

Response Document on: Modernisation and Consolidation of the Trade Marks Rules

Background

1. In March 2008 the UK Intellectual Property Office, published a consultation paper "Modernisation and Consolidation of the Trade Marks Rules". This paper discussed a number of proposals to change the Trade Mark Rules 2000 and included a draft consolidated Statutory Instrument (Trade Mark Rules 2008). The consultation period ended on 27 May 2008.

Responses

2. 13 Responses were received, these answered the questions posed in the consultation document and also provided other comments. These responses come from four professional representative bodies for trade mark attorneys and solicitors, four firms of trade mark attorneys and solicitors, an individual trade mark attorney, a multinational company with a very substantial trade mark portfolio and other interested parties including, licensing representatives and an Appointed Person.
3. In addition to these responses we have also made efforts to contact other interested parties who would not usually respond to formal consultations. These efforts included raising the key proposals at UK-IPO outreach events to prospective customers, an article in the UK-IPO customer newsletter, IP Insight, which has around 4000 subscribers including professional representatives, and businesses. Finally, we sought the views of end users during discussions about their trade marks and the applications procedure.
4. This response document provides a summary of the responses received and our conclusions and planned next steps, broken down into sections, as in the consultation document.

Section I – International Harmonisation

5. This section contained two proposals. Firstly a proposal to amend the Trade Mark Rules to enable ratification of the Singapore Treaty on the Law of Trade Marks. Secondly a plan to extend the current provisions allowing addresses for service anywhere in the EEA and the Channel Islands, to all dealings with the UK-IPO including contested proceedings. The consultation posed a question on whether the method of implementation proposed would be effective and sufficient.
6. No one opposed the first proposal which involves providing users with a right to a retrospective extension of time in order to address outstanding requirements where the matter in question is solely between the user and the Office. Some respondents welcomed such a change, and none opposed it. Consequently, we propose to proceed with it.

7. A number of responses addressed the issue of whether the address for service provisions should be extended rather than the efficacy of the proposed implementation approach. Two respondents raised issues of efficacy. Firstly a professional representative body raised an issue regarding effective service of documents in trade mark related litigation brought before the UK Courts. This is a matter for the Ministry of Justice who are considering whether changes should be made to the Civil Procedure Rules. Another respondent raised some drafting suggestions which will be considered in the preparation of any future statutory instrument.
8. One respondent drew our attention to a provision in the Community Trade Mark Regulation which appears to permit member states to require a national address for service in certain circumstances. We have decided to discuss this point with the Commission before making changes to the Rules.
9. **In order to allow time for that to happen we do not intend to proceed with the proposed amendment to the address for service rules as part of the current consolidation and modernisation exercise.**

Section II – Making the Tribunal system more efficient and proportionate

Changes to opposition procedures

10. The consultation document made two proposals to accelerate the registration of Trade Marks for which no opposition is considered.
 1. Reducing the fixed three month opposition period to two months
 2. Splitting the opposition period, with an initial period of six weeks for third parties to file opposition on Form TM7 or a free electronic form TM7a to extend the opposition period as of right, to three months. If no TM7a or TM7 is filed then published trade marks will be registered after six weeks.
11. The responses to these proposals were split, with general resistance from legal representatives and support from business end users. Of the four professional representative organisations that responded to this proposal, two (The Institute of Trade Mark Attorneys (ITMA) and the Law Society of Scotland) were opposed to a reduction in the opposition period. If there was to be a change, ITMA preferred the option of a six week opposition period extendible to 3 months over the option of a non-extendible two month opposition period. The International Trademark Association (INTA) and the Chartered Institute of Patent Attorneys (CIPA) did not state whether or not they supported a reduced opposition period. However, if there was to be a change, INTA thought that a non-extendible two month opposition period was more straightforward for users and provided a realistic period of time for owners of earlier rights to decide whether or not to oppose the registration of a later mark. CIPA thought that the initial

period should be set in months (one or two) rather than in weeks, which attorneys find administratively more difficult to monitor.

12. There were five other responses from legal professionals (Nabarro, solicitors, Urquhart-Dykes & Lord, trade mark attorneys, (UDL), Field Fisher Waterhouse, solicitors, (FFW), Scott & York, trade mark and patent attorneys (S&Y) and an individual, trade mark attorney. Nabarro and UDL were against both proposals. FFW thought the split system would be too complicated; however they did consider a two month opposition period would be reasonable in combination with proposals to extend the cooling off period. S&Y saw no reason to reduce the opposition period, but believe if reduced it should be a period of not less than 2 months. The other attorney did not explicitly reject a shorter opposition period but raised a number of concerns about the proposals.
13. The primary reasons that legal respondents challenged the proposals were:
 - Six weeks is an insufficient period to identify all relevant marks and receive and consider professional advice and decide on opposition. This is a particular issue where overseas parties are involved.
 - The current three month period is consistent with OHIM, any change would lead to disparity.
 - The split system will be more administratively complex.
 - In order to qualify for a costs award if the opposition is undefended, a potential opponent must under a current practice direction have given the applicant a “reasonable opportunity to withdraw the application” prior to filing an opposition: this would be impractical in a six week initial opposition period.
14. Unilever (one of five largest filers of UK Trade Marks) was the only business interest to formally respond to the consultation. Unilever supported proposals to reduce the time it takes to register trade mark applications. Unilever’s preference was for a non extendible period of two months. Further support for quicker registration through a shorter but extendible opposition period was expressed by 11 of the 12 individual end users who commented.
15. There were two responses from interested parties who are neither legal representatives nor business end users. These came from the Licensing Executives Society (Britain and Ireland) (LES) and an Appointed Person and barrister in trade marks proceedings.
16. LES expressed concerns that six weeks may be insufficient time to ensure all relevant trade mark applications have been found and their relevance considered. LES are in favour of maintaining the present opposition term of 3 months.

17. The Appointed Person commented that the split opposition period did not seem excessively burdensome on the potential opponent, although she did also highlight consequences for the applicant, their representatives and the UK-IPO. In her view, the proposed extended cooling off period coupled with a 2 month opposition period would provide sufficient opportunity to avoid and resolve litigation.

18. We have carefully considered both sides of these responses, and the helpful comments from other interested parties. We note that filing an opposition is not the only means by which a party can object to the registration of a trade mark, which can also be challenged, at similar cost, by a post registration application for invalidation. However, in response to the comments we received we now intend to proceed as follows:

- Given the widespread opinion that six weeks is an insufficient initial opposition period we propose to set the initial period at two months from publication.
- In order to ensure that parties continue to have sufficient time to prepare in advance of launching formal opposition the period will be extendible as of right to three months (but no further).
- This will result in an overall opposition period of three months, where required and a reduced delay of only two months for most of the 93% of unopposed applications.
- While this will differ from the fixed three month opposition period at OHIM, UKIPO will still provide an opposition period comparable to many other offices (including some in the CTM area) which have periods of two months or less.
- In response to concerns regarding the administration of an extendible period, this will be kept to a minimum by the facility of a no-cost form TM7a submitted via the Office's website. Validation of these forms will be automated, as will the copying of the TM7a to the applicant or his representative.
- The very act of filing a TM7a will therefore (subject to the timing of any subsequent Notice of Opposition) be considered as giving the applicant an opportunity to withdraw the application before any opposition is filed. This together with a two months initial opposition period should provide adequate time to provide applicants with notice of possible opposition.

Changes to the Cooling Off Period

19. The consultation included a proposal to increase the flexibility and maximum cooling off period by reducing it to nine months initially, extendible to 18 by agreement of both parties subject to confirmation that negotiations are underway, accompanied by a statement of truth. The consultation also invited respondents to suggest any alternative ideas as to how the current opposition/cooling off arrangements could be improved.

20. All but one of the responses which commented on this proposal agreed that the cooling off period should be more flexible. FFW were the only dissenting voice, suggesting that the prescribed time limit should focus parties on determining whether the dispute can ultimately be resolved.
21. Responses were also supportive of the proposal for the cooling off period to be 9 months initially, extendible to 18, although some responses did indicate that in exceptional circumstances it may be necessary to extend the period beyond 18 months.
22. Respondents agreed that requests for extension of the cooling off period should be made within the initial 9 month period by both parties. However, six of the ten of responses which commented on this felt that it would be burdensome to require a statement of truth in support of the statement that the parties were negotiating a settlement.
23. A number of alternative ideas for improving the current opposition/cooling off arrangements were made:
- ITMA proposed an extension of the cooling off period so it could be requested at any time subject to agreement by both parties, accompanied by a statement of truth confirming that parties are negotiating a settlement.
 - INTA and UDL favoured a 24 months cooling off period similar to OHIM.
 - CIPA suggest consideration is given to the introduction of requests for extensions of the opposition and cooling off period to be made by electronic means.
 - A trade mark attorney suggested a process in line with OHIM, in particular allowing a basic opposition to be filed followed by a period for negotiation before the opponents case is completed.
24. **Given the strong support for a more flexible cooling off period extendible to 18 months we plan to proceed with this. However, on reflection we do not think that it is necessary to state in the Rules that the statement as to the existence of settlement negotiations be accompanied by a statement of truth. Also given the level of support for the original proposal we do not intend to take the other ideas forward at this time.**

Evidence – Non-Use Cases

25. The consultation document presented a proposal to change the Rules such that the proprietor is given one opportunity to file the evidence of use (or proper reasons for non-use) he intends to rely upon in order to defend the registration. This period will be extendible.

26. There was strong support for this proposal, with nine responses commenting on it, only one did not support the proposal. Two responses suggested that the draft SI should be amended to specify the period for filing evidence, and another respondent suggested a fee for extensions to ensure proceedings proceed in a timely fashion.
27. **Given the general support for this proposal we will continue as proposed in the consultation except that we will specify in Rule 38(3) that the period set by the Registrar for the filing of evidence of use shall be at least 2 months.**

Power to set aside Decisions

28. The consultation discussed the possibility that trade marks can sometimes be lost because the proprietor is unaware that its mark is under attack by a third party, usually as a result of ineffective service of an opposition or application for cancellation. At present, whatever the circumstances there is no provision under the Rules to belatedly contest the removal of a trade mark due to a failure to respond to a properly addressed notice delivered to the recorded address for service. Draft rule 43 is intended to remove this risk of injustice. Users were invited to provide their thoughts on the most appropriate way to ensure equity, including the appropriate time period allowed for applying for reinstatement.
29. Eight respondents commented on this question. Seven of these acknowledged that there is a balance here, and saw merit in a procedure to set aside decisions, although there was considerable emphasis put on the need to provide indemnity for any application filed in good faith after cancellation but before the cancellation decision was set aside. Different respondents proposed different periods for this indemnity, but it should be at least until the final decision to set aside has been reached. This was also the basis for Nabarro to reject this proposal, their response pointed out that very often a party seeking cancellation actions will be doing so because they wish to make a potentially conflicting application. Any provision to set aside the cancellation would create a period of uncertainty for the third party and make any of their rights established during the interim period vulnerable.
30. For this reason, there was agreement that there should be a maximum period within which to make an application for a cancellation decision to be set aside. Respondents were divided in terms of an appropriate time period with suggestions ranging from three months to 12.

31. **After consideration of the responses we are minded to introduce a provision to set aside decisions, as set out in draft rule 43, with a fixed period of six months to apply for reinstatement. The Rules will provide the Registrar with a discretion to set terms and conditions for the setting aside of the cancellation decision. These can be used to address questions of liability that might otherwise arise in relation to acts committed between the initial cancellation of the registration and the date of the decision to set aside the cancellation.**

Timing of procedural appeals

32. At present appeals can be lodged following any decision of the Registrar, including procedural decisions which do not terminate the proceedings. These procedural appeals can substantially affect the length and cost of proceedings, however even if successful they may not change the final outcome of proceedings. The consultation makes a proposal to bring the UK rules into line with Article 57(2) of the Community Trade Mark Regulation “A decision which does not terminate proceedings as regards one of the parties can only be appealed together with the final decision, unless the decision allows separate appeal.”

33. Six respondents commented on this question, four were in favour and two against. The key issue came down to interpretation of which decisions will still be available to appeal at the time of decision. FFW and a trade mark attorney pointed out that if a procedural appeal is later successful it risks making the final decision questionable. ITMA’s solution to this is a broad interpretation of decisions that are likely to be determinative. S&Y and Unilever both supported adopting this provision as at OHIM.

34. **Balancing the arguments put forward in consultation responses we have decided to proceed as set out in draft rule 70. This gives the registrar a discretion which will be used to identify decisions likely to be determinative of the proceedings and to continue to permit separate appeals for these, thus avoiding the issues raised in responses.**

Section III – Modernisation and Optimisation

Changes to published information

35. The consultation proposed a change to the publication method for data provided for information purposes. This information will no longer be included in the Trade Mark Journal, but would continue to be available on the Office website.

36. Responses were supportive of this recommendation, highlighting the importance of making information on licenses available and searchable, and also maintaining the database as a permanent record not subject to the removal of expired entries.

37. Thomson CompuMark responded to the consultation to raise particular questions around this point. Their concern related to the availability for their reports of information currently published in the back part of the Trade Marks Journal but which will be made available via the Office's web site under the proposed new rules. However, this concern appears to be unfounded because the information provided to licensees of the data on the trade mark register (such as Thomson Compumark) will not be affected by the proposal.
38. **The new rules will no longer require the publication of data for information purposes in the Trade Marks Journal. However, there will be no change to the information available to users. We will proceed as proposed in the consultation.**

Changes to time periods – Deficiencies in application

39. The present rules allow a period of two months to remedy deficiencies in the application such as failing to identify the applicant or provide a list of goods and services, or to pay the application fee. We feel that it is archaic to allow two months for the submission of basic information or the payment of application fees. The consultation presented options to reduce this period to "a period specified by the registrar, which shall be not less than 14 days/one month" This period will be extendible under rule 77.
40. Eight responses commented on this proposal. There was no support for a period of "not less than 14 days", which was felt to be too short and impractical. Four responses accepted proposals for a period of "not less than one month". A number of objections were raised. UDL pointed out that many applicants use the two month period for payment of application fees as an opportunity to finalise which version of a mark to use. Others suggested that in combination with an EEA address for service one month may be insufficient.
41. **We intend to reduce the period for remedying deficiencies to be "a period specified by the registrar, which shall not be less than one month". We acknowledge the points raised by response, however the purpose of this period is to ensure accurate and complete applications and not to enable speculative filings for which no application fee is paid. This period would be in line with general invoicing practices.**
42. Secondly the consultation proposed to shorten the period allowed for the correction of classification queries, some of which are straightforward. The proposed approach is to reduce the period from "not less than two months" to "not less than one month". The intention is still to allow two months where the matter is not straightforward, and as with other periods this remains extendible.

43. Responses generally accepted this proposal (4 in favour, 1 against), although some (S&Y) pointed out that perceptions of which queries are straightforward can differ.
44. **Given the draft rule specifies a minimum period, which is extendible, we propose to proceed as drafted.**

Verification of Priority Claims

45. At present the office requires formal certification to support claims for priority under the Paris Convention. This practice is out of line with other offices (e.g. OHIM) and we feel it is no longer necessary. The consultation proposes to change the rules such that the submission of priority documents is discretionary, and where required the office will accept a wider range of means of verification.
46. Five responses agreed, three did not (Nabarro, FFW, S&Y). All the respondents who rejected the proposal did so on the basis that the Office should verify priority claims. However, this may not require formal certification of the priority claim and is therefore no basis on which to maintain the existing requirement for a certified copy of the priority documents.
47. **The office will no longer require formal certification for priority claims. However, the office will retain the power to verify Priority Claims using a wider range of means to so do when necessary.**

Other comments

48. A number of respondents also made other comments on the consultation proposals where formal questions were not asked. These are summarised below.
49. ITMA recognised the policy issues which drive the Registrar's desire for flexibility when no Counterstatements are filed in opposition, revocation or invalidation actions. However, ITMA believe there should be a prima facie assumption that in the absence of a counterstatement the action is unopposed and should succeed, thus the registrar should not "direct otherwise" unless there are compelling reasons given by the applicant/proprietor. A trade mark attorney made a similar point.
50. CIPA express concern that proposals to give the Registrar discretion to permit a late defence may leave the opponent/applicant for invalidation in a significant period of uncertainty. To resolve this CIPA propose that following failure to file a defence by way of a TM8 the Registrar issues a communication indicating that the case will be concluded in the challengers favour unless the respondent replies within a prescribed period. CIPA assumes UKIPO will follow such a regime and requests confirmation.

51. **We acknowledge both these points and would like to clarify that in the absence of a defence filed within the statutory period, the registrar will only direct that the proceedings continue when presented with compelling reasons by the applicant/proprietor. It is current practice for the Registrar to communicate with the applicant/proprietor if a TM8 is not received and give a prescribed period before concluding in the challenger's favour. This practice will continue.**
52. ITMA believe draft rules 19 and 20 are unduly complicated. ITMA suggests a simpler approach under which the parties indicate if they wish to proceed with their case in the face of an adverse preliminary indication from the registrar, and state the grounds on which they continue to rely.
53. **While we accept that these rules are more complex than the approach ITMA suggest there are two reasons for this. Firstly the rules as drafted set out the circumstances where evidence will be required. This provides clear direction to parties in these proceedings. Secondly these rules are intended to address the perception that evidence is required in all trade mark proceedings, under ITMA's simplified approach the risk remains that parties might think that in order to continue with their case they have to file evidence to support a ground for which no evidence is required.**
54. CIPA expressed concerns relating to the proposed powers for the Registrar to regulate the issues on which evidence is admitted, and whether evidence is admitted at all. In particular CIPA opposes the inclusion of powers to exclude evidence which might otherwise be admissible. A trade mark attorney's response made a similar point.
55. **We accept this point. Rule 62 will be redrafted to remove the power for the Registrar to direct the nature of the evidence which is required and also the provision for the Registrar to exclude evidence which would otherwise be admissible.**
56. FFW expressed a view that the discretion to issue preliminary indications should be removed as in their experience they have a negative impact on the outcome of negotiations between the parties. Other respondents supported the new practice on preliminary indications.
57. **Where both parties ask the registrar to forego the issue of a preliminary indication, one will not be issued. Consequently, there is already a means of avoiding a preliminary indication where the parties agree that one would not be helpful. Further, this proposal was supported by more respondents than rejected it. We will therefore continue as proposed.**

58. FFW made a general point that with increased discretionary powers for case management (in line with the Judiciary) should also become a requirement for greater transparency as to how these powers will be exercised.
59. **We accept this point. We will issue practise directions when any change from the current practice is settled upon. This may not be by 1 October as the practice will develop with experience.**

List of Respondents to formal consultation

Dr Jonathan Banford
Anna Carboni
Chartered Institute of Patent Attorneys (CIPA)
Field Fisher Waterhouse LLP
Institute of Trade Mark Attorneys (ITMA)
International Trade Mark Association (INTA)
Law Society of Scotland
Licensing Executives Society (Britain and Ireland)
Nabarro LLP
Scott and York Intellectual Property
Thomson CompuMark
Unilever Plc
Urquhart-Dykes & Lord LLP