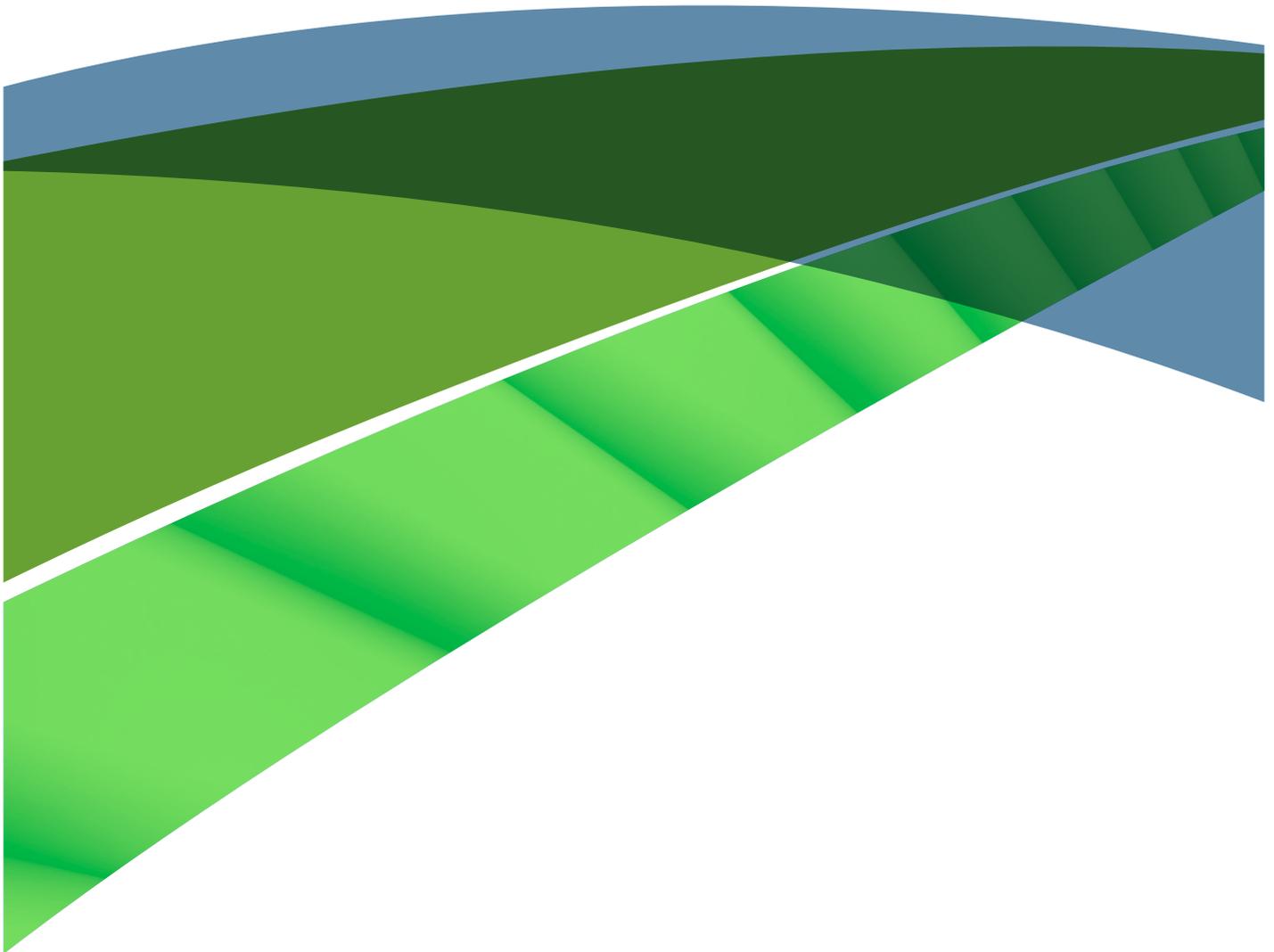




Intellectual
Property
Office

Impact Assessment: Implementation of the EU Trade Mark Directive 2015



Title: Implementation of the transposition of the (EU) 2015/2436 Trade Marks Directive IA No: BISIPO017 RPC Reference No: Lead department or agency: Intellectual Property Office (Department for Business, Innovation and Skills) Other departments or agencies:	Impact Assessment (IA)
	Date: 09/01/2017
	Stage: Consultation
	Source of intervention: EU
	Type of measure: Secondary legislation
	Contact for enquiries: Janette McNeill janette.mcneill@ipo.gov.uk
Summary: Intervention and Options	RPC Opinion: RPC Opinion Status

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
£0m	£0m	£0m	Not in scope	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?

The EU directive on trade marks published in December 2015 necessitates updates to UK legislation - specifically the Trade Marks Act 1994 (TMA). This is to ensure UK law is consistent with the wider EU legal framework for trade marks, which consists of an EU-wide trade mark covering all Member States, as well as national marks covering only each individual Member State.

Trade mark protection is governed by a legislative framework, therefore regulatory intervention to update the statutory provisions is necessary to ensure consistency in essential aspects of the process and to secure legal certainty for business

What are the policy objectives and the intended effects?

The overall objective is to ensure that UK trade mark law is consistent with the requirements of the directive, specifically to minimise the extent to which businesses encounter unnecessary divergences in the way the national and the EU-wide trade mark systems operate.

The changes intend to build on a well established framework regulating the protection of trade marks and help make it more consistent, user friendly and technologically up to date for business.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 0: Do nothing. This is not feasible because it would not amend UK law appropriately to deliver the possible benefits to business of closer consistency between the UK national system, the national systems of individual EU Member States, and the EU-wide trade mark system.

Option 1: Implement the transposition of the (EU) 2015/2436 Trade Marks Directive on the latest date allowed for by the Directive, which is 14th January 2019.

Option 2: Transpose the Directive earlier than 14th January 2019. This gold-plating option is not feasible because it is not UK government policy to implement EU legislation ahead of deadline, unless there is compelling evidence to do so. Initial evidence does not indicate that there will be significant advantage to UK stakeholders in implementing early.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 01/2024				
Does implementation go beyond minimum EU requirements?			No	
Are any of these organisations in scope?			Micro Yes	Small Yes
			Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: n/a	Non-traded: n/a

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

**Signed by the responsible
SELECT SIGNATORY:**

Date:

Summary: Analysis & Evidence**Policy Option 1**

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2014	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

It has not been possible to fully monetise costs due to a lack of available data. Evidence will be sought at consultation stage to try and provide further information on the scale of potential costs.

Other key non-monetised costs by 'main affected groups'

There may be an additional cost to trade mark owners seeking legal transfer of ownership when a business agent is incorrectly identified as the owner. There could be a cost to other businesses whose goods are wrongly detained due to action by a trade mark owner. Businesses who license a trade mark will face a small cost in negotiating consent from the proprietor before they take action against infringement. Legal advisers will face familiarisation costs. All costs are likely to be small in size.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

It has not been possible to fully monetise benefits due to a lack of available data. Evidence will be sought at consultation stage to try and provide further information on the scale of potential benefits.

Other key non-monetised benefits by 'main affected groups'

Trade mark owners will benefit by being able to file electronic versions of unusual mark types, reductions in the burden of proof in legal actions and an extension to the right to prohibit acts in preparation for counterfeiting. Defendant businesses in legal actions will be clearer on whether they have a case to answer. Consumers may benefit from safer products due to reductions in counterfeiting. Legal advisers may benefit from additional work which arises. These benefits are minimal in size.

Key assumptions/sensitivities/risks

Discount rate

3.5

The analysis provided relied upon initial stakeholder evidence relating to costs, benefits and time taken to adjust. We assume that businesses will only act where the benefit to them outweighs the cost. We assume that larger businesses will benefit more than smaller ones with regards to extension of rights to prohibit preparatory acts. We also assume that the extension in the rights for trade mark owners to prevent counterfeiting will reduce the amount of counterfeit items on sale.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £0m	Benefits: £0m	Net: £0m	
			n/a

Evidence Base (for summary sheets)

Problem under consideration

The draft statutory instrument that underpins this impact assessment responds to the EU directive on trade marks that was published in December 2015. That directive necessitates amendments to UK legislation - specifically the Trade Marks Act 1994 (TMA), which sets out the law governing UK registered trade mark rights - to ensure that our law is consistent with the wider EU legal framework for trade marks. On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU. Initial soundings from representative organisations indicate their clear agreement that there are still reasons to ensure that the UK trade mark system aligns sensibly with the legal provisions that will apply across Europe. Maintaining a harmonised system will make it easier for business to understand and to protect their trade marks in a wide geographical area.

The ability to register trade marks provides businesses with readily enforceable rights to distinguish their goods or services from those of another, enabling them to protect their brand and business reputation and to provide certainty and choice to consumers. The trade mark system is very well established and already harmonised to a very great extent. The changes made by this directive mainly consist of matters of detail rather than fundamental changes. Customer satisfaction is very high¹ in relation to the service provided by the UK's Intellectual Property Office (IPO) in administering national trade marks.

This national protection is part of a wider EU legal framework for trade marks that comprises two complementary systems:

- (i) a system of national trade mark rights available from each Member State. These national rights are governed by the framework of an EU directive that aligns the national trade mark laws of each EU Member State (TMA in UK). The first such directive was concluded in 1988, with a subsequent directive dating from 2008, now being replaced by the current directive published in December 2015

and

- (ii) an EU-wide right, known as an EU trade mark (EUTM), governed by EU Regulation and administered by the EU Intellectual Property Office (EUIPO) based in Alicante, Spain. The EU-wide trade mark was introduced in 1994. Applicants welcomed the opportunity to achieve trade mark protection in all Member States of the EU through a single application.

The trade mark protection system has been in place for some time and has been operating broadly satisfactorily. A review was considered necessary to establish the degree to which it had fully realised the objective of harmonising the way trade marks were dealt with across the EU, and making it as easy as possible for business to understand and utilise. Therefore, in 2009, the EU Commission requested a study be carried out to evaluate the overall functioning of the trade mark system in Europe.

In 2011, the Max Planck Institute for Intellectual Property and Competition Law published its conclusions from that review², as a result of which, a new Regulation, making amendments to the original, and a re-cast (replacement) Trade Marks directive were published in December 2015. The Regulation and directive taken together are intended to update the whole trade mark framework in the EU to meet demands from stakeholders for faster, higher quality, more streamlined registration systems. Hence it is necessary to amend the UK's national trade mark law to ensure that it is consistent with EU law.

¹ Independent market research (Beaufort Research Ltd, May 2016) found high levels of overall customer satisfaction with IPO trade mark services. Both unrepresented customers and professional representatives have scored the service at over 85%.

² http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf

Rationale for intervention

The essence of the directive is to harmonise legal obligations and procedural steps in relation to trade mark registrations in each of the Member States and make them more consistent with the EU-wide trade mark system. The changes update and build on a well established framework regulating the protection of trade marks and help make it **more consistent, user friendly and technologically up to date for business**.

Trade mark protection is governed by a legislative framework, therefore **regulatory intervention to update the statutory provisions is necessary** to ensure consistency in essential aspects of the process and to secure legal certainty for business. Doing nothing would lead to UK law becoming variously at odds with the practices and processes in other countries across Europe and could lead to confusion and unnecessary complexity for businesses seeking trade mark protection in the UK or for UK business.

While the UK remains a member of the EU, the UK has an obligation to meet its responsibilities, which include implementing directives on time. Failure to do so would mean that the UK could risk infraction proceedings.

Policy objective

The overall objective is to ensure that UK trade mark law is consistent with the requirements of the directive, specifically to ensure consistency for business in the way the national and the EU trade mark systems operate.

Options

Option 0: Do nothing (no change to the current TM law)

Option 1: Implement the TM directive on the latest date allowed by the directive (14th January 2019)

Option 2: Implement the TM directive early (on a date to be determined)

Parties Affected

The IPO anticipates that parties affected by the implementation of this policy may variously include:

- Trade mark owners/prospective trade mark owners
- Other businesses/organisations, including those who license trade marks from the proprietor
- Consumers of products and services that bear a trade mark
- Legal advisers
- Tribunals and courts
- Enforcement bodies

Description/costs/benefits of the options

Option 0: Do nothing

COSTS

Doing nothing would fail to deliver the possible benefits to business of closer harmonisation of the EU trade mark system.

Trade mark owners, licensees and other businesses would be affected by the differences between the UK and other EU national and unitary systems. If we were to do nothing, a key disadvantage to businesses is that they would remain subject to the requirement to represent their trade marks in graphical format on the register. The Directive, on the other hand, removes this requirement with the result that a trade mark may consist of any sign provided it is capable of being clearly and precisely represented on the register which opens up the possibility for businesses to file sound files in respect of sound marks, for example. Doing nothing would mean businesses would miss out on the opportunity for a more precise (digital) capture of the marks for which they are seeking protection in the UK. They would also miss out on the opportunity for possible future-proofing should technology develop to allow for protection of innovative trade marks – such as scent marks, and may have to consider registering two different trade marks in the EU and the UK which would be costly to businesses. Keeping track of and utilising divergent systems would increase costs to trade mark owners. Similar costs would also attach to **legal advisers, courts/tribunals and enforcement bodies**.

Consumers on the other hand are unlikely to be affected by an option to make no changes to UK trade mark law in response to the directive. There is a possibility that the additional costs of administering different systems for companies who supply goods and services may be passed on to consumers, although we do not expect those costs to be notable relative to other factors influencing consumer prices such as costs of raw materials, staff costs, and exchange rates, for example.

BENEFITS

The benefits of doing nothing mean that the UK would retain a system that is familiar to its users, so no familiarisation costs arise, and the UK would be able to keep certain aspects of UK law that stakeholders have indicated they may prefer to retain. For example, the UK permits trade mark owners to disclaim or limit rights in certain aspects of their marks, so although UK rights are national in coverage, a trade mark owner may seek to restrict the locality in which protection of the mark is sought (e.g. Wales only), to avoid encroaching on the rights of another trade mark owner (e.g. based in Scotland). Although not widely used, retention of such disclaimers on the register could potentially help resolve disputes or prevent them arising in the first place.

However such 'benefits' will be offset for any of those parties whose interests also cover the EU, as they will in any case have to become familiar with the changes already in train for the EU system (both for the EUTM and other non-UK national trade marks).

On this basis, the "Do nothing" option has been rejected.

Summary of the main costs and benefits for the affected parties

Stakeholder group affected	Benefits	Costs
Owners and prospective owners of trade marks, licensees and other businesses	<ul style="list-style-type: none"> • No familiarisation costs • Keeping aspects of UK law that these parties wish to retain 	<ul style="list-style-type: none"> • Constrained by need to represent marks graphically (visually) • Inability to have a more precise capture through a digital representation of their mark • Inability to register innovative new marks in the future • Costs associated with utilising two trade mark systems
Consumers		<ul style="list-style-type: none"> • Administration costs for businesses passed onto the consumer - unlikely
Legal advisers, courts and tribunals		<ul style="list-style-type: none"> • Costs associated with utilising divergent trade mark systems
Enforcement bodies		<ul style="list-style-type: none"> • Costs associated with utilising divergent trade mark systems
	Individual costs and benefits are assumed to be minimal in all cases although the balance suggests any costs are likely to be larger than the benefits.	

Option 1: Implement on the latest date allowed for by the Directive

The UK will remain a full member of the European Union until such time as it has concluded exit negotiations and for the time being, all the rights and obligations of EU membership remain in force. The directive must be implemented by 14 January 2019. Implementing the directive requires changes to UK law, which will result in changes both to procedure and matters of substance. This in turn will require numerous adjustments to forms, IT and other internal matters affecting the Intellectual Property Office (IPO), which maintains the register of UK trade marks. Costs of such adjustments are anticipated to be subsumed within the IPO’s “business as usual” improvements to its systems.

A summary of all the different articles of the recast directive is included as **Annex A**. The annex includes a brief description of each article, an indication of how extensive the change is, whether the change requires substantive or other changes to UK law, and whether the impact arising from the changes in the law are significant or not. Many of the individual changes are considered to have either no impact or very little, if any, impact. There are a few changes that are considered to have a slightly more significant impact and these are considered further below:

- removal of the requirement for a mark to be **graphically represented**, allowing businesses to apply as e-files for unusual marks, such as sound marks and movement marks (Article 3);
- provisions to enable the detention by EU Customs authorities of infringing goods that are not for sale in the EU and are merely passing through the EU (Article 10 (4) – ‘**goods in transit**’ provisions)
- provisions enabling trade mark owners to take action to stop acts **preparatory** to counterfeiting in relation to a broad range of items associated with packaging, labels or other materials to which a trade mark is applied (Article 11);
- new remedy for a trade mark to be assigned to the rightful owner, where it has been registered in the name of an agent or representative without the owner’s consent (Article 13);
- in infringement actions the owner of the mark used as the basis for the action may be required by the defendant to prove that he has made **genuine use** of his mark (Article 17); and
- requirement for a non-exclusive licensee to secure the **consent** of the trade mark owner to take infringement action (Article 25(3)).

Implementing in January 2019 is consistent with government policy on timing and will give sufficient time for all affected parties to become familiar with the suite of changes. It is anticipated that other Member States are also likely to implement on the same date.

Costs and benefits to owners/prospective owners of trade marks

Transposition of the directive will have a direct impact on trade mark owners or businesses that will require a trade mark. We estimate the number of trade marks owned by UK businesses at the UK IPO is 400,000, with the average trade mark owner owning approximately 2.8 trade marks³. Since many firms are likely to hold more than one trade mark, the maximum number of businesses affected will be substantially lower than that figure.

BENEFITS

Harmonisation of trade mark law across the EU

The EU trade mark reforms will harmonise trade mark registration systems across the EU, lowering costs and complexity for businesses, increasing speed and leading to greater predictability. This could help to foster innovation and economic growth as businesses can choose to operate/register a trade mark in any country in the EU that is in line with their business strategy, without the need to re-familiarise themselves with the trade mark laws of specific countries. This will be a particular benefit to SMEs who may choose to operate in only 2 to 3 countries (rather than the EU as a whole) and may encourage them to extend their business gradually in a timeframe that suits them.

The ability to file unusual trade marks (e.g. sound marks and movement marks) as e-files

A key benefit of the EU trade mark law changes is the removal of the requirement for graphical representation of the trade mark. This provides businesses and individuals with the ability to file unusual mark types, such as sound marks and movement marks, as electronic files, rather than having to file visual representations of such marks. The purpose of a trade mark is to create an immediate association in the minds of consumers between goods or services and their source of origin, allowing businesses to build brand reputation in which more goods and services can be sold through both repeat custom and new customers who are captured by the brand. By allowing the registration of more unusual marks, businesses/organisations/individuals will be able to protect more precisely the identity of a good or service that they have and use this to promote its goods and services. Unusual marks such as sound and scent marks, can condition consumers to remember a certain brand and to influence their mood,

³ Belmana Trade Mark Forecasting interim report

creating a deeper connection between the consumer and the brand. A study carried out by the British Brands Group in 2015 highlighted that consumer trust in brands can have a positive impact on the business⁴.

We anticipate that the number of applications that will result from this adjustment will be small. It is already possible to file some unusual marks with the UK IPO, even though there is currently the requirement for graphical representation. For example, a sound mark can be filed with the UK IPO in the form of musical notation and a movement mark can be filed as a series of pictures. The number of these unusual marks that have been registered in the UK is low – around ten sound marks and fewer than twenty hologram marks. The low numbers in the UK are consistent with the situation at an EU-wide level at the EUIPO, where in 2016, 0.08% of registered trade marks came from the ‘other’, ‘colour’, ‘sound’, ‘hologram’ or ‘olfactory’ categories⁵. There is also a similar situation in the United States, where there are 269 live marks at the USPTO without graphical representation, i.e. sound and scent marks, which represents approximately 0.01% of the total number of marks in force⁶. It is possible that the removal of the graphical representation requirement will make it easier for prospective trade mark owners to make applications, and that there will be an increase in the number of trade mark applications for unusual marks. At consultation we will explore how the removal of graphical representation will change the demand for unusual mark types.

More effective means to fight against counterfeit goods

There will be two key changes in relation to preventing counterfeiting goods which trade mark owners can benefit from.

Firstly, the removal of the need to prove that potentially counterfeit goods from outside the EU will be placed on sale in the country in the EU where they are detained. Businesses, who suspect their trade mark is being infringed, will more easily be able to prevent counterfeit products which are passing through the EU from reaching their destination. This better enables trade mark owners to act against the growing trade in counterfeit goods⁷.

Secondly, holders of TMs will also benefit by the extension of the right to prohibit acts carried out in preparation for counterfeiting, such as the making and selling of “tags, security or authenticity features or devices or any other means to which the trade mark is affixed”. The scale of the preparatory acts changes is relatively marginal as existing law already covers “material for labelling or packaging goods”. However, this change to the law potentially enables trade mark owners to take action at an earlier stage in the counterfeiting process, and in relation to a broader range of items. It is thought that it will help tackle the counterfeiters’ relatively recent strategy of shipping unbranded goods separately from the logos, trade marks, labels and security devices, and then packaging them in-country, which was adopted to help them avoid detection by customs and hence loss of the most valuable component e.g. the bag, shirt, etc itself.

Overall this is likely to enhance the ability of trade mark owners to protect legal sales, at a cost to the business although the decision to pursue the right is optional [we assume that businesses will only exercise these additional rights where the benefit to them is greater than the cost]. Larger businesses are more likely to benefit from this extension in rights than smaller ones - any trade mark owner is at risk of counterfeiting, but it is the larger businesses who are more likely to have a recognisable or famous mark, and are consequently more at risk of their products being the target of counterfeiters.

As highlighted by an OECD and EUIPO study in April 2016 the trade in counterfeit products is a significant issue, and descriptive analysis shows a large number of seized IP-infringing packaging and labels⁸. Increasing trade mark owners’ rights to prevent the transit of counterfeiting goods and to prohibit acts carried out in preparation for counterfeiting is therefore clearly a significant benefit, but it is dependent on whether trade mark owners enforce their extended rights and if this results in a reduced

⁴ <http://www.britishbrandsgroup.org.uk/upload/File/Brand%20Trust%20Study%20Desk%200315.pdf>

⁵ https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euiipo/the_office/SSC009-Statistics_of_EU_Trade_Marks-2016_en.pdf

⁶ USPTO Trademark Electronic Search System (TESS). Available [here](#) [Accessed on 16th January 2017]

⁷ A study by OECD and EUIPO has estimated that in 2013, international trade in counterfeit products represented up to 2.5% of world trade and up to 5% of imports in the EU. This study can be accessed [here](#). [Accessed on 9th January 2017].

⁸ See footnote above

level of counterfeiting. Evidence to assess the impact of these changes is limited. Comparable changes on goods in transit were introduced in March 2016 in respect of the EU-wide trade mark and early information from customs authorities indicates that the change has not resulted in any notable increases in detentions and we anticipate that that would also be the case for the change at a national level.

Increased ability to manage infringement of a trade mark

The EU trade mark law reforms will provide trade mark owners with more control over legal actions.

Subject to the provisions of the licence, trade mark owners will benefit from more control over the circumstances under which infringement proceedings can be taken, by requiring non-exclusive licensees to gain their permission to take legal action. This will ensure that action is not taken that is against the interests of the owner, who may prefer, for example, to negotiate a licence with the infringer, rather than take legal action. They will also benefit from the ability to take action against a licensee under trade mark law, rather than using a contract law, which may not assist if the contracts do not specifically cover trade mark matters.

COSTS

In relation to the reforms at large, the costs are likely to be in relation to familiarisation – if the business is sufficiently large to warrant in-house legal advisers. The cost of obtaining external legal advice in relation to any particular action is likely to remain unchanged.

There could be greater costs to businesses seeking to ensure they are correctly shown on the register as the legal owner of a trade mark, in cases where an agent is incorrectly identified as the owner. The new right to demand an assignment of the trade mark to the genuine owner is likely to necessitate court action and could therefore potentially entail greater cost to business than the existing provisions, which are administrative remedies achieved at little cost through the IPO. However, we would not expect more actions under the new (court) option, than the existing (administrative) options. Since the IPO currently receives a very small number of applications to address such situations, it is likely that the overall business impact of the change will be minimal in scale.

Costs and benefits to other organisations/businesses

The EU trade mark reforms mainly impact on businesses and organisations that have or want to register for a trade mark. The impact on other businesses and organisations is expected to be minimal. The costs that do arise are more than offset by the benefits that trade mark owners will receive.

BENEFITS

Reduced legal costs through the ability to require trade mark owners to prove use of their trade mark

Business and organisations who are taken to court by trade mark owners for infringement of a trade mark now have the ability to require owners to furnish proof that they have used their mark within the relevant period before they commenced infringement proceedings. This will benefit a defendant organisation / business by preventing trade mark owners from using old unused rights to succeed in infringement cases. It will also mean that defendants are not put to the expense of trying to 'prove a negative' i.e. that the mark has not been used by the trade mark owner.

COSTS

Risk of disruption to legitimate trade passing through the EU

There is a possible cost to businesses engaging in legitimate trade to third countries (ie outside the EU, but via the EU) if their goods are wrongly detained due to trade mark owners enforcing the directive's provisions on "goods in transit". Other businesses will have to demonstrate that the trade mark owner seeking detention of their goods is not entitled to stop those goods being marketed in the third country.

The cost of this change is, however, likely to be minimal as early information about the corresponding change relating to EU-wide trade marks from customs authorities has noted no notable increases in

detentions. Furthermore, a special exercise on transit conducted at Heathrow when the EU changes took effect in March 2016 showed that selected consignments were presented by the carrier without fuss and as part of their normal process for delivering goods to customs on request (for all purposes, not just IPR). The customs examinations were carried out within 24hrs of presentation, which is a perfectly acceptable time frame. There were no queries or complaints received. We therefore anticipate that only minimal, if any, cost would arise for the change at a national level.

We also anticipate that any such negative impact will be offset by the benefit for holders of legitimate trade marks who are able to disrupt trade in counterfeit goods.

We will seek more evidence on this balance of costs and benefits as part of the consultation.

Changes to licensee's right to sue

A further cost to businesses may arise for those businesses/organisations who, on a non-exclusive basis, license a trade mark. Subject to the provisions of the licence, if they wish to take legal action, against someone who infringes the licensed trade mark, they must first secure the consent of the trade mark owner.

Negotiating such consent may entail a small cost to the licensee (and the trade mark owner), but it is anticipated that this would be minimal given the existing relationship between the two parties, which the existence of a licence implies. Businesses would have the option of amending existing licences to address this issue, but this may entail greater cost to renegotiate than seeking consent. For new licences, businesses can pre-empt costs associated with consent by ensuring that they specifically address this issue.

Costs and benefits to consumers of trade marked products

Consumers are unlikely to be significantly impacted by the trade mark changes and any impact is likely to be broadly positive, although it has not been possible to quantify these changes.

The removal of graphical representation of a trade mark may result in more unusual marks such as sound and movement marks, which will allow consumers more easily to identify with a brand and develop a stronger loyalty towards brands. Consumer trust in brands benefits consumers, reducing the need for consumers to research different products and providing consumers with greater certainty on the quality of products.

The minor extension in the rights available to trade mark owners to impede trade in counterfeit products may reduce the amount of counterfeit goods on the market. To the extent that this is the case, consumers could therefore benefit from a reduction in the health and safety risks usually associated with counterfeit products, particularly pharmaceutical, electrical, cosmetic, food or beverage products, which may not be produced to required standards or quality.

Costs and benefits to legal advisers and courts and tribunals

Some of the changes necessitated by the recast Directive capture and reflect matters that have so far been set out only as legal precedent established by EU case law. It is therefore possible that trade mark owners may wish to establish how the UK courts will interpret these updates being incorporated into UK legislation.

BENEFITS

Increase in workload for legal advisors

The number of changes in the directive may result in the need for more legal advice in the following ways:

- 1) Advising what trade marks are registrable now that the need to represent graphically has been removed.
- 2) The need to draw up new contracts, or advise clients about the extent to which existing contracts cover a licensee's freedom to take trade mark infringement proceedings, and if necessary to amend existing contracts.
- 3) If the wider remit of the provisions on preparatory acts leads trade mark owners to make more use of this protection against counterfeiting. However, as explained previously in this impact assessment, we regard the extension to the law as minimal, so the overall impact on legal advisors and courts' workload is likely to be relatively small.

More streamlined infringement cases

Courts and tribunals are likely to benefit from infringement cases being more streamlined, in that trade mark owners will be required to be more specific about what they are relying on to prevent a third party using their trade mark.

COSTS

For legal advisers, the most direct cost is likely to be familiarising themselves with the changes in the law. It is possible that other costs may arise as a result of requests by particular businesses requiring action under specific articles, but if so, it is likely legal advisers would pass such costs on to the business. However, the overall impact is likely to be small.

The change to the procedures (from administrative to court) to rectify the ownership details of a trade mark registered in the wrong name, will have cost implications for legal advisers in terms of dealing with new procedures, and for courts and tribunals in that they will be likely to hear such applications.

Any increase in workloads for lawyers, arising from trade mark owners seeking to establish where the new boundaries lie, may in some cases translate to a greater workload for courts/tribunals. However, any increase would likely be relatively short lived as issues are dealt with and set precedents for later cases.

Costs and benefits to enforcement bodies

Bodies involved in enforcement of trade mark rights, especially in the context of counterfeiting, include Trading Standards and customs authorities (HMRC and Border Force). We briefly consider below the two provisions that could potentially lead to additional work (and therefore associated costs) for these enforcement bodies. However, as explained below, we also anticipate that any additional work and impact is likely to be minimal.

1. Customs authorities take action on behalf of rights owners to detain potential counterfeit goods which are in transit through the UK en route to third countries. Initial discussions with HMRC have indicated that implementing the changes into UK law will not alter their existing procedures, and on the basis of their experience with equivalent provisions in respect of the EU-wide trade mark, is likely to have little, if any, effect. HMRC have also indicated that any additional work arising is likely to be absorbed within a fixed cost/resource envelope, so if slightly more checks on goods in transit became necessary, there could be a corresponding slight decrease in checks on imports to accommodate them.

2. The provisions extending rights of trade mark owners to prohibit acts carried out in preparation for counterfeiting may make clearer the circumstances in which there is unlawful activity, such as making or selling, in relation to branded material, labels, tags, security or authenticity features. The change to UK law affects the rights of a trade mark owner to take civil action, but Border Force may be called on to act on their behalf to intercept potential counterfeit goods at the border. Current indications relating to the equivalent provision at EU level suggest that this has had little if any impact to date.

Summary of main costs and benefits for the affected parties

Stakeholder group affected	Benefits	Costs
Owners and prospective owners of trade marks	<ul style="list-style-type: none"> • Lower costs and complexity for businesses, increased speed and greater predictability • The ability to protect more precisely the identity of a good or service through unusual marks • More effective means of tackling counterfeit goods • More control over the circumstances under which licence-related infringement proceedings can be taken • Enhances potential to take action against wayward licensees 	<ul style="list-style-type: none"> • Familiarisation – if the business is sufficiently large to warrant in-house legal advisers. • Legal costs through court action to demand an assignment of a trade mark to a genuine owner, when an agent is incorrectly identified as the owner.
Other organisations and businesses	<ul style="list-style-type: none"> • Reduced legal costs through the ability to require trade mark owners to prove use of their trade mark 	<ul style="list-style-type: none"> • Goods could be wrongly detained due to trade marks owners enforcing the 'goods in transit' provision • Negotiating consent from licensors for licensees who seek to take legal action against infringement
Consumers	<ul style="list-style-type: none"> • Digital presentation of unusual marks will allow consumers to identify with a brand more easily – reducing the need to research and brands and providing greater certainty. • Reduced availability of counterfeit goods may reduce health and safety risks for consumers 	

Legal advisers, courts and tribunals	<ul style="list-style-type: none"> • General increase in workload for legal advisers resulting from the directive • Streamlined infringement cases likely to benefit courts and tribunals 	<ul style="list-style-type: none"> • Familiarisation and requests for advice from businesses (although the latter cost is likely to be passed on to businesses) • Court action to rectify ownership incorrectly identified will have administration costs for legal advisers, courts and tribunals
Enforcement bodies		<ul style="list-style-type: none"> • Taking action to detain potential counterfeit goods – any potential additional costs are likely to be subsumed within current budget
Individual costs and benefits are assumed to be minimal in all cases although the balance suggests any costs are likely to be outweighed by the benefits.		

Option 2: Implement early

We do not consider early implementation to be a viable option. The recast trade mark directive must be implemented by all EU member states by 14 January 2019. It is UK government policy not to implement EU legislation ahead of deadline, except where there is compelling evidence that waiting to implement on the deadline would disadvantage UK stakeholders relative to their EU counterparts.

The directive mirrors amendments to the EU regulation governing the **EU-wide trade mark**, many of which were implemented in March 2016, and the remainder of which will come into effect in October 2017. Unless the UK seeks to transpose the directive early, there will be a period of around 15 months during which certain aspects of UK trade mark law will not correspond with law governing the EU-wide trade mark. There is also the possibility that other Member States will seek to implement ahead of the January 2019 deadline, exacerbating further the issue of UK trade mark law being out of synch with EU-wide law. Initial soundings from other member states suggest that few, if any, member states are likely to implement early. A key question however, is whether the ‘discrepancy’ between EU-wide law and UK trade mark law is likely to impact negatively on UK businesses.

Ahead of the decision for the UK to leave the EU, some UK trade mark attorneys had suggested that it would be worthwhile to explore the extent to which the discrepancy may in practical terms pose a disadvantage to UK businesses. Initial requests for information and evidence to identify any such disadvantage, and therefore to support early implementation, elicited little response. In addition, the decision for the UK to leave the EU has significantly altered the context of the relationship between national and EU-wide trade mark protection. Representatives, such as the Chartered Institute of Trade Mark Attorneys (CITMA), still favour proceeding with transposition, but there is general recognition that the prospect of a UK exit entails a fundamental shift of priorities, including exploring options for coverage of UK rights no longer incorporated within the EU-wide right, once the UK leaves the EU. In view of this, government policy on timing, and at the present time, the lack of supporting evidence to overcome that policy, early implementation is not considered viable.

Risks and assumptions

This Impact Assessment has relied upon some initial stakeholder evidence in providing the costs, benefits and time required to adapt to the change in law. Critique and analysis of this evidence has been included in this document where appropriate and further stakeholder evidence will be sought at consultation.

The key assumptions made are:

- 1) There will not be an influx in the number of unusual marks once the graphical representation requirement is removed. Businesses, organisations and individuals can currently register unusual marks and less than 1% of all trade mark registrations are of unusual marks both at the UKIPO and EUIPO. This assumption will be tested at consultation.
- 2) We are assuming that business will only exercise the right to prohibit preparatory acts of counterfeiting where the benefit to them is greater than the cost. We also assume that larger businesses will benefit more from this extension in rights than smaller ones, given that larger businesses are more likely to have a recognisable trade mark with a reputation, and are consequently more at risk of their products being counterfeited.
- 3) The UK will implement on time. Failure to do so leads to the risk of infraction fines, which may be a minimum lump sum of £10m plus daily fines of thousands of pounds.

Direct costs and benefits to business calculations (following BIT methodology)

All EU-driven measures are out of scope of the OITO methodology, unless they fail to minimise costs to business by going beyond the minimum requirements or fail to take available derogations which would reduce costs to business.

This is a legislative change to bring UK law in line with EU law. It has not been possible to quantify all costs and benefits in this impact assessment and it is not known, given current available evidence, under which option the **net** costs to business would be highest. However the government considers that the preferred option does not go beyond the minimum requirements to bring UK law in line with EU law. Further, there is no available derogation that would reduce costs to businesses further as the proposed policy needs to be implemented in the manner set out in this impact assessment. Therefore, the Government is of the view that this measure is out of scope of the One In Two Out methodology.

Wider impacts

The main groups that are directly affected are trade mark owners. There is not one particular sector which will be impacted over another and obtaining a trade mark is purely optional. The top five sectors for use of trade marks are all service sectors (wholesale trade, retail trade, computer services and professional and business services) and analysis conducted by the IPO has found that 38% of all trade marks registered (that could be matched to a UK company) were contained within these sectors in 2014.

Small and micro business assessment

Branding and service or product identity is a feature of virtually all businesses whether micro, small, medium or large. Indeed, of those trade marks that we were able to match to a company, micro firms hold the majority of registered trade marks at the UK IPO, with 59% of the total⁹. The Government understands that affected small and micro businesses may not have the resources (either personnel or financial) to adapt to the change as quickly as larger businesses. However, it is neither possible nor appropriate to vary the requirements of the trade mark framework by type or size of business, and we anticipate that the impact on the performance and operations of micro and small businesses will not be disproportionate and there is sufficient time for all businesses to familiarise themselves with the changes ahead of implementation in January 2019.

⁹ IPO analysis of FAME-linked data, definitions based on combination of EU and UK definitions. Note that we were not able to match all Trade Mark registrations and Patent Publications to a UK company – through our matching process we matched 54% of trade mark registrations to FAME-linked data.

Evaluation

The Government plans to evaluate the impact of the amendments to trade mark law 5 years after the change in law has commenced, with the planned evaluation to be completed in January 2024.

Summary and preferred option with description of implementation plan.

We are planning to launch a 3-month public consultation on the draft statutory instrument in autumn 2017. We anticipate that this timeframe will give ample time to implement in line with the deadline of January 2019 specified in the Directive, and would allow adequate time for businesses and legal advisers to become aware of the changes before they come into effect.

Annex A

Impact Assessment Annex

(EU) 2015/2436 Trade Marks Directive (TMD) transposition

The table below describes, broadly, the meaning of each article of the TMD, what any change may mean, whether the changes result in substantive changes to UK law, and also indicates the likely size of any impact

TM Directive Article	Brief description of main points of article and changes made to existing law	Change required to UK law?	Likely impact
Article 1	Descriptive only - explains scope of the Directive	None.	None
Article 2	Defines two specific terms in the Directive	None.	None
Article 3	Describes what a mark may consist of. Change: Removes previous requirement for a mark to be 'graphically represented' but adds requirement for a mark to be clearly and precisely defined. Allows business to apply for unusual mark types e.g. sound marks, movement marks as e-files, rather than as now, 'on paper' such as using musical notation or a series of pictures showing increments in a movement.	Yes – substantive change.	Minimal impact. May encourage some initial speculative additional applications, but requirement for clear definition means the overall impact on business is likely to be minimal.
Article 4	Deals with the intrinsic properties of the mark itself - places limits on what marks may be protected Change: (i) Further restricts the registration of non-standard signs (such as the shape, smell or taste of goods) which consist exclusively of the shape of goods to include other characteristics of such goods (ii) Also now mentions specifically the requirement to prevent the registration as trade marks of other specially protected terms like 'Champagne', 'Pamigiano Reggiano', 'Stilton', etc. Such protection is already incorporated by more general wording in the law.	Yes – minor wording changes.	Very low impact. Re (i): relatively few trade marks are likely to fall foul of the additional restrictions. Re: (ii): terms like 'Stilton' are already protected in law by general wording.

<p>Article 5</p>	<p>Places limits on what marks may be protected relative to other pre-existing marks or other rights such as copyright.</p> <p>Change: (i) minor (non-substantive) changes of wording in description when earlier rights prevail;</p> <p>(ii) ensures a trade mark will not be registered, or if registered, may be invalidated where an agent improperly claims ownership;</p> <p>(iii) some additional rights added to definition of 'earlier rights' which may prevent use of a mark;</p> <p>(iv) consequential change to UK law to limit period during which an expired registered trade mark shall be treated as an earlier right, from 12 months to 6 months.</p>	<p>Yes – minor changes re: (i) & (ii). Substantive changes re: (iii) and (iv).</p>	<p>Very low, if any, impact re: (i) & (ii). (ii) is already catered for to some extent in UK law.</p> <p>Neutral impact re: (iii) & (iv):</p> <p>(iii): a slight extension to 'earlier rights' may prevent slightly more trade marks being protected. On the other hand, those owning the additional 'earlier rights' will benefit.</p> <p>(iv): The impact is likely to be very small due to the small number of restorations made between 6 and 12 months after expiry, so very few businesses will be disadvantaged. On the other hand, those applying for new marks will no longer have the uncertainty of waiting as long as 12 months to find out whether a potential earlier right will be renewed.</p>
<p>Article 6</p>	<p>Allows national marks, which have been used to claim seniority for EU-wide trade marks but which have subsequently been allowed to lapse, to be attacked in limited circumstances, so that the seniority claim ceases to have effect.</p> <p>Change: adds a proviso to existing rules to ensure that the attack can only succeed if it would have succeeded at the time the national mark was allowed to lapse.</p>	<p>Yes – substantive change.</p>	<p>Very low, if any, impact. Trade mark agents have said they do not advise clients to allow national marks to lapse. Individual (unrepresented) trade mark owners are more likely to allow national marks to lapse, but are unlikely to have large portfolios including both national and EU-wide registrations for the same mark, given the costs involved.</p>
<p>Article 7</p>	<p>Allows the refusal of registration, and invalidation of registered marks, to apply only to some of the goods or services.</p>	<p>Yes – change to enshrine current practice in law.</p>	<p>None. UK practice already reflects the change in law required.</p>
<p>Article 8</p>	<p>Does not allow invalidation on the basis of an earlier trade mark to succeed, where the earlier mark itself may be invalid because it was not sufficiently distinctive or had not acquired the necessary reputation as at the filing date/priority date of the later TM.</p> <p>Change: change to wording but no substantive change.</p>	<p>Yes – minor wording changes.</p>	<p>None.</p>
<p>Article 9</p>	<p>Does not allow invalidation on the basis of an earlier trade mark where the owner of that earlier mark has acquiesced for five years.</p>	<p>None.</p>	<p>None.</p>

<p>Article 10</p>	<p>Deals with the rights a registered trade mark has, including dealing with possible counterfeit goods (see point (iii) below).</p> <p>Change: (i) minor wording changes to clarify existing practice; (ii) enshrines in law rights to cover use of the sign as a company name; (iii) updates the circumstances in which EU customs authorities can detain goods in transit through the EU to third countries where they are suspected of infringing an EU trade mark, whereas previously evidence that the goods would be placed on the EU market was needed to back up the suspicion. Owners of detained goods have a new defence if they can show the trade mark rights holder is not entitled to protection in the destination country; (iv) change to wording but no substantive change (v) clarifies the law in relation to comparative advertising.</p>	<p>Yes – minor wording change re: (i) & (iv). Substantive change re: (ii), (iii).</p>	<p>Very low, if any, impact re wording changes (i), (iv), but also re: (iii) and (v). No impact re: (ii) which enshrines in law the approach already taken by the UK courts. (iii): initial feedback from HMRC suggests that parallel changes already in place for EU marks registered at the EU IP office have so far had little impact. Any impact for UK national marks is likely to be less because most marks likely to be subject to counterfeiting are owned by larger companies, who would preferably register with the EU office, rather than individual national offices such as the UK.</p>
<p>Article 11</p>	<p>Gives trade mark owners the right to prohibit acts which prepare for possible counterfeiting, such as the production of labels, security devices.</p> <p>Change: slightly extends existing prohibitions which deal with counterfeiting activities to 'preparatory acts' which take place further upstream.</p>	<p>Yes – substantive change.</p>	<p>Minimal (positive) impact. Those working in the enforcement area have suggested this is a useful but minor extension to existing UK law, although it ensures that:</p> <ul style="list-style-type: none"> • technological advancements such as the production of fake authenticity devices and security devices are covered (these may already be covered in UK law by such broad terms as 'labels') • action can be taken specifically in relation to services (although the use of e.g. security devices in relation to services, seems to be more unlikely than in relation to goods) • action can be taken at an earlier point in time.
<p>Article 12</p>	<p>Gives trade mark owners the right to request that dictionary entries incorrectly indicating that their marks are generic terms are corrected.</p> <p>Change: new to national trade mark regimes, but already exists for the EU-wide trade mark.</p>	<p>Yes – substantive change.</p>	<p>Very low, if any, impact (positive). It would have been possible for this issue to have been resolved by negotiation between trade mark owners and publishers, but having a legal basis should make it easier and clearer for both sides, and make it easier for rights holders to prevent dilution of their mark by erroneous dictionary references giving the impression that the mark is descriptive. The number of trade marks affected is likely to be very small.</p>
<p>Article 13</p>	<p>Entitles a trade mark owner to reclaim a trade mark, or oppose its use, where it has been registered in the name of an agent or representative without the consent of the owner.</p>	<p>Yes – substantive change.</p>	<p>Minimal impact (negative). The new remedy may require court action which will be more expensive than the administrative procedure for any individual business under s. 60 of the Trade Mark Act. However, the overall business impact is likely to be small – would not expect more actions under the new system than the old, which currently receives a total of x cases p. a. which could include actions under s. 60 (Figures likely to be only a small percentage of this)</p>

	<p>Change: new remedy to allow trade mark owners to demand an assignment, replacing an administrative procedure which amends the trade mark register.</p>		
<p>Article 14</p>	<p>Places certain limitations on the effects of a trade mark so that it cannot be used to prevent legitimate use by third parties, such as their name and address, or terms which describe their goods/services. Change: (i) minor changes in wording. (ii) May also remove a minor limitation on the definition of 'earlier right' in this context.</p>	<p>Yes - substantive change re: (ii).</p>	<p>Very little, if any, impact re: (i). Neutral impact re: (ii). Any benefits to the owners of earlier rights are likely to be offset by a slight reduction in protection for the owners of trade marks.</p>
<p>Article 15</p>	<p>Limits the rights of the trade mark owner, once his goods have been put on the market within the EU, with his consent.</p>	<p>None</p>	<p>None.</p>
<p>Article 16</p>	<p>Deals with the principle that if a registered mark has not been used for 5 years it may be subject to attack for 'non-use' Change: (i) minor changes in wording. (ii) Amends the start date for the period of non-use for international marks.</p>	<p>Yes - substantive change re: (ii)</p>	<p>Very little, if any, impact. Relates to a clarification of what is the relevant date in respect of international marks, and only those which are subject to attack.</p>
<p>Article 17</p>	<p>Deals with the principle that, in infringement actions (which are before the courts), the proprietor of the mark being used as the basis for the action may be required by the defendant to prove that he has made genuine use of his mark. Change: new requirement in relation to infringement proceedings, although a similar requirement exists in other (administrative) proceedings.</p>	<p>Yes – substantive change.</p>	<p>Minimal impact (positive). Any negative impact on the proprietor to furnish proof of use of his mark will be offset by the benefit to the defendant in clarifying whether he has a case to answer, and if so, in relation to which goods and/or services. This should help streamline court cases, although the impact on business overall is likely to be minimal.</p>
<p>Article 18</p>	<p>Provides a defence for later marks, in infringement actions (which are before the courts), where the proprietor of the earlier mark has acquiesced in the use of the later mark, where his mark has not acquired distinctiveness or a reputation, or where he had not made genuine use of his mark. It also ensures that where such a defence of the later mark is successful, the later mark cannot then be used to prohibit use of the earlier mark. Change: restricts the existing defence (which extends to both later and earlier marks) to later marks and removes</p>	<p>Yes – substantive change.</p>	<p>Very little, if any, impact (positive). UK law currently requires that an infringement action cannot be determined until an invalidity action has been concluded. This is not fair on those with earlier rights, who by definition should have seniority of protection. The amendment to UK law ensures that an infringement action does not have to await the outcome of any associated invalidity action before it can be determined. This should help streamline court cases, although the impact on business overall is likely to be very small.</p>

	any requirement to await the outcome of the associated invalidity action before the infringement can be determined.			
Article 19	Deals with revocation of a registered mark if it has not been put to genuine use over a five year period.	None.	None.	None.
Article 20	Deals with revocation of a registered mark if it has become generic or misleading.	None.	None.	None.
Article 21	Allows the revocation of registered marks to apply only to some of the goods or services.	None.	None.	None.
Article 22	Allows for the transfer of marks separately from or as part of the transfer of any business undertaking and recordal of the fact in the trade mark register. Change: ensures that in any contractual transfer of the whole business, the transfer of the trade mark is also included unless there is agreement to the contrary or circumstances dictate otherwise.	Yes – substantive change.	Yes – substantive change.	Very little, if any, impact (positive). Clarifies what happens to its trade marks when the business is transferred to another party.
Article 23	Allows trade marks to be given as security or to be the subject of rights in rem. Change: introduces an obligation to record this in the register			Minimal impact. Procedures are already in place to permit recordal of information. Government lawyers are examining existing provisions to check if any consequential changes are needed.
Article 24	Allows value to be taken from trade marks, like other property, following a court order. Change: introduces an obligation to record this in the register			Minimal impact, if any change needed. Government lawyers are examining existing provisions.
Article 25	Deals with the licensing of trade marks Change: (i) ensures a TM owner can take action against his licensee under TM law, rather than contract law as currently in the UK; (ii) subject to the provisions of the licence, requires that a non-exclusive licensee gets consent from the TM owner before taking infringement action.	Yes – substantive change.	Yes – substantive change.	Very little, if any, impact re: (i). Minimal impact, re: (ii) (i) remedies are already provided under other laws. (ii) although this changes the balance of power in favour of the licensor, and may have significant impacts on individual licensees, it is likely that any negative impacts on the licensees may be partially offset by the benefits to the licensor, and can be mitigated by covering the issue in the contracts between the two parties. Ensuring industry is aware of these changes will also help minimise any negative impact.
Article 26	Ensures that Articles 22 to 25 apply to applications for trade marks (as well as registered marks)	Yes – substantive change	Yes – substantive change	Very little, if any, impact (positive). Allows businesses to consider licensing earlier, although the uncertainties of knowing whether an

				application for a trade mark will proceed to registration or how it will be amended, means that licensing arrangements are more likely to be applied to marks which are already registered than to applications.
Article 27	<p>Change: ensures licensing provisions also apply to applications.</p> <p>Defines special types of marks, namely 'collective' and 'certification' trade marks.</p> <p>Change: minor changes in wording</p>	Yes – minor wording changes.	None.	None.
Article 28	Describes the requirements for certification marks.	None.	None.	None.
Article 29	<p>Describes the requirements for collective marks.</p> <p>Change: makes minor amendments to the definition of who may apply for a collective mark.</p>	Yes – substantive change.	None.	Very little, if any, impact. Although this may extend the potential number of groups/organisations potentially eligible to apply to protect the mark of their association, the overall number of those applying for these special mark types is very low.
Article 30	<p>Deals with the regulations which must be submitted in support of applications for collective marks.</p> <p>Change: now requires the regulations to cover (i) the conditions of use of the mark, whereas this was previously optional, and (ii) the requirement that those fulfilling the conditions of the regulations be authorised to become a member of the association.</p>	Yes – substantive changes.	None.	Very little, if any, impact. Although this adds certain requirements to the regulations associations must provide, the overall number of associations affected is likely to be very small, as the overall number of those applying for these special mark types is very low.
Article 31	<p>Deals with reasons for refusing to register collective marks.</p> <p>Change: reason for refusal now includes whether the applicant/application complies with the legal requirements relating to collective marks.</p>	Yes – substantive changes.	None.	Very little, if any, impact. This will mean that an application may be refused whereas, currently, in certain limited circumstances, applicants may be advised of the type of mark they can apply for, if they are not eligible for collective marks, and may be allowed to correct the mark type on their application. The change may increase costs for an individual applicant, but the overall cost to business will be very small, because the overall number of those applying for these special mark types is very low, and the numbers who apply incorrectly is a subset of that.
Article 32	Applies the requirements for genuine use to be made of a mark to use of a collective mark made by anyone who has authority to use it.	None.	None.	None.
Article 33	Deals with amendments to the regulations governing use of collective marks.	Yes – substantive change.	None.	Very little, if any, impact. This is an administrative requirement on the IPO, but it should make it easier for any interested parties to track

		Change: new administrative requirements to publish more information in the publicly available trade mark register.		amendments to the regulations of any collective mark. The impact is likely to be very small, as the number of those applying for these special mark types is very low, the number of amendments will be a subset of that, and the number of parties interested in any amendments will be a further subset of the first.
Article 34	Defines who is entitled to take infringement action in relation to collective marks, and who is entitled to claim damages. Change: authorised users need the agreement of the proprietor before they take action, whereas previously they could only do so if the proprietor of the mark declined to act.	Yes - substantive change.	Minimal impact. There is still a requirement on the user to contact the proprietor, although for different reasons, before taking action. The impact is likely to be minimal, as the number of these special types of marks is very low, and any actions will be a subset of that.	
Article 35	Deals with reasons for revocation of a registered collective mark additional to those included in Articles 19 & 20, such as use being incompatible with the regulations, and use liable to mislead the public. Change: (i) reduces the threshold of the grounds for revocation, which were previously absolute ('failure' vs 'takes reasonable steps' to ensure compliance with the regulations); (ii) widens the circle of those who may cause the mark to mislead to include association members, rather than just the proprietor; (iii) where revocation concerns amendment of the regulations, permits further amendments to overcome the revocation action.	Yes - substantive changes.	Very little, if any, impact (positive) re: (i) (ii) & (iii). (i) introduces a more reasonable threshold for proprietors to monitor use of the collective mark. (ii) gives greater protection to the public against misuse by association members. (iii) provides an opportunity to amend the regulations to be compliant, rather than forcing revocation. The impact is likely to be very small, as the number of those applying for these special mark types is very low, and the number of revocation actions will be a subset of that.	
Article 36	Deals with a reason for invalidity of a registered collective mark additional to those included in Articles 4 & 5, namely where the collective regulations are not compliant with the law. Change: permits amendments of the regulations to overcome the invalidity action.	Yes - substantive change.	Very little, if any, impact (positive). Provides an opportunity to amend the regulations to be compliant, rather than forcing invalidation. The impact is likely to be very small, as the number of those applying for these special mark types is very low, and the number of invalidation actions will be a subset of that.	
Article 37	Specifies administrative requirements for applying for a trade mark. Change: now requires that the representation of the mark meets the requirements of clarity and precision included within Article 3.	Yes - substantive change.	None. In practice, marks must already be presented in a manner sufficiently clear to determine the nature of the rights associated with them.	

Article 38	Specifies administrative requirements for an application to be granted a filing date.	None.	None.
Article 39	Specifies the way the goods and services in the application for a mark must be classified. Change: (i) requires the goods and services to be specified with sufficient clarity and precision, and that the meaning shall be literal; (ii) change in the status of an application which is not proceeding.	Yes – substantive changes.	Very little, if any, impact (positive): Re (i) in practice, the IPO already requires goods and services to be listed clearly/precisely, and uses the literal meaning of the words. Re: (ii) the IPO's practice is to discuss any difficulties with the applicant with a view to resolving them before the application is formally rejected. Changing the final status to 'rejected' rather than, as currently, 'deemed abandoned' would ultimately permit the applicant to appeal against the decision. Currently an appeal is not possible, so this is a benefit to business, if likely to be little used.
Article 40	Permits observations to be made by third parties in relation to applications for registration to say why a mark should not be registered. Change: ensures groups and representative are able to make observations, as well as companies and individuals.	Yes – substantive change.	Very little, if any, impact (positive): widens the pool of those who may legitimately make observations. The impact is likely to be very small, as only a handful of observations are received each year.
Article 41	Permits applications and registrations to be divided into separate parts. Change: extends existing provisions relating to applications to registrations.	Yes – substantive changes.	Very little, if any, impact (positive): will allow a registration under attack to be divided into separate 'attacked' and 'not attacked' parts, usually by reference to the goods or services the trade mark covers. This will enable the actions to be more focused, potentially saving money, and providing more (short term) certainty to business about which parts of their business remain protected (and not subject to attack) by the trade mark. The impact is likely to be very small.
Article 42	Permits national offices to charge additional fees for each class of goods or services beyond the first one.	None.	None. The UK already does this.
Article 43	Deals with the procedures for permitting third parties to formally oppose the registration of a trade mark application Change: ensures that those authorised to use geographical indications of origin have the right to oppose the registration of an application on the basis that the application is too similar to their pre-existing rights.	Yes – substantive change.	Very little, if any, impact (positive): slightly extends the ability to protect rights associated with geographical indications (GIs) of origin, like 'Champagne', and 'Stilton'. Overall, the impact is likely to be very small, because GIs may already be used to oppose the registration of applications, albeit under a different part of TM law.
Article 44	Deals with opposition of the registration of an application, where the mark used as the basis for the opposition has not been put to genuine use over a five year period. Change: amends the relative start date of the five year period.	Yes – substantive change.	Very little, if any, impact (positive). This makes the law more internally consistent by reducing the number of 'relevant dates' for proving use of a mark in any dispute.

Article 45	<p>Deals with procedures for revoking or invalidating registered trade marks.</p> <p>Change: defines (and by doing so, potentially narrows slightly from current position) who is entitled to take these actions.</p>	Yes – substantive change.	<p>Very little, if any, impact. Although this may limit (very slightly) the type of organisations who may attack registered marks, it still includes those most likely to be affected such as individuals, businesses, trade bodies, representative groups, etc. The impact is likely to be very small, as the number of actions is relatively small, and the number of those who can no longer apply to do so is a subset of that.</p>
Article 46	<p>Deals with invalidity of registered trade marks where the (earlier) mark used as the basis for the invalidation has not been put to genuine use over a five year period.</p> <p>Change: requires that the period of use of the earlier mark covers both the date the invalidation action was filed and the date the challenged registration was applied for, so the date the challenged registration was applied for, so preventing a dormant mark, which if it had been challenged for non-use, would have been removed from the register, from being re-activated in the market place and then used against a mark that was filed for during its dormant period.</p>	Yes – substantive change.	<p>Very little, if any, impact (positive). Requires that the period of use of the earlier mark must cover both the date the invalidation action was filed and the date the challenged registration was applied for to ensure that the invalidation would have been successful at the date of filing as well as at the date the application for invalidation was filed. This provides greater certainty for the proprietor. The impact is likely to be very small, as the number of invalidations is relatively small, the number of requests for the attacker to prove use will be a subset of that, and the number of attackers who must provide additional proof of use to cover the date of filing of the application for registration will be a further subset of the first.</p>
Article 47	Deals with the consequences of successful invalidation and revocation actions.	None.	None.
Article 48	Sets out the 10 year duration of the registration, and each subsequent renewal.	None.	None.
Article 49	<p>Deals with administrative requirements for renewing registrations.</p> <p>Change: (i) allows any authorised person e.g. agents, not just the owner to renew a mark; (ii) amends the period of notification of expiry from within 6 months to more than 6 months; (iii) allows for partial renewals.</p>	Yes – substantive changes.	<p>Very little, if any impact (positive) re: (i), (ii), (iii). (i) and (ii) allow greater flexibility on the part of the owner to manage his registrations, and (ii) gives him earlier notification of the expiry of this mark. The impact is likely to be very small, as although this potentially affects all renewals, the overall number relative to the number of businesses is very small.</p>
Article 50	Requires an address for anyone dealing with the national office, which may stipulate that it must be within the EEA.	None.	None.
Article 51	Encourages national offices to cooperate with each other and the EUIPO in relation to examination and registration issues.	None.	None.

Article 52	Encourages national offices to cooperate with each other and the EUIPO in relation to any other issues not mentioned above which deal with protection on marks in the EU.	None.	None.
Article 53	Requires personal data to be subject to data protection laws.	None.	None.
Article 54	Requires the Directive to be implemented by 14 January 2019.	None.	None.
Article 55	Repeals the previous Directive with effect from 15 January 2019.	None.	None.
Article 56	Specifies when the Directive comes into force.	None.	None.
Article 57	Specifies to whom the Directive is addressed.	None.	None.

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