

**EXPLANATORY MEMORANDUM TO**  
**THE PATENTS, TRADE MARKS AND DESIGNS (ADDRESS FOR SERVICE)**  
**(AMENDMENT) (EU EXIT) RULES 2020**

**2020 No. 1317**

**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 & Industrial Strategy, and is laid before Parliament by Command of her Majesty.

**2. Purpose of the instrument**

- 2.1 This instrument amends a number of intellectual property (IP) statutory instruments to change the correspondence address or ‘address for service’ (AfS) requirements for patents, trade marks and designs, by removing references to the European Economic Area (EEA) and inserting references to Gibraltar.

*Explanations*

What did any relevant EU law do before exit day?

- 2.2 Existing rules on supplying an AfS for the purposes of proceedings under IP legislation before the IPO require that an AfS should be within the UK, the EEA or Channel Islands, in light of our membership of the EU.

Why is it being changed?

- 2.3 Permitting addresses within the EEA to be used will no longer be appropriate after the end of the Transition Period (TP) provided under the Withdrawal Agreement (WA).
- 2.4 Those who wish to register EU trade marks and Community designs covering the whole of the EU may, in a single application, apply to the European Union Intellectual Property Office (EUIPO). Where applicants are based outside the EEA, they must appoint a legal representative based in the EEA for the purposes of receiving any correspondence in relation to their applications. This means that at the end of the TP, a UK applicant for an EU trade mark or registered Community Design will need to appoint an EEA representative or attorney. The UK proprietor of any existing EU right will also have to appoint an EEA representative if their right is involved in any proceedings which are initiated before the EUIPO or the European Court of Justice. In addition any applicant for, or proprietor of, such an EU right who is not based in the EEA and has appointed a UK representative will have to appoint an EEA based representative instead. This will result in a loss of business for UK representatives and attorneys. In light of this situation, these rule changes will require an applicant for a UK trade mark or a UK registered design or the proprietor of such a right involved in proceedings at the IPO to nominate an AfS in the UK, Channel Islands or Gibraltar. Requiring an AfS (or legal representative) only in the home nation in this way, is an approach taken by some other national IP offices.

What will it now do?

- 2.5 The purpose of this instrument is to ensure that with effect from 1<sup>st</sup> January 2021 only an AfS which is in the UK, the Channel Islands or Gibraltar is permitted in proceedings before the IPO. However, this change is subject to Article 55(2) of the WA so, for a period of 3 years after the end of the TP, the change to the AfS rules cannot be imposed on registered EU trade marks or registered Community designs which are being converted into UK national rights. See paragraph 7.3 in relation to the inclusion of Gibraltar, paragraphs 7.1 and 7.2 for reasons for making this change, and paragraph 7.4 about the WA.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

*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 all of the United Kingdom, which for these purposes also includes the Isle of Man.
- 4.2 The territorial application of this instrument is to all of the United Kingdom, which for these purposes also includes 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 This instrument is made under section 8B(1)(a) of, and paragraph 21(b) of Schedule 7 to, the European Union (Withdrawal) Act 2018, section 123 of the Patents Act 1977, section 78 of the Trade Marks Act 1994, section 250 of the Copyright, Designs and Patents Act 1998 and section 36 of the Registered Designs Act 1949.
- 6.2 These sections give the Secretary of State the power to make regulations to implement Part 3 of the WA and to make rules to regulate procedures on any matters relating to patents, trade marks and designs. The latter powers have been exercised through the Patents Rules 2007, the Trade Marks Rules 2008, the Designs Rules 2006, and the Design Right Rules 1989.
- 6.3 These rules govern AfS requirements for each respective IP right. The UK legislation currently allows an AfS in the EEA (which includes at present the UK) as well as the Channel Islands. This instrument amends those Rules so that only UK, Channel Islands or Gibraltar addresses will be accepted with effect from 1<sup>st</sup> January 2021.

## 7. Policy background

### *What is being done and why?*

- 7.1 The IPO's rules on AfS are being changed so the EEA correspondence addresses are no longer accepted in actions before the IPO. The changes to the AfS rules apply to trade marks, registered designs, unregistered designs and patents. This ensures consistency between the IP rights to keep them in step with each other and is in line with previous amendments when the UK-only AfS rules were extended to cover the EEA. The initial driver is the UK's exit from the EU, its future status as a non-member of the EU, and the resulting inability of UK legal representatives to act before the EUIPO.
- 7.2 The EUIPO is an EU agency, at which a single application to register a trade mark or design covering the whole of the EU can be made. Applicants outside the EEA are required to have a representative in the EEA in relation to their application for an EU registered right in order to receive correspondence. At the end of the TP, UK applicants for trade marks and designs at the EUIPO will not be able to use a UK representative/attorney for correspondence purposes, and UK attorneys will lose the ability to represent clients at the EUIPO.
- 7.3 Applicants at the UK IPO are not required to have a legal representative, but they must provide an AfS in the EEA. In practice, this means many have legal representatives from across the EEA. Without this change this situation would continue at the UK IPO even though the EUIPO will not reciprocate to allow UK representatives. Removing 'EEA' from the relevant UK rules will mean that an AfS provided for the purposes of proceedings before the IPO will need to be within the UK (which in this context includes the Isle of Man), Gibraltar or the Channel Islands. This is also in line with the approach taken by some other national IP offices. The rules will apply to actions such as new applications and new requests to initiate proceedings at the IPO. The existing rules will continue to apply to proceedings still pending at the end of the TP.
- 7.4 Gibraltar is also specifically included within the AfS rules. This policy recognises the close links between the UK and Gibraltar and ongoing alignment work to ensure clarity of IP rules and protection for both territories.
- 7.5 As part of the UK's commitments under Article 54(1) of the WA, over 2 million registered EU trade marks and designs will be re-created on the UK register to give rise to corresponding UK domestic rights once the TP ends. Article 55(2) of the WA permits these EU-based rights to retain their EEA AfS before the IPO, for a period of 3 years after the end of the TP. The change to AfS rules cannot therefore apply to these rights until the expiry of that 3 year period. This is implemented by the transitional and savings provision for comparable rights in rule 8.
- 7.6 In addition to being filed at the UK IPO, applications for patents may be filed at the European Patent Office (EPO). This is not an EU body; it examines and grants applications for patents according to an international treaty, the European Patent Convention (EPC), which has members including non-EU states such as Switzerland and Turkey. UK applicants will continue to be able to use UK representatives, and rely on UK correspondence addresses, for applications at the EPO after the TP ends. Patents granted by the EPO become a "bundle" of national patents of whichever EPC states the applicant has selected. If that includes the UK, the UK patent will be subject to the UK AfS rules once granted.

7.7 This issue has been the subject of specialist media attention, in the light of a campaign in favour of this rule change by organisations representing UK IP attorneys. This has led to some Parliamentary interest.

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

8.1 This instrument is not being made to address a deficiency in retained EU law but relates to the withdrawal of the United Kingdom from the European Union and is being made under section 8B(1)(a) of and paragraph 21(b) of Schedule 7 to the European Union (Withdrawal) Act 2018. The Minister has made any relevant statements in Part 2 of the Annex to this Explanatory Memorandum.

8.2 Alongside the EU (Withdrawal) Act 2018 powers the instrument is also being made under section 123 of the Patents Act 1977, section 78 of the Trade Marks Act 1994, section 250 of the Copyright, Designs and Patents Act 1998 and section 36 of the Registered Designs Act 1949. These sections give the Secretary of State the power to make rules to regulate procedures on any matters relating to the respective IP rights.

## **9. Consolidation**

9.1 No consolidation is planned for any of the instruments being amended. Unofficial consolidated texts of those instruments will be publicly available for free on the gov.uk website.

## **10. Consultation outcome**

10.1 A ‘call for views’, in the form of an online survey, ran from 27 July until 14 August. This method of seeking views was influenced by the tight timescales for ensuring the legislation could be made and laid before Parliament before the end of the TP. Stakeholder groups were informed about the call for views, and 1068 responses were received.

10.2 95% of respondents were either supportive or very supportive of the proposal to move to a UK AfS. Those who were not supportive were either based outside the UK or were larger multinational companies, often with in-house IP experts who are based on one location in the UK or EEA. They were concerned that the proposal would add to their costs, and could require organisational changes. The government’s response to the call for views was published on 19 November at <https://www.gov.uk/government/consultations/address-for-service-rules-changes-call-for-views>

10.3 IP is a reserved matter. The devolved administrations have nevertheless been kept informed and have had the opportunity to comment.

## **11. Guidance**

11.1 Guidance has been prepared and is available at: <https://www.gov.uk/guidance/address-for-service-for-intellectual-property-rights-from-1-january-2021>

## **12. Impact**

12.1 The impact on business is that the UK IP legal sector is likely to see an increase in business from non-UK applicants seeking IP protection in the UK. This is because all applications to the UK IPO will now need a UK AfS. If a non-UK based business has

no UK address, they may need to use a UK attorney to meet that requirement. There is no, or no significant, impact on UK charities or voluntary bodies.

- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A de minimis Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the [legislation.gov.uk](http://legislation.gov.uk) website. The benefits to the UK economy will depend on whether, and how, non-UK applicants decide to seek protection of their rights in the UK. UK attorneys will benefit from representing those non-UK applicants who seek UK protection for their rights and employ legal representation, instead of using e.g. a PO Box as their correspondence address. The overall net benefit to business has been assessed as being approximately £2.7 million per year.

### **13. Regulating small business**

- 13.1 The legislation applies to activities that are undertaken by small businesses. The legislative changes are largely supported by smaller IP attorney firms, which anticipate that the changes will help reduce the loss of business arising from the UK's withdrawal from the EU.
- 13.2 As the impact on smaller businesses is considered to be positive, there is no need to take action to minimise that impact.

### **14. Monitoring & review**

- 14.1 The approach to monitoring of this legislation is that the IPO will continue to monitor the volumes of applications for registered rights to observe any changes following the UK's departure from the EU.
- 14.2 As this instrument is made under the EU (Withdrawal) Act 2018, no review clause is required.

### **15. Contact**

- 15.1 Janette McNeill at the Intellectual Property Office, Telephone: 01633 814750 or email: [Janette.McNeill@ipo.gov.uk](mailto:Janette.McNeill@ipo.gov.uk) can be contacted with any queries regarding the instrument.
- 15.2 James Porter, Divisional Director, Policy and Legal, at the Intellectual Property Office can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Amanda Solloway MP, Parliamentary Under Secretary of State at the Department for Business, Energy & Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.

# Annex

## Statements under the European Union (Withdrawal) Act 2018

### Part 1

#### Table of Statements under the 2018 Act

This table sets out the statements that may be required under the 2018 Act.

Statement	Where the requirement sits	To whom it applies	What it requires
Sifting	Paragraphs 3(3), 3(7) and 17(3) and 17(7) of Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) to make a Negative SI	Explain why the instrument should be subject to the negative procedure and, if applicable, why they disagree with the recommendation(s) of the SLSC/Sifting Committees
Appropriate-ness	Sub-paragraph (2) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	A statement that the SI does no more than is appropriate.
Good Reasons	Sub-paragraph (3) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain the good reasons for making the instrument and that what is being done is a reasonable course of action.
Equalities	Sub-paragraphs (4) and (5) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain what, if any, amendment, repeals or revocations are being made to the Equalities Acts 2006 and 2010 and legislation made under them.  State that the Minister has had due regard to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010.
Explanations	Sub-paragraph (6) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2 In addition to the statutory obligation the Government has made a political commitment to include these statements alongside all EUWA SIs	Explain the instrument, identify the relevant law before exit day, explain the instrument's effect on retained EU law and give information about the purpose of the instrument, e.g., whether minor or technical changes only are intended to the EU retained law.
Criminal offences	Sub-paragraphs (3) and (7) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9, and	Set out the 'good reasons' for creating a criminal offence, and the penalty attached.

		23(1) or jointly exercising powers in Schedule 2 to create a criminal offence	
Sub-delegation	Paragraph 30, Schedule 7	Ministers of the Crown exercising sections 10(1), 12 and part 1 of Schedule 4 to create a legislative power exercisable not by a Minister of the Crown or a Devolved Authority by Statutory Instrument.	State why it is appropriate to create such a sub-delegated power.
Urgency	Paragraph 34, Schedule 7	Ministers of the Crown using the urgent procedure in paragraphs 4 or 14, Schedule 7.	Statement of the reasons for the Minister's opinion that the SI is urgent.
Explanations where amending regulations under 2(2) ECA 1972	Paragraph 14, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement explaining the good reasons for modifying the instrument made under s. 2(2) ECA, identifying the relevant law before exit day, and explaining the instrument's effect on retained EU law.
Scrutiny statement where amending regulations under 2(2) ECA 1972	Paragraph 15, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement setting out: a) the steps which the relevant authority has taken to make the draft instrument published in accordance with paragraph 16(2), Schedule 8 available to each House of Parliament, b) containing information about the relevant authority's response to— (i) any recommendations made by a committee of either House of Parliament about the published draft instrument, and (ii) any other representations made to the relevant authority about the published draft instrument, and, c) containing any other information that the relevant authority considers appropriate in relation to the scrutiny of the instrument or draft instrument which is to be laid.

## **Part 2**

### **Statements required when using enabling powers under the European Union (Withdrawal) 2018 Act**

#### **1. Explanations**

- 1.1 The explanations statement has been made in section 2 of the main body of this explanatory memorandum.