

**EXPLANATORY MEMORANDUM TO
THE REGISTERED DESIGNS RULES 2006**

2006 No. 1975

1. This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 These Rules are a substantive rewrite of the Registered Designs Rules 1995 (SI 1995/2912, as amended by SI 1999/3196, 2001/3950, 2006/760, 2006/1029) (the 1995 Rules). This Instrument revokes the 1995 Rules and the Instruments amending them.

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

3.1 None.

4. Legislative background

4.1 These rules are made under sections 29 to 31 and 36 of the Registered Designs Act 1949 (1949 Act). They are intended to complement the changes made to that Act by the Regulatory Reform (Registered Designs) Order 2006 (SI 2006/1974) (the RRO).

4.2 The Council on Tribunals has been consulted in accordance with 8(1) of the Tribunals and Inquiries Act 1992.

5. Extent

This instrument extends to all of the United Kingdom and the Isle of Man. The Manx Government has been consulted and is content.

6. European Convention on Human Rights

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

7. Policy Background

7.1 On the 12th July 2005 the Patent Office published a consultation document entitled *Consultation on the modernisation of the UK system of registration of designs*. This consultation related to a proposal for a Regulatory Reform Order under the Regulatory Reform Act 2001 and a substantive re-write of the Registered Designs Rules. An earlier draft of these Rules was included in the document. The Regulatory Impact Assessment sets out the points raised in the Consultation.

7.2 The 1995 Rules were substantially amended along with the 1949 Act as part of the implementation of Direction 98/71/EC on the legal protection of designs. Further, the

layout of the 1995 Rules and the drafting of many provisions in them originate from the Design Rules 1949 (SI 1949/2368) (although some go back further still). Therefore, the drafting style of the 1995 Rules is, on occasion, very old fashioned and some provisions are no longer necessary due to changes to other areas of the law.

- 7.3 These Rules are therefore drafted in a modern style and they do not include the provisions in the 1995 Rules which are no longer necessary. In addition they include some significant changes in policy.
- 7.4 The Rules now impose an obligation on the registrar to publish a representation of a design upon its registration. Although the Patent Office has published most designs since 2001 this has never previously been a statutory obligation. This change is made in conjunction with the new procedure which allows an applicant for the registration of a design to delay his registration for up to 12 months (and so delay publication) where he needs more time to bring the product to market. This delay replaces, to some extent, the effect of section 22(2) of the 1949 Act (which is repealed by the RRO).
- 7.5 During the consultation some interests expressed a wish to inspect the relevant files at the Patent Office (this is in addition to inspecting representations and specimens under section 22(1) of the 1949 Act). These Rules make provision for such inspection, although they also include certain restrictions to protect the interests of others.
- 7.6 The new Rules include a new more flexible approach to proceedings for invalidity before the registrar. Part 4 of the Rules, which cover such proceedings, is based on the approach of the Civil Procedure Rules.
- 7.7 The changes to the Rules have led to a number of new forms being required. The Patent Office published a second consultation paper entitled *Consultation on the statutory forms to be introduced with the new registered designs rules* on 15th March 2006. The forms prescribed in these Rules have taken account of those comments received during the consultation process.

8. Impact

A Regulatory Impact Assessment has been prepared and is attached to this memorandum.

9. Contact

Janet Folwell at the Patent Office: tel: 01633 814191 or e-mail janet.folwell@patent.gov.uk can answer any questions on the Rules.

FULL REGULATORY IMPACT ASSESSMENT ON THE INTRODUCTION OF NEW REGISTERED DESIGNS RULES INCORPORATING A NEW SET OF STATUTORY FORMS

1. Title of proposal

1.1 A proposal to simplify and modernise the rules and statutory forms that underpin the designs registration system, and make it fit for purpose with modern trading conditions.

2. Purpose and intended effect of measure

(i) The objective

2.1 These proposals seek to simplify and modernise the rules that underpin the system of applying for, maintaining and enforcing UK design registrations. We aim to:

- Encourage more businesses to seek registration;
- Encourage UK businesses to innovate;
- Reduce the level of copying of new designs in the UK;
- Increase Patent Office revenue which will help to maintain UK application and renewal fees at affordable levels;
- Bring the UK system closer into line with the European system so that businesses can more easily compare the two systems in order to make a choice as to which type of registration is appropriate for them.

(ii) The background

2.2 The Registered Designs Act 1949 is the Act which governs the registration of designs in the UK. Anybody can apply to register a design under the Act, and it has become increasingly popular with small to medium sized enterprises, and with applicants without any legal representation. The purpose of gaining registration for a new design, is that the proprietor can seek to enforce the registration in a court of law, and gain an injunction, with damages, against any other trader who is found to be copying their design either knowingly or otherwise.

2.3 For the first time in 2003, a competitive system for obtaining a registered design covering the UK was introduced in the form of the registered Community design system. This was brought about by the Designs Directive (“Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998”) which paved the way for the introduction of a system for seeking and obtaining a design registration to cover the whole of the EU by means of one application to the European Office in Alicante. Since the introduction of the registered Community design system on 1 April 2003, the input of UK national applications has decreased by just over 60%.

2.4 Application for either UK or EU design registration is voluntary, and most applicants would only seek protection from one system, depending on the scope of their business. But the vast majority of designs in the UK have never been registered

anywhere, usually because designers are unaware of the value of protecting their new designs by registration, and so UK businesses are leaving themselves vulnerable to unauthorised copying with the rather limited UK and EU unregistered design laws being their only defence.

2.5 There is a need to simplify and modernise the rules and statutory forms that underpin the designs registration system, in order to create a system that is as accessible, cost effective and simple to use as possible. The current rules are bureaucratic and overly burdensome.

(iii) Risk assessment

2.6 If the Designs Registry does not modernise the rules that underpin the registered designs system, and make it more user friendly for individuals and small to medium sized enterprises, then the expectation is that this category of innovators will not protect their new designs. There is already a perception that a worrying amount of copying of new designs goes on. Encouraging protection through registration should reduce copying and encourage innovation.

2.7 If no changes are made to the current rules, then the impact on business will be such that the UK will continue to be reluctant to protect new designs by registration and so will lose revenue by other traders at home and abroad copying their new designs. In time this will disillusion innovators so that they cease to spend any more time creating new designs. Also, if the level of new applications continues at its current low level then the current fees for filing a new application and subsequent renewals will have to be increased so that the cost of running the UK system is not more than the revenue created by the demand for new design registrations. This would not help UK business as they would then have to choose between higher UK fees and higher still registered Community design fees if their business is small, and statutory costs are a major factor in their decision making.

3. Consultation

(i) Within government

3.1 DTI Legal.

(ii) Public consultation

3.2 On 12 July 2005, the Patent Office published a consultation document on the proposals to modernise the designs registration system which included a draft new set of rules. The consultation was publicised by way of a press notice and as a “Hot Topic” on the Patent Office website announcing plans to modernise the UK system. The consultation document was sent to about 150 different representative groups, unrepresented applicants, professional bodies, and devolved administrations. It was available to download from the Patent Office website (www.patent.gov.uk) and paper copies were provided on request. The deadline for comments was 7 October 2005.

3.3 The responses to the rules made clear that the users of the system generally welcome the brand new set of rules that were proposed, although some pointed to the

need for the rules to be crystal clear in order to avoid any ambiguities in the new system. A number of drafting amendments have been made as a result of the written responses from two organisations, The Chartered Institute of Patent Attorneys (CIPA) and the Institute of Trade Mark Agents (ITMA). Main comments were as follows:

Specimens

3.4 There was some confusion over the meaning of “formal requirements”. To clarify, where a specimen is filed that is larger than the dimensions specified, then the applicant may replace it with a representation of the design without affecting the filing date of the application.

3.5 There were comments relating to the acceptability of specimens. To clarify, an applicant may opt to defer publication at the time of making the application. If he does so, he may request publication at any time during the following 12 months, but if a suitable representation was not provided at the time of making the application (or a specimen only was filed) then the registrar will direct that a suitable representation is filed for publication purposes.

IC Claims

3.6 There were a number of specific concerns over the detailed procedure of filing convention applications, such as specimens filed in place of representations in earlier applications and office to office transfer of priority documents. We decided to leave the rule as it stands and to clarify the practice in the published guidance before we implement the new system.

Publication

3.7 One respondent raised concern over the consequence of not providing consent to publication at the application stage. This rule is linked to a new feature of the registration system which is a statutory obligation on the registrar to publish new designs in a journal. If consent to publication is not given at the time of making the application, it may be given later, thus deferring publication (and registration) of the designs concerned up to a maximum of 12 months. See section 3(5) of the Registered Designs Act 1949.

Multiple applications

3.8 Following a question from one organisation, it is confirmed that designs filed as part of a multiple application will be treated separately for the purpose of all post registration actions. Therefore, for example, each and every design must be renewed separately.

Restorations

3.9 One organisation questioned why evidence needs to be filed in support of restoration when the guidance note on the Form DF29 suggests that the applicant only need say that failure to pay for renewal was unintentional. Form DF29 has now been modified slightly, further it is confirmed that a signature with an brief explanation of

the failure will often be sufficient evidence, although the registrar may request further evidence in certain cases.

Security for costs

3.10 One organisation raised specific concerns about the proposed changes to security for costs, as they feel that the change may result in higher costs to smaller businesses. It was also claimed that it will present practical problems. We have decided to leave this rule as it stands because it takes account of the relevant provisions of international treaties and is derived from the equivalent provision in the Civil Procedure Rules of 1998. We will clarify the practice in the published guidance as we implement the new system.

Public Inspection

3.11 New rules have been included to answer the concerns of many that there is still no current provision in registered designs legislation to allow for the public inspection of documents. Subject to certain conditions, documentation relating to registered designs may be inspected under the new rules, although the provision will not be retrospective. A new rule on confidential information will also be included.

New Forms

3.12 On 15 March 2006, The Patent Office published a consultation document on the proposals to introduce a new set of statutory forms as a schedule to the new rules. As with the main consultation published earlier, this was publicised as a “Hot Topic” on the Patent Office website and the document was sent to around 60 different representative groups and professional bodies. The deadline for comments was 12 May 2006.

3.13 A meeting of the representative groups took place in London on 6 March 2006 where the draft set of forms were scrutinised. The main comments centred around the application forms and the need for the filing of multiple applications to be as clear and transparent as possible, especially when it comes to the fees payable.

4. Options

4.1 Option 1: Do nothing

4.2 Although the national system of design registration currently pays for itself there is reason to believe that registration fees will have to increase significantly in 3 to 4 years time, if nothing is done to make the registration system more attractive to users and thereby increase the volume of new design applications. The Patent Office is a trading fund and must therefore cover the costs of running the system of registration. National design applications have reduced by just over 60% since the introduction of the registered Community design on 1 April 2003. Although application fee income has reduced, the Patent Office is covering the cost of running the system through design renewal income, which has remained healthy so far, but is bound to reduce from 2008 reflecting the drop in new national registered designs. As income from national design registration renewals dwindles over time, more of the cost of running

the national system will have to be met from new applications. This is likely to mean increases in the national applications fees. UK Businesses will then be faced with a choice between higher national registration fees or higher-still Community design registration fees.

4.3 UK businesses already protect fewer designs than some of their European competitors, most notably France and Germany. Higher registration fees may lead to even fewer businesses, particularly small to medium sized enterprises, protecting their new designs through registration.

4.4 **Option 2:** Modernise the designs registration system by creating a new set of rules to incorporate a new set of statutory forms.

4.5 Changing the existing rules to simplify them and make them more transparent would encourage greater use of the designs registration system.

5. Benefits

5.1 **Option 1:** No changes to the legislation would be required.

5.2 **Option 2:** The overriding benefit is essentially that the rules that give rise to the procedures governing the national registration of designs is antiquated, and that users (and potential users of the system) would benefit from simplification, making it easier to use and affordable. Significant improvements include:

- Simplification of the application procedure, so that it is less bureaucratic and therefore less time consuming to complete, which in turn will free up time for businesses to concentrate on more productive activities
- Provision to support a multiple application procedure so that businesses can make as many applications for new designs as they wish, and all at the same time, which will cut down on the time taken to file separate applications for each design.
- A modernised set of statutory forms which will be easier and therefore less time consuming to complete
- Provision for the public inspection of documents, so that information surrounding the acceptances of design applications for registration is made freely available to those who wish to see it
- A requirement on the registrar to publish new designs in a journal

6. Business Sectors Affected

6.1 All business sectors are affected. Demand for new design registrations span the whole product spectrum.

7. Costs

(i) Compliance costs

7.1 Option 1: The cost of registering a new design is likely to rise if there is no change to make the system more attractive to users in order to create an increase in new applications. The Patent Office is a trading fund and therefore must cover the costs of running the registration system.

7.2 Option 2: The cost of registering new designs will be less likely to increase than if there is no change. This is because a simplification of the current set of rules will encourage greater use of the registration system which in turn will keep costs down. Also, costs for business will be reduced as the system will be faster and more accessible, and therefore less time need be spent on official procedures concerning registered designs.

(ii) Other costs

Costs for a typical business

7.3 None

8. Consultation with small business: the Small Firms' impact test

8.1 With regard to the modernisation of the designs registration system, the designs Registry staff have spoken with members of the intellectual property profession who represent businesses with design interests at a working group. A representative of individual designers is present on this group. We also held a Focus Group of professionally unrepresented applicants (and potential applicants identified from trade associations) in the summer of 2004 to seek their views on what the public want and expect from the designs registration system. The proposals in the consultation documents covering the draft new set of rules and the statutory forms to accompany the rules take account of the results of these discussions, with a firm emphasis on simplifying the existing system. These activities have been discussed and agreed with the Small Business Service.

8.2 At the time that the public consultation was launched, we selected 50 applicants who filed the most design applications throughout 2004 without using the services of a representative, and also those who either attended the Focus Group meeting in London in July 2004 or provided written comments at that time. These small business users of the UK registration system were all sent a letter together with a copy of the consultation document and an easy-to-read single page summary, inviting them to send us their comments on our proposals. Also included with this mail shot was an invitation to attend an informal meeting in London before the end of the consultation period, to discuss the proposals and to offer any help or assistance with current design registration matters. This meeting did not go ahead due to insufficient interest from small businesses, and only one written response was actually received from the unrepresented applicants. However, we telephoned a number of the small businesses who were included in the mail shot to discuss the proposals when it became clear that written comments were not forthcoming, and the notes of these informal telephone conversations have been recorded. Many did not quite grasp the legal aspects of the registration system, but their comments were all along similar lines, in that they supported proposals that would make the system easier to use and keep application costs down to a minimum.

9. Competition Assessment

9.1 The burden on any business as a result of these proposals is minimal, and in most cases it is reduced as a direct result of making the designs registration processes faster, less costly and fairer to all. The Competition Assessment filter has been completed and indicates that a detailed assessment is not necessary. Registered designs may be applied to any product across the whole spectrum, and therefore all markets are potentially affected by changes to the legislation. But application for registration is entirely voluntary, and no market sector is placed at an advantage above any other as a result of the new proposals.

10. Enforcement and Sanctions

10.1 The general public have the choice of whether or not to opt for UK design registration. Registered design rights are a private law matter.

11. Monitoring and Review

11.1 No formal monitoring review process has yet been adopted. The proposals are based on our findings up until now, from speaking with a representative group of intellectual property practitioners and a group of unrepresented applicants (and potential applicants). The Registry will continue to communicate with these groups after implementation of the new rules in order to measure the success of the changes in terms of modern business needs.

12. Implementation Plan

12.1 The new rules will be introduced by Statutory instrument and will come into force on 1 October 2006, the next available common commencement date.

12.2 Guidance on the Regulations will be available on the Patent Office website when the Regulations are laid (www.patent.gov.uk). It will be incorporated into the Patent Office booklet "How to apply to register a design". The new sections of the publication will be flagged up so that users can easily identify them.

12.3 The usual three month period between Regulations being made (and guidelines being published) and coming into force will be allowed.

12.4 A post implementation review of the new measures will take place after the initial 12 months, and again after 3 years from the implementation date. This will involve contact with stakeholders to seek feedback on how the new system has been received in practical terms, and an analysis of the demand for the new system, including use of the new provisions such as multiple applications and deferment of publication.

13. Summary and recommendation

13.1 It is recommended that option 2 be pursued. This option would bring the UK designs registration system more into line with the European system on the legal

protection of designs, and create a more efficient and therefore less costly system for the public to use.

13.2 Option 1 (do nothing) would provide no benefits and may impose additional costs on businesses wanting to use the UK system.

14. Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed Sainsbury of Turville

Date 27th July 2006

Lord Sainsbury of Turville
Parliamentary Under-Secretary of State for Science and Innovation
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