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Dear Simeon

CITMA's Response to the IPO's Consultation on One IPO Transformation Project – potential legislative changes

What follows is CITMA's formal response following the online consultation meetings the IPO held on 29 November (Part A) and 05 December (Part B). As you know, CITMA was represented at those meetings by, respectively, Sharon Mackison and Ese Apogheneta, of CITMA's Law & Practice Committee. We would like to thank you once again for inviting us to participate in this important consultation.

CITMA, broadly, continues to be very supportive of the One IPO Transformation project, with one major exception, namely, the proposal to remove the current *dies non* provision. Because we believe this is an issue of such importance, I treat it separately immediately below, before providing our input in respect of the other questions relevant to CITMA, raised during the two meetings.

Dies non

The seventh question raised during the Part A consultation was:

What would the impact be if the IPO extended its hours of business to seven days a week to match when services are available?

CITMA continues to be worried by this proposal, and in particular the suggestion that:

“deadlines falling on weekends will no longer be extended to the next working day.”

We communicated our concerns to the IPO in 2020 when this idea was first raised. A copy of CITMA's letter dated 10 January 2020 is **attached** along with the IPO's response of 07 February 2020. They can be summarised as follows:

- a. The proposal would put the UKIPO out of step with standard practice at the IPOs operating in other jurisdictions, including the EUIPO, the USPTO, the Canadian PTO and many others.**

As a consequence, users of the UK IPO, and in particular overseas users, will continue to work on the assumption, in view of the international norm, that a date falling due on a weekend can be satisfied by action taken on the following Monday (or next working day if Monday is itself a holiday).

We are concerned that rights inevitably will be lost, or jeopardised.

Further, when that happens there will be attempts by the party involved to recover its position and that will lead to an increased cost burden on that party and will consume IPO resources in the process.

b. Professional IP representatives (as well as inhouse IP counsel) will need to engage staff to work at weekends.

Instructions to professional representatives commonly arrive very close to the deadline and often on the last day. This is an everyday fact of professional life and is not likely to change. If the proposal were implemented professional firms and inhouse IP departments would be compelled to engage staff to work at weekends. This would not be limited to IP professionals in the firm or inhouse department concerned but would require the presence each weekend of support staff including, for instance, IT professionals as well as records and formalities staff.

As we pointed out in January 2020, weekend working amongst professional firms is not the norm and in our view is not to be encouraged. The standard model amongst the IP community, in line with many other professional practices, is for work to be conducted intensively during the normal 5 day working week, followed by 2 clear days of rest. Requiring professional and support staff to work at weekends would be a retrograde move - it would have a deleterious effect on work-life balance, family life and mental wellbeing.

The proposal also has the potential to conflict with the rights of those concerned to observe religiously mandated days of rest (ie sabbaths) which traditionally fall on a weekend.

In addition, the proposal has the potential to discriminate unfairly against smaller IP practices. Larger practices with a larger pool of personnel might more easily be able to engage and rotate relevant staff to work during a weekend in comparison to smaller practices.

c. The proposal would be out of step with the non-availability of other services relevant to meeting a deadline falling on a weekend.

As mentioned, it is common for instructions to be received on or just before the due date. Such instructions may need clarification from the instructor before being actioned or they may need the input of other professionals for instance, accountants or other advisors. Those persons might very well not be available over a weekend to provide that input given that weekend working amongst executives and other professionals is not the norm.

In our January 2020 submission we gave the example of an IPO user, for instance a private applicant, who found they had insufficient funds to meet a weekend deadline requiring a payment. Despite the availability of telephone or internet banking it is readily conceivable that such a user would need to wait until the next working day and the availability of bank staff, in order to release funds into their account or method of payment.

In our January 2020 submissions, we also gave the example of system errors and outages and the likely increased difficulty faced by the user in question of engaging with the IPO over a weekend as opposed to a (current) working day.

Again, we are concerned that as a consequence of the above, rights will be lost and attempts by the party involved to recover those rights will lead to increased costs and increased usage of tribunal resources.

In brief, CITMA's position on this proposal has not changed since it was floated by the IPO in January 2020. We remain strongly against it.

Lastly, on this subject we note on slide 10 of the IPO's Part A PowerPoint presentation, the following statement:

E.g., documents filed with us will be counted as filed that day even if outside 9am-5pm Monday-Friday

We assume the reference to "9am-5pm" is mistaken and the IPO is not planning to change its historic practice by which communications received by the IPO on or before midnight of the day concerned will be deemed to have been filed on that day. If our assumption is not correct however, please would you let me know as soon as possible.

Turning to the other issues raised in the consultation which are of specific concern to CITMA (we do not comment on matters relating solely to patents), and using the question numbering in the Part and Part B PowerPoint slides you circulated, we have the following responses:

Part A Consultation

1. Automation

Question 1 - What are your views on the approach the government wishes to take to support the potential future use of automation in IPO systems and processes?

We understand that the proposed use of automation tools will be confined to formalities and preliminary checks. That being the case, CITMA broadly welcomes this approach if it achieves efficiencies. See for instance, the goods/services checker, the priority claim verifier, and other automated tools etc, embedded in the EUIPO's online application form, along with, for instance, the earlier rights verification tool which the EUIPO system embeds in its opposition form. These all work well.

However, we think there needs always to be a means of overriding automation, for instance, the ability to override the automatic population of fields in an online form, to deal with errors in the underlying data or unanticipated situations. Given that the legal rights administered by the IPO are date-dependent the IPO's users should not be put in a position where, for instance, they cannot get an application or a process on file because of an automation issue.

We understand the IPO understands the need to put in place corrective and remedial mechanisms and we look forward to learning more about those.

2. Modernising the legal framework

Question 3 - What are your views about moving to digital COCs?

We think this is positive, but paper copies will still be required for some years to come (see below).

Question 4 - In what situations might you still require a paper COC, even if we offered a digital version?

Many IPOs still require a paper copy of, for instance, a priority document. This is virtually always the case when the IPO requires the document to be legalised. The move to digitisation needs to be synchronised with other IPOs, notaries, and consulates.

Question 5 - What are your views on the UK extending its participation in WIPO DAS? Would doing so reduce the situations where a paper COC would be required?

We support this and expect it to become the norm as more and more IPOs and users participate in the scheme.

Question 6 - What are your views on providing the comptroller with more powers to make directions, in particular on the form and content of patent applications? Are there other areas where government could consider seeking the power to make directions, and why?

We are generally supportive of the IPO being able empowered to make directions in procedural matters as long as there is sufficient consultation with users of the system before implementation.

Question 7 - What would the impact be if the IPO extended its hours of business to seven days a week to match when services are available?

We are strongly against this. See our comments above.

3. Modernising our fee structures

Question 9 - What are your views on providing more flexibility in legislation over removing fees?

We broadly welcome this, as long as it is not at the expense of making it easier for non-UK domiciled representatives to evade the UKIPO's AfS rules.

4. New approaches to services

Question 10 - What are your views on harmonising the period for paying a renewal fee across the rights? Would this have an impact on how you (or your clients) deal with renewals?

We do not think that harmonising renewal periods across IP rights would lead to a significant reduction in the administrative burden of monitoring renewal deadlines.

Most IP practices and in-house departments which are responsible for monitoring renewals deadlines will do so not just in the UK but in numerous other countries where, even within property types, renewal periods vary. Encoding records systems with the correct renewal cycle for a given property will therefore continue to be required even if UK renewal periods were harmonised.

Question 11 - What are your views on the idea of aligning the period for requesting restoration?

Longer restoration periods can be beneficial for rights holders but can lead to legal uncertainty, for instance when clearing a right for use. Overall, CITMA would not be in favour of increasing the current late renewal or the current restoration periods for trade marks or designs. (We assume that there is no plan to reduce or abolish late renewal fees but if that is not the case, please let us know).

Question 12 - Have you experienced any problems with the current system such as someone fraudulently claiming IP rights? and,

Question 13 - What sort of evidence do you think should be required by the IPO before a transaction is registered?

Fraudulent attempts to record non-existent transactions, such as assignments, security interests, happen from time to time but in our experience they are rare.

However, the current practice of the UKIPO to require evidence of transactions that fundamentally affect the rights in question, eg licenses, assignments and security interests, is beneficial. It acts as a point at which the party in question or its advisor will be prompted to verify that the underlying instrument does what it is thought to do (eg assigns, grants a licence or a security interest over the property concerned).

We would be concerned that without such a check, the integrity of the UK registers will gradually diminish and become a less reliable reflection of the legal reality, not so much through fraud as through misunderstanding or mistake. This would be to the detriment of users of the IPO's registers.

Overall, we think the IPO should maintain its requirement that the application to record a transaction must bear signatures by or on behalf of the two parties, or that it be accompanied by a copy of the underlying instrument.

Question 14 - Which of the options presented (evidence for all transactions or only from unverified users) would you prefer us to take forward?

For the reasons noted, we do not think that IPO account holders or “verified users” as presently defined (we return to this below at Q17) should be under any lesser obligation in this regard. We particularly bear in mind that, unfortunately, a verified user might not necessarily be a person that is professionally qualified and regulated. That person may therefore not be capable of properly construing a potentially complex document for the purposes of determining whether the transaction said to have occurred, in fact took place and whether something more is needed to effect or perfect it.

Question 15 - If you are a represented customer, what administrative tasks do you typically delegate to your representative? If you are a

representative, what administrative tasks do you typically perform on behalf of your clients? and,

Question 16 - Are these administrative tasks ones which could be performed as effectively, or that would provide a benefit in terms of time and/or cost, if carried out through self service? and,

Question 17 - Do you have a preference as to which option we should take forward, namely,

- a. Represented customers cannot deal directly with the IPO (current IPO practice)**
- b. Both represented customers and representatives can carry out all tasks**
- c. Represented customers can delegate specific tasks to their representative**
- d. Represented customers can perform certain administrative tasks**

First, we do not think option “a.” above reflects the current position. A represented registrant can renew its property and can record transactions without having first to replace the recorded representative. Of course, this is not ideal as it is important for a professional representative that its own records reflect the register and the legal reality, for instance, the applicant’s correct address or that the property has been renewed, even if not by the representative itself.

We bear in mind that an IPO customer which opts to be represented usually does so because they want the representative to take on general responsibility for the case. If for whatever reason they wish to take over responsibility for the case themselves, they can readily so under the current system and we assume that will not change.

In any event, we think it important that the IPO continues to avoid situations arising where there can be any ambiguity as to who the IPO should be communicating with. That is particularly important of course, where service of process in contentious proceedings is concerned.

In practice therefore, we are content with the current position. In this connection we are not aware of any dissatisfaction by our clients, whether sole traders or large corporations with the status quo.

We would suggest however that, when firms and individuals are asked to register on the new system, that there be a question about whether the party is a Registered Trade Mark Attorney, a Patent Attorney, a solicitor or barrister; and whether the party is regulated, and if so, by whom (eg IPReg, SRA, the Bar Council).

Part B Consultation

5. Expedited Hearings

Question 19 - What are your views on providing the ability to request expedition in legislation, and which of the options would you prefer us to take forward, namely,

- a. Amend rules on case management powers to include a specific reference to expedition**
- b. Add rules to provide a specific process for expediting a case**

We currently have no hard view on this but would make the following observations:

First, the current “fast track” trade mark opposition procedure is not, as we understand it, widely used by IP professionals who prefer to maintain the flexibility built into the standard Section 5(1)/5(2)(a)/(b) procedure even where evidence of use could not be called for.

Naturally the IPO’s customers want as much certainty as possible, as do the public consulting the register. However, we do not generally find that parties are frustrated by the time taken between the initiation of a proceeding and decision in UK IPO proceedings. We note in this respect that the time taken is comparable to many other jurisdictions, including for instance the EUIPO.

Expressly enabling the IPO under its case management powers to direct that a given procedure may expedited and if so on what timetable, begs the question of what circumstances would justify such an intervention. The UK courts and tribunals operate an adversarial system. Accordingly, while of course the tribunal should have the ability to manage cases justly and expeditiously that should not be at the expense of allowing the parties to a dispute to put forward what they consider to be their best case with what they consider to be their best evidence. (As an aside it is felt by some practitioners that the IPO can sometimes be overly optimistic about what can be achieved within a given time limit, for instance by way of gathering and settling evidence.)

Before forming a final view on which option would be appropriate we would like to know more about what process and circumstances the IPO considers might justify expedition.

6. Requests for clarification

Question 20 - What are your views on replacing some checks on pleadings with a process for making a request for clarification?

It generally appears to us that particularly in the case of unrepresented parties, the IPO often spends an inordinate amount of time and tolerates many failed attempts by that party to get its pleadings in order. In some cases this back and forth can continue for many months and can lead to a perception that the represented party is by that fact alone, at a disadvantage.

With that in view, we are generally in favour of a less interventionist approach by the tribunal in relation to pleadings and that the onus be shifted to the parties to request “further information” both in relation to the opposition and to the defence.

Having said that, we do not think it would be right for the IPO to avoid making any interventions at all. For instance, an opposition which is not clear about the goods/services at which is aimed should not lead to a default judgment against the whole of the challenged application in the absence of a defence. We think in such circumstances the tribunal should continue to intervene to require the party in question, including on opposition, to clarify its position.

The purpose of active case management at the pleadings stage is to ensure that the issues between the parties are clear for the purposes of evidence and submission and there are no surprises at the main, pre-decision hearing (or on written submissions). For instance, a represented party faced with a defective opposition might be tempted to take the opposition at face value, deny that there are any proper grounds of opposition and say nothing more.

However, they would run the risk of the Hearing Officer finding that they were being “coy”, that they should have requested clarification/further information, and allowing a late amendment. This is generally avoided in the courts at the Case Management Hearing, an automatic event occurring at the end of the pleadings stage unless the parties and court agree it can be dispensed with.

We are not necessarily advocating an automatic CMC in IPO proceedings though a short CMC where the parties are struggling to get their pleadings in order, can sometimes save substantial time and resources.

7. Statutory requirement to copy in other party

Question 21 - What are your views on creating a statutory obligation to copy the other party into correspondence? Has this caused you issues in the past, and what impact has that had?

Most practitioners will from time to time, have experienced frustration at parties not copying their adversaries with tribunal correspondence. Where this happens it is usually a result of oversight rather than being a deliberate attempt to obtain an unfair advantage. However, in our experience the problem is not endemic and rarely leads to anything more than inconvenience.

We think making the obligation statutory is something of a sledgehammer to crack a nut. However, if it were determined that the obligation is to be made statutory then we think the following should be provided:

- i. there is appropriate relief from sanctions where the failure is unintentional and has been cured;
- ii. it is made absolutely clear what category of communication falls within the obligation. Does it extend to communications where the IPO tribunal itself has the duty to serve the communication on the adverse party, eg notices of opposition and counterstatements? Does it extend, for instance, to the fact that a party has made a telephone call to an opposition case worker to find out whether a defence has been filed, etc.

8. Improving enforcement of unpaid IPO costs orders

Question 22 - Have you or your clients been awarded costs in an IPO tribunal case which have then gone unpaid?

Question 23 - Were you successful in enforcing the costs order through the civil courts? What issues did you encounter?

Question 24 - What are your views on whether IPO costs orders for costs and damages should be registered like County Court Judgements?

Costs orders frequently go unpaid. In fact we are aware of IP professionals who expressly advise their clients that they “*are not obliged*” to comply with an IPO costs order.

It is well known that the party in whose favour the order is made will not usually consider it cost-beneficial to pursue the matter beyond an initial

demand and perhaps a reminder. Without a root and branch reform of UK law and practice, it is unlikely that pursuing a costs award on the standard scale would ever be cost-effective, at least in purely monetary terms.

Having said that, registering an award as a county court judgment would be an additional incentive for costs awards to be paid, and we would welcome a provision which would enable that.

We note however, that it would probably not have any significant effect in relation to non-UK parties where the problem of non-payment of costs awards is generally most acute.

The IPO's unpaid costs database can sometimes be useful. However, we think the database should be given more prominence on the IPO's website.

The existence of the database and its relevance to security for costs applications, could also be brought to the attention of those involved in inter partes proceedings, for instance, in the IPO's letters serving the claim on the respondent, (opposition, invalidation, etc) and in the IPO's letter serving the defence on the claimant.

9. Providing for Cross Appeals in Appointed Person cases

Question 25 - What are your views on putting cross-appeals on a statutory basis and how they should work in practice?

We are in favour of reform in this area. The procedure is not codified and respondents to an appeal in these circumstances are often unclear about their rights and the procedure.

We agree that the ability of a respondent to cross appeal and the corresponding procedure for doing so should be codified.

We think that cross appellants should be required to pay an official fee commensurate with the appeal fee (currently £250) and be given a period of one month following service of the appeal to file their cross appeal and corresponding grounds.

10. Harmonising powers of IPO hearing officers

Question 26 - What are your views on the detail in which the hearing officer's powers should be set out? Which option for the changes to the Rules do you prefer, namely,

- a. Replace references to the Official Referee to say trade mark and designs hearings officers have powers of a High Court judge**

b. Replace existing rules for patents, trade marks and designs, and set out the powers in details (rather than referring to powers of a particular judge)

We understand that the “The Official Referee” no longer exists and thus it is unclear what powers Hearing Officers have. Replacing the reference to “a High Court judge” prima facie is neat and would have the benefit of those powers being set out in the CPRs. However, certain powers would surely have to be excepted, for instance, the ability to sanction a witness for contempt.

On balance therefore, we think the powers should be set out in a self-contained provision and not by reference to another existing role.

Question 28 - What are your views on providing an express power to strike out or issue summary judgment across all the registered rights, and allowing hearing officers to raise the issue themselves?

The courts currently have the ability, including on their own motion, to strike out or to order summary judgment. We think it appropriate that hearing officers should also have that power subject of course, to the right of the parties in question to appeal against the decision.

11. Improvements to Tribunals

Other than those discussed, are there any changes to the legislation relating to the IPO’s tribunal function we should consider?

Generally, we think the tribunal works effectively and efficiently. However, we would make two points

First, as touched on above, there is a general view that the tribunal sometimes gives unrepresented parties too long a leash and this can lead to unreasonable delays and over indulgence.

Second, we think unrepresented applicants should be obliged to disclose on the register their electronic contact details. The inability of a potentially adverse party to contact the applicant electronically in pre action correspondence often leads to delays and can sometimes precipitate an opposition or other procedure which might otherwise have been avoided.

12. Other matters – the IPO/user interface

Our final comment is a technical one: to urge that it be easy for the party at the online interface to be able to save for future use, and to print to a pdf for reflection and review, the online work, before it is authorised and filed.

This is important for auditing purposes and is particularly relevant where, as often happens:

- i. more than one party is involved in the work and the prospective filing: for example, the Applicant and the Applicant's representative, or a paralegal working with an attorney;
- ii. not all information relevant to the filing is available at the same time.

We trust that you will find these comments helpful in your review. Let me know of course if you have any questions or want at this stage, additional input.

Yours sincerely

Ian Bartlett

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Chair

Law & Practice Committee