EXPLANATORY MEMORANDUM TO

THE REGISTERED DESIGNS ACT 1949 AND PATENTS ACT 1977 (ELECTRONIC COMMUNICATIONS) ORDER 2006

2006 No. 1229

1. This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This Order amends the Registered Designs Act 1949 and the Patents Act 1977.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative background

4.1 This Order is made under sections 8 and 9 of the Electronic Communications Act 2000.

5. Extent

5.1 This instrument extends to all of the United Kingdom.

6. European Convention on Human Rights

The Minister, Lord Sainsbury of Turville, made the following statement regarding Human Rights:

In my view the provisions of the Registered Designs Act 1949 and Patents Act 1977 (Electronic Communications) Order 2006 are compatible with the Convention rights.

7. Policy Background

7.1 This Order amends the Registered Designs Act 1949 by inserting a new section 37A into that Act. This new section gives the registrar of designs the power to give directions as to the form and manner in which documents are to be sent to him in electronic form or by using electronic communications. That section also sets out that where a document is not delivered in accordance with such directions or it has not been acknowledged it can be treated as not having been delivered.

7.2 The Order also makes amendments to section 124A of the Patents Act 1977, which was previously inserted by the Patents Act 1977 (Electronic Communications) Order 2003. These amendments are made to make it similar to

the new section 37A of the Registered Designs Act 1949, which is inserted by this Order.

8. Impact

8.1 A Regulatory Impact Assessment is attached to this memorandum.

9. Contact

Janet Folwell at the Patent Office at 01633 814191, e mail address janet.folwell@patent.gov.uk can answer any questions on the Regulations.

REGULATORY IMPACT ASSESSMENT ON THE PROPOSED ORDER UNDER SECTIONS 8 AND 9 OF THE ELECTRONIC COMMUNICATIONS ACT 2000 TO AMEND THE REGISTERED DESIGNS ACT 1949 (AS AMENDED) AND THE PATENTS ACT 1977 (AS AMENDED)

1. Background

1.1 Traditional methods of recording, processing, validating and communicating documentation (such as writing, printing, signing and sealing, and mail services) were not challenged until the development of electronic business machinery and mass communications in the latter half of the 20th century.

1.2 Until then, paper based procedures and protocols wholly underpinned education, business, government, and the administration of law and order.

1.3 While the ability to create, edit, record and communicate documents without paper promises enormous benefits in flexibility, compact storage and rapid worldwide communicability, it does so by "bypassing" the mechanisms developed for paper-based execution.

1.4 While it would be tempting to invest existing legislation with the ability to be able to track technological changes, this will always ultimately be dependent on the development of suitable case law, and (at least in the short term) the lack of practical precedent to cover new forms of communication leads to legal uncertainty.

1.5 The Registered Designs Act 1949 and the Patents Act 1977 are both administered by the Patent Office and the Patents Act was amended in 2003 by the addition of section 124A regulating electronic communication under that Act.

2. The objective

2.1 The Registered Designs Act 1949 was enacted so long ago that communications were only perceived to be on paper.

2.2 With the growing popularity of e-commerce the Patent Office wants to provide the opportunity for electronic communication in general, but particularly for the filing of applications for registered designs.

2.3 Nevertheless, having regard to the confidential nature of the material present in a design application, it is not desirable to provide an "electronic free-for-all", but instead to establish a workable framework capable of accommodating different methods of communication.

2.4 The requirement for confidential communication is shared by the patents system and in the interests of uniformity for those who file applications for both registered designs and for patents it is desirable that the framework for registered designs is consistent with that already in existence for patents.

3. Options

3.1 There appear to be three principal options:

(i) do nothing;
(ii) allow communication with the Patent Office under the Registered Designs Act to be unregulated;
(iii) amend the Act to allow well regulated electronic communication to and from the Patent Office.

3.2 **Option 1**: Do nothing

3.3 The lack of any electronic-specific basis for regulation would mean that the Patent Office must either:

(i) play safe by refusing to accept any kind of electronic communication under the Registered Designs Act; or
(ii) interpret the Act as allowing electronic communication.

3.4 (i) is clearly not "forward looking" and conflicts with government policy.

3.5 (ii) leaves persons communicating electronically with the Patent Office open to challenge in the courts that whatever procedures under the Act or Rules they have undertaken may be invalid.

3.6 **Option 2**: Allow unrestricted electronic communication

3.7 This would not be in the interests of applicants or other persons communicating with the office because:

(i) it would not be possible to guarantee that the Office could interpret all formats and all means of communication

(ii) without a clearly defined manner of secure communication, authenticity, integrity and confidentiality of the contents could not be guaranteed.

3.8 **Option 3**: Enable structured electronic communication

3.9 This would satisfy the customers' desire for secure communication.

3.10 It would satisfy the Patent Office's desire to be able to interpret all that is sent to it.

3.11 It would also match the existing arrangement for patents which has proved very successful.

3.12 There is no reason why the Registered Designs Act 1949 and the Patents Act 1977 should differ in the way they provide for electronic communications, and it is in the interests of legal uniformity and simplicity that they should, as far as possible, be of identical wording. The proposed provision for the Registered Designs Act 1949 is based on, and is intended to have the same effect as, that of the Patents Act 1977 but is clearer in its expression. Accordingly, the proposed Order amends section 124A of the Patents Act to match the proposed designs provision. The changes improve the clarity and legal certainty of the section and do not have any material effect on users of the patents system.

4. Business sectors affected

4.1 All business sectors are affected. Demand for new design registrations and maintenance of registered designs span the whole product spectrum.

5. Costs for business

5.1 What are registered designs?

5.2 Registered designs are statutory monopolies which confer privileges on registered proprietors.

5.3 There is no obligation on owners of designs to apply for registration, and many choose not to do so. Those that choose to do so have the right, for up to 25 years, to sue infringers, and to be compensated if their registered designs are found to be infringed. Owning a registered design can also facilitate licensing.

5.4 It is therefore clear that registered designs are not a legislatively imposed burden which all designers have to bear. On the contrary, they are optional benefits which are available to those who choose to apply for them.

6. Compliance costs

6.1 Avoidable additional costs

6.2 As has been explained above, registered designs are not an unavoidable burden imposed on designers by legislation.

6.3 Administration of the Registered Designs Act 1949 has always relied on hard- copy communications. While Government policy may change in the future, there is, at present, no intention to change this, and the ability also to communicate (at the option of the applicant) by electronic means represents a new freedom rather than an imposed burden.

6.4 For these reasons, it is not considered that the introduction of electronic communication will result in designers and the intellectual property profession having to shoulder any new and unavoidable burdens. Communication with the patent office can continue to be conducted on paper.

6.5 **Unavoidable additional costs**

6.6 Filing at the Patent Office by electronic means will undoubtedly require appropriate computing/word processing equipment and in the vast majority of cases will also require connection to some means of electronic communication between the client and the Patent Office.

6.7 The Patent Office will select solutions compatible with the contemporary electronic environment. While, at the time of introduction, this may limit the availability of electronic communications with the Patent Office to those customers with the necessary software and computer equipment, any modernisation involved should be mainstream and of general benefit.

7. Small Firms Impact Test

7.1 Although small firms may be slightly less likely to have all the necessary computer equipment and software for electronic communications, the Patent Office proposes to use mainstream products and most businesses have access to the internet. It is considered therefore that they will not be disadvantaged to any real extent. Indeed, as we are not going to withdraw the paper communications option, no user of the system need be affected in their communications with the Patent Office at all.

8. Differential Encouragement

8.1 It is not at present clear what, if any, encouragements of a differential financial nature will be approved of or recommended by government.

8.2 The cost of electronic communication with the Patent Office will be little or nothing for those already running a well-equipped modern office.

9. Enforcement and sanctions

9.1 Nobody is forced to apply to register a design. Over and above failure of an application to proceed, or failure of a registered design to be renewed, sanctions

specifically relating to malpractices in electronic communication would be inappropriate and are not contemplated.

10. Monitoring and review

10.1 The Patent Office will monitor the uptake of electronic filing, extend the remit of the existing helpdesk facilities to handle electronic filing of applications for registered designs, and review operation of the facility in the light of the statistics so obtained.

11. Summary and Recommendation

11.1 It is recommended that Option 3 be pursued. This will allow The Registered Designs Act 1949 to be amended to provide for electronic communications to and from The Patent Office. It will also improve the clarity of section 124A of the Patents Act 1977.

12. Declaration

12.1 I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs.

Signed : ***Sainsbury of Turville***

Date: **26th April 2006**

Lord Sainsbury of Turville
Parliamentary Under Secretary of State for Science and Innovation
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