

Consultation Response Paper

The Intellectual Property Consultation

Date: 27 October 2015

1. Executive summary

The Bailiwick has a suite of modern and dynamic legislation, which has been established over the past decade. The Commerce and Employment Department (the **'Department'**) is actively progressing the extension of international agreements to the Bailiwick, to enhance the Bailiwick's international presence in intellectual property. That work is being undertaken alongside measures to ensure that the IP regime remains fit for purpose and keeps pace with modern advancements.

The Department released a consultation paper on 24 June 2015 to seek the views of the public on several issues identified to improve the existing regime.

The consultation document was sent to the Intellectual Property Commercial Group, the Registry User Group and individuals (including agents) currently filing with the intellectual property office, Sark and Alderney representatives, as well as being available online at www.gov.gg and www.ipo.guernseyregistry.com.

The consultation closed on 31 July 2015.

This document summarises the responses received and details the Department's conclusions. While it may not be practical to respond to each individual point raised, they have all been taken into account.

2. Responses and analysis:

The Department would like to thank all those who took the time to contribute to the consultation. A total of four responses were received, including from professional representative bodies and an individual consultant. A list of the respondents can be seen in the annex to this document.

In the interests of preserving anonymity, comments have not been attributed to respondents.

3. Consultation questions

A – Policy issues

1. Whether a register of agents should be established in Guernsey for:

- a. Trade Marks
- b. Design Rights

Four responses were received to this question. All respondents were supportive of the establishment of registers of agents for both Trade Marks and Design Rights.

Two of the respondents suggested that a new title of Intellectual Property Agent be introduced, with the ability to act in the individual disciplines where suitably qualified.

It was felt that the present title of Patent Attorney does nothing for the international credibility of the Bailiwick. It is a widely recognised term for someone who is trained and qualified to act in patent matters, from drafting patent specifications upwards. There is also a degree of confusion between the regulations governing a register of “Patent attorneys” and use of the term “agent” in other IP rights. The universal use of “agent” as opposed to “attorney” will avoid confusion and a potential conflict with the Chartered Institute of Patent Attorneys in the UK, where the term “Patent Attorney” is protected by Royal Charter and achieved by means of qualifications or special grant of the Institute.

There could be an ability to add other rights introduced over time. “Agents” could register for all classes or selected areas where they are qualified and competent to act.

Department’s response:

The Department agrees that simplifying the current system to introduce a single register of Agents for all registerable IP products would be beneficial. The amendments required would also provide an opportunity to simplify the terminology used, to avoid confusion internationally. This will be explored further by the Department.

2. If established, should the registers should be restricted to Bailiwick resident agents only?

Four responses were received to this question. Three respondents were in favour of restricting agents to Bailiwick resident agents, one was not.

It was noted that it was common practice in most other countries including the US, the EU, the UK (including EEA and Channel Islands), Australia, Canada, China etc. to require a local agent.

It was considered that the balance of benefits to the Bailiwick is to restrict the register to resident agents as part of the “value added service” and “local economic contribution”.

One respondent (off-island) was of the view that the proposal to restrict the Register to Guernsey residents only was a backward step. It was commented that since 2006 it had been possible for those outside the Bailiwick to file trade marks directly with the IPO and the proposal

to change this was viewed as protectionist and inappropriate, and out of line with the practice of some other jurisdictions. The proposal to prohibit anyone who is not a Guernsey resident from filing, in their opinion, was likely to result in a significant drop in Trade Mark filings, because of the increased expense incurred by having to engage a Guernsey advocate's firm to file.

Department's response:

The Department will work on developing a common set of standards for qualifying persons will, to apply across all of the registerable IP products.

The Department considers there to be a wider economic benefit to the island in restricting the register of agents to Bailiwick of Guernsey resident agents only. Historic data indicates that there would be no significant reduction in the number of filings due to these residency requirements.

Taking on board the comments received, a policy of restricting Intellectual Property Agents to Bailiwick of Guernsey residents will be developed. Off-island agents for existing Bailiwick registered IP rights will however continue to be recognised for as long as that right continues to be registered. New registrations will not be accepted by those agents. In this way the Department is offering a grand-fathering provision for those agents and registered rights.

3. Please provide your comments on proposals for introducing registration and annual renewal fees for Registered Trade Mark and Design Agents, including a reduced fee for registration across all of the IP products.

Three responses were received to this question.

Respondents were of the view that a package of fees should be offered for agents, allowing someone to be able to file applications in all of the various Guernsey IP rights for a single reduced annual fee. Alternatively, if someone wished to only be an agent for a single type of IP product that should be made available.

Department's response:

A schedule of proposed fees, in line with the respondent's comments, will be developed by the Registry, and subject to further consultation as appropriate.

4. Should a code of conduct be implemented for Registered Agents, for each of the intellectual property rights? What, if any, issues do you foresee?

Four responses were received to this question. Two respondents were in favour of a code of conduct being introduced for Registered Agents, two respondents were not.

If introduced, it was considered that the code of conduct must have substance. In order to be a registered agent there needs to be demonstrated a degree of expertise in the field.

It was suggested that an "industry code" be introduced with a trial period of six months. Once the principles had "settled in", consideration may then be given to regulations and the sanction

of removal from the Register of agents added. It was suggested that this would be a last resort measure not a “first instance” process and be appealable to either the Board or to the Court process, as advised by the Law Officers.

One of the respondents against introduction of a code of conduct indicated that this was due to proportionality and cost. It was considered that the existing power of the Registrar to remove from the Registrar anyone who, in his opinion, fails to meet adequate standards was sufficient.

It was also suggested that it would be inappropriate for the IPO to regulate registered agents. In the United Kingdom, the regulatory body is IPREG which is independent of Government.

Department’s response:

The introduction of a code of conduct is considered beneficial to maintain standards and IP expertise within the Bailiwick. The code would be voluntary, which would mean that individuals or firms could choose whether they wished to sign up to it.

An IP wide code of conduct will be developed, and subject to further consultation as appropriate.

5. If Community Designs and Trade Marks are automatically recognised and protected in the Bailiwick, what are the advantages/disadvantages of doing so?

Four responses were received to this question. All respondents strongly disagreed with the proposal to automatically recognise Community Designs and Trade Marks in the Bailiwick.

It was considered that the implications for automatically recognising these rights in Guernsey were potentially far reaching, for both the Registry and IP professionals. If Guernsey determines that Community Trade Marks (CTM) and Designs (CDs) should be automatically recognised without requiring local re-registration, it can expect the number of applications filed at the Guernsey IPO to be substantially reduced.

Since introducing the automatic recognition of CTM registrations in Jersey, the number of trade mark filings had reduced by approximately 90%. It was considered that the position would be reflected in the Bailiwick, if Guernsey were to adopt the same approach. No holder of an existing CTM would have any reason to register separately in Guernsey. It was suggested that there was no commercial advantage, from an IP perspective, in the Bailiwick of doing so. Automatic recognition and protection would essentially undermine the work done to establish Guernsey as a standalone IP jurisdiction. As a result, the registry and any nascent IP industries would be severely affected financially by any such change.

If rights were automatically recognised and protected, huge numbers of Trade Mark proprietors with no interest in the Bailiwick would have automatic protection in the Bailiwick, against local entities with an absolute interest in the Bailiwick and who would have to navigate around all of those other registrations. Overseas entities can register their Designs and Trade Marks in the Bailiwick if they have an interest in the territory. Local entities can also readily register their Designs and Trade Marks in the EU via the CTM and CD systems.

Automatic recognition of CTMs and CDs would give the owners of such Trade Marks and Designs the right to sue for infringement in Guernsey against local traders in the Bailiwick, even if the owners of the European rights had no use, and no intention to use their trade marks in Guernsey. This would be inherently unfair to local traders in Guernsey and would make availability searches conducted by the IPO meaningless, unless the IPO proposes to retain full details of all CTMs and CDs on its records.

Guernsey is not a member of the European Union. It was therefore considered inappropriate to automatically recognise and protect these rights. Rather this was perceived to be a marketing advantage for IP. Brand owners should be informed that if they wish to prevent counterfeit goods from entering or leaving Guernsey a domestic registration is required. This would solve the import export scenario, and also further strengthen Guernsey's position from an IP perspective. It was noted that this was the standard position throughout the world.

Goods that infringe UK national registrations cannot be seized by Customs. It was considered inappropriate to make a distinction between CTMs, CDs and national trade mark and design registrations obtained within the EU.

Department's response:

See comment below.

6. What are the expected commercial implications of automatically recognising and protecting Community Designs and Trade Marks locally?

There were four responses provided to this question, in-line with responses to question 5, as follows:

- registrations would decline as there would be no need to re-register in the Bailiwick since a CTM would provide protection in the Bailiwick. This would result in:
 - (a) local IP businesses would disappear from the island as there would be no direct business for them on the island; and
 - (b) registration work for local professionals would largely disappear.
- CTM proprietors would be able to challenge local marks which were identical or similar without any registration in Guernsey.
- it may be that existing local businesses would automatically be deemed to be infringing CTMs which previously did not have effect on the island. This does not provide a clear workable model for Guernsey to demonstrate its ambitions to be a leader in the field of IP and could potentially lead to confusion and legal disputes.
- unnecessary work and expense for local entities.
- the rationale supporting the development of Bailiwick legislation for registration of rights from the foundational policy of the States Billet D'Etat XXIII 2002 would be undermined.
- there is likely to be an increase in Court cases without the direct economic benefit of registration and management from Guernsey. Whilst this may be welcome by some legal firms, this could place extra demands on the Court.

Department's response:

The Department is concerned that automatically recognising and protected Community Trade Marks and Designs in the Bailiwick could be detrimental to the existing intellectual property environment.

7. What are the perceived implications of not automatically recognising and protecting Community Designs and Trade Marks locally, including attractiveness of Guernsey as a jurisdiction for filing?

There were not considered to be any negative implications for *not* automatically recognising and protecting Community Designs and Trade Marks within the Bailiwick. Responses concentrated instead on the negative impacts of doing so.

The attractiveness of Guernsey as a jurisdiction in which to file is based on there being a standalone registration system. There was considered to be no benefit for either local or international business in registering in the island if a CTM or CD automatically includes Guernsey. Currently there is a clear differentiator between the Bailiwick and Jersey and the Isle of Man, both of which come under either the UK or the European system.

If CDs and CTMs were recognised automatically, the Bailiwick would have negligible attraction as a jurisdiction for filing. So long as the filing process is efficient and economical, Guernsey should continue as a reasonable place in which to file Registered Designs and Trade Marks applications – especially if the Paris Convention is to be extended to Guernsey, so that priority could be claimed worldwide on the basis of filings in the Bailiwick.

Department's response:

EU Regulation 608/2013 is a customs regulation issue for import and export of goods.

There is no commercial IP reason for these community rights to be automatically recognised and protected in the Bailiwick, which instead would be detrimental to the Bailiwick's IP regime. As such, no amendments to the Bailiwick's IP legislation are intended.

8. Should temporary protection for goods exhibited at exhibition be introduced for Trade Marks, what do you perceive to be the commercial advantages/disadvantages of doing so?

Three responses were received to this question. All respondents were in favour of providing protection, if considered to be beneficial internationally.

Department's response:

Whilst express provision may not be required, it is considered beneficial to implement this temporary protection for commercial reasons.

9. If you consider that temporary protection should be provided, please provide your comments on the proposal to permit a right of priority for a 6 month period from the date of the exhibition.

Three responses were provided to this question, all were in favour of the proposed 6 months.

Department's response:

The Department will proceed with the necessary legislative amendments for Trade Marks to provide a 6 month period of temporary protection for exhibited goods.

10. Your general comments are invited on potential areas of development for IP legislation and policy.

Three responses were received to this question.

The importance of the extension of international agreements was highlighted, in particular Paris, Madrid and PCT.

Development of the following rights were suggested:

- Primary Registration of Designs. Both the UK and EU Registered Design systems are essentially deposit systems. So long as the correct formalities are observed, the designs are registered. This could be an ideal system to adopt economically in the Bailiwick. In addition to completing the standard range of registrable IP rights that can be first-filed here, local Registered Designs could provide cheap, quick and effective protection for small local businesses for which design is important.
- The identification of "data industries" in the PwC FinTech strategic report highlighted the importance of the database right legislation. It was suggested that a reciprocal agreement for mutual protection with the EU should be progressed.
- Program format rights.
- Introduction of Innovation Patents.
- Geographical Indications. GI's are a requirement of TRIPS and could be of direct benefit to the Bailiwick's indigenous industries in farming, fishing and local crafts like "the Guernsey".
- Developments for IP in related areas including double taxation agreements, IP securitisation and new economic opportunities like FinTech.

Department's response:

The Department's priority remains extension of the various international agreements, in accordance with the Department's 2015 Business Plan. The agreements, of which there are over 20, are being progressed as set out in the International Agreement Plan through the Ministry of Justice working with relevant stakeholders. It is anticipated that the Paris Convention will be extended later this year, with PCT and Madrid being actively progressed thereafter.

A consultation paper on Innovation Patents was released, with a closing date of 31 October 2015. The Department is keen to understand the business case for introducing such a new regime in the

Bailiwick.

Examination of the development of Geographical Indicators is also included within the Business Plan, and will be progressed towards the end of this year.

Consideration will be given to the development of other rights suggested by respondents, which may be subject to further consultations as appropriate.

B – Operational Issues

11. Your comments are invited on the proposed withdrawal of credit accounts and the introduction of debit accounts as payment methods by the IPO. Please confirm any issues you anticipate that may arise from this proposed change.

Four responses were received to this question. Whilst respondents were supportive of the Registry's reason for moving to a debit accounts system for payments, they expressed concern from a practical perspective in the case of high volume users.

It was suggested that special arrangements should be put in place for these agents, as distinct from those making ad hoc transactions.

IP registration applications are often made as a matter of urgency. Having to anticipate fees and ensure that a debit account is topped up in time was considered to be a nuisance. The withdrawal of such facilities would make filing more complex, and in some cases it would be exceedingly difficult to meet client deadlines.

One respondent explained that the UK IPO operate a system whereby professional users can register a credit card against their deposit account and authorise the card to be charged at the same time as an application is filed. This enables the account to continue to be run as a debit account, but to be immediately replenished by the requisite amount at the time of filing a new application.

Registry's response:

The Registry has explored the use of credit cards being registered against accounts. This would however require substantial changes to the States of Guernsey payment processing system, so would not be feasible. Whilst credit cards may not be registered against user accounts, the ability to make individual payments by credit card still remains (in addition to bank transfers etc.)

The Registry has taken on board the feedback provided. There are practicable considerations for the Registry which have led to the decision being taken to suspend credit accounts for all IP products. It is intended to take this action from 1 January 2016.

12. Your comments are invited on the proposal that paper applications for trade marks only shall no longer be accepted by the IPO, where online applications are available. Please confirm any issues you anticipate that may arise from this proposed change.

Four responses were received to this question. Three respondents were supportive of the withdrawal of paper applications in principle, but highlighted the need to ensure that the online system was robust.

It was requested that the online system be changed to allow the full set of transactions to be able to be filed online, including change of agent details, assignments etc. It was also suggested that alternative methods be made available if required.

One respondent was against the withdrawal of paper applications. This was considered to be a backwards step - if for example a local trader visits the IPO in person with an application form and fees, that application should not be refused. It was also commented that the online system does not work as well as it should. For example, the system does not often allow logos and device marks to be uploaded, requiring users to send in the device mark by email or by post. It was commented that if filing online were to be the only possible form of filing permitted in future, the IPO should improve the online system and ensure that it is always in full working order.

Registry's response:

The Registry has taken on board the feedback provided regarding availability, and reliability, of online forms. Accordingly, paper forms will continue to be available for use, alongside the online forms, until such time that further improvements are made.

13. Your comments are invited on the proposal that the IPO move to offer a single application system for Trade Marks. Please confirm any issues which you anticipate may arise from this proposed change.

Three responses were received to this question and all were supportive of the proposed change.

Registry's response:

The Registry will now move to offer a single application for Trade Marks. Industry will be advised of the date when this change will go live.

14. Please provide any comments on the schedule of proposed costs.

Three responses were received to this question. It was agreed that the proposals were reasonable and it was generally considered beneficial to bring the official fees nearer to the UK.

One respondent encouraged the Registry to look at an upward sliding scale for patent renewals, which would provide a means of further revenue growth and was something which patent holders were generally comfortable with.

Registry's response:

The Registry does not currently intend to develop an additional sliding scale for patent renewals, although this may be considered in the future as appropriate.

The necessary internal and system changes will be made by the Registry to affect this change. Industry will be advised of the date when this change will go live.

Next steps

This section summaries the actions arising from this consultation process and the next stages.

(i) Establishment of a new Intellectual Property Agent, to encompass all IP products.

The Department will work on implementing a register of agents to apply across all of the registerable IP products.

With the exception of Plant Breeders' Rights, each of the IP ordinances permit the introduction of a register of agents. It is anticipated that Amending Ordinances will be required to change references in the various ordinances, as well as to incorporate the intended residency requirements. It will be necessary to amend Regulations, for example the Image Rights (Bailiwick of Guernsey) Regulations 2012.

A proposed fee structure for Agents will be drafted, and subject to further consultation.

(ii) Establishment of a voluntary code of conduct for Intellectual Property Agents.

A draft code of conduct had been prepared for Image Rights Agents, but not yet finalised for consultation. The Department will explore the possibility of amending this for Intellectual Property Agents, which will be consulted on in due course.

Amendment Ordinances will be required to enact the Code. The various IP Ordinances do not contain the vires for the Department to prescribe Codes of Conduct. Under The Image Rights Ordinance the Department may issue *statements of practice* under section 81, for example qualifications and standards of competence which must be observed by registered agents. It is intended that the Code of Conduct would contain standards of conduct and wider ethical and moral requirements. A States Report would be required to implement this.

(iii) 6 months temporary protection to be provided for goods exhibited at exhibition (trade marks).

An Amending Ordinance will be required to implement this.

(iv) Potential areas of development for IP legislation.

The Department will research and examine development of the suggested areas, including:

- Primary Registered Designs.
- Database right legislation.

This work will be prioritised as appropriate, following the Department's more immediate priorities, e.g. extension of Paris.

(v) Withdrawal of credit accounts

Credit account facilities, for all IP products, will be suspended from 1 January 2016.

(vi) Withdrawal of paper applications

The Registry will continue to seek improvement of the available online forms, and development of new forms as appropriate.

(vii) Move to offer a single trade mark

The Registry will move to offer a single application for Trade Marks. Industry will be advised of the date when this change will go live.

The necessary internal and system changes will be made by the Registry to affect this change.

Appendix 1 – List of Respondents

Responses to this consultation were received from the following:

David Evans, Collas Crill IP

David Stanley, Stanleys Ltd

John Ogier

Martin Chinnery, Lysaght