

**EXPLANATORY MEMORANDUM TO  
THE REGISTERED DESIGNS (FEES) RULES 2006**

**2006 No. 2424**

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 prescribe the fees payable for matters under the Registered Designs Act 1949.

**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) and the Registered Designs Rules 2006 (SI 2006/1975).

4.2 The Treasury has given its consent to the new fee structure in accordance with section 40 of the 1949 Act.

**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 The Patent Office published a consultation document entitled *Consultation on Proposals to Introduce New Fees for Registered Designs*. The Consultation closed on 31st May 2006. This Consultation was the final part of a series of consultations on the modernization of the registered designs system.

7.2 The respondents to that Consultation welcomed the new fee structure.

**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](mailto:janet.folwell@patent.gov.uk) can answer any questions on the Rules.

# **FULL REGULATORY IMPACT ASSESSMENT ON THE INTRODUCTION OF NEW FEES TO ENABLE THE DESIGNS REGISTRATION SYSTEM TO BE MODERNISED.**

## **1. Title**

1.1 This Regulatory Impact Assessment (RIA) supports the introduction of new fees to enable the designs registration system to be modernised by the 1 October 2006.

## **2. Purpose and intended effect**

2.1 The Patent Office is in the process of modernising the designs registration system in order to make it easier, faster and more affordable for all who choose to use it. The public consultation into the modernisation of the system that took place last year revealed that the public are overwhelmingly supportive of the proposals to change the system, and consequently some new fees must be introduced to enable implementation on 1 October 2006.

2.2 The objective of the new fees proposal is to provide designers with a more flexible and affordable option for the registration of designs in the belief that making it easier to protect designs will act as a spur to innovation.

## **3. Public consultation**

3.1 There was an informal consultation on all Patent Office fees from 31 October 2005 to 12 January 2006. This set out only the principles driving the review and some of the major proposals for changes to all Patent Office fees which had been identified at that stage in the review. The informal consultation document is available at:

<http://www.patent.gov.uk/about/consultations/fees/index.htm>

It was made available on the Office's website throughout the consultation period. The consultation sought views on the main changes proposed and on the principles behind them, and asked if the proposals would encourage or discourage use of the Office's services. Details of the new designs fees were included in the consultation. It was later decided however that in view of the Gowers review of intellectual property it was better to postpone any changes to existing Patent Office fees pending the outcome of that review.

3.2 All the individuals or organisations listed at Annex A were informed of the informal consultation and invited to respond. Some 1500 invitations to respond to the informal consultation were also sent to:

- a) existing or potential customers through the Office's Central Enquiry Unit in response to requests for information packs;
- b) a random sample of unrepresented applicants by Patents' Private Applicants Unit;

c) the top 50 recipients of granted patent applications identified in the 2004-2005 Annual Report "Facts and Figures"

d) a random sample of users of the Office's commercial services (the Search and Advisory Service);

Invitations were also made available to callers at the Office in Newport and London, and to the British Library's Business and Intellectual Property Centre. They were also distributed by the Office's Awareness, Information and Media team. Over 3,500 existing customers were also alerted to the consultation by a brief note on fee sheet acknowledgements. From 16 December 2005, the Small Business Service's website included a link to the consultation. They were also contacted over 500 members of their Small Firms Consultation Database who had expressed an interest in intellectual property.

3.3 The informal consultation produced 28 responses and just six responses specifically discussed the proposed changes to designs fees. The proposal to introduce a multiple design application system was commented on by two of the respondents, both welcoming the proposal. Another respondent commented on the proposal to reduce the application fee on such applications as being "not unreasonable". There were four comments regarding the proposed introduction of a fee for the deferral of publication. Two respondents focussed on the reduced fee at the application stage. They felt that there should be no saving in making the application with a deferment request. Another respondent made the same comment and suggested that we charge all fees relating to an application for registration at the start of the process. The findings of the informal consultation process were therefore far from conclusive.

3.4 On 10 March 2006, the Patent Office published a consultation document on the proposals to introduce new fees to enable the designs registration system to be modernised. 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 31 May 2006.

3.5 A meeting of the representative groups took place in London on 6 March 2006 where the proposed new fees were discussed. There were no negative comments forthcoming, and no alternative proposals were suggested.

3.6 There was only one written response to the consultation, from the Chartered Institute of Patent Attorneys (CIPA). The substance of their response is as follows:

*We support the Registry's approach, which broadly maintains the current level of fees for single applications, whilst reducing the fees for multiple designs in a single application for greater alignment with the Community design system, and introducing deferment of publication with a deferment fee. The fee levels proposed are sufficiently low that,*

*when compared with internal costs in preparing an application and/or external costs in employing a qualified advisor, they will not in themselves pose a significant barrier to use of the system.*

#### 4. Options

4.1 The major options, with their associated costs and benefits are set out in the table below.

<b>OPTION</b>	<b>COSTS</b>	<b>BENEFITS</b>
<p>Do nothing.</p> <p>Allow fees for registered designs to remain unchanged and do not introduce a modernised registration system to provide for multiple design applications and the option to defer publication and registration up to a maximum period of 12 months.</p>	<p>Applicants will continue to apply for single design applications at £60 per design. They will not benefit from reduced administration costs when applying for a number of designs at the same time, nor will they benefit from a reduction in costs at the application stage when filing a number of applications for new designs all at the same time.</p>	<p>The system is familiar to existing customers.</p>
<p>Introduce new fees to support a new design registration system that provides for multiple design applications and the option to defer publication and registration up to a maximum period of 12 months.</p>	<p>The fee for a single design, or the first design in any multiple applications, will remain at £60. But for every additional design filed in a multiple application, the fee will drop to £40 per design. This reflects expected savings to the Office in the cost of handling multiple design applications as compared to an equivalent number of single design applications.</p> <p>If an applicant does not opt for immediate publication and registration of the design, then the initial application fee will be reduced by £20.</p>	<p>The system will maximise the benefits of applying to register a number of new designs as part of one application. It will also enable customer choice with the deferment of publication and registration option. In addition, the new system will harmonise more closely with the registered Community design system.</p>

	<p>Consequently, the applicant would initially pay only £40 rather than £60 (or if it is a second or subsequent design in a multiple application, £20 rather than £40). However, if and when the applicant requests publication of the design, he/she will have to pay a publication fee equivalent to the initial reduction in the application fee, plus another flat rate fee of £20.</p> <p>So, in any event, the fees payable to register a design will be at least the same as in the current system, with a reduction of 30% for the second and any subsequent design filed as part of a multiple application.</p> <p>We predict that these cost savings for applicants will encourage the registration of an extra 20% (total input 4,200) of new designs in the first year which will equate to around £50k extra income, which should further protect the system from fee increases in the near future. These extra 20% of new designs will save businesses at least £12k if we consider what it would have cost for applying for these additional designs by using the current system of allowing singleton</p>	
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	applications only, and without the option to defer publication and decide on registration at a later date.	
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## **5. Costs and benefits**

### **5.1 Sectors and groups affected**

Potentially, organisations or individuals in any sector of economic activity, in the UK or elsewhere, could be affected because any person may apply for a registered design.

### **5.2 Benefits**

5.2.1 The introduction of a new designs application form which allows the filing of more than one design simultaneously on one form is of benefit to all users of the designs registration system. This new application system requires the filling out and filing of only one form and the payment of one combined fee.

5.2.2 The proposal to reduce the application fee from £60 to £40 on all designs filed on a multiple design application, other than the first design on the form, benefits any applicant with more than one design to protect. We anticipate that the average multiple application will contain between three and four designs, saving the applicant £40-£60 on the current fees levels. This system will encourage and reward applicants who have several designs in mind and will also provide the Office with efficiency savings.

5.2.3 Design applicants will also be able to defer the publication of their application by up to 12 months. This will allow applicants to avoid the publication of their designs prior to the launch of products featuring the designs in question. It also will enable applicants to abandon any designs that they later decide not to market and therefore they will not incur the publication fees. A fee of £20 per design will be charged for deferral and a further £20 publication fee will also be charged for each design. The additional £20 deferral fee is intended to discourage unnecessary requests for deferral of publication and also to cover the cost of handling such requests

### **5.3 Costs**

5.3.1 The introduction of a fee for deferral of publication will cost the applicant £20 per design but will allow the design to remain unpublished for up to 12 months and allow the applicant time to prepare marketing strategies. A fee of £20 will be charged for the publication of each design, whether it is subject to a deferment request or not.

## **6. Small Firms Impact Test**

6.1 During the informal consultation stage on all Patent Office fees, particular efforts were made to tell SMEs about the review and to seek their views. As set out at paragraph 3.2 above, information about the informal consultation was made widely available and some was aimed particularly at SMEs. Written invitations were sent to a sample of users by the Small Business Service (SBS) and the SBS' website included a link to the consultation. By the end of the informal consultation, 6 responses had been received on the proposed design fee changes, and just one of these was from a small firm.

6.2 The implementation of a new 'Multiple Design' application system will have a significant affect on SMEs. Currently the rate of new filings from SMEs is 70% of the total demand. The new system will allow an applicant to file more than one design on one application form. Not only will this reduce the administrative burden on an applicant who wishes to file more than one design, but we also propose to reduce the application fee from £60 to £40 for each additional design other than the first on the form. Therefore an applicant filing five designs on one form will pay £220 instead of £300 under the current fees structure. These proposals will also have an impact on our administrative costs.

6.3 The introduction of a period of deferral of publication will affect any applicants who are concerned over security or sensitivity of their design applications. The deferral fee of £20 and the publication fee of £20 per design, is not considered to be particularly burdensome financially and we would envisage therefore that SMEs will take up this additional element of the design Registry service with some enthusiasm.

## **7 Competition assessment**

7.1 Intellectual property rights may be applied for by any individual or organisation of any size, and in any sector or market. The proposals would result in a reduction in the fees paid and so there should be no significant overall change in financial burden. The proposals would also apply equally to all applicants for, or owners of, intellectual property rights.

7.2 We believe that no firm has more than 10% market share in the broad market for intellectual property rights. Consequently, no firm has more than 20% of the market share and no three firms together have 50% of the market share.

7.3 The proposed changes will affect firms which file large numbers of designs, or maintain these rights when they have been granted, more than organisations which do not. However, the proposals as a whole are intended to result in a reduction in Patent Office income and so we do not believe that the proposed changes will affect some firms substantially more than others.

7.4 There is no evidence that the proposals would affect market structures, or change the number or size of firms.

7.5 The proposed fee changes would apply equally to new or established firms, and so there would not be higher set-up or ongoing costs for new or potential firms that existing firms did not have to meet.

## **8 Enforcement, sanctions and monitoring**

8.1 Nobody has to apply for any form of intellectual property and so the proposals will not be enforced. Applicants who wish to obtain registered designs, or to maintain their rights once granted will have to pay the fees required. The only sanction is that if applicants or proprietors do not pay the fees, then their applications will not be processed or their registered rights will cease to have effect. Monitoring will be on a case by case basis, matching the fee required with that actually paid. The proposals do not change any existing enforcement, sanctions or monitoring.

8.2 As part of its existing recording and reporting systems, the Patent Office will monitor numbers of applications, renewals etc. and its overall income levels to assess the effects of the proposals. There are well-established mechanisms for customers to complain about any aspect of Patent Office service (including a feedback form at <http://www.patent.gov.uk/about/relationship/feedback/form.htm> and a dedicated e-mail account at [customer.feedback@patent.gov.uk](mailto:customer.feedback@patent.gov.uk)) which will remain in place. Feedback of all types is regularly collated and checked to ensure that individual complaints are dealt with and any underlying problems are identified and addressed.

## **9. Monitoring and Review**

9.1 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 system with the new fees to enable multiple applications to be filed and deferment of publication, in order to measure the success of the changes in terms of modern business needs.

## **10. Implementation Plan**

10.1 The new fees will be introduced by Statutory Instrument and will come into force on 1 October 2006, the next available common commencement date.

10.2 Guidance on the new fees will be available on the Patent Office website ([www.patent.gov.uk](http://www.patent.gov.uk)), and the new application forms will have an attachment entitled a "Designs Ready Reckoner" to assist applicants in calculating the correct fee payable with any multiple application.

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

## **11. Summary and recommendation**

11.1 It is recommended that option 2 be pursued. This option would bring the UK design registration system more into line with the European system on the legal protection of designs, and create a more efficient and therefore costly system for the public to use.

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

## **12. Declaration**

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

Signed ***Alistair Darling***

Date 30<sup>th</sup> August 2006

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Department of Trade and Industry

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# ANNEX A

The Council on Tribunals  
The Law Society  
The Law Society of Scotland  
The Bar Council  
The Institute of Patentees and Inventors  
Trade Marks, Patents and Designs Federation  
Confederation of British Industry  
University of London, Queen Mary  
British Retail Consortium  
Incorporated Society of British Advertisers  
Chartered Society of Designers  
Chartered Institute of Patent Agents  
Institute of Trade Mark Attorneys  
Association of British Chambers of Commerce  
Consumer's Association  
National Consumers Council  
Federation of Small Businesses  
Licensing Executives Society  
International Federation of Industrial Property Attorneys  
International Chambers of Commerce  
Association of the British Pharmaceutical Industry  
Intellectual Property Institute  
London Chamber of Commerce and Industry  
Institute of Practitioners in Advertising  
Anti-Counterfeiting Group  
Intellectual Property Lawyers Association  
British Brands Group  
Patent and Trade Mark Group, Institute of Information Scientists  
The Patent Judges  
The Intellectual Property Sub-Committee of the City of London Law Society  
British Pharma Group  
The British Agrochemicals Association Limited  
British Generics Manufacturers Association  
British Library  
Centre of Research for Intellectual Property & Technology (SCRIPT)  
EC Laws Committee - LES Britain & Ireland  
The Appointed Persons