



House of Commons  
Regulatory Reform Committee

---

**Proposal for the  
Regulatory Reform  
(Registered Designs)  
Order 2006**

---

**Fifth Report of Session 2005–06**





House of Commons  
Regulatory Reform Committee

---

# Proposal for the Regulatory Reform (Registered Designs) Order 2006

---

**Fifth Report of Session 2005–06**

*Report, together with formal minutes and  
written evidence*

*Ordered by The House of Commons  
to be printed 23rd May 2006*

## The Regulatory Reform Committee

The Regulatory Reform Committee is appointed under Standing Order No. 141 to consider and report to the House of Commons on proposals for regulatory reform orders under the Regulatory Reform Act 2001 and, subsequently, any ensuing draft regulatory reform order. It will also consider any “subordinate provisions order” made under the same Act.

### Current membership

Andrew Miller (*Labour, Ellesmere Port & Neston*) (Chairman)  
Gordon Banks (*Labour, Ochil and South Perthshire*)  
Lorely Burt (*Liberal Democrat, Solihull*)  
Mr James Gray (*Conservative, North Wiltshire*)  
Stephen Hammond (*Conservative, Wimbledon*)  
John Hemming (*Liberal Democrat, Birmingham, Yardley*)  
Mrs Sharon Hodgson (*Labour, Gateshead East & Washington West*)  
Mr Stewart Jackson (*Conservative, Peterborough*)  
Dr Doug Naysmith (*Labour/Co-operative, Bristol North West*)  
Mr Jamie Reed (*Labour, Copeland*)  
Alison Seabeck (*Labour, Plymouth, Devonport*)  
Mr Andrew Slaughter (*Labour, Ealing, Acton & Shepherd’s Bush*)  
Ms Angela C Smith (*Labour, Sheffield, Hillsborough*)  
Mr Anthony Steen (*Conservative, Totnes*)

Bob Russell (*Liberal Democrat, Colchester*) was a Member of the Committee during its consideration of the proposal which is the subject of this Report.

### Criteria against which the Committee considers each proposal

Paragraph (6) of Standing Order No.141 requires us to consider any proposal for a regulatory reform order against the following criteria:

... whether the proposal—

- (a) appears to make an inappropriate use of delegated legislation;
- (b) removes or reduces a burden or the authorisation or requirement of a burden;
- (c) continues any necessary protection;
- (d) has been the subject of, and takes appropriate account of, adequate consultation;
- (e) imposes a charge on the public revenues or contains provisions requiring payments to be made to the Exchequer or any government department or to any local or public authority in consideration of any licence or consent or of any services to be rendered, or prescribes the amount of any such charge or payment;
- (f) purports to have retrospective effect;
- (g) gives rise to doubts whether it is *intra vires*;
- (h) requires elucidation, is not written in plain English or appears to be defectively drafted;
- (i) appears to be incompatible with any obligation resulting from membership of the European Union;
- (j) prevents any person from continuing to exercise any right or freedom which he might reasonably expect to continue to exercise;
- (k) satisfies the conditions of proportionality between burdens and benefits set out in sections 1 and 3 of the Regulatory Reform Act 2001;
- (l) satisfies the test of desirability set out in section 3(2)(b) of the 2001 Act;
- (m) has been the subject of, and takes appropriate account of, estimates of increases or reductions in costs or other benefits which may result from its implementation; or
- (n) includes provisions to be designated in the draft order as subordinate provisions.

## **Publications**

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/regrefcom](http://www.parliament.uk/regrefcom). A list of Reports of the Committee in the present Session of Parliament is at the back of this volume.

## **Committee staff**

The current staff of the Committee are Mick Hillyard (Clerk), Stuart Deacon (Committee Specialist) and Liz Booth (Secretary/Committee Assistant).

All correspondence should be addressed to the Clerk of the Regulatory Reform Committee, Delegated Legislation Office, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 2837; the Committee's email address is [regrefcom@parliament.uk](mailto:regrefcom@parliament.uk).



# Contents

---

<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
Overall recommendation	3
Outline of the proposed Order	3
Summary of the Committee findings on the present proposal against the prescribed criteria	3
Criterion (a): appropriate for delegated legislation	3
Criterion (b): removal or reduction of burdens	3
Criterion (c): maintenance of necessary protection	4
Criterion (d): adequate consultation	4
Criteria (e) to (h): the JCSI tests	4
Criteria (i) to (l): the Regulatory Reform Act tests	4
Criterion (m): estimates of costs and benefits	5
Criterion (n): subordinate provisions	5
Explanation of the Committee's recommendation	5
<b>Explanatory Report</b>	<b>7</b>
Introduction	7
The registration of designs	7
Case for modernising the UK system	8
<b>Committee's remit</b>	<b>9</b>
<b>Extent of the proposal's application</b>	<b>9</b>
<b>Assessment of the proposal against the Standing Order No. 141(6) criteria</b>	<b>10</b>
Inappropriate use of delegated legislation	10
Drafting of the Order	10
Removal and reduction of burdens	10
Maintenance of necessary protection	13
Continuation of reasonable rights and freedoms	16
Compatibility with obligations arising from membership of the European Union	16
Consultation	16
Estimates of costs, savings and other benefits	18
<b>Conclusion</b>	<b>19</b>
<b>Formal minutes</b>	<b>20</b>
<b>List of written evidence</b>	<b>21</b>
<b>Reports from the Regulatory Reform Committee in the previous and present Session</b>	

*inside back cover*



# Summary

---

## Overall recommendation

**We have examined the proposal for the Regulatory Reform (Registered Designs) Order 2006 in accordance with Standing Order No. 141. We recommend unanimously that a draft Order amended as described at paragraph 16 of this Report should be laid before the House.**

## Outline of the proposed Order

The purpose of the proposed Order is to amend the Registered Designs Act 1949 in order to remove or reduce burdens on applicants for and owners of registered designs throughout the UK. The proposed Order would:

- abolish the power of the Registrar to refuse a design on the grounds that it lacks novelty or individual character and the related power to conduct ‘searches’ for the purpose of establishing the novelty or individuality of designs (“novelty searches”);
- permit applicants to include several different designs in a single application for registration (“multiple applications”);
- require all registered designs to be made available for public inspection (“public inspection of designs”); and
- facilitate the reinstatement of lapsed design registrations (“lapsed registrations”).

## Summary of the Committee findings on the present proposal against the prescribed criteria<sup>1</sup>

The proposal for Regulatory Reform (Registered Designs) Order 2006 was laid before the House by the Cabinet Office on 13 March 2006 on behalf of the Minister for Science and Innovation, Lord Sainsbury of Turville, in the Department of Trade and Industry. We have considered the proposal against the criteria set out in Paragraph (6) of Standing Order No.141 and report the following conclusions to the House.

### Criterion (a): appropriate for delegated legislation

In our view the proposal appears to be appropriate for delegated legislation.

### Criterion (b): removal or reduction of burdens

With regard to criterion (b), our conclusions on the removal or reduction of burdens are as follows.

**Novelty searches.** Articles 3 to 10 of the proposal would remove the power of the Registrar to refuse to register designs on grounds of lack of novelty or individuality and to conduct

---

<sup>1</sup> The criteria are set out on the inside cover.

searches for establishing novelty. We agree with the Patent Office that the effect would be to remove a burden.

**Multiple applications.** Articles 11 to 15 of the proposed Order would amend sections 3, 3A, 3B, 14 and 22 of the 1949 Act so as to permit a single application to include a number of designs, even if the designs relate to different product classes. We agree with the Patent Office that the effect would be to remove a burden.

**Public inspection.** Article 16 of the proposal would remove a restriction on the publication of certain designs and require designs of all classes of products to be published at registration (subject to a new provision to allow an application for registration to be lodged but not to take effect until the design is made available for publication, up to 12 months after the date of application). We agree with the Patent Office that the effect would be to remove a burden.

**Reinstatement of lapsed registrations.** Article 17 of the proposed Order would amend section 8A of the 1949 Act to provide that the Registrar may order the restoration of an applicant's rights in a design where he is satisfied that the failure to pay the renewal fee was unintentional. We agree with the Patent Office that the effect would be to remove a burden.

### **Criterion (c): maintenance of necessary protection**

With regard to criterion (c), we are satisfied that in the case of each of the four proposals no necessary protection would be lost.

### **Criterion (d): adequate consultation**

We consider that the proposal has been the subject of, and taken appropriate account of, adequate consultation.

### **Criteria (e) to (h): the JCSI tests**

These criteria largely replicate the technical tests applied by the Joint Committee on Statutory Instruments to the instruments which it considers. Except for one drafting issue (see paragraph 16) which is acknowledged by the Patent Office, we consider that the proposal does not fail any of these tests.

### **Criteria (i) to (l): the Regulatory Reform Act tests**

The 2001 Act sets out certain protections against the use of the powers it confers on Ministers. In broad terms these relate to the exercise of any right or freedom which individuals might reasonably expect to continue to exercise; the conditions of proportionality between burdens and benefits set out in sections 1 and 3 of the Regulatory Reform Act 2001; and the test of desirability set out in section 3(2)(b) of the 2001 Act. We are satisfied that the proposal does not fail to meet any of these criteria.

### **Criterion (m): estimates of costs and benefits**

We consider that the Department has made reasonable efforts to foresee the costs, savings and other benefits which could arise from the proposal.

### **Criterion (n): subordinate provisions**

The proposal contains no provisions which are designated as subordinate provisions.

### **Explanation of the Committee's recommendation**

In the remainder of this report we set out in more detail the basis on which we reached the conclusions and recommendation set out above.



# Explanatory Report

---

## Introduction

1. The proposal for the draft Regulatory Reform (Registered Designs) Order 2006 was laid before the House by the Cabinet Office on 13 March 2006 on behalf of the Minister for Science and Innovation in the Department of Trade and Industry, Lord Sainsbury of Turville.<sup>2</sup>

2. The purpose of the proposed Order is to amend the Registered Designs Act 1949 (“the 1949 Act”) which governs the registration of designs in the UK in order to remove burdens associated with four specific aspects of the legislation governing procedures for the registration of designs. The Order

- a) removes the power of the Registrar to refuse to register designs on grounds of lack of novelty or individuality and to conduct searches for establishing novelty;
- b) removes an effective block on multiple applications;
- c) requires public inspections of all designs, and
- d) facilitates lapsed registrations.

3. The 1949 Act was amended by the Registered Designs Regulations 2001 (SI/2001/3949) to comply with the EC Directive on the legal protection of designs (Directive 98/71/EC). Although the substantive law of registered designs is now governed by that EC Directive, procedural matters, which are the subject of the Order, are outside its scope and are governed by the 1949 Act.

## *The registration of designs*

4. Designs can be as diverse as works of art and graphic designs and, at the other extreme, the shape and appearance of functional objects such as umbrellas and machines. A design is defined by section 1(2) of the 1949 Act as:

The appearance of the whole or part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture or materials of the product or its ornamentation.

5. A registered design provides the proprietor with an exclusive right to use the design and any other design which does not create a different overall impression. It gives the right to take legal action against others who might be infringing the design and to claim damages. It is a property right which can be bought or sold like any other property. However, the validity of a registered design can be challenged at any time. Although registration of designs is typically used by larger enterprises, the Patent Office points out that registration

---

<sup>2</sup> The Minister will be responsible for deciding how any Parliamentary representations should be reflected by changes to the proposal, and for satisfying himself as to other matters in section 1(1) of the Regulatory Reform Act 2001 (“the 2001 Act”). The explanatory statement provided by the Secretary of State for Trade and Industry states that the consultation was conducted by the Patent Office on behalf of the Minister.

has also become increasingly popular with small and medium sized enterprises, many of which are without legal representation. UK businesses register and protect fewer designs than some of their competitors in other countries, including France and Germany.

6. Designs can be registered under national schemes, such as in the UK at the Patent Office, or under the EU registration scheme at the Community Design Office in Alicante.<sup>3</sup> The EU scheme provides similar rights to a national registered design, except that a Community design is a unitary right covering the whole of the European Community. According to the Patent Office the cost of registration for a single Community design is €350 (about £240) against just £60 for a UK registration. The higher cost for EU registration may discourage some small businesses from registering their new designs throughout the EU. But, as the Patent Office points out, a national registration would make it easier for these companies to enforce their rights, at least in the UK, and would also create grounds for invalidation if the same design is later registered by a third party as a Community design.

7. Since 2003, when the Community registration system was introduced, the Patent Office has recorded a 60% fall in the number of UK national applications for registration. However, as the Patent Office makes clear, it is not its aim to win business at the expense of the EU Community system since there would be no benefit in encouraging domestic registration as an alternative to EU registration. Both systems operate in tandem. For example, the Patent Office provides information and advice to businesses about the EU Community system of registration, which is expected to feature just as prominently in the new guidance to the public as now.<sup>4</sup> The Patent Office told us that its aim is to offer an easy and affordable registration option to those businesses that currently do not register their designs and/or whose business is such that they are unlikely to need to assert their design rights outside the UK.

### ***Case for modernising the UK system***

8. Compared with the UK national system, the Community system is perceived as providing a more modern and liberal approach to registration procedures. The need to modernise the procedures for governing the UK national system, specifically the 1949 Act, has become increasingly obvious since the Community Design Regulations came into force in 2002.

9. The Patent Office states that the proposed amendments to the 1949 Act are required to provide similar flexibility in the domestic legislation as that provided by the EU registration system. It suggests that making UK registration easier would encourage innovation and enhance the competitiveness of UK businesses. The Patent Office identifies a number of benefits of the new system to UK businesses: it would remove any misunderstanding in the market place about whether new designs have been assessed for novelty prior to registration; it would be quicker, easier and cheaper; and should reduce the incidence of

---

3 Designs can be registered as a Community design under Council Regulation on Community Designs (EC) No.6 of 2002 (the Community Design Regulations).

4 For example, the Patent Office provides a downloadable booklets entitled "How to apply to register a UK design" and "How to apply for a registered Community design" as well as other information on registered and unregistered designs in both the UK and the Community.

inadvertent infringement by encouraging designs to be registered. In response to our question, the Patent Office stated:

The proposals for a new streamlined registration system are aimed at encouraging small businesses to register their designs. That way more small businesses will be able to enforce their legitimate rights more easily, both against later registrants of the same design (whether at the national or Community level) and, just as importantly, against those who are commercially exploiting their designs without their consent.<sup>5</sup>

10. Some of the suggested benefits of the revised registration system also require amendments to the Registered Designs Rules which are made under section 36 of the 1949 Act and govern the various administrative and procedural arrangements for the registration of designs.<sup>6</sup> The process for doing so is separate from the proposed Order. The Patent Office has not yet published its summary of the Rules consultation and proposes to amend the Rules at a later date.

## Committee's remit

---

11. The House has instructed us to examine the proposal against the criteria specified in Standing Order No. 141(6) and then, in the light of that examination, to report whether we recommend that the proposal should proceed, whether amendments should be made to it, or whether no Order should be made in the terms of the proposal.

12. Our discussion of matters arising from our examination is set out below. Where a criterion specified in Standing Order No. 141 (6) is not discussed in the report, this indicates that we have had no concerns to raise about that criterion. During our examination, we requested further information from the Department about a number of issues relating to the proposal and the text of our questions is reproduced in Appendix A to this report. The Department's response is reproduced as Appendix B.

## Extent of the proposal's application

---

13. The law on registered designs is a reserved matter under the Scotland Act 1998 [and the Government of Wales Act 1999]. The changes made by the proposed Order would extend to the whole of the United Kingdom, except for the Isle of Man. The 1949 Act extends, as amended, to the Isle of Man, but the amendments made to the Act by the Registered Designs Regulations 2001 did not apply to the Isle of Man. The Directive was instead implemented there by the Registered Designs (Isle of Man) Order 2001 (SI 2001/3670). The Manx government has agreed in principle to implement the changes in the proposed draft Order by amending (or remaking) the Registered Designs (Isle of Man) Order 2001.

14. The Patent Office states that the Scottish Parliament and the National Assembly for Wales have been consulted on the proposed Order and have offered no comments.<sup>7</sup>

---

5 Appendix B, Question 7

6 These changes were subject to consultation in tandem with the RRO proposal.

7 Explanatory Statement paragraphs 9 and 10

# Assessment of the proposal against the Standing Order No. 141(6) criteria

---

## Inappropriate use of delegated legislation

15. The proposal appears to us to be an appropriate use of delegated legislation, and not of such legal complexity or significance as to demand primary legislation.

## Drafting of the Order

16. Where the 1949 Act refers to a section of that Act, it always does so in terms of “section X of this Act”. Most of the amendments made by the proposed Order maintain this approach, but those in articles 8 and 9 do not. The Patent Office acknowledged that articles 8 and 9 should be changed so that the provisions which they amend would continue to refer to sections “of this Act”.

## Removal and reduction of burdens

17. **Novelty searches.** Section 1A of the 1949 Act requires that the Registrar shall refuse to register any design which fails to satisfy the requirements imposed in sections 1B to 1D, namely: i) designs must be new and of individual character, ii) must not consist of elements which are solely dictated by the technical function it is to perform and iii) must not be contrary to public policy or accepted principles of morality. Under section 3(4) of the 1949 Act, the Registrar has power to conduct searches for the purpose of deciding whether any design is new or has individual character.

18. The Patent Office proposes to abolish the power of the Registrar to conduct searches for this purpose because it considers it has become impossible in practice to undertake the necessary full searches. Up until 2001, the registrar could conduct novelty searches against similar designs disclosed in the UK. But since the implementation of the Registered Design Regulations 2001<sup>8</sup> the registrar has been expected to consider whether a similar design has been disclosed anywhere in the world such that it is likely to have come to the attention of a person located in the European Economic Area (EEA).

19. The Patent Office states that it is impossible for the registrar to search all designs, whether registered or not, throughout the world. On 21 April 1999, the registrar changed his examination practice and notified this change of practice in the industry journal.<sup>9</sup> Since that date, the registrar has not conducted an automatic search of earlier designs but has instead conducted them on a discretionary basis. For example, this may happen if the examiner happens to have had some personal experience of the particular type of design. The Patent Office states that over 90% of applications are now registered without a search having been conducted of earlier designs and that only 2% of applications are refused registration on account of lack of novelty. In effect the current power to search and refuse

---

8 SI 2001/No. 3949

9 Notification of a Change in the Examination of Design Applications Patents and Designs Journal No. 5738, 28 April 1999 p.vii

applications on these grounds is likely to provide a false sense of assurance of the novelty of their design to applicants. The Patent Office argues that by dispensing with the discretionary searches, all future applicants would be clear that registration was no guarantee of novelty (even though no such undertaking is actually made at present). This proposed change will provide greater clarity for all applicants. The proposed change is thought likely to benefit smaller businesses that might otherwise be deterred from registering a design by initial doubts on the part of the Registrar about the novelty of designs; and would also be consistent with the practice under the Community Design Regulations where there is no requirement for novelty searches.

20. The Patent Office considers that the removal of the power of the Registrar to refuse to register designs on grounds of lack of novelty or individuality and to conduct searches for establishing novelty would remove a burden. It states “It is self-evident that refusing to register an applicants design on the grounds it is not novel or lacks individual character is a burden on that applicant”.<sup>10</sup> **We agree.**

21. The Patent Office also argues that its proposals would remove a further burden, specifically for those applicants who may have had their applications rejected or questioned by the registrar on grounds of lack of novelty. The burden in question is that of forfeiting the fees paid or of accepting the costs and delays involved in seeking to persuade the registrar that their design has novel characteristics.<sup>11</sup> Whether this is strictly a separate burden or part of the burden associated by the novelty requirement is of secondary importance. **We agree that removing the novelty requirement removes a burden.**

22. The proposed Order also creates a new section 3A(4) which would provide that the registration of a design may be declared invalid by the Registrar on any of the grounds currently mentioned in section 1A of the 1949 Act, other than a lack of novelty or individual character.

23. Registered design holders would need to be vigilant against other designs that might infringe their rights and if necessary to make applications to the Registrar for such other designs to be declared invalid. On the face of it, it would seem that the policing of the novelty requirements, in the form of detecting infringements of existing design rights, would pass from the Patent Office, prior to registration, to the designers who had previously registered their designs. However, for most practical purposes, this is very similar to the current position since the Patent Office conducted relatively few novelty searches and in the last financial year only 2% of design applications made to the UK were the subject of a substantive objection on novelty grounds.<sup>12</sup> The biggest difference is that under the proposal, the false assurance has been removed. **We agree that the effect of Article 3 of the proposed Order would be to remove a burden.**

24. **Multiple applications.** Under current procedures, applicants are precluded from applying for the registration of more than one design in a single application. As a result, each individual application needs to be prepared, processed and paid for separately, thus

---

10 Explanatory statement, paragraphs 70 to 77

11 Appendix B, Question 3

12 Appendix B, Question 2

giving rise to unnecessary effort and cost for applicants and for the Patent Office in considering them. As the Patent Office states, “this burden is not expressly stated on the face of the legislation, but is the effect of the wording of section 3 of the 1949 Act.”<sup>13</sup>

25. Articles 11 to 15 of the proposed Order would amend sections 3, 3A, 3B, 14 and 22 of the 1949 Act so as to permit a single application to include a number of designs, even if the designs relate to different product classes (according to the Locarno classification system).<sup>14</sup> The Community Design Regulations provide for multiple design applications, but only designs falling within the same Locarno product class may be included in the same application. The Patent Office states that this proposed change will make it simpler for applicants wishing to register several designs and reduce the burden on them. It also states that the new arrangements will cost less for applicants since it intends to pass on the administrative savings to applicants in the form of a discount in the costs of including two or more designs in one application. **We are satisfied that the effect of Articles 11 to 15 of the proposed Order would be to remove a burden.**

26. **Public inspection of designs.** Section 22(1) of the 1949 Act provides that once a design has been registered, a representation or specimen is made available for public inspection. However Section 22(2) provides that designs shall not be available for inspection where they fall within categories specified in Rules made under section 36 of the Act (The Registered Design Rules). Under the 1995 Rules, certain classes of products (textiles, wallpaper and lace) may currently be withheld from public inspection for a prescribed period of time after registration (up to three years, depending on the nature of the product), although such designs may be shown to an applicant whose application the Registrar intends to refuse on the grounds that that the prior registered design renders their application invalid on grounds of lack of novelty or individual character. The Patent Office states that this withdrawal from publication places a burden on those whose business might be affected by the registered design but are denied free access to it.

27. It is proposed to end the facility for withdrawal and to require designs of all classes of products to be published at registration (subject to new provision to be made in revised Rules which will allow an application for registration to be lodged but not to take effect until the design is made available for publication, up to 12 months after the date of application). **We are satisfied that the effect of this proposal would be to remove a burden.**

28. **Lapsed registrations.** Under Section 8(1) of the 1949 Act, design registrations initially last for five years from the date of initial registration and can then be renewed on application by the proprietor for further five year periods up to a maximum of twenty-five years. A renewal fee is payable with each extension. An applicant has up to six months following registration expiry to apply for a late extension, but after six months the design right lapses. Once it has lapsed, the applicant can apply under Section 8A to restore his registration but must pay an additional fee and show that he had taken reasonable care to

---

13 Explanatory Statement, paragraph 98

14 The Locarno Agreement is an agreement between all members of the Paris Convention for the Protection of Industrial Property which established an international classification system for industrial designs, with a standing committee of experts from the 41 member countries to make additions and amendments to the system as required by changing needs, technological developments etc.

extend the registration (and pay the necessary fee) within time. The Patent Office considers that the requirement to demonstrate that reasonable care was taken where the fee was not paid is a burden.

29. Article 17 of the proposed Order would amend section 8A of the 1949 Act to provide that the Registrar may order the restoration of an applicant's rights in a design where he is satisfied that the failure to pay the renewal fee was unintentional. **We are satisfied that the effect of this proposal would be to remove a burden.**

## Maintenance of necessary protection

30. **Novelty searches.** The view of the Patent Office is that protection for registered proprietors of designs will be maintained via the right to challenge the validity of a registered design. The registered proprietor of a design will continue as now to have the right to challenge the use of any copy of his design; if the copier of his design has registered it in his own name, the original proprietor has the right to apply for the copier's registration to be declared invalid by means of a simple and inexpensive application to invalidate.<sup>15</sup>

31. The proposal includes provision to ensure that all registered designs must be published, and it is proposed that the vigilance of the proprietors of registered designs, acting in their own interests, will be the mechanism by which the rights to exclusive use of designs will be maintained. The Patent Office accepts that this may result in the registration of a small number of additional invalid designs, but that this consequence is outweighed by the benefits in convenience and economy of making the registered design legislation easier to use.

32. However, it might be argued that the valid owner would incur the costs of the proceedings and the burden of proving that another registered design was invalid on grounds of lack of novelty and its substantive identity with another design owned by him. For example, in its consultation response, the Chartered Institute of Patent Agents (CIPA) stated that:

It is perhaps a little misleading to say that any extra invalid designs can simply be challenged post-registration. The burden of proof of invalidity is on the person challenging the validity at present; in general, the burden falls on the person asserting a point to prove it. In other words the design benefits from the assumption that it is valid. A design registered without search should have no presumption of validity, but the reality of the present situation is that discharging that burden (before the Registrar or court) has proved difficult for small applicants, who often fail on technical rules of evidence.

33. It could be argued that the current practice of novelty examinations provides registered designers with some level of protection against other designers registering similar designs in their own name. The Patent Office considers that, because searches are now so arbitrary and of such limited extent, the protection it confers is of very limited value and seems to provide designers with a false sense of security. The Patent Office suggests that removing

---

<sup>15</sup> Explanatory statement , paragraphs 80

the novelty examination would remove any uncertainty about whether or not a search had been carried out, which would actually increase protection as designers are made aware that the registrar retained no responsibility for establishing novelty. It also notes that at the time that the EU legislation was being developed, consideration was given to whether there should be a requirement actively to establish whether designs were novel and it was concluded that there should not be such a requirement.

34. We note that the proposal would seem to expose individuals to a greater risk of registering designs in all good faith which are subsequently found to be invalid. However, the Patent Office estimates that the ending of the remaining examination of national applications on novelty grounds would only result in a slight increase in the number of invalid design registrations effective in the UK.

35. Under current procedures, the Patent Office may be perceived as potentially sharing some of the practical responsibility for determining the novelty of a design, but in practice, no guarantee is given that mere registration establishes the novelty of a design. The Patent Office has concluded that the effect of requiring the Registrar to refuse registration where novelty is in doubt is to mislead applicants and it would be better to remove any (false) grounds for believing that registration protects an individual from liability for claims against his profits from a design on the basis of prior art. **We agree that there would be no loss of protection as a result of this proposal.**

36. **Multiple applications.** The Patent Office states that there would be no loss of protection as a result of the proposal to permit multiple designs within a single application. No concerns in this respect were raised in the consultation responses. **We agree that there would be no loss of protection as a result of this proposal.**

37. **Public inspection of designs.** The Patent Office explains that the existing exemption from publication for certain products is intended to “prevent the registration system being used by the unscrupulous as a means of copying the latest designs”.<sup>16</sup> The exemption from publication provides protection to designers against this practice. As noted above, the Patent Office states that the existing exemption acts as a burden on those people whose business might be affected by a registered design but are unable to inspect the design and proposes to remove that burden by withdrawing the exemption from publication.

38. The Patent Office proposes to implement transitional arrangements in order to continue protection for those designers who have already applied to register a design which is subject to the exemption. It also proposes to change the Registered Designs Rules so as to provide protection to designers of all classes of products by giving an option of a delay before publication is required. Where a proprietor wishes to make an application to register his design but also wishes to delay the inspection of that design, he will be able to delay the registration and publication for up to 12 months.

39. The Patent Office considers that it is more appropriate to offer this pre-registration protection for all designers rather than the existing post-registration protection only for a limited range of products. Those who responded to the consultation agreed. For example the Licensing Executives Society pointed out that:

---

16 Explanatory Statement, paragraph 109

a fundamental tenet of monopoly intellectual property rights, such as patents and registered designs, has always been that the price paid by the proprietor is full disclosure. Allowing certain designers to withhold disclosure of their registered designs following registration is not consistent with that tenet, nor is it fair to designers of other products who do not enjoy the same additional protection. The current system also disadvantages designers in the wider market who may be affected by an earlier registered design but have no way of becoming aware of it as it is not disclosed on the publicly-accessible Register. Although the Act allows an “innocent” infringer to avoid a damages award, such an infringer is still vulnerable to an injunction.

40. The only consultation response from an individual designer also supported the proposed change, although he was speaking from the perspective of a designer who would benefit from the new additional protection rather than one who would lose the right to the existing exemption. He commented:

There is no doubt that having the option to delay publication is beneficial commercially and I would welcome this move. In my own case, as a designer of products, I would find 12 months quite a short timescale in which to firstly sell a design and then get it into production. 24 months would be preferable.

41. However, in a subsequent telephone conversation with the Patent Office, he apparently accepted that when determining the appropriate time limit, a balance would need to be struck between the desirability of having sufficient time to get a design into production and the rights of other businesses to inspect registered designs.

42. The Patent Office states that the publication of a company’s new designs may give competitors a commercial advantage by providing an insight into rival’s forthcoming products and could help competitors to market copies of registered designs at a time which coincides with the launch of the genuine design products. It therefore proposes to make a provision in the new Registered Design Rules requiring applicants to provide consent for publication but to enable applicants to delay registration and publication in order to give applicants some degree of control over the timing of the publication of their design.

43. We agree that the interest of UK designers would be better served by a system as proposed, including an option for a limited ‘procedural’ delay within an overall requirement for the full publication of all registered designs. **On this basis, we are content that there would be no loss of protection as a result of this proposal.**

44. **Lapsed registrations.** Members of the public who start use of the design after a registration lapses but before it is restored will continue to be protected by the 1949 Act against claims of infringement and liability for damages, although they would lose any investment they had made in relation to the use of that design. The Patent Office states that the lowering of the standard of care required for restoration of a lapsed registration would grant greater protection to proprietors of registered designs. We consider that the effect of this element of the proposal would be to make the law governing the renewal of lapsed designs less demanding on proprietors seeking renewal, rather than conclude, as the Patent Office does, that protection has been increased simply because the law amended as

proposed would be easier to comply with. Nevertheless, **we are satisfied that this proposal continues all necessary protections.**

### Continuation of reasonable rights and freedoms

45. The Patent Office states that it does not consider that any of four proposals would prevent anyone from exercising an existing right or freedom, and that nothing in the consultation responses has led it to revise that opinion. No concerns were raised in the consultation responses. **We agree.**

### Compatibility with obligations arising from membership of the European Union

46. The registered designs regime has been harmonised across the European Union by the Designs Directive (98/71/EC), but this directive allowed Member States to elect whether or not to undertake substantive examination (including examination on the grounds of novelty) and left the remaining formalities of registration to Member States. It is the view of the Patent Office that the proposals are therefore compatible with all the requirements of EU membership and with EU legislation. **We agree.**

### Consultation

47. A consultation document on the proposal was published by the Patent Office on 12 July 2005 and the consultation period ran for 12 weeks until 7 October 2005. The consultation on the proposed draft Order was run in conjunction with a consultation on the consolidation and modernisation of the Registered Design Rules 1995 (SI 1995/2912). The electronic document was published on the Patent Office and the Cabinet Office websites and paper copies were available on request from the Patent Office. The consultation document was sent to about 150 different representative groups, unrepresented applicants, professional bodies and the devolved administrations. Eight written responses were received; seven from representative organisations and one from an un-represented applicant.

48. The Patent Office also organised a meeting in London on 5 September 2005 to provide an opportunity for interested parties to discuss the proposals and ask questions. The minutes of the meeting are also available on the Patent Office website.

49. Most of the respondents to the consultation were in agreement with the broad purpose and form of the proposed Order although a number of specific concerns were expressed.

50. There was a suggestion at the public consultation meeting and in the written responses that piecemeal changes via secondary legislation would create more confusion, but there was general agreement that if secondary legislation were the only practical way of achieving change then that was preferable to no change at all. For example, CIPA stated that:

It is regrettable if the only possibility is to make piecemeal changes by secondary legislation ... but if this is the case then we think the Registry are right to make the attempt using the means at hand.

51. The Licensing Executive Society (LES) supported the intention to reduce disparities between the UK and the European systems:

If the UK system is to remain an attractive alternative to the Community design right, it is essential that the UK application procedure be at least as simple and consistent as the OHIM (Community design) procedure. Further, aligning the two procedures is consistent with the substance and harmonisation aim of the EC Directive on the legal protection of designs.

52. **Novelty searches.** All of the respondents agreed that greater procedural certainty and clarity was required. Although a majority of respondents agreed with the Patent Office in this regard, some respondents expressed concerns about the proposal to end the substantive examination for novelty. CIPA pointed out that this proposal would also result in less legal certainty since the 2% of designs currently refused on novelty grounds would in future be registered. It agreed that the current situation needed clarification and that Registry should either search or not search, but suggested that alternatives such as the Australian system should be considered.

53. The Australian system was discussed at the public consultation meeting but was discounted on the grounds that there would be uncertainty attached to a search even if it were conducted at a later stage; the general view was that the validity of a registered design could never be assured if it were based on the grounds of a novelty search and that applicants would also be granted fewer rights following application than under the current UK system.

54. Fédération Internationale des Conseils en Propriété Industrielle (FICPI) felt that some form of examination on novelty grounds should be retained. Two of the contributors to the Association of British Healthcare Industries (ABHI) response had concerns about removing novelty searches; one thought that the lack of examination at a European level was a flaw in the Community designs system which should not be replicated in the UK system. The one individual respondent suggested that the proposal would appear to put more onus on to the individual to prove the novelty of a registered design if infringed, which could lead to a greater need for legal advice and therefore greater cost to the individual.

55. The Patent Office acknowledged these concerns in its statement, but believed that the decrease in legal certainty was substantially outweighed by benefits derived from procedural and administrative certainty for applicants and for the population as a whole.

56. **Multiple applications.** There were no objections raised in the formal consultation responses about the proposal to allow multiple designs in one application. It was however suggested at the consultation meeting that the Patent Office should pay careful attention to the new fee structure so that larger applicants which were more likely to file large numbers of designs in a multiple application were not subsidised by smaller and more vulnerable applicants who only needed to file single applications.

57. The Institute of Trade Mark Attorneys (ITMA) questioned whether it was sensible to allow a single application to include designs falling within different classes of the Locarno classification system, suggesting that it could cause confusion because it differed from the Community system. LES suggested that applicants should specify the Locarno class of their

design on their application to facilitate searching of the register. The Patent Office (and other respondents) did not agree that permitting different Locarno classes in one application would be confusing and pointed out that the Design Registry, rather than the applicant, already assigned the Locarno Classification number to each design and would continue to do so.

**58. Public inspection of designs.** Most of the respondents agreed with the proposal to end the withdrawal of some registered designs from public inspection and the proposal that this should be linked to a provision in the Registered Design Rules for the registrar to publish all registered designs.

**59. Lapsed registrations.** This proposal was supported by all respondents. One respondent suggested that the period within which an applicant could restore a lapsed design should be extended from 12 months to 19 months, but none of the other respondents raised this point and the Patent Office states that it sees no reason to make this change. The Patent Office confirmed that it will issue guidance on all of the new proposals and Rules before they come into effect.

**60. We consider that the proposal has been the subject of, and taken appropriate account of, adequate consultation.**

### Estimates of costs, savings and other benefits

61. The Committee is required to consider whether the proposal has been the subject of, and taken appropriate account of, estimates of increases or reductions in costs or other benefits which may result from its implementation.

62. The Patent Office states that it intends that none of the proposals give rise to new fees or charges. However, the fees associated with design registrations are set by the Registered Designs Rules and the Patent Office has not yet confirmed what the new fees will be. The Patent Office states in its summary of regulatory impact assessment that:

The proposals will hopefully encourage more innovators (especially smaller businesses) to register their designs in the UK, and larger businesses will also benefit from the easier and less costly designs registration system. The end result will be that the future demand for the UK designs registration system will grow as more businesses seek to protect their designs through registration, and this in turn will keep statutory fees at a low level whilst still funding the cost of running the system.<sup>17</sup>

63. The Patent Office considers that the effect of the multiple application provision would probably be to reduce application costs. However, the Chartered Institute of Patent Agents (CIPA) suggested in its consultation response that there might be only limited administrative savings and that the Patent Office should attempt to quantify them rather than simply assume their existence. In its statement, the Patent Office has estimated that handling costs will reduce by 30% in the case of multiple applications, and that this equates to about £20 per design.<sup>18</sup>

---

<sup>17</sup> Explanatory Statement, paragraph 68

<sup>18</sup> The basis of the calculation is set out in its written evidence, Appendix B, Question 9

64. The Patent Office also states in its analysis of charges imposed on public revenues that:

Hopefully, however, the effect of the reforms will enable the Patent Office to reduce (or not to increase) the application fee for a registered design.<sup>19</sup>

**65. We consider that the Department has made reasonable efforts to foresee the costs, savings and other benefits which could arise from the proposal.**

## Conclusion

---

**66. We recommend that a draft Order, amended as indicated at paragraph 16, should be laid before the House.**

# Formal minutes

---

**Tuesday 23 May 2006**

Members present:

Andrew Miller, in the Chair

Gordon Banks  
Alison Seabeck

Mr Andrew Slaughter  
Ms Angela C Smith

The Committee deliberated.

Draft Report [Proposal for the Regulatory Reform (Registered Designs) Order 2006], proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 66 read and agreed to.

*Resolved*, That the Report be the Fifth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

Several papers were ordered to be appended to the Report.

*Ordered*, That the Appendices to the Report be reported to the House.

[Adjourned till a day and time to be fixed by the Chairman.]

## List of written evidence

---

<b>A</b> Letter from the Committee Specialist to The Patent Office	22
<b>B</b> Letter from The Patent Office to the Committee Specialist	24

# Appendix A

---

## Letter from the Committee Specialist to The Patent Office

### Proposal for the Regulatory Reform (Registered Designs) Order 2006: request for information

Thank you for your very helpful presentation on 21 March on the subject of this RRO proposal.

The Committee considered the proposal and decided to seek your further comments on a number of points. The issues which concern the Committee are set out below, under the relevant categories for consideration in the Regulatory Reform Act and the Committee's Standing Order (references to the Standing Order are printed below in italics).

#### *Whether the proposal requires elucidation, is not written in plain English or appears to be defectively drafted (S.O. No 141 (6)(h))*

1. Where the 1949 Act refers to a section of that Act, it always does so in terms of "section X of this Act". Most of the amendments made by the proposed Order maintain this approach, but those in articles 8 and 9 do not. A consistent approach would be in keeping with proper drafting practice.

**Q 1** Please indicate whether the Patent Office agrees that that articles 8 and 9 should be changed so that the provisions which they amend will continue to refer to sections "of this Act".

#### *Whether the proposal would remove or reduce a burden or the authorisation or requirement of a burden (S.O. No 141 (6)(b))*

2. The Committee notes that the Patent Office proposes to repeal section 3(4) of the 1949 Act which gives the registrar power to make searches for the purpose of deciding whether, and the extent to which, a design application is new or has individual character.

**Q 2** Please indicate what number of design applications each year are the subject of an initial objection by the registrar on novelty grounds and of these, how many go on to secure registration, how many are rejected by the registrar and how many are discontinued by the applicant.

**Q 3** Please provide an indication of the typical delay and cost involved for applicants in challenging an initial objection from the registrar to the registration of a design.

#### *Whether the proposal has the effect of continuing any necessary protection as required in Section 3(1)(a) of the Regulatory Reform Act 2001 (S.O. No 141(6)(c))*

3. The Committee notes that under the proposal there would no longer be any power for the registrar to carry out novelty searches with respect to design applications and the validity of any registered design on novelty grounds would only be considered when application for a declaration of invalidity in respect of it was made to him by the proprietor of another design under section 11ZB of the 1949 Act.

**Q 4** Please indicate whether it is intended that the registrar will in practice accept a design application even if he knew that a similar design was already registered. Would he draw it to the attention of the applicant so as to protect the rights of the original designer and prevent the applicant from liability for claims against him?

**Q 5** Please explain the process for making an application to the registrar for a declaration of invalidity and the costs involved in this.

**Q 6** Please explain on what basis the Patent Office has predicted that only slightly more invalid designs would be registered under the new proposals.

**Q 7** Please explain how the rights of small businesses are protected where under the proposal they would be required fully to assume the burden of proving a design was invalid on the basis that it was an infringement of their rights in prior art.

***Whether the proposal has been the subject of, and taken appropriate account of, estimates or increases or reductions in costs or other benefits which may result from its implementation (S.O. No 141 (6) (m))***

4. The Committee notes that the effect of articles 11 to 15 of the proposed Order would be to permit a single application to cover details of a number of individual designs. The Patent Office considers that allowing multiple design applications will make it possible to reduce costs for applicants who would otherwise need to apply separately for each design. The Patent Office has forecast that the processing costs per applications will reduce by 30% in respect of multiple applications, and that this equates to about £20 per design.

**Q 8** Please explain how the Patent Office will ensure that the proposed provision for multiple design applications does not have the effect of reducing applications costs for large businesses while increasing by displacement the registration costs for those who apply to register single designs.

**Q 9** Please explain on what basis the Patent Office forecasts that processing costs for multiple applications will fall by 30%.

***Other matters arising from the Committee's consideration of the proposal (S.O. 141(5))***

5. The Committee notes that Patent Office considers the effect of this Order would be to make it more attractive for designers to register designs in the UK, rather than the alternative of registering at the European Design Registry.

**Q 10** Please explain the benefits to UK businesses of a modernised UK design registration system and any drawbacks for businesses of the EU level scheme.

**Q 11** Please explain the benefit to the UK overall of encouraging domestic registration of designs as an alternative to EU level registration.

6. The Committee notes that the majority of those who currently submit design applications to the UK Design Registry do so without the benefit of professional advice.

**Q 12** Please explain what guidance may be available to design applicants in preparing applications and, specifically, in deciding whether to submit design applications to the UK Design Registry or to the alternative registration processes at EU level. Is it intended to make any change to guidance, in whatever form, to take account of the legislative changes to which this proposal would give effect?

7. The Committee notes that the Registered Designs Act 1949 applies throughout the United Kingdom.

**Q 13** Does the Patent Office consider that it might be helpful, given the application of the Order to Scotland, to specify in the Explanatory Note to the Order that consultation has been carried out with both the Welsh Assembly and the Scottish Parliament, neither of which have offered any comment on it?

I would be grateful to receive your response to these questions, together with any additional information which the Patent Office believe would be helpful to the Committee not later than **Monday 10 April 2006**. In the meantime, if you would like any further information or clarification concerning the Committee's request, please let me know.

23 March 2006

## Appendix B

---

### Letter from The Patent Office to the Committee Specialist

#### Proposal for the Regulatory Reform (Registered Designs) Order 2006: response to request for information

Thank you for your letter of 23 March 2006 which seeks our comments on a number of points concerning the RRO proposal. I have copied your questions into this letter in the order that you have raised them, and to enable you to follow the answers more easily, I have presented these in red.

#### *Whether the proposal requires elucidation, is not written in plain English or appears to be defectively drafted (S.O. No 141 (6)(h))*

1. Where the 1949 Act refers to a section of that Act, it always does so in terms of “section X of this Act”. Most of the amendments made by the proposed Order maintain this approach, but those in articles 8 and 9 do not. A consistent approach would be in keeping with proper drafting practice.

**Q1 Please indicate whether the Patent Office agrees that that articles 8 and 9 should be changed so that the provisions which they amend will continue to refer to sections “of this Act”.**

**Answer:** The Patent Office agrees that articles 8 and 9 should be changed so that the provisions which they amend will continue to refer to sections “of this Act”.

#### *Whether the proposal would remove or reduce a burden or the authorisation or requirement of a burden (S.O. No 141 (6)(b))*

2. The Committee notes that the Patent Office proposes to repeal section 3(4) of the 1949 Act which gives the registrar power to make searches for the purpose of deciding whether, and the extent to which, a design application is new or has individual character.

**Q2 Please indicate what number of design applications each year are the subject of an initial objection by the registrar on novelty grounds and of these, how many go on to secure registration, how many are rejected by the registrar and how many are discontinued by the applicant.**

**Answer:** In the last financial year, 2% of design applications made to the UK Patent Office were the subject of a substantive objection on novelty grounds. Of this 2%, around 0.5% (that is around 17 designs) were subsequently allowed to go forward to registration because the applicant or his agent successfully submitted arguments in support of registration, with the remaining 1.5% being eventually refused registration by the registrar. This is either because, in the case of professional representatives, they failed to persuade the registrar to waive the objection, or, in a larger number of these cases, the unrepresented applicant accepted the decision without question. This 1.5% equates to 55 refused applications (out of just over 3500 applications).

**Q3 Please provide an indication of the typical delay and cost involved for applicants in challenging an initial objection from the registrar to the registration of a design.**

**Answer:** A period of 2 months is allowed for applicants or their professional representatives to consider the objection raised, and to respond to the registrar. Where the applicant is legally represented, such objections typically generate one or two rounds of correspondence over a period of 4 or 5 months. Those who choose professional representation will be charged in the region of £200 per letter by their legal representative. An unrepresented applicant will bear the costs of his own time and postage in making his submissions.

***Whether the proposal has the effect of continuing any necessary protection as required in Section 3(1)(a) of the Regulatory Reform Act 2001 (S.O. No 141(6)(c))***

3. The Committee notes that under the proposal there would no longer be any power for the registrar to carry out novelty searches with respect to design applications and the validity of any registered design on novelty grounds would only be considered when application for a declaration of invalidity in respect of it was made to him by the proprietor of another design under section 11ZB of the 1949 Act.

**Q4 Please indicate whether it is intended that the registrar will in practice accept a design application even if he knew that a similar design was already registered. Would he draw it to the attention of the applicant so as to protect the rights of the original designer and prevent the applicant from liability for claims against him?**

**Answer:** The proposal envisages that the registrar would no longer have the power to refuse registration on novelty grounds, so he would have no legal right to reject an application on this basis. In any event, in practice it would be extremely difficult for the Designs Examiners to raise such an objection without having first conducted searches in order to identify and lay before the applicant what they consider to be the earlier use or registration of the same design. But they could, in principle, draw attention to the existence of an earlier use or registration of the same design if they were aware of it.

**Q5 Please explain the process for making an application to the registrar for a declaration of invalidity and the costs involved in this.**

**Answer:** The process for making an application to invalidate a registered design is simple and not costly. The applicant needs to file an application form and pay the fee of £50. In making his application, the applicant for invalidation must set out his case in support. The most common reason cited is that the applicant created the design at an earlier time than the date of the registration of the design by its holder. If the earlier design is registered in the UK or as a Community design, and is clearly the same design, nothing more should be required. However, if the earlier design is not registered, further documentary evidence will be necessary in order for the applicant to establish that he created the design prior to its registration by the holder.

If the applicant for invalidation is indeed the owner of the design from an earlier date then he will win his case. The successful party is usually awarded a contribution towards his costs, which is at least sufficient to cover the cost of making the application and providing the basic factual information to support it. If all documentary evidence is provided in the early stages of the process, then the time taken to issue a registrar's decision need only be between 12 and 16 weeks, especially if the parties are content for the decision to be taken from the papers and without the need for an oral hearing. In reality, many applications for invalidation do not take anywhere near this time to resolve, because one party often withdraws from the proceedings as soon as they see the strength of the opposing case. In 2005 there were 12 applications to the Patent Office for design registrations to be declared invalid.

**Q6 Please explain on what basis the Patent Office has predicted that only slightly more invalid designs would be registered under the new proposals.**

**Answer:** The reason for this prediction is twofold. Firstly, as noted above, only 1.5% of national applications are actually refused registration on novelty grounds. In 2005, out of 3,586 new national designs, this would have equated to, at most, 55 additional invalid registered designs. There is sometimes room for argument as to whether one design creates the same overall impression as an earlier design. Where there is room for such argument, the matter is likely to be more thoroughly tested in invalidity proceedings than during ex parte examination by the Patent Office. It is therefore possible that if each of the 55 refused applications had been fully argued by the applicant, the Patent Office may have been persuaded that a few more of them were registrable. Equally, it is likely that a proportion of the designs amongst the 98% of national applications that are not objected to on novelty grounds (90% of which have not been subject to any searches) have nevertheless been anticipated by some prior (probably unregistered) art.

The second reason is that the registered Community design system granted registration to a much larger number of new designs in 2005. These 63,500 Community design registrations represent 95% of the new registered designs which became legally enforceable in the UK last year. However, the Community system does not permit examination on novelty grounds because it was judged to be an ineffective method of identifying whether the design is already known in the Community. If it was feasible for an examining office to assess the state of knowledge of earlier designs in the Community, it is likely that a proportion of these very large numbers of new Community designs would also be found to be invalid on novelty grounds.

It is on this basis that we concluded that the ending of the remaining examination of national applications on novelty grounds would only result in a slight increase in the number of invalid design registrations effective in the UK.

**Q7 Please explain how the rights of small businesses are protected where under the proposal they would be required fully to assume the burden of proving a design was invalid on the basis that it was an infringement of their rights in prior art.**

**Answer:** As is clear from the answers above, it is already possible for businesses, including small businesses, to find that a design which they have created has subsequently been registered by a third party. In that situation the process of invalidating the design registration is quicker and cheaper where the creator of the design has registered it and can produce a registration certificate. Registration also makes the first creator's designs more visible to third parties and therefore less likely to be infringed. Further, it makes it easier to enforce the designer's rights through the courts.

The proposals for a new streamlined registration system are aimed at encouraging small businesses to register their designs. That way more small businesses will be able to enforce their legitimate rights more easily, both against later registrants of the same design (whether at the national or Community level) and, just as importantly, against those who are commercially exploiting their designs without their consent.

***Whether the proposal has been the subject of, and taken appropriate account of, estimates or increases or reductions in costs or other benefits which may result from its implementation (S.O. No 141 (6) (m))***

4. The Committee notes that the effect of articles 11 to 15 of the proposed Order would be to permit a single application to cover details of a number of individual designs. The Patent Office considers that allowing multiple design applications will make it possible to reduce costs for applicants who would otherwise need to apply separately for each design. The Patent Office has forecast that the processing costs per applications will reduce by 30% in respect of multiple applications, and that this equates to about £20 per design.

**Q8 Please explain how the Patent Office will ensure that the proposed provision for multiple design applications does not have the effect of reducing applications costs for large businesses while increasing by displacement the registration costs for those who apply to register single designs.**

**Answer:** The administrative costs of processing a new design application through to registration is in excess of the current single fee of £60. For some years now, the Patent Office has subsidised the process of examining applications from the income received from subsequent renewal fees. The introduction of the Community design has reduced demand for national registration and within a few years this will result in a reduction in income from renewal fees. If the registration system stays as it is, the Patent Office will probably have to increase the application fees for design registration. That would almost certainly result in even fewer small businesses protecting their new designs through registration.

If the proposals are adopted, the Patent Office should not have to increase the cost of making a single design application in the near future. That will stay at £60, which has been the application fee since 1995. So there will be no additional cost for anyone making an application under the new system, only a decrease if more than one design is made through a multiple application. We predict that these cost savings for applicants will encourage the registration of an extra 20% of new designs. The savings of scale

which will result from that should further protect the system from an increase in fees in the near future. At the same time it will encourage those designers who produce a number of designs at the same time, which is by no means a situation limited to large businesses, to register them in a way that minimises the Patent Office's costs and permits the Office to pass that efficiency saving on to the applicant.

**Q9** Please explain on what basis the Patent Office forecasts that processing costs for multiple applications will fall by 30%.

**Answer:** The changes proposed will further simplify the registration process and mean that most of the cost of registering new designs arises from the cost of recording and publishing information, from correcting procedural errors in the application, and from dealing with other mainly administrative queries. In this system, the Patent Office estimates that the cost of processing an average multiple application containing three designs will reduce the administration costs by around 30% when compared to the cost of processing three single design applications from the same applicant. This is because common information such as the name and address of the applicant, relevant dates and so on need only be captured onto the computer system once, and stored in a central place. Similarly, it is more efficient to handle one application fee than three. And in correspondence, only one letter need be sent to an applicant rather than a number of letters being sent at different times by different examiners.

***Other matters arising from the Committee's consideration of the proposal (S.O. 141(5))***

5. The Committee notes that Patent Office considers the effect of this Order would be to make it more attractive for designers to register designs in the UK, rather than the alternative of registering at the European Design Registry.

**Q10** Please explain the benefits to UK businesses of a modernised UK design registration system and any drawbacks for businesses of the EU level scheme.

**Answer:** The benefits of the new system are:

- a) that it will remove any misunderstanding in the market place about whether new designs have been assessed for novelty prior to registration.
- b) that it will be quicker, easier and cheaper to register new designs, and
- c) that it will encourage businesses to register their new designs instead of having to rely on their unregistered design rights which are more difficult and usually more costly to enforce, and
- d) because registered designs are more visible than unregistered designs, a higher rate of registration should reduce the incidence of inadvertent infringement.

We consider that there are no drawbacks for businesses of the EU level scheme.

**Q11** Please explain the benefit to the UK overall of encouraging domestic registration of designs as an alternative to EU level registration.

**Answer:** There would be no benefit in encouraging domestic registration as an alternative to EU registration. The Patent Office does not seek to gain UK design applications at the expense of the Community system. Our aim is to offer those businesses who currently do not register their designs at all and/or whose business is such that they are unlikely to need to assert their design rights outside the UK, with an easy to use and affordable registration option.

The cost of registration for a single Community design is 350 euros (about £240) against just £60 for a UK registration. Some small businesses are therefore reluctant to register their new designs throughout the EU because of the cost. In these cases a national registration would make it easier for them to enforce their rights, at least in the UK, and this would have the added benefit of creating grounds for invalidation if the same design is later registered by a third party as a Community design.

6. The Committee notes that the majority of those who currently submit design applications to the UK Design Registry do so without the benefit of professional advice.

**Q12 Please explain what guidance may be available to design applicants in preparing applications and, specifically, in deciding whether to submit design applications to the UK Design Registry or to the alternative registration processes at EU level. Is it intended to make any change to guidance, in whatever form, to take account of the legislative changes to which this proposal would give effect?**

**Answer:** The UK Patent Office operates very much in tandem with the Community Design Office in Alicante. We not only tell of their existence in our marketing activities, in our literature, on our website and during telephone conversations with small businesses, but we offer help and advice in understanding the Community system and how to go about making a Community design application. Our website contains downloadable booklets entitled “How to apply to register a UK design” and “How to apply for a registered Community design” as well as other information on registered and unregistered designs in both the UK and the Community. The Designs Examiners take telephone and e-mail enquiries from small business and legal representatives on issues concerning EU design registration.

In advance of the new system becoming operational, we will issue fresh guidance to the public. The availability of a Community design registration will feature just as prominently in our new guidance. The object is to provide designers with options which best reflect their commercial aspirations and the resources they have available to protect their intellectual property.

7. The Committee notes that the Registered Designs Act 1949 applies throughout the United Kingdom.

**Q13 Does the Patent Office consider that it might be helpful, given the application of the Order to Scotland, to specify in the Explanatory Note to the Order that consultation has been carried out with both the Welsh Assembly and the Scottish Parliament, neither of which have offered any comment on it?**

**Answer:** The reason why the Welsh Assembly is mentioned in the preamble to the Order is because consultation with the Assembly is a requirement of the Regulatory Reform Act 2001. If we include the fact that we have consulted the Scottish Parliament in the Explanatory Note, we will be at odds with the current Statutory Instrument Practice requirements as to what should be included in such Explanatory Notes. Further, there may be questions about the exclusion of reference to other organisations who have also, in practice, been consulted. As the Explanatory Document for this Regulatory Reform Order will be published on the Cabinet Office website, and this makes clear in Annex A that the Scottish Parliament has in fact been consulted, we consider that anyone with an interest in this issue will be able to find out the extent of the consultation quite easily and quickly. Having discussed the matter with our colleagues in the Cabinet Office, we therefore feel that the mention of consultation with the Scottish Parliament in the Order is unnecessary and contrary to current drafting guidelines for statutory instruments.

I hope that these answers fully satisfy your questions, but if you would like any further explanation of any of the points then I would be happy to provide you with any further information.

*10 April 2006*

## Reports from the Regulatory Reform Committee in the last Session of Parliament

### Session 2004-05

First	Proposal for the Regulatory Reform (Joint Nature Conservation Committee) Order 2005	117
Second	Proposal for the Regulatory Reform (Registration of Births and Deaths) (England and Wales) Order 2004	118
Third	Proposal for the Regulatory Reform (Prison Officers) (Industrial Action) Order 2004	148
Fourth	Draft Regulatory Reform (Joint Nature Conservation Committee) Order 2005	270
Fifth	Draft Regulatory Reform (Prison Officers) (Industrial Action) Order 2005	271
Sixth	Draft Regulatory Reform (Trading Stamps) Order 2005	272
First Special	Operation of the Regulatory Reform Act 2001	273
Seventh	Draft Regulatory Reform (Execution of Deeds and Documents) Order 2005	429
Eighth	Draft Regulatory Reform (National Health Service Charitable and Non-Charitable Trust Accounts and Audit) Order 2005	430
Ninth	Draft Regulatory Reform (Fire Safety) Order 2005	495
Second Special	Government Response to the Committee's First Special Report of Session 2004-05: Operation of the Regulatory Reform Act 2001	431

All reports are available from The Stationery Office.

## Reports from the Regulatory Reform Committee in the present Session of Parliament

### Session 2005-06

First	Proposal for the Regulatory Reform (Forestry) Order 2006	729
First Special	Legislative and Regulatory Reform Bill	878
Second	Proposal for the Regulatory Reform (Public Service Vehicles) Order 2006	879
Third	Draft Regulatory Reform (Forestry) Order 2006	880
Second Special	Government Response to the Committee's First Special Report of Session 2005-06: Legislative and Regulatory Reform Bill	1004
Fourth	Regulatory Reform (Fire Safety) Subordinate Provisions Order 2006	1005