

The Rt Hon Lord Chancellor
Ministry of Justice
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30 September 2009



Re: recommendation of an Order to be made under section 69(1) of the Legal Services Act 2007 on the scope of regulation by the Institute of Trade Mark Attorneys

A. Executive Summary

1. The Legal Services Board recommends to you the attached draft statutory instrument relating to the regulation of trade mark attorneys under section 69(2) of the Legal Services Act 2007 (**LSA 2007**) (the **Order**).
2. The Order amends an inadvertent drafting error in the LSA 2007 which, if left uncorrected, would - on commencement of the relevant provisions – result in the Institute of Trade Mark Attorneys (**ITMA**) being unable to regulate trade mark attorney work undertaken outside the UK. Correcting the error will also ensure that the scope of regulation applying to trade mark attorneys mirrors the scope of regulation applying to patent attorneys.
3. We have consulted on recommending the Order to you under section 69(2) of the LSA 2007, and no objections were raised following consultation (the consultation being a draft form of this recommendation with the necessary changes) or to the attached Order.

B. Intent of the Order

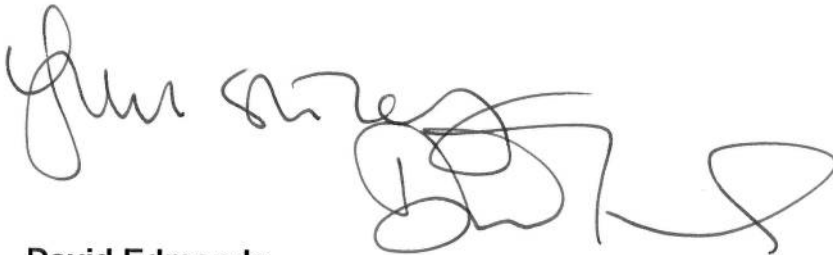
1. This issue was originally brought to the Ministry of Justice's (**MoJ's**) attention by the Intellectual Property Regulation Board (**IPREG**), which identified a drafting discrepancy between the two statutory instruments which currently govern:
 - (i) the registration of patent attorneys (SI1457/19901 - the Patent Attorney SI);and

- (ii) the registration of trade mark attorneys (SI1458/19902 - the Trade Mark Attorney SI).
2. The discrepancy is that the definition of trade mark attorney work in the Trade Mark Attorney SI does not include the words “or elsewhere” after “the UK” in describing the geographical scope of such work, unlike the definition of patent attorney work in the Patent Attorney SI. Both SIs will become obsolete on the commencement of relevant provisions in the LSA 2007, expected in January 2010.
 3. However, the omission has been inadvertently replicated in new section 83A of the Trade Marks Act 1994, which will be introduced on commencement of section 184 of the LSA 2007 (also expected in January 2010). The MoJ has confirmed that there is no policy intention behind the omission. It is solely a drafting error.
 4. However, the omission creates a significant practical problem. A new section 83A makes provision for the person keeping the Register of Trade Mark Attorneys to make rules which regulate the carrying on of “trade mark agency work” by registered persons¹. It is the related definition of “trade mark agency work” in which the omission occurs. The MoJ has confirmed that this limits the geographical scope of regulation to the UK only. However, a significant amount of trade mark attorney work is, in practice, undertaken outside the UK - particularly in relation to applications, on behalf of UK clients, for the registration of Community Trade Marks at the Office for Harmonisation in the Internal Market in Alicante, Spain.
 5. The omission therefore:
 - (a) creates a mismatch between the actual practice of trade mark attorney work and the regulation of that work;
 - (b) could also lead to the even greater regulatory issue of trade mark attorneys opting out of registration completely, as there will be little incentive for them to remain registered; and
 - (c) creates an uneven playing field in respect of the regulation by ITMA and the Chartered Institute of Patent Attorneys (**CIPA**) of work undertaken outside the UK.
 6. The MoJ has confirmed that the policy intention behind new section 83A of the LSA 2007 was never to limit the regulation of trade mark attorney work in this way, and that, on the contrary, its objective was to maintain the current parity between the regulatory frameworks of ITMA and CIPA in respect of the regulation of work undertaken outside the UK.
 7. Given the potential implications, the omission in new section 83A of the LSA 2007 needs to be rectified in advance of the commencement of that section on 1 January 2010, so that ITMA can assume comprehensive regulatory powers over the full range of trade mark attorney work on that date.

¹ Section 83A(1)(b) of the Trade Marks Act 1994.

8. We are advised that the amendment falls squarely within the provisions, and intention, of section 69(1) of the LSA 2007: the Order should therefore be made under that section. Wherever a statutory instrument is made under section 69(1), the LSB has to recommend it to the Lord Chancellor.
9. Pursuant to section 70 of the LSA 2007, and to elicit the viewpoints of as many stakeholders as possible, this recommendation was consulted upon for a period of eight weeks (in line with best practice guidelines²). During that time, six representations were made to us by the Bar Standards Board; the Legal Services Complaints Commission; the Law Society; the Institute of Trade Mark Attorneys; the Solicitors Regulation Authority and the Chartered Institute of Patent Attorneys. The respondents either provided no comment or else approved the form of the draft Order and the proposed recommendation of it. Both our consultation on this matter and the responses to it may be found on our website at:

http://www.legalservicesboard.org.uk/what_we_do/consultations/closed/index.htm

A handwritten signature in black ink, appearing to read 'David Edmonds', with a large, stylized flourish extending to the right.

David Edmonds
Chairman
On behalf of the Legal Services Board

Cc: Heather Atkinson (by email)

² As the drafting error was initially identified and raised by those most concerned with it (IPREG on behalf of ITMA) and was afterwards discussed at official level with both of the other main stakeholders (the Department of Business, Innovation and Skills and the UK Intellectual Property Office), and all were anxious that the issue should be resolved quickly, the consultation period was shortened from the usual twelve weeks to eight weeks, so that that the matter could be concluded in good time before the relevant provisions were commenced.

Annex 1

Draft Order laid before Parliament under section 206(5) of the Legal Services Act 2007, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2009 No. XXXX

LEGAL SERVICES, ENGLAND AND WALES

The Legal Services Act 2007 (Functions of an Approved Regulator) Order 2009

Made - - - - *****

Coming into force in accordance with article 1

This Order is made under section 69(1)^(a) of the Legal Services Act 2007^(b).

The Legal Services Board has made a recommendation under section 69(2)(a) to which, in accordance with section 69(2)(b) and (c), was annexed a draft order which was [in the same form as][in a form not materially different from] this Order.

That recommendation was, in accordance with section 69(3)(c), made with a view to an order being made which enables the body to which this Order relates, the Institute of Trade Mark Attorneys, to carry out its role as an approved regulator more effectively.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 206(5) of the Legal Services Act 2007.

Accordingly the Lord Chancellor makes the following Order.

Citation and commencement

1. This Order may be cited as the Legal Services Act 2007 (Functions of an Approved Regulator) Order 2009 and comes into force on the day after the day on which it is made.

Amendment of section 83A of the Trade Marks Act 1994

2.—a) In section 184(3) of the Legal Services Act 2007, the new section 83A to be inserted into the Trade Marks Act 1994^(c) (regulation of trade mark attorneys) is amended as follows.

^(a) Section 69 was commenced by S.I. 2008/222 subject to the modifications set out in article 4 of that instrument.

^(b) 2007 c. 29.

^(c) 1994 c. 26.

(1) In subsection (7) in the entry "trade mark agency work", after "United Kingdom" insert "or elsewhere".

Signed by authority of the Lord Chancellor

Date

Name
Parliamentary Under Secretary of State
Ministry of Justice

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends section 83A(7) of the Trade Marks Act 1994 (c. 26) as inserted by section 184(3) of the Legal Services Act 2007 (c. 29).

Section 83A(7) of the Trade Marks Act 1994 defines "trade mark agency work" for the purposes of section 83A(1)(b) of that Act which gives the person who keeps the register under section 83 power to make regulations which regulate the carrying on of trade mark agency work by registered persons.

The amendment to section 83A(7) extends the power of the person keeping the register to make regulations which regulate work done in the course of carrying on the business of acting as agent for others for the purpose of applying for or obtaining the registration of trade marks outside the United Kingdom, in addition to that work carried out in the United Kingdom.

Annex 2

Initial Impact Assessment of changes to Trade Mark Attorney legislation under the Legal Services Act 2007

Introduction

1. In the LSB's business plan for 2009/10, we made a commitment to set out the anticipated impact on consumers and the profession of alternative regulatory options in our consultation papers; and to seek views from others about whether we have made the right assessment.
2. In inviting comments, we urge consultees to focus on the issues of substance that we raise, and on wider issues of process that can help inform future impact assessment work that we undertake.

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

3. The Legal Services Board (LSB) is consulting on whether a draft statutory instrument relating to the regulation of trade mark attorneys should be recommended to the Lord Chancellor under section 69(2) of the Legal Services Act 2007 (LSA 2007). We are obliged to consult wherever we recommend a statutory instrument to the Lord Chancellor under section 69(2) of the LSA 2007.
4. The Order amends an inadvertent drafting error in the LSA 2007 which, if left uncorrected, would - on commencement of the relevant provisions – result in the Institute of Trade Mark Attorneys (ITMA) being unable to regulate trade mark attorney work undertaken outside the UK. Correcting the error will also ensure that the scope of regulation applying to trade mark attorneys mirrors the scope of regulation applying to patent attorneys.
5. This issue was originally brought to the Ministry of Justice's (MoJ's) attention by the Intellectual Property Regulation Board (IPREG), which identified a drafting discrepancy between the two statutory instruments which currently govern:
 - the registration of patent attorneys (SI1457/1990 - the Patent Attorney SI); and
 - the registration of trade mark attorneys (SI1458/1990 - the Trade Mark Attorney SI).

6. The discrepancy is that the definition of trade mark attorney work in the Trade Mark Attorney SI does not include the words “or elsewhere” after “the UK” in describing the geographical scope of such work, unlike the definition of patent attorney work in the Patent Attorney SI. Both SIs will become obsolete on the commencement of relevant provisions in the LSA 2007, expected in January 2010.
7. However, the omission has been inadvertently replicated in new section 83A of the Trade Marks Act 1994, which will be introduced on commencement of section 184 of the LSA (also expected in January 2010). The MoJ has confirmed that the policy intention behind new section 83A of the LSA was never to limit the regulation of trade mark attorney work in this way, and that, on the contrary, its objective was to maintain the current parity between the regulation by ITMA and the Chartered Institute of Patent Attorneys (CIPA) of work undertaken outside the UK.

What are the policy objectives and the intended effects?

8. The LSB’s policy objectives for recommending the Order are to:
 - a) amend an inadvertent drafting error in the LSA 2007 which, if left uncorrected, would - on commencement of the relevant provisions – result in the Institute of Trade Mark Attorneys (ITMA) being unable to regulate trade mark attorney work undertaken outside the UK; and
 - b) ensure that the scope of regulation applying to trade mark attorneys mirrors the scope of regulation applying to patent attorneys.

What policy options have been considered? Please justify any preferred option

9. ***Do nothing*** - If no action is taken to rectify the omission then:
 - a) ITMA will not be able to regulate trade mark agency work undertaken outside the UK. Practically, this is problematic since, in practice, about 60% of trade mark attorney work relates to applications, on behalf of UK clients, for the registration of Community Trade Marks at the Office for Harmonisation in the Internal Market in Alicante, Spain;
 - b) it creates a mismatch between the actual practice of trade mark attorney work and the regulation of that work;

- c) it could also lead to the even greater regulatory issue of trade mark attorneys opting out of registration completely, as there will be little incentive for them to remain registered; and
 - d) it creates an uneven playing field between the regulation of overseas work undertaken by trade mark attorneys and patent attorneys.
10. **Correct the drafting omission** - Correcting the drafting omission would rectify the problems identified in option 1 above. It would also maintain the current position which allows ITMA to regulate trade mark attorney work outside the UK. Since correcting the omission amounts to a modification of ITMA's regulatory powers (as currently expressed in new section 83A), an order under section 69 (2) is required. In terms of timing, the changes to new section 83A need to be made in advance of the commencement of that section on 1 January 2010, so that ITMA (and therefore IPREG) can assume comprehensive regulatory powers over the full range of trade mark attorney work on that date.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This policy may be reviewed once it has been used in practice.

ANNUAL COSTS

One-off: £ negligible

Average Annual Cost (excluding one-off): £ nil

ANNUAL BENEFITS

One-off: £ negligible

Average Annual Benefit: £ negligible

What is the geographic coverage of the policy/option?

England and Wales.

On what date will the policy be implemented?

1 January 2010, when the relevant sections of the Legal Services Act 2007 are commenced.

Which organisation will enforce the policy?

The Lord Chancellor would effect the amendment only upon recommendation by the Legal Services Board.

Does enforcement comply with Hampton principles?

Insofar as the Legal Services Board is recommending the policy, yes.

Will implementation go beyond minimum EU requirements?

Yes. EU requirements do not require the regulatory framework set out in the LSA 2007.

What is the value of the proposed offsetting measure per year?

Nil.

What is the value of changes in greenhouse gas emissions?

Nil.

Will the proposal have a significant impact on competition?

No.

Annual cost (£-£) per organisation (excluding on-off)

The costs of this policy are not expected to add to the overall cost of compliance by ARs. If a penalty is imposed this may be passed through to those that the AR regulates.

Micro: n/a **Small:** n/a **Medium:** n/a **Large:** n/a

Are any of these organisations exempt? n/a

Impact on Admin Burdens Baseline (2005 Prices)

Increase of £: approximately nil

Decrease of £: approximately nil

Net Impact £: approximately nil

Evidence Base

11. In shaping our proposals, we have made an initial assessment of the impact we think is likely on relevant approved regulators, on relevant authorised persons, on the wider regulated community of authorised persons and on consumers. We reiterate that our impact assessment is provisional and we invite comments on its substance.

Regulatory impact on relevant approved regulators

12. This issue was originally brought to the MoJ's attention by IPREG as it creates a significant practical problem for both IPREG (as the umbrella regulatory body) and ITMA (as the statutory approved regulator).

13. If, however, the omission is rectified in advance of the commencement of new section 83A on 1 January 2010, ITMA (and therefore IPREG) will be able to assume comprehensive regulatory powers over the full range of trade mark attorney work on that date.

Regulatory impact on other approved regulators

14. There should be little or no impact on other approved regulators. The exception is CIPA, for which the amendment will re-create a level playing field in respect of the regulation of intellectual property (IP) work abroad. This is particularly relevant as, in practice, about 350 IP practitioners are, in fact, dually qualified and appear on both the Register of Trade Mark Attorneys and the Register of Patent Attorneys.

Consumer impact

15. The immediate benefit of the proposed amendment for consumers is that it will ensure that trade mark attorney work undertaken on their behalf abroad can be properly regulated. More widely, it also removes the disincentive for trade mark attorneys to opt out of registration, with the effect that their work within the UK would also become unregulated. The amendment therefore has a clear benefit in terms of protecting the consumer interest. The removal of this disincentive will also protect access to justice by guarding against any potential reduction in the number, and therefore the availability, of registered and regulated trade mark attorneys.

Regulatory impact on authorised persons

16. We do not expect the proposed amendment to have a disproportionate effect on trade mark attorneys, or the firms for which they work, in that it will impose nothing more in terms of regulation than is the case under the current (pre-new section 83A) regulatory regime in respect of work undertaken outside the UK.

Small Firms Impact Test

17. The LSB does not expect the proposed amendment to have a disproportionate effect on small firms, in that it will impose nothing more in terms of regulation than is the case under the current (pre-new section 83A) regulatory regime in respect of work undertaken outside the UK.

Competition

18. We do not expect the amendment to have a negative effect on competition. However, if the amendment is not made, trade mark attorneys will – under the new regulatory arrangements - have no option but for their work abroad to be unregulated. This could have an adverse impact in that, in order to ensure that they will benefit from the protection of regulation, clients could opt, where appropriate, to have their work undertaken by IP practitioners other than trade mark attorneys. It could, therefore, create an uneven playing field in terms of competition.
19. Clearly, however, if the amendment is not made, trade mark attorneys will not have to bear a regulatory burden – and any associated cost – in terms of their work abroad. For practitioners whose practice mainly consists of overseas work, (over 50% of firms are significantly dependent upon Community Trade Mark and overseas work), this may mean that there is little incentive to become, or remain, registered to undertake work within the UK, and to bear the associated regulatory and financial impacts of that (particularly as there is no statutory or regulatory requirement for a practitioner to be registered in order to present a case before the UK Intellectual Property Office). Again, this could also create an uneven playing field in terms of competition. However, in practice, trade mark attorneys who opt out of registration may find that they lose work, as clients opt to use other regulated IP practitioners.

Legal Aid

20. The proposed amendment is not anticipated to place any significant burden on legal aid as public funding is not generally available for IP work.

Race/Disability/Gender equalities

21. We expect the impact on both the profession and consumers to be negligible, as the proposed amendment essentially preserves the position under the current regulatory arrangements for trade mark work undertaken outside the UK.
22. We believe that the strengthening of IPREG/ITMA's regulatory scope and function in this way will help to encourage a strong, effective, diverse and independent profession.

Human Rights

23. The proposed amendment does not engage rights or freedoms under the Human Rights Act 1998 and the European Convention on Human Rights.

Rural Proofing

24. The LSB's proposed amendment is not expected to have a specific impact on rural areas.

There is no impact expected on sustainability, carbon emissions, environment and health.

Annex 1

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^(b) 2007 c. 29.

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(1) In subsection (7) in the entry “trade mark agency work”, after “United Kingdom” insert “or elsewhere”.

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The Lord Chancellor would effect the amendment only upon recommendation by the Legal Services Board.

Does enforcement comply with Hampton principles?

Insofar as the Legal Services Board is recommending the policy, yes.

Will implementation go beyond minimum EU requirements?

Yes. EU requirements do not require the regulatory framework set out in the LSA 2007.

What is the value of the proposed offsetting measure per year?

Nil.

What is the value of changes in greenhouse gas emissions?

Nil.

Will the proposal have a significant impact on competition?

No.

Annual cost (£-£) per organisation (excluding on-off)

The costs of this policy are not expected to add to the overall cost of compliance by ARs. If a penalty is imposed this may be passed through to those that the AR regulates.

Micro: n/a **Small:** n/a **Medium:** n/a **Large:** n/a

Are any of these organisations exempt? n/a

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19. Clearly, however, if the amendment is not made, trade mark attorneys will not have to bear a regulatory burden – and any associated cost – in terms of their work abroad. For practitioners whose practice mainly consists of overseas work, (over 50% of firms are significantly dependent upon Community Trade Mark and overseas work), this may mean that there is little incentive to become, or remain, registered to undertake work within the UK, and to bear the associated regulatory and financial impacts of that (particularly as there is no statutory or regulatory requirement for a practitioner to be registered in order to present a case before the UK Intellectual Property Office). Again, this could also create an uneven playing field in terms of competition. However, in practice, trade mark attorneys who opt out of registration may find that they lose work, as clients opt to use other regulated IP practitioners.

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