

HELPING BUSINESSES REGISTER TRADE MARKS AND PATENTS

FORMAL RESPONSE DOCUMENT

Background

1. In March 2009 the Intellectual Property Office published a consultation paper entitled “Helping Businesses Register Trade Marks and Patents”. The consultation paper made a number of proposals in relation to fees and services, the background to the proposals was explained as:

“The Intellectual Property Office is currently engaged in a systematic review of its trade mark processes. We aim to continue to provide businesses with an efficient and effective option to register national trade marks, where that is appropriate to business need, and also a system which helps businesses to continue to protect their marks during the current economic downturn. We also aim to encourage more e-business, both as part of our objective of improving the efficiency of the Intellectual Property Office and as part of the Government’s general drive to encourage e-business in the UK.

We recently commissioned (in September 2008) some initial customer research to gauge customer satisfaction levels with our current services and to find out if there were any additional specific services that they would wish us to provide. We are now aiming to build on this survey by consulting with our wider stakeholders on a range of proposals. One of these proposals, to introduce reduced fees for e-filed trade mark applications, may also be taken forward for patent application filings – and so this consultation document invites comment on that proposal too.”

2. The consultation period ended on 1 June 2009.

Responses

3. A total number of 17 responses were received. The respondents ranged from representative bodies for IP firms and of business groups, individual IP firms, individual IP attorneys, a barrister and an Appointed Person, and a number of individuals with their own businesses. A list of the respondents can be seen in the annex to this response document.

4. This response document provides a summary of the responses received and our conclusions and planned next steps. It would not be practical to respond to each and every point raised (although they have all been taken into account), so this document covers the primary points and themes raised. The summary of the responses is broken down per proposal.

Proposal 1

5. The proposal was:

“To introduce an “Early Assist” application service package for trade marks. This would have the following features:

- i) Help available over the telephone to assist applicants complete the application form;
- ii) E-filed trade mark applications (only) paying 50% of the standard application and class fees at the time of filing would be examined for registrability (including a search for earlier marks) and an examination report issued, so allowing the applicant a choice as to whether to proceed to publication or to contest the examiner’s assessment (after paying the balance of the standard application fees) or to let the application lapse;
- iii) If there are any objections or problems with the application, the applicant would have an opportunity to informally discuss these with an examiner before making a decision as to whether to proceed with the application.”

6. The majority of responses were positive. The majority view was that the service would encourage more businesses to protect their marks. Some of the attorney respondents did, however, highlight that the system would be of limited use to them and that it would mainly be used by unrepresented applicants. One attorney was also concerned about the impact on the profession (in terms of less work) whilst another highlighted that “encouraging” more applicants to file without legal representation could produce adverse consequences (e.g. poorly completed forms and poorly drafted specifications etc). Other risks that were highlighted were those involved in setting deadlines to pay the balance of the fee (the potential for them to be missed, particularly in view of the short period proposed for payment) and that the Intellectual Property Office could be drawn into giving legal advice. Another comment was that the service (taken in context with the e-filing discount for up-front payers) could represent a confusing choice and that it would be better to apply the e-filing discount to all e-filed applications or, alternatively, to proceed only with the e-filing discount but to make the discount bigger.

7. In relation to whether series of marks (in the event that the UK registration system continues to provide for the registration of series of trade marks) should be included as part of the Early Assist service, most respondents suggested that they should. One respondent added that if applications to register series of trade marks were permitted within the Early Assist service, the full proposed series fees should be payable at the time of filing, whereas other respondents said that the series fee supplement payable at the time of filing should be halved, as proposed for the application and class fees. One respondent highlighted that as the Early Assist service will mostly be used by unrepresented applicants (most respondents agreed with this), and these types of applicants tend to file fewer applications for series of

marks, the Early Assist service would not be significantly diminished if applications for series of marks were excluded.

8. Given the positive responses to the consultation, we firmly believe that the proposed Early Assist service has merit and that it will assist and encourage businesses to protect their trade marks. We therefore intend to proceed with it. The Intellectual Property Office operates as a trading fund and therefore has a duty to cover its costs. The cost to the Office of processing a trade mark application where some or all of the application fees have to be collected later is higher than for a comparable e-filed application where all the filing fees are paid at the time of filing. The proposed discount is intended to reflect the reduced cost to the Office of processing e-filed applications with prompt payment. It will not, therefore, be possible for the Office to offer the e-filing discount to users who choose to defer payment of some or all of the application fees, which includes users of the Early Assist service. For the same reason, if the Office proceeded only with the e-filing discount, it would not be possible to offer a larger discount. The introduction of the new Early Assist service will therefore present those users who e-file their trade mark applications with a number of choices, including part payment of fees as part of the Early Assist service and full and immediate payment of fees in order to take advantage of the proposed e-filing discount. However, the e-application form and the accompanying guidance will clearly set out the costs and benefits of each option. This will allow the customer to make an informed business decision. We will also be clear as to the timeframe for payment of the second half of the trade mark application and class fees for those users who take advantage of the Early Assist service. We propose to allow 14 days, starting from the issuing of the examiner's report on the registerability of the mark, for the user to pay the Office the balance of the trade mark application and class fees (for those who wish to proceed with their applications) and customers will know this when they apply.

9. In relation to the concern over the provision of legal advice, the Intellectual Property Office does not offer legal advice other than in the form of the examiner's opinion on the registerability of the mark put forward for registration. This will continue to be the case. Further, we will continue to offer information about the law and general guidance on the registerability of trade marks, as we do now; our website contains links to a number of representative bodies for legal professionals for the benefit of those users in need of legal representation.

10. In relation to the inclusion in the Early Assist service of applications for series of trade marks, as most respondents suggested that the service would be diminished if applications for series of marks were excluded, we will provide for their inclusion. However, the fee supplement we intend to charge for series of three trade marks or more will be payable in full at the time of filing. This reflects the additional complexity and administrative processing required, and is also a measure intended to reduce the potential for abuse of the system by those filing speculative applications through the Early Assist service seeking advice on the registerability of numerous trade marks on the spurious basis that they constitute a series. Further, if despite this measure the provision within the Early Assist service for applications for series of marks is abused, the decision to include them in the Early Assist service will be reviewed.

11. The service will be introduced on 1 October 2009 and will be called “Right Start”. Further detailed guidance for business on how the new service will operate will be published shortly.

Proposal 2a

12. The proposal was:

“To offer a reduction (of £30) in the application fees for e-filed trade mark applications where all the application fees are paid at the time of filing.”

13. In relation to the discount itself, there was almost universal support for the proposal. We still consider it to be a good idea and one that will save businesses money and encourage more businesses to conduct e-business with us. Some comments were made regarding web-site security/reliability, the complexity of the web-form and the receipting functions. These comments will be taken on board to further improve our e-filing facilities.

14. The £30 discount will be introduced on 1 October 2009 for all trade marks filed using our on-line filing facility subject to the full filing fees being paid at the time of filing.

Proposal 2b

15. The proposal was:

“To offer a reduction (of £10) in the application, search and examination fees for e-filed patent applications or e-filed search or examination requests.”

16. Again, there was almost universal support for the proposed discount, although some respondents thought that the reduction was unlikely to influence filing behaviour in a significant way. There were also some detailed comments on possible barriers to further use of patent e-filing, and some suggested improvements to e-filing systems which are being given full consideration.

17. We will introduce a £10 reduction in the application fee for an electronically filed patent application and Patents Form 1, provided the fee is paid at the time of filing. We will also introduce a £10 reduction in the search fee if the Patents Form 9A is filed electronically, and a £10 reduction in the examination fee if the Patents Form 10 is filed electronically.

Proposal 3

18. The proposal was:

“To abolish applications for series of trade marks altogether or, alternatively, to introduce a fee supplement of £50 for each mark in a series beyond the first two.”

19. The responses to this issue were mixed, however, the majority (albeit a small one) view was that there is a continued need for series of marks. This was said to be supported by the numbers that are filed every year and the inherent benefit of being able to apply for variations of the same mark without having to make separate applications for them. On the other hand, some respondents suggested that series of marks were an oddity within the international framework for trade mark law and that the scope for a legitimate series of marks was so narrow that they served little purpose. Two respondents suggested that there should be a cap on the number of marks in a series so as to prevent abusive applications for large numbers of marks purporting to be a series.

20. In relation to the alternative proposal of paying for additional marks in a series, the vast majority agreed that this was reasonable, subject to the fee being reasonable and proportionate to the work required to examine them. Some respondents suggested that more than two marks should be included as covered by the basic application fee, whereas another suggested that every mark above one should be subject to a charge, albeit a lower charge than that proposed.

21. The views expressed above are polarised. Whilst there can be no doubt that the provision for series of marks are indeed an oddity in the EC (where only the UK and Ireland provide for them) they, nevertheless, appear to be valued by the majority of our customers. Therefore, given the consultation responses, we will maintain provision for them for the time being. However, issues surrounding the additional cost, and complexity of processing applications for series of marks, and the potential for abuse of the provisions by the filing of “tactical” series of marks are still a concern. To mitigate the above concerns, we intend to charge a fee supplement for series of marks as proposed (£50 for each mark in the claimed series beyond the first two) and to also limit the maximum number of marks in a series to 6. We have chosen to set the cap at 6 marks for two reasons. Firstly, 96% of existing applications for series of marks contain 6 marks or fewer. Secondly, the chance of different marks constituting a series is inversely proportional to the number of marks in the claimed series. Very few claimed series of 7 marks or more constitute a valid series. To further reduce the potential for abuse, we intend to remove the provisions for the division of applications for series of marks, which appears to encourage speculative applications of the kind described above. Thus, in future, an applicant who applies to register a series of marks, which are not in fact a series, will be required to delete any marks that do not form a series with the others. This is a return to the position that existed for over a hundred years prior to 1994.

22. Series marks will be maintained, but a maximum of 6 will be permitted subject to the payment of £50 for each of the third, fourth, fifth and sixth marks in the series. The divisional rules relating to series marks will be removed.

Proposal 4

23. The proposal was:

“To withdraw the trade marks fast-track examination service altogether or, alternatively, to permit its suspension in particular circumstances.”

24. Again, the responses were quite mixed. Some respondents felt the fast-track service (where, for an additional fee of £300, we aim to issue an examination report within 10 working days of the filing of the application) was a waste of time and should just be scrapped. Others (the slight majority) felt that there was some merit in the service and that it should just be suspended so enabling the service to be re-introduced if the standard time to first examination slowed from its current performance.

25. It seems to us that some customers (as do we) see benefit in the fast-track service. Therefore, the service itself should be preserved subject to it being suspended in appropriate circumstances (when the standard examination time is routinely the same as, or faster than, that envisaged under fast-track).

26. The rules relating to fast-track applications will be maintained but the Registrar will be given the power to suspend the service as detailed above.

Proposals 5, 6, 7 & 8

27. The proposals were:

“To reduce the opposition fee from £200 to £100, to increase the fee for extensions of time requests made on Form TM9 from £50 to £100, and to extend the same fee to a) extensions of the nine month cooling-off period, and b) requests to stay proceedings made outside of the cooling-off procedure”

28. In relation to the proposed reduction in the opposition fee, the majority view was not to reduce the fee. Most cited a likely adverse impact on the opposition rate as the primary reason given that the proposed reduction would likely increase the number of speculative or vexatious oppositions. It was also felt by some that £200 was not an unreasonable sum to start proceedings which would cause delay and cost to the applicant. Some (although the minority) favoured the reduction on the basis of reduced costs on business. One respondent suggested having no fee at all for oppositions based on section 5(1)/5(2) grounds but to keep the official fee at £200 for everything else.

29. In relation to the other proposed fee increases/new fees, although some respondents agreed with the proposals, it is fair to say that the proposals were not popular with the majority of those who responded. The reasons cited against the proposals were that parties should be encouraged to negotiate and that new/increased fees would go against this principle, and, furthermore, that a fee to stay proceedings would introduce arguments between the parties over who was responsible for paying it and that this could detract from negotiations. There was, however, less specific (adverse) comment in relation to the increase of the existing extension of time fee, although, some respondents commented that behaviour could be better controlled by the Registrar being stricter with extension of time requests (by granting less of them).

30. In view of the adverse comments on the proposed reduction of the opposition fee and the reasons cited, we agree that it should not be reduced. We do not want to risk a significant increase in the rate of opposition based on speculative or vexatious

actions. In relation to the other fees, we have listened very carefully to the views expressed. We do not want to put measures in place that would deter parties from negotiating a settlement, therefore, we have decided not to proceed with the proposal to charge for an extension to the cooling-off period nor to introduce a fee for staying proceedings. We will, however, proceed with the increase in the extension of time fee in order to put a further incentive on parties to produce their evidence as quickly as possible; we believe that this will have a positive impact on the time that proceedings take to conclude.

31. The opposition fee will not be reduced, there will be no fee to extend the cooling-off period or to stay proceedings for the purposes of negotiation but, the extension of time fee will be increased to £100.

Summary

32. Most respondents felt that the overall package outlined in the proposals would help businesses to protect their trade marks and inventions in the current economic climate. The final decisions outlined above will deliver overall savings to business of just over £700,000.

33. Most also felt that the proposals resulted in a fairer system of fees, although, some felt that this was counteracted by the more negative aspects of their responses (e.g. removal of the right to apply for series marks). We have amended the proposals to take account, as far as possible, of the views received. We strongly believe that the resulting system of fees is a fair one, reflecting the work that goes into processing the various tasks to which the respective fees relate.

Next steps

34. The Trade Mark Rules 2008 (and related fees rules) and the Patents (Fees) Rules 2007 will be amended, to the extent necessary, to facilitate the above changes. The implementing statutory instrument will come into force on 1 October 2009, as will the changes outlined above.

Annex

List of respondents

Institute of Trade Mark Attorneys
Chartered Institute of Patent Attorneys
International Trademark Association
Licensing Executives Society (Britain and Ireland)
British Brands Group
David Fyffe (an individual businessman)
Philip Macabe (an IP attorney)
Simon Haslam (an IP attorney)
John Harris (an individual businessman)
Anna Carboni (barrister and Appointed Person)
Barbara Cookson (an IP attorney)
BBC (Litigation and IP Dept.)
Scott & York (a firm of IP attorneys)
Urquhart-Dykes & Lord (a firm of IP attorneys)
Oliver Carter (an individual businessman)
Serjeants (a firm of IP attorneys)
Michael Elliot (an IP attorney)