

EXPLANATORY MEMORANDUM TO
THE TRADE MARKS (FAST TRACK OPPOSITION) (AMENDMENT) RULES 2013

2013 No. 2235

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**THE TRADE MARKS (INTERNATIONAL REGISTRATION) (AMENDMENT No. 2)
ORDER 2013**

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1. This Explanatory Memorandum has been prepared by the Intellectual Property Office (IPO), an Executive Agency of the Department of Business, Innovation and Skills, and is laid before Parliament by Command of Her Majesty.

2. Purpose of the Instrument

- 2.1 The purpose of these instruments is to amend the Trade Marks Rules 2008 and introduce a fast track procedure through which existing trade mark owners can oppose the registration of new trade marks at an affordable cost. The fast track procedure will exist in addition to the current opposition procedure, and is not intended to replace the existing procedure.

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

- 3.1 None.

4. Legislative Context

- 4.1 These instruments amend the Trade Mark Rules 2008 (SI 2008 No. 1797), The Trade Marks (Fees) Rules 2008 (SI 2008 No. 1958) and The Trade Marks (International Registration) Order 2008 (SI 2008 No. 2206) to provide for an additional fast track opposition procedure under the Trade Marks Act 1994. This is intended to enable businesses to protect their trade marks through a faster, cheaper procedure, if suitable.
- 4.2 The main changes to The Trade Mark Rules 2008 include: the definition of a fast track opposition is inserted in Rule 2, which limits the use of the fast track procedure to oppositions based solely on earlier registered or protected trade marks. These grounds are included in over 90% of existing oppositions, but they are commonly accompanied by other legal grounds, such as that the opponent also has common law rights in the earlier mark or claims that the earlier mark has a reputation which the new mark will take unfair advantage of. These additional grounds are heavily dependent on factual evidence. They therefore add cost and time to the proceedings, but rarely change the outcome. Where it is necessary to raise these grounds of opposition, it must be done

through the existing opposition procedure, which includes provision for routine evidence and oral hearings.

- 4.3 New rule 17A is introduced which sets out the procedure for filing a notice of fast track opposition on form TM7F.
- 4.4 Rules 19 and 20 (1)-(3), which provide for a preliminary indication of the likely outcome of an opposition and for the routine filing of evidence, are disapplied from the procedure in order to simplify and shorten the process, but Rule 20(4), which provides that the Registrar may at any time give leave to either party to file evidence, does apply to fast track oppositions.
- 4.5 In addition, restrictions preventing a party from adding inappropriate legal grounds to a fast track opposition are introduced in amended Rule 62(1)(e).
- 4.6 New Rule 62(1)(g) is introduced, which permits an opposition filed as a fast track opposition to be treated as a conventional opposition if it satisfies the requirements for the latter, but not the requirements for the former. This will avoid potential opponents from being prevented from opposing a new trade mark because of their failure to observe the limitations governing the grounds and circumstances in which a fast track opposition may be filed.
- 4.7 New Rule 62(1)(j) is introduced, which provides that where proceedings in the fast track are consolidated with other non-fast track proceedings, the consolidated proceedings shall be treated as non-fast track proceedings. This is because the inclusion of non-fast track proceedings will mean that the consolidated proceedings are no longer suitable for the fast track process. Consolidation is a matter of discretion. The Registrar will only permit fast track proceedings to be consolidated with other proceedings where it is necessary and/or more efficient and cost effective to do so.
- 4.8 As another means of limiting time and cost, new Rule 62(5) provides that parties to a fast track opposition may only have an oral hearing where the Office requests it, or where either party requests it and the Office considers it necessary and proportionate. Consequently, Rule 63, which provides for a general right to be heard the right, is disapplied by new Rule 63(3). However, new Rule 62(6) provides that where no oral hearing is held in fast track proceedings, the registrar shall give the parties an opportunity to set out their arguments in writing before reaching a final decision on the opposition.
- 4.9 The Trade Marks (Fees) Rules 2008 (SI 2008 No. 1958) are amended so as to reduce the cost of filing a fast track opposition from £200 to £100. A similar reduction is made to the cost of filing a conventional opposition where the grounds of opposition are limited to those which could have been brought under the fast track procedure. This is to ensure that the level of the filing fee does not encourage inappropriate use of the fast track procedure for cases that depend on factual evidence and are, therefore, better suited to the existing opposition procedure. A fee of £100 is introduced for filing new Form TM7G, which is the means to request that other legal grounds are belatedly added to a conventional opposition (the new fee will bring the total fee for filing such an opposition back to the existing full fee of £200). And a fee of £250 is

introduced for new Form TM55P, which is required for appeals made to the person appointed under section 76 of the Act. This is intended to deter frivolous appeals, which can be used to vex SMEs who have been successful at first instance.

- 4.10 The Trade Marks (International Registration) Order 2008 (SI 2008 No. 2206) applies the rules made for national applications, except to the extent that they are expressly disapplied or modified. The result of this is that the amendments to the trade mark rules, which introduce the fast track opposition procedure, will also apply to those cases covered by the international order. The 2013 order makes specific amendments to the fees which are provided for in Schedule 6 to the 2008 Order, in order to reflect the amendments made by the Fees (Amendment) Rules.
- 4.11 At the time of the making of the Trade Mark Rules 2008, the Administrative Justice and Tribunals Council were consulted, as required by section 8 of the Tribunals and Inquiries Act 1992. Section 8 has since been repealed, with effect from 19 August 2013, and consequently, these SIs have not been sent to the Council.

5. Territorial Extent and Application

- 5.1 These instruments apply to the whole of the United Kingdom, including the Isle of Man.

6. European Convention on Human Rights

- 6.1 As these instruments are subject to the negative resolution procedure and do not amend primary legislation, no statement is required.

7. Policy Background

- 7.1 The IPO registers trade marks which are then protected within the UK. Businesses can also register trade marks with the European trade mark office (officially called the Office for the Harmonisation of the Internal Market, or OHIM), which are protected in the UK and throughout the EU.
- 7.2 Owners of existing trade marks can oppose applications from others to register new marks if they think that the new mark appears to be the same as, or too similar to, their existing mark. The IPO is solely responsible for determining oppositions within the UK via the Office's Trade Mark Tribunal. OHIM has a similar procedure for resolving conflicts between existing trade marks and new EU trade marks.
- 7.3 Prior to 2007 the Registrar of Trade Marks had the responsibility to refuse applications for new UK trade marks if the new mark appeared to him (in practice to his examiners) to conflict with an earlier mark, although anyone could oppose the marks the IPO accepted. The law was changed in 2007, with public support, for a number of reasons of principle and practice. Now a new UK mark can only be refused registration on the grounds it conflicts with an

earlier mark if the owner of the earlier mark launches an opposition and is successful.

- 7.4 As a result of responses to the Government's Red Tape Challenge¹ about the time and cost of UK opposition proceedings, the IPO considered a number of changes, including reversing the changes made in 2007. However, partly because the changes made in 2007 were broadly supported by business, and partly because changing the UK system alone would simply encourage more business to file their new marks as Community Trade Marks instead, it was agreed that it would be undesirable to reverse the 2007 change. Instead, a new fast track opposition procedure is being introduced which will reduce the cost and time burden on existing trade mark owners of filing oppositions to new national trade marks.
- 7.5 The fast track procedure is primarily aimed at SMEs and is intended to improve their access to justice at a cost proportionate to the complexity and value of the matter at stake. Reducing the cost, complexity and increasing the speed at which business can protect their trade marks should stimulate the innovation and creativity of UK business who will be able to invest in their marks knowing that there is an affordable procedure through which to resolve future conflicts.

8. Consultation Outcome

- 8.1 A public consultation exercise was run from 22 March 2013 to 17 May 2013, seeking views on the introduction of a fast track opposition procedure and setting out a range of questions relating to the rules and operations of such a procedure. 11 responses were received from a range of stakeholders including law firms specialising in intellectual property, individual trade mark attorneys, businesses and a representative body.
- 8.2 The majority of respondents were supportive of the proposals and agreed that there was a need for a faster, lower cost and less complicated opposition procedure within the Tribunal. A full summary of the responses received and how these were reflected in the final proposals, is available on the IPO's website: <http://www.ipo.gov.uk/response-2013-tmfasttrack.pdf>

9. Guidance

- 9.1 Full and detailed guidance about the fast track procedure, including user guidelines, will be available prior to the introduction of the service on 1 October 2013. The guidance will be published on the website of the Intellectual Property Office.

10. Impact

- 10.1 The introduction of the fast track opposition procedure will not present any cost to business or the public. The fast track will result in an entirely optional

¹ The Red Tape Challenge is a public consultation project aiming to reduce the amount of regulatory issues that are faced by entrepreneurs, investors and business, and cut the amount of 'red tape' in Government.

service which is intended to simplify the opposition process and make it more accessible, and practicable, for business to defend their trade mark rights.

- 10.2 The proposed change is intended to improve access to opposition proceedings for small to medium sized enterprises (SMEs) who may be dissuaded from using the current system due to the perceived cost and time of raising an opposition. The procedure is intended to encourage growth, as business may be more willing to invest in their trade mark rights knowing that there is an affordable procedure at the IPO to oppose future conflicting marks.
- 10.3 The IPO has produced a proportionate Impact Assessment for the change, a copy of which has been attached to this memorandum.

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 introduction of the procedure will be continuously monitored, and will be evaluated once the new procedure is established and has had the chance to settle. We expect to evaluate within 12 months of the date of commencement.

13 Contact

- 13.1 Clare Hurley at the Intellectual Property Office can answer any queries regarding the instrument. Contact: 01633 814092 or email: clare.hurley@ipo.gov.uk