingdom and the Isle of Man.

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 The principal statutes on intellectual property are the Patents Act 1977 (c.37), the Trade Marks Act 1994 (c.26) and the Registered Designs Act 1949 (c.88) (“the Acts”). Each of the Acts has secondary legislation made under it which regulates the business and procedures of the IPO. Amongst other things, the IPO examines applications for intellectual property rights, grants or refuses those rights, and is a quasi-judicial body with jurisdiction over certain legal proceedings concerning disputes over IP rights.
- 6.2 In particular, the Patents (Fees) Rules 2007 (SI 2007/3292) set out the statutory fees which apply to various applications and procedures at the IPO concerning patents. Similarly, the Trade Mark (Fees) Rules 2008 (SI 2008/1958) do so in relation to trade mark matters, and the Registered Design (Fees) Rules 2016 (SI 2016/889) do so for matters concerning registered designs (together – “the existing Fees Rules”).
- 6.3 The Patents, Trade Marks and Registered Designs (Fees) (Coronavirus) (Amendment) Rules 2020 amend the existing Fees Rules in order to temporarily reduce to zero (or, in one case, to reduce to £1): (i) IPO fees for applying for extensions of time to deadlines, (ii) surcharges for late payment of certain other fees, notably the late payment of fees to keep IP rights in force, and (iii) fees to reinstate IP rights that have been lost due to missed deadlines. This temporary fee reduction commences on 30 July 2020 and lasts until 31 March 2021.

7. Policy background

What is being done and why?

- 7.1 To support UK businesses and more widely all users of the IP system during the Covid-19 crisis, the IPO has used its existing legal powers to the full, including declaring a statutory “period of interruption” at the IPO.
- 7.2 This has provided users with more time to meet deadlines, but it also puts various key processes on hold (such as registration of new Trade Marks). It is therefore important for users that the IPO reverts to more normal timescales and processes.
- 7.3 When the “period of interruption” ends, businesses will still be in a challenging situation and will look to the IPO for flexibility and support, as they try to maintain their valuable IP rights, and seek to progress their pending applications. Deadlines will once again need to be met, and fees paid.
- 7.4 The legislation therefore reduces to zero the IPO’s fees for seeking an extension of time. It also removes the surcharge for late payment of the patent application fee and removes or substantially reduces (to £1) the surcharges that are usually payable when an IP right-owner is late in paying the fee to keep their IP right in force. These changes will assist users by providing more time to meet statutory deadlines in a wide range of situations without suffering a financial penalty.
- 7.5 However, some deadlines are not extendable. Users who are unable to meet such deadlines may lose their IP right. Thus, it is also helpful to set to zero the fee for reinstating that lost IP right during this period. The conditions for successful reinstatement remain the same, as do the important legal protections for third parties when an IP right comes back to life in this way.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 Since this is a temporary change, no consolidation of the legislation is planned.

10. Consultation outcome

10.1 The IPO has engaged weekly throughout the Covid-19 pandemic with key stakeholder representative organisations. These discussions have included the fee changes set out in this instrument. These organisations were clear that the IPO could best support users of the IP system by giving them as much help as possible when it comes to seeking extensions of time, and giving them extra time to pay the fees to keep their IP rights in force. They were also keen that the mechanisms are clear and predictable. In the circumstances, no formal public consultation has taken place.

11. Guidance

11.1 The IPO has published extensive guidance here (www.gov.uk/government/news/coronavirus-important-update-on-ipo-services) on the effect of the “period of interruption”, and on other Covid-19 support measures. This guidance will be updated prior to the legislation taking effect, in order to give users clear explanations about what to do when the “period of interruption” ends and the temporary fee reductions take effect.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because it relates to the Covid-19 emergency and the measures are in force for less than 12 months. Those individuals or businesses who wish to apply to obtain or maintain IP rights will benefit from fee reductions if they need to ask for extensions of time or pay certain fees late. The impact on any business, public sector body, charity or voluntary body who chooses to apply for an IP right is therefore positive.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise regulatory burdens on small businesses.

13.3 Statutory fees for IP rights are consistent for all applicants and rights-holders, whatever the size of their business. Otherwise some businesses would, in effect, subsidise the IP activities of their competitors. Consequently, all types of businesses that apply for or own IP rights will be in scope, whatever their size. Furthermore, the changes set out in the legislation will be beneficial for any small businesses which apply for or own an IP right.

14. Monitoring & review

- 14.1 The changes are only in effect for a short period. Nevertheless, the IPO will forecast and then monitor the pattern of relevant fee incomes and deadline compliances by users. This will be combined with ongoing discussions with stakeholders over their usage and the effects of the zero-rated extensions of time, and of the other remedies that are made more freely available under these temporary changes.
- 14.2 The regulation does not include a statutory review clause as, under section 28(3) of the Small Business, Enterprise and Employment Act 2015, none is required for provisions which are in force for less than 5 years.

15. Contact

- 15.1 Sarah Barker or Al Skilton at the Intellectual Property Office (Telephone: 01633 814807 / 01633 814585 or email: sarah.barker@ipo.gov.uk / al.skilton@ipo.gov.uk) can be contacted with any queries regarding the instrument.
- 15.2 James Porter, Deputy Director for Policy and Legal Division, at the Intellectual Property Office can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Amanda Solloway MP at the Department for Business, Energy and Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.