EXPLANATORY MEMORANDUM TO

THE TRADE MARKS (INTERNATIONAL REGISTRATION) (AMENDMENT) ORDER 2024

2024 No. 1077

1. Introduction

1.1 This explanatory memorandum has been prepared by the Intellectual Property Office (IPO), an Executive Agency of the Department for Science, Innovation and Technology (DSIT) and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Peter Kyle MP, the Secretary of State for Science, Innovation and Technology at DSIT confirms that this Explanatory Memorandum meets the required standard.

2.2 Chris Mills, Director for Rights Policy and Enforcement, at the IPO confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Seema Pandya at the IPO Telephone: 01633 811062 or email: TMDPolicy@ipo.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The statutory instrument amends the Trade Marks (International Registration) Order 2008 (the Order). The purpose of the instrument is to make a change to the Order to ensure that the UK remains compliant with the UK's international obligations under the Madrid Agreement concerning the international registration of trade marks and the Protocol to the Agreement, which together form the Madrid System. The statutory instrument amends the Order to provide that where a trade mark proprietor owns a UK registered trade mark that is also a protected international trade mark (UK), the domestic trade mark may be replaced by the international trade mark (UK) (referred to in the Order as a "concurrent registration") even where only some of the domestic trade mark owner's goods and services are covered by the international registration, as opposed to the current requirement for all of the goods and services for which the trade mark is registered nationally being covered by the international registration.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland, Northern Ireland and the Isle of Man.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland, Northern Ireland and the Isle of Man.

5. Policy Context

What is being done and why?

5.1 The Order gives effect in the UK to the provisions of the Madrid Protocol, one of the legal documents that underpins the operation of the Madrid System. The Madrid Agreement and Protocol are supplemented by implementing rules known as the Madrid Regulations.

5.2 The Madrid System allows a trade mark to be protected by an international registration in designated countries which are contracting parties to the Madrid Protocol. Rightsholders are able to file a single application for protection of their trade mark in designated countries, in one of the acceptable languages of the Madrid System, pay one set of fees and manage their trade mark administration through a centralised system.

5.3 The UK joined the Madrid System in 1995. Data from the 2014 financial year to date, shows that there has been a total of 31,101 international applications filed by UK trade mark owners.

5.4 Previously under the Madrid System, where the same person held an international registration and an earlier national registration in a territory to which the international registration had been extended (for example a UK domestic registration and an international trade mark (UK)), and **all** the goods and services covered by the national registration were also covered by the international registration, the international registration was deemed to replace the national registration without prejudice to any rights acquired by virtue of the national registration. In a domestic context this meant that the international trade mark (UK) was treated for the purposes of the Trade Marks Act 1994 as having been registered as of the date of registration of the national mark. The priorities claimed by the national mark may also be claimed by the international trade mark (UK). This is reflected in paragraph 2 of Schedule 4 to the Order.

5.5 Contracting Parties to the Madrid Protocol participate in an annual working group which discusses amendments and improvements to the Madrid System. The working group agreed that the rules relating to the replacement of an existing national trade mark registration with an International Registration, should be amended to permit the partial replacement of the national right (so for only some, not all, of the goods and services covered by the national registration). This change was agreed at the 2021 working group which resulted in an amendment to Rule 21 of the Madrid Regulations. Contracting Parties have until 01 February 2025 to implement this change.

5.6 The Order requires to be amended to reflect the possibility of partial replacement. Currently, Paragraph 2 (2)(c) of Schedule 4 to the Order provides that the replacement rules apply where ‘the goods and services in relation to which protection is conferred by the international trade mark (UK) include **all** those for which the registered trade mark is registered’.

5.7 The SI amends paragraph 2 (2)(c) so that it will apply where the goods and services in relation to which protection is conferred by the international trade mark (UK) include **some or all of** those for which the registered trade mark is registered.

5.8 The amendment to the Order is required to ensure the UK remains compliant with the Madrid System and its international obligations.

What was the previous policy, how is this different?

5.9 An international trade mark registration is based on a domestic registration in a contracting party. A UK based business seeking to protect their trade mark internationally would therefore first register a UK trade mark with the IPO and use this as the basis for their application for an international registration. They may, in the future, determine it makes more sense to consolidate these separate registrations for ease of administrative management and costs, and replace the domestic UK trade mark with the international registration.

5.10 Trade marks protect only the goods and services (or classes) listed in the registration, and during the international registration process the list of goods and services may be amended (as they are examined by national trade mark offices who may use slightly different ways to classify goods and services). Where this has happened under the previous provision, there was no ability to replace the domestic trade mark with the international registration, as both needed to cover the same goods and services.

5.11 The IPO would refuse the request for replacement unless the rightsholder surrendered the additional goods and services in the domestic trade mark registration to complete the replacement. This resulted in the loss of rights for the rightsholder.

5.12 The current provision will allow for partial replacement, meaning that a domestic trade mark may be replaced by an international registration even where only some of the domestic trade mark owner's goods and services are listed in the international registration. This benefits trade mark owners as it prevents the loss of rights, reduces the administration of their registrations (e.g., if they change address) as they need only notify the World Intellectual Property Organization (WIPO) and can provide some cost savings, as they can choose to allow their domestic trade mark to lapse, rather than pay a fee to renew.

6. Legislative and Legal Context

How has the law changed?

6.1 The Madrid Regulations (which concern registration of trade marks internationally) Rule 21 has undergone an amendment. The amendment in Rule 21(3)(d) provides that where a national trade mark registration is replaced by an international registration, the replacement may concern only **some** of the goods and services listed under the national registration.

Why was this approach taken to change the law?

6.2 There are no alternatives, including non-regulatory approaches, that would enable the UK to meet its international obligations under the Madrid System. This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 Cabinet Office guidance is to consult on issues that are undecided. This legislative change is necessary to make a technical change to remain compliant with the Madrid System and meet our international obligations. Therefore, a full formal consultation was not held. However, the IPO carried out an informal consultation with representative stakeholder groups to understand their views regarding the statutory instrument.

7.2 In addition, stakeholders that attend working groups of the Madrid System as observers have noted publicly that "this improvement should help trade mark rightsholders to consolidate their portfolios and save costs."

8. Applicable Guidance

8.1 The IPO will not be producing any specific guidance on the changes effected by this instrument at the time of laying. However, it will provide stakeholders with information regarding the change on the IPO website and signpost them to WIPO's website which contains comprehensive information about the Madrid System and replacement when the change comes into effect.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this statutory instrument (SI) because the impact is expected to be minimal and fall below the de minimis threshold as set out in section 6.10 of the Better Regulation Framework guidance dated September 2023[1].

9.2 The SI will make a technical change to allow for partial replacement and ensure trade mark rightsholders do not lose trade mark rights when they apply to replace their domestic registration by an international registration (designating the UK).

9.3 The IPO does not have full international trade mark data which we can compare against our UK trade mark database to understand the full overlap between UK and international trade mark rights. We can only make a judgement on the number of impacted customers based on TM28 form filings whilst making a number of assumptions to be able to estimate the full impact of this legislative change.

9.4 A TM28 is a form used by customers to request that a protected international trade mark replaces a registered UK trade mark. Between 2013 and 2024, 196 TM28 forms were filed at the IPO. These are associated to 60 customers per calendar year. The majority of those had consistent associated goods and/or services across the domestic registration and the international registration (designating the UK) and therefore would not be impacted by this legislative change. Only 6 TM28 applications have been refused between 2013 and 2024, which represents a total cost of approximately £1,300 in terms of renewal fees which would be a benefit of this legislative change.

9.5 The following assumptions have been made:

- Amending the Trade Marks (International Registration) Order 2008 does not change the current volumes of TM28 filings and therefore the number of impacted rights.
- The current volume of TM28 forms from 2021 to 2023 is a good estimate of annual cases and likely to be higher as almost all forms filed are post 2020, in response to leaving the EU.
- When looking at TM28 forms to understand the impact to businesses. We have focussed on filings made by individual customers during this period.

[1] Department for Business and Trade (2023). Better Regulation Framework guidance https://assets.publishing.service.gov.uk/media/65420ee8d36c91000d935b58/Better_Regulation_Framework_guidance.pdf

- The renewal cost estimates use all current TM28 forms filed, which does not capture the full number of impacted rights as we do not have this data.

9.6 This legislative change is unlikely to influence a business on whether to establish themselves in the UK market, or not. It is about simplifying processes for rightsholders. Therefore, we do not expect any wider impacts on trade or innovation.

9.7 The IPO has also identified other potential benefits and costs to industry which it has not been able to quantify due to a lack of data but expects these to be small and below the £10 million threshold.

Impact on businesses, charities and voluntary bodies

9.8 There is no, or no significant, impact on business, charities or voluntary bodies because the SI is making a technical amendment.

9.9 The legislation does not impact small or micro businesses.

9.10 There is no, or no significant, impact on the public sector because the SI is making a technical amendment.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 There will be no formal approach to monitoring and reviewing this legislation. Instead, we will carry out ongoing monitoring of the change as part of our regular contact with those stakeholders who have a key interest in the operation of the Madrid System. Any requests to amend or review will be fed back to WIPO through the annual working group.

10.2 The instrument does not include a statutory review clause and, in line with the duty in Section 28 of the Small Business, Enterprise and Employment Act 2015, Peter Kyle MP, has made the following statement "it is not appropriate in the circumstances to make provision for review as, taking into account both the economic impact of this provision and the technical nature of the amendment, a review would be disproportionate. It is necessary to ensure that the UK remains compliant with its obligations under the Madrid Protocol and the Madrid Regulations".

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").