



**LEGAL SERVICES  
BOARD**

The Chief Executive's Office  
Legal Services Board  
7<sup>th</sup> Floor  
Victoria House  
Southampton Row  
London WC1B 4AD

T 020 7271 0050  
F 020 7271 0051

[www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk)

Ann Wright  
Chief Executive  
Intellectual Property Regulation Board  
5<sup>th</sup> Floor, The Outer Temple  
222-225 Strand  
London  
WC2R 1BA

28 October 2010

Dear Ann,

**Approval of the application made by the Intellectual Property Regulation Board (IPReg) to the Legal Services Board under s.51 of the Legal Service Act 2007 for the level of practising fees**

I am pleased to inform you that the 2011 practising fee levels payable by Registered Patent Attorneys (RPA) and Registered Trade Mark Attorneys (RTMA), as set out in your application of 22 September 2010 and the supporting documents, have been approved by the Legal Services Board. This decision has been made under the authority delegated to me as Chief Executive by the LSB Board.

We are content that the information that you have provided indicates that the criteria within the Board's Practising Fee Rules have been met. I am grateful to the IPReg representatives who have worked with my staff during the approval process to reach this position.

We acknowledge that this year's practising fee approval process is in a transitional year for many of the Approved Regulators and we will be conducting a lessons learned exercise to determine how to improve the process further in the context of next year's round. We look forward to maintaining dialogue going forward to ensure that we continue to improve the process for next year.

There are two specific areas where we consider there are improvements to be made in the practising fee process adopted by IPReg this year and where we would therefore expect to see changes made in time for submission of next year's application.

First, we accept that, for this year's exercise, IPReg has drawn on the consultation process that was conducted last year on the matrix structure for charging practising fees and that no specific consultation has been taken directly with members on the increase of the practising fee levels. For next year's round, we will expect IPReg to be able to

demonstrate how they have consulted those charged with paying a practising fee, so that fee payers can see how their practising fee money is being allocated to the permitted purposes, and also to indicate to what extent the feedback from those fee payers has influenced the setting of the final fee levels. While acknowledging that consultation with non-commercial bodies was not feasible this year due to logistical constraints, we would also expect the consultation process next year to be open to non-commercial bodies.

Second, in line with the settlement of the independence certificate, we will expect further development in protocols for the budget setting and approval process to be completed before submitting next year's application. This should include clear arrangements for consultation with the Chartered Institute of Patent Attorneys (CIPA) and the Institute for Trade Mark Attorneys (ITMA) as representative bodies and acknowledgement that managing the allocation of practicing fee income, other than any income for non-regulatory permitted purposes, rightly sits with IPReg. We are likely to seek greater assurance in next year's exercise about the existence of such protocols and how they have been applied in practice.

There are also two areas which you may wish to consider further in developing your practice in future years.

First, we would like to draw your attention to the charging structure based on an entity's turnover, instead of number of employees. This approach was adopted by the Solicitors Regulation Authority (SRA) and Council of Licensed Conveyancers (CLC) for this year. This charging structure may or may not be appropriate for the regulation of IPReg's members but could possibly be considered as an option for next year's round.

Second, in considering your proposals, a Board member raised a concern over the potential for the existing charging arrangement to act as a disincentive to new entrants to multi-disciplinary practices (MDPs), notably the fee charged to 'each unregistered professional practising via an entity'. We consider that this may be mitigated by the fact that the entity, rather than the individual is likely to pay this fee, but we would invite you to consider whether this is a real issue in framing your proposals for next year.

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Please contact Sonya Gedson, Regulatory Associate,  
[sonya.gedson@legalservicesboard.org.uk](mailto:sonya.gedson@legalservicesboard.org.uk) or 020 7271 0073 if you have any questions.

Yours sincerely



**Chris Kenny**  
Chief Executive

E [chris.kenny@legalservicesboard.org.uk](mailto:chris.kenny@legalservicesboard.org.uk)