UK Accession to the Hague Agreement for Industrial Designs
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Foreword

The Government is committed to making the UK the best place in the world to innovate, use ideas and expand business both nationally and internationally.

As the Minister for Intellectual Property (IP), I believe that the promotion of strong and effective IP regimes abroad can reduce the risks of trading internationally for UK businesses and create further export opportunities. UK designers and design-led business are part of a global industry and, as such, it is essential that they have the option to protect their IP ‘cost effectively’ when trading abroad.

I fully supported the Intellectual Property Act 2014 which contains a raft of measures to modernise the legal framework for design. The Act also enables UK accession to the Geneva Act of the Hague Agreement for International Registration of Industrial Designs.

The Hague Agreement establishes a system for the international registration of industrial designs. It allows registration of up to 100 designs in over 64 territories by filling a single application.

UK business currently has access to the Hague registration system as part of EU membership; however, unlike some EU Member States, the UK is not a member in an individual capacity. In practice this means that, for UK business, if an EU-wide designation is not required, an applicant must file an application to each separate territory in which protection is sought. For any international business that wishes to use Hague to gain protection in the UK, they must apply for design protection across the whole EU.

Individual UK ratification to the Hague Agreement will therefore allow greater flexibility for designers and businesses, giving them more freedom of choice in their business strategy. By being able to choose the most appropriate route to protection for their product and trade plans, UK accession to Hague will help them be more cost-effective and achieve more time-efficiencies.

This consultation offers you the opportunity to give your views on UK accession to the Geneva Act of the Hague Agreement for the international registration of industrial designs.

I look forward to your comments.

Baroness Neville-Rolfe, DBE, CMG
Minister for Intellectual Property
Reason for consultation

The Government is seeking views from users of the UK designs system on the UK’s accession to the Geneva Act of the Hague Agreement for the international registration of industrial designs.

Introduction

The Hague Agreement is a system that makes it possible to obtain protection for industrial designs in multiple countries (or with intergovernmental organisations) by means of a single application. Under the Hague system, it is possible to obtain protection in multiple jurisdictions by filing a single application with the International Bureau (IB) of the World Intellectual Property Organisation (WIPO).

The Hague registration system was established under the Hague Agreement which itself is constituted by three different Acts, the London Act 1934, the Hague Act 1960 and the Geneva Act 1999. We are consulting with a view to joining the latter of these Acts: the Geneva Act.

The Agreement establishes general provisions that regulate the registration system, such as the entitlement to file an international application and the application process, fees and procedures for the correction of irregularities, maintenance of registration, and invalidation, etc. It further allows an applicant to register designs in any Contracting Party, through one application, in one language, using one currency (Swiss Francs). The system also simplifies the management of applications as all administration is handled by one agency: the IB at WIPO.
Membership

There are currently 49 members of the Geneva Act of the Hague Agreement, including 14 European States. In addition to these 14 European States, the European Union is a member in its own right. UK businesses have been able to access the Hague system since January 2008 by virtue of the EU’s accession. However, at present, the UK is not a member in its own national capacity.

In practice this means that if an EU-wide designation is not required, but UK businesses want to trade at home and oversees, they must file a separate domestic application in each country where they want to protect their design. For an international business, under the current Hague system, the UK can only be designated as part of a whole EU application, even if the applicant has no desire, or intention of making use of the registration in any other EU member state.

This creates additional expense for businesses (such as translation, notary and legal fees) and may be a disincentive for those considering including UK protection. This is, therefore, a barrier to business, especially for SMEs, who are more likely to need protection in a more restricted geographic market and who are less likely to have significant funds, or resource to spend on design registration.

Rationale for joining in a national capacity:

Smaller businesses are unlikely to need EU-wide design protection or be able to afford the higher risk that this would incur. They are more likely to require protection restricted to the specific countries where they carry out business. A similar position exists for non-UK business wishing to gain protection for their designs in the UK, where the current expense of doing so may well result in missed opportunities to recoup registration fees from benefits such as manufacturing, distribution and licensing.

The objective of joining in our national capacity is therefore to enable designers, particularly SMEs, to take full advantage of the flexibilities and economies of using the Hague registration system. The aim is to provide firms a direct route to gain UK protection for designs through this international mechanism. It is also intended that UK business, especially SMEs, who wish to have designs registered across multiple countries can have a simpler, more cost effective method for managing their rights.

As a result, businesses should be able to save money on design registrations and be able to protect their intellectual property with greater administrative ease. It should also encourage non-UK owners of designs to register their rights in the UK, thereby encouraging the manufacture, distribution or licensing of their designs in the UK.

The average number of countries selected in an application under the Hague system is 5. The average number of designs registered is 3. Taking this common application the level of fee, for a UK business, would be:

UK included within an EU Hague designation - £587-£847

UK domestic application and Hague designating non-EU countries - £589-£849

Individual UK designation under Hague system - £480-£740 (expected).

Individual UK membership will therefore save business an average of £108 in application fees, alongside any additional savings in legal, notary and translation fees.

Why now:

The Intellectual Property Act 2014 (which amended the Registered Designs Act 1949) provided the necessary legislative framework to amend UK law to implement the Geneva Act of the Hague Agreement. Accession to Hague forms part of the broader designs modernisation portfolio and will be offered alongside other initiatives that aim to refine and streamline the designs legal framework. This includes a new criminal offence for the intentional copying of registered designs, a new route of appeal from IPO decisions to the Appointed Person and a new Designs Opinion Service, similar to the existing patent service.

Furthermore, membership of the Geneva Act of the Hague Agreement is widening with significant trading nations joining so it is important that the UK joins in its own right and is not left behind. As more parties accede to the Hague Agreement, there are increased benefits to UK business.
Summary of specific proposals

Direct filing at WIPO

Article 4(1)(b) of the Geneva Act allows a Contracting Party to the Agreement discretion to opt out of applications being filed through its own national office. For a number of practical reasons we propose that the filing of applications should be made directly to WIPO.

WIPO has a high-quality e-filing system available and, in line with the government digital by default strategy, it is redundant to reproduce such a system, when it is already available to meet user needs. For those wishing to apply in paper format the form can be downloaded from the WIPO website http://www.wipo.int/hague/en/forms/

Consequently, if we were to act as a receiving office we would be fulfilling a ‘post-box’ function, as the processing and administration of the application would still need to be completed in WIPO. This would likely add a delay for the user of the system. We know that most users of the designs system are unrepresented applicants, and a large number are sole traders, micro business or SMEs. Keeping the system simple and streamlined should therefore also benefit these types of businesses.

Additionally, as the Hague system has no requirement for a base registration (unlike the Madrid System for the international registration of trade marks), acting as a receiving/transmitting office seems to provide no added value for users.

This proposed approach is consistent with the approach taken by OHIM in respect of EU level design designations, who also do not act as a receiving office.

Applications sent to IPO in error

We are aware that some users of the designs registration system may have minimal knowledge of the IP framework, particularly in respect of international applications. We also understand that the system can be difficult to navigate and that mistakes are sometimes made.

In cases where an international application under Hague has been sent to the IPO in error, we will return this to the sender, along with information on where to send the application form, or who to contact for further advice. However, a filing date will not be secured until the completed application form is received and accepted by WIPO.

Publication

The IPO does not plan to re-publish registrations. Users will instead be directed to the Hague Express database: http://www.wipo.int/designdb/hague/en/. This is consistent with our current approach in registrations where the UK is captured under an EU application. The Hague Express database is readily accessible and directing users of the system to the database will ensure consistency of our approach.
Examination

All international applications designating the UK will be examined. An initial formalities examination would be taken by WIPO before the application is passed to the IPO. Examination would then be on the same basis as for domestic applications.

If a decision is taken to refuse the registration notification of refusal will be sent not more than 6 months from the publication of the international registration.

Opposition / Invalidation

We are required to have a process for appeal against refusals; this will be on the same basis as domestic registrations. The Hague Agreement allows for invalidation in a Contracting Party, which will be on the same basis as for domestic registrations.

There is no requirement for an opposition process and we do not see a rationale for introducing one for international applications.

Regulatory Impact

The Impact Assessment and RPC opinion are attached at Annex C.
Questions:

As with any international treaty we are restricted in how much discretion we have over the introduction of the Hague system. We would welcome your views, in particular in relation to the questions below, any comments you may have on the draft Order attached at Annex D of this document, and/or any general observations you may have.

1. We propose to restrict the filing of applications to direct applications through WIPO.

   **Do you have any views on this? Please detail the reasons behind your view, providing evidence if possible.**

2. We have no plans to exercise the possible discretion and make a declaration allowing for the 12 month period in which to notify a refusal. Applicants will be notified within the standard 6 months, if their application is refused.

   **Do you foresee any adverse impacts?**

3. We do not currently hold a register of International Registrations where the UK has been designated as part of the EU and have no plans to publish a register following accession to the Hague Agreement in our own right. We believe that details of Hague registrations are made sufficiently public via the Hague Express database.

   **Please let us know if you foresee any issues with this approach.**

4. A draft legal instrument has been provided at Annex D. This captures the broad principles and is indicative of what is likely to be contained in a more final version; however, this instrument may be subject to change.

   **Do you have any specific comments on the drafting that you would like us to take into account when compiling any subsequent version?**

We are particularly interested in estimates of financial impact of users of the system, and/or third parties, but please feel free to offer case studies or comment more generally.
Responding to the Consultation:

Please email your responses to hague@ipo.gov.uk

Please let us have your comments by 10 November 2015.

Alternatively, please use the following postal address:

Trade Marks and Designs Policy
Intellectual Property Office
Concept House
Cardiff Road
Newport
NP10 8QQ
Tel: 01633 813707

Responses are welcomed from any individual, organisation or company. Copies of this document, including large print versions, are available from the contact address given above.

It is also available on the Intellectual Property Office website at: www.gov.uk/government/consultations/uk-accession-to-the-hague-agreement

Complaints

Any comments or complaints about the way this consultation has been conducted should be sent to:

Angela Rabess
Consultation Coordinator
Better Regulations Team
Department for Business, Innovation and Skills
1 Victoria Street
London
S1H 0ET

Email: angela.rabess@bis.gsi.gov.uk
Tel: 020 7215 1661
Confidentiality

Openness and confidentiality

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (“FOIA”), the Data Protection Act 1998 (“DPA”) and the Environmental Information Regulations 2004). If you want other information that you request to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. The IPO will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
Annex A

Key facts

- UK business has been able to use the Hague system since the EU joined in January 2008.
- A variable fee of between £31 and £96 will be payable for each country included in a Hague application. The total amount payable in a Hague application would depend upon the number of nominated countries in a single application, and the level of fees charged by each country.
- The average Hague design application has 3 designs and covers 5 countries.
- An “average” application under the current law including the EU would attract fees of £587 if all other countries were bottom tier and £847 if they were at the higher tier of fees.
- If the UK could be designated individually in a Hague application rather than as part of the EU, or using an individual domestic registration alongside a Hague registration, the fees for an average application would be £108 less, as the EU levies a higher fee than the UK could.
- A legal firm indicated, during consultation on designs measure for the IP Act, that managing a 6 country application through Hague could bring saving of up to £7,000 in professional, notary and translation fees.
- Designs contained in international industrial design applications filed under the Hague System increased to 14,441 designs in 2014, representing growth of 9.6% over 2013².
- Germany, with 3,868 designs, was the largest user of the Hague system, followed by Switzerland (3,189) and France (1,559)³.
- The total number of designs contained in designations of international applications declined from 67,113 in 2013 to 65,479 in 2014. The EU received the most designations (17.5%), followed by Switzerland (15.7%) and Turkey (9.7%). The Republic of Korea, which joined the Hague system only in July 2014, received 1.5% of all designations⁴.

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Annex B

Frequently Asked Questions

Is it necessary for applicants to use Hague to get a design registration in the UK?

- No. UK applicants will not be compelled to use Hague to obtain a UK registration for their design.
- The UK joining the Hague system separately (in addition to through the EU) is about flexibility - offering businesses the option of registering their designs and including the UK as part of a multi-country application.
- It is an alternative, additional means of protection for businesses’ intellectual property rights, alongside the national system.

Effect of Order

- The Order gives effect to the Hague system in UK law.
- It sets out the procedures to be followed for making international registrations, including for example, the procedures to be followed where a registration seeks protection in the United Kingdom, and communication of information to WIPO.

Advantages to using the Hague system

- UK business looking for registration at home and overseas, will be able to apply from the UK, in a single application and with the payment of a single fee.
- This avoids costly translation, notary and other fees.
- We believe that this will help businesses, especially SMEs protect their IP rights in expanding international markets.

Will using Hague guarantee my registration in the countries I want?

- The Hague system will not guarantee registration in the countries applied for.
- It reduces the work and cost involved in managing an application.
- A decision on whether a design can be registered in the countries chosen is down to the design registration offices in each country.

Languages which can be used

- An application under the Hague Agreement can be filed in English, French or Spanish.
- Any translation required is done by WIPO. This will significantly reduce the fees for UK businesses in gaining international registrations.
Other members of Hague

There are 64 members of the Hague Agreement, including:

- United States of America, Japan, Republic of Korea
- A number of EU countries such as Spain, Finland, Germany, France and Denmark already have individual membership
- Turkey, Switzerland, Egypt, Montenegro, Norway

Title: Joining the Hague Agreement on Designs
IA No: BIS0351

Lead department or agency: Intellectual Property Office
Other departments or agencies:

Date: 20/12/2012
Stage: Final
Source of intervention: Domestic
Type of measure: Primary Legislation
Contact for enquiries: Mike.Foley@ipo.gov.uk

Summary: Intervention and Options

<table>
<thead>
<tr>
<th>Cost of Preferred (or more likely) Option</th>
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<tbody>
<tr>
<td>Total Net Present Value</td>
</tr>
<tr>
<td>£0.09m</td>
</tr>
</tbody>
</table>

What is the problem under consideration? Why is government intervention necessary?
The Hague agreement allows you to register design rights in any signatory country, through one application in one language. At present the UK is not a member, but the EU is, meaning firms can get protection in the UK via an EU application, but this is more costly than selecting the individual country. This disadvantages UK designers, specifically SME’s, as they are not able to use Hague to gain protection at home and in specific overseas markets through a single application. The only way to join the Hague agreement is through ratifying the treaty in Parliament, which is why government intervention is needed.

What are the policy objectives and the intended effects?
The objective is to enable designers, particularly SME’s, to take full advantage of the flexibilities and economies of using Hague registrations to gain protection at home and in important overseas markets. As a result, firms should be able to save money on design registrations, be able to protect their Intellectual Property more efficiently, and it should encourage non-UK owners of designs to register their rights in the UK for basing manufacturing, distribution or licensing of their intellectual property.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing
Option 2: Join the Hague Agreement.
The chosen option is option 2. This will provide non-UK firms and UK business with enhanced opportunities to protect their intellectual property.

Consultation found that the consensus of respondents were in favour of independent membership, which will increase flexibility for UK applicants and harmonise our approach with the EU.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2018

Does implementation go beyond minimum EU requirements? No

Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.

<table>
<thead>
<tr>
<th>Micro</th>
<th>&lt; 20</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
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<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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</table>

What is the CO2 equivalent change in greenhouse gas emissions? (Million tonnes CO2 equivalent)

<table>
<thead>
<tr>
<th>Traded:</th>
<th>Non-traded:</th>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
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</table>

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible : SELECT SIGNATORY ........................................... Date: .................................
**Summary: Analysis & Evidence**

**Policy Option 2**

**Description:** Joining the Hague Agreement on Designs

**FULL ECONOMIC ASSESSMENT**

<table>
<thead>
<tr>
<th>Price Base Year</th>
<th>PV Base Year</th>
<th>Time Period Years</th>
<th>Net Benefit (Present Value (PV)) (£m)</th>
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<tbody>
<tr>
<td>2009</td>
<td>2009</td>
<td>10</td>
<td>Low: 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>High: 0.25</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Best Estimate: 0.09</td>
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</table>

**COSTS (£m)**

<table>
<thead>
<tr>
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<th>Total Transition</th>
<th>Average Annual (excl. Transition)</th>
<th>Total Cost (Present Value)</th>
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<tbody>
<tr>
<td>Low</td>
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<td>0.000</td>
<td>0</td>
</tr>
<tr>
<td>High</td>
<td>0.000</td>
<td>0.029</td>
<td>0.247</td>
</tr>
<tr>
<td>Best Estimate</td>
<td>0</td>
<td>0.010</td>
<td>0.085</td>
</tr>
</tbody>
</table>

**Description and scale of key monetised costs by ‘main affected groups’**

There will be no IT transition cost to the Intellectual Property Office from implementing Hague compliant software as the office is already undertaking an update and there will be no additional costs as a result of this proposal.

**Other key non-monetised costs by ‘main affected groups’**

We have not identified any other costs as the system will be opt-in and firms would only choose to register through Hague if they felt it was better than the available national registration.

**BENEFITS (£m)**

<table>
<thead>
<tr>
<th></th>
<th>Total Transition</th>
<th>Average Annual (excl. Transition)</th>
<th>Total Benefit (Present Value)</th>
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</thead>
<tbody>
<tr>
<td>Low</td>
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<td>0.000</td>
<td>0.000</td>
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<tr>
<td>High</td>
<td>0.000</td>
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<td>0.247</td>
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<tr>
<td>Best Estimate</td>
<td>0.000</td>
<td>0.010</td>
<td>0.085</td>
</tr>
</tbody>
</table>

**Description and scale of key monetised benefits by ‘main affected groups’**

The direct cost saving for firms in switching from available EU registrations to European bundles with fewer countries would be between £0 and £109 per application. Additional applications are expected to the Hague system as a result of joining, which on average are 95 per annum in the low estimate and 274 per annum in the high. See page 5 for applications, and page 6 for costs.

**Other key non-monetised benefits by ‘main affected groups’**

There will be savings to firms from simplifying the management of multiple nation registration into one, and benefits to firms who will be able to access a simpler European design registration system for picking individual nation protection. Being able to select specific countries, particularly the UK, rather than being forced into EU wide protection reduces the risk of conflict with other designers and the loss design protection, and leaves protection open for legitimate design protection for others.

**Key assumptions/sensitivities/risks**

We assume that Hague applications from the UK would follow the number of applications from other similar European signatories who have joined in the last 10 years, scaled up by the size of the economy; see page 6. We expect the benefits to firms to outweigh the costs accruing to government, with no net costs to firms from this opt-in scheme. Consultation suggests that more businesses would use the international registration system if you could include the UK in an application.
BUSINESS ASSESSMENT (Option 2)

<table>
<thead>
<tr>
<th>Direct impact on business (Equivalent Annual) £m:</th>
<th>In scope of OITO?</th>
<th>Measure qualifies as</th>
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</thead>
<tbody>
<tr>
<td>Costs: 0.000</td>
<td>Benefits: 0.009</td>
<td>Net: 0.009</td>
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</table>

Evidence Base (for summary sheets)

• Problem under consideration

The Hague System for the International Registration of Industrial Designs allows design rights to be registered in several countries with a single application, filed in one language and with one set of fees in one currency (Swiss Francs). The UK is not a national member of this agreement, but the EU is a member, so firms can only use the Hague system to apply for protection within the UK by selecting and paying for EU-wide protection.

This is a barrier to businesses, especially SMEs, who may wish to obtain design protection in the UK and a smaller bundle of countries than the whole EU, as EU protection is more expensive than selecting a few EU countries. With an EU application there is also a higher risk of challenge from other designers (or IP offices), who could argue that a design registration overlapped their existing rights. So while it is possible to get EU wide coverage through the Hague System, or registering an EU community design with the Office for Harmonisation of the Internal Market (OHIM), there is no simple way to register a smaller bundle of national rights which include the UK.

Getting a design registered through The Hague System is equivalent to getting domestic protection in each of the countries that are selected. There are currently 60 members of the system, which include the EU, Singapore, Switzerland and several Balkan, Central Asian and African members [7]. The Hague System also simplifies the management of registrations as all administration is handled through a single agency: The International Bureau of WIPO.

• Rationale for intervention

The EU became a member of the Hague Agreement on 1 January 2008. This provides the option of having a registration that covers the EU as a whole, or any of the 17 EU states that have individually signed up to the agreement. The UK is not a member in its own right, so is excluded from being included in country-specific applications.

Smaller businesses are unlikely to need EU wide design protection, or able to afford the considerably higher cost and risk that this would incur. They are more likely to require protection in the specific countries where they carry on business, but as the UK cannot be included in an application (called self-designation) firms must make, pay for, and manage a separate UK application with the UK Intellectual Property Office, in addition to any Hague application.

A similar position exists for non-UK business wishing to gain protection for their designs within the UK, which may well be denying opportunities for UK business to manufacture; distribute or license products of these foreign owned designs.

• Policy objective

The aim is to provide firms a direct route to gain UK protection for designs through this international mechanism. It is also intended that UK firms, especially SMEs, who wish to have registered designs across multiple countries can have a simpler method for managing their rights.

As of 2010 there were more than 25,000 live Hague designs (which last a number of years), and the 2,216 applications in 2010 signified a 30% rise in applications [reference 4, p.2], indicating the growing popularity of a system we think UK designers should have full access to.

• Description of options considered (including do nothing)

Option 1: Do nothing

Option 2: Join the Hague Agreement
Option 1: Do nothing

- Costs and benefits

There are no costs or benefits associated with not joining the Hague Agreement as it is the base case.

- Wider impacts

Following the review of Intellectual Property (IP) by Ian Hargreaves in May 2011 [1], the Government agreed that there was limited information on how important design rights were to growth, and whether the current design IP framework was meeting the needs of business [2]. The IPO issued a ‘call for evidence’ and an associated survey to acquire this information [3]. Responses to the ‘call’ confirmed that the IP framework around designs needed to be simplified and improved to make it more fully meet the needs of business.

Doing nothing risks failing to act on the evidence which suggests the current design protection is not optimal for firms.

Option 2: Join the Hague Agreement on designs

Option 2 would give the owner of a design the ability to use the Hague system to manage the protection of their designs in important markets, including the UK, through a single process. This would negate the need, cost and risks of having to take out EU-wide protection or making a UK domestic application alongside an application through the Hague system.

Independent membership of the Hague Agreement would highlight the UK’s commitment to IP Treaties and enable us to encourage further countries to sign up, thus, opening up further markets for UK business. By not joining we run the risk of the UK being excluded from a large and influential group which, in the long term, could be detrimental to UK users.

Making this possible will require a statutory change to primary legislation in order to recognise and enable use of the rights obtained through the Hague international system, and for the UK to officially sign the Hague agreement.

- Costs

IT system upgrade and use:

We do not expect that there will be any additional cost to the IPO from joining the Hague agreement in terms of updating IT systems, as IPO’s IT systems are already in the process of being updated to implement an e-filing system. The IPO’s IT department estimates that the total cost of £500,000 - £1,000,000 for full electronic case management in designs, but as this money is already being invested this proposal will have no impact on these costs.

Whether there would be any costs to the IPO in managing design activities under The Hague system will depend upon whether this is done wholly or in part by electronic means. Based on the IPOs experience with WIPOs equivalent to Hague applications in trade marks (the Madrid system) it is likely that information between WIPO and the IPO would be done electronically.

There would not be any transition costs from introducing the electronic filing system as the ability to electronically file designs will be part of a Cooperation Fund project with the Office for Harmonisation of the Internal Market (OHIM), fully funded by OHIM.

We have not been able to identify any other costs at this stage, as the system will be opt-in and firms would only choose to register through Hague if they felt it was better than the available national registration, the EU design right available through the European office responsible for granting design rights (OHIM), or an EU right from the Hague System.
Benefits

There are at least three benefits which we have identified, and had hoped to get the required information through the consultation to fully monetise. Unfortunately, respondents were unable to provide any tangible examples. A small minority confirmed that the work would be carried out by paralegals but nothing specific was received.

1. Savings to firms who want to register in a set of EU countries, including the UK
2. Saving to firms from managing a Hague registration
3. Benefits to UK firms from access to the Hague agreement

To estimate the benefits we need a prediction of how many Hague applications would be filed by UK designers. To get an estimate of this, we look at the application figures for the 12 European Countries which have joined the Hague System in the last ten years, before and after joining. Annex 1 provides the underlying data, and the main observations are that applications went from zero before joining to 10 in the second year for all countries, but from 8 to 30 on average for those countries with a GDP per capita similar to the UK. We approximate this as ten additional applications per year for the UK.

It is worth noting that these countries are Finland, Denmark and Norway, whose economies on average (in World Bank adjusted PPP dollars) together approximate to one third of the UK economy ($690bn to $2,200bn in 2010). We therefore scale the number up to reflect the size of the UK. This gives us an expected increase of 30 applications per annum. Given the uncertainty around this figure, we apply an error margin of 50% to get a low and high estimate. No specific estimations were provided by respondents to the consultation although no respondents commented that our estimated increase in applications was unrealistic. A number indicated that they or their clients would use the international route. Another commented that they would recommend it to clients and others felt that, on average, it would result in more registrations.

The UK already submits Hague applications, which is unlike ten of the countries that joined, so the UK starts from a higher base of applications. The UK filed 26, 16, 30 and 29 applications in the years 2008, 2009, 2010 and 2011. This is a relatively static number so we set a baseline for applications at the average from these four years: 25.

These are quite uncertain projections as we do not have the recent experience of other large European economies, such as Germany or France who filed 584 and 241 Hague applications in 2011. Given this, we impose an upper bound for our high estimate of 412 which is the average of the two. This provides the base from which we do our cost-benefit analysis:

<table>
<thead>
<tr>
<th></th>
<th>Yr 0</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
<th>Yr 6</th>
<th>Yr 7</th>
<th>Yr 8</th>
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</tbody>
</table>

At present the IPO receives an average of 3,500 design applications per year [5]. We expect the Hague applications to be, on average, between 95 and 274 applications over ten years, so they would make up between 3% and 8% of the total domestic applications.

1. Savings to firms who want to register in a set of EU countries, including the UK

For firms that do not take out EU wide registration of their design rights, the cost of registering with a bundle of EU countries, including the UK, would be cheaper than any EU-wide right available. So the issue is how many firms would substitute the EU wide rights offered through OHIM or the Hague, and what that saving would be.
If firms wish to have a smaller bundle of countries there would be a saving from getting a Hague registration with UK as a designated country. The current system sets a price depending on the number of designs within each application and the number of countries protection is sought for.

The cost of registering is however different, depending on the number of countries you wish to register in, and the amount of designs within an application. Below we consider the ‘average’ Hague application which has 3 designs and designates an average of 5 territories – with 70% of them designating the EU as one of those territories at present [4].

The cost of acquiring coverage in five territories, including the EU, would be between £587 and £847. But firms, who take out UK protection today, as part of a bundle, pay marginally more (meaning £2 more, with a range from £589 to £849; See Annex 2 for detailed calculations).

Today’s UK fee for registering three designs is £140, but the fee to designate the UK through a Hague application would be £93, so there would be a saving of £47 for firms who switch from EU wide Hague registrations, and £109 for firms already using UK design rights as part of a national bundle.

Firms choosing to register EU designs also have the option to file with OHIM who grant a Registered Community Design, so rational firms would be switching out of either Hague or OHIM applications. The cost of the ‘average’ registration would be €460 for three designs, and an additional €240 in publication fees [6, p.6]; totalling €700, or £583 (at a 1.2 €/£ exchange rate, which is the average rate to date in 2012).

The cost of an ‘average’ design application which includes the UK

<table>
<thead>
<tr>
<th>Current prices</th>
<th>After joining Hague</th>
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</thead>
<tbody>
<tr>
<td>OHIM EU coverage</td>
<td>Hague EU coverage</td>
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<tr>
<td>Low</td>
<td>£583</td>
</tr>
<tr>
<td>High</td>
<td>£583</td>
</tr>
</tbody>
</table>

Given our predicted annual Hague applications from the UK, we multiply the firm savings by the applications to get a low, central and high estimate of the benefit to firms. We use the ‘high’ cost range from £0 to £109 in savings, and take the average (£54.50) as the best estimate. This gives us a direct cost saving to firms choosing to take out Hague registrations as:

<table>
<thead>
<tr>
<th>Yr 0</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
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<tbody>
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<td>£0</td>
<td>£0</td>
<td>£0</td>
</tr>
<tr>
<td>High</td>
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<td>£18,857</td>
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<td>£38,477</td>
<td>£43,382</td>
<td>£44,908</td>
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</table>

In order to get a better estimate of the potential savings to UK firms, we would need to establish if firms wish to register designs as bundles, if they already do so, and if they would switch out of OHIM or other Hague applications. However many of the respondents were unable to provide a specific answer, as they pointed out it would depend on individual circumstances and whether, or not, the registration was part of a larger project.

2. Saving to firms from managing a Hague registration

Joining The Hague agreement would create savings as firms would not need to manage multiple applications to gain the desired registration coverage. They would also save any translation fees, notary fees and other fees. One legal firm who we consulted with informed us that national filing maintenance for six countries would be £1,500 plus £500 for each national agent, adding up to £7,500. To maintain the same set of registrations through The Hague would cost £500, so there is scope for firm savings.
There would be a time saving if firms wish to register in the UK and have a Hague registration for the EU or other Hague Agreement signatories. We know that UK designers are quite active outside of the EU, and as more countries join the Hague Agreement, in particular, the US, China and Korea, it is likely that the number of countries in an application will increase. Whilst part of the argument for joining Hague is lower fees – it is just as much to simplify registration at home and overseas, the need for translation of documents, and being able to manage a single registration wherever it extends.

We have not been able to quantify the cost to firms of filing a UK application and maintaining it, as we would need to know how many firms this would be relevant to before estimating the total benefit. We expect that there will be a significant monetised benefit; however we do not currently have figures for this. In the consultation we asked:

“How many hours per year do you spend:
- Renewing a UK design registration where there is a corresponding Hague registration?
- Making changes to a UK design registration where there is a corresponding Hague design registration?
- What level of staff conducts this work?”

Respondents to the consultation were unable to provide actual costings in respect of the questions above, although some answered that paralegals carried out the work, another that the work would be carried out at an appropriate level and one suggested a few minutes every few years.

Going the EU-wide route runs a significant risk of a challenge from other designers (or IP offices) which could lose all design protection. Also, we would not want to encourage wider registration than needed; as this excludes others from entering the market. Joining Hague (and encouraging others to do so) would therefore increase choice for designers and lower risks as well as costs.

3. Benefits to UK firms from access to the Hague agreement

Looking at comparable countries like Germany or France, UK designers currently make very little use of The Hague system in protecting their designs overseas, with only 20-30 applications filed each year. Other countries which have joined the Hague agreement have seen a rapid increase in the use of the system, which suggests that UK companies under-utilise the system at present.

Larger companies obtaining EU wide protection by applying through the Hague system incur lower basic application fees than if they had made an application for an EU community design with OHIM.

Smaller companies with more limited markets do not want such broad protection, and by not being able to designate their home UK market may be deterred from using the Hague system because they see little benefit in doing so. That may either be because they are incurring the costs of making domestic applications in overseas markets, or may not be protecting their designs through registration.

Micro-businesses are likely to have the most limited requirements for protection in overseas markets. If they opted to get registered protection at all this would certainly include their home UK market. If the only option is to go EU wide there is every reason to expect they would elect not to protect their designs through registration.

In order to be able to gather evidence on this assumption that there will be a motivational benefit to UK being a member of Hague we asked in the consultation to allow us to understand if there will be further monetisable benefits to joining the Hague system, and identify clearly the scale of the non-monetised benefit from making the UK a national choice.

“Do you register your designs outside of the UK?”
- If yes, do you do this through the international Hague registration system, or by applying separately in each country?"

“If you could include the UK in an application through the international Hague registration system, would you be more likely to register your designs overseas?”

Consultation responses showed that a number of respondents filed through both the Hague registration system and independently depending on where protection was sought. One respondent felt that the need to file separately in different countries may change if the US, Japan, China, and/or South Korea joined the Hague. We were not able to monetise these benefits and do not consider it to be proportionate to do so given that registering with the Hague is optional.

In respect of filing designs overseas a number of respondents to the consultation indicated that they or their clients would use the international route. Another commented that they would recommend it to clients and others felt that, on average, it would result in more registrations.

• Risks and assumptions

We are assuming that UK firms would make more use of the Hague agreement route if they could choose to include protection for their designs in the UK, but will be testing this assumption at consultation.

• Direct costs and benefits to business calculations (following OITO methodology)

Joining The Hague System requires the UK to ratify a treaty which the UK was not previously a signatory to and so this would be an additional piece of regulation. The net impact on business would however be positive, so we have classified this opt-in measure as a Zero Net Cost policy.

• Wider impacts

This is part of the Government’s commitment to simplify the design IP framework as suggested in the Hargreaves Review [1] and accepted by the Government [2].

• Summary and preferred option with description of implementation plan

Our chosen option is option 2, joining the Hague agreement to allow UK designers better access to design right protection.

Evaluation

A full evaluation strategy and Post Implementation Review is being developed for the introduction of the Hargreaves recommendations. The Post Implementation Review will detail the benefits associated with the introduction of the design reforms and will include input from external stakeholders. The plan will also set out how and when the benefits will be measured, which will depend on the type of benefit, as some benefits will be measured by applications and take-up that can be measured from the first year of operation, whereas others will depend on information that will take several years. The evaluation strategy will set out the activities that will be undertaken in order to evaluate the policy, drawing on management information collected through the design system, as well as research that is commissioned in order to measure the benefits.

The main source of data available for evaluation will be collated using industry figures. These statistics, alongside other management information on the operation of the system will be used by Government to assess the impact of the design reforms, including assessing whether benefits have been achieved and how policy or operations can be developed to realise benefits more effectively.
• References
ANNEX 1 – Hague applications from European Countries that joined Hague

The data below provides the Hague applications filed by each European country that joined the Hague Agreement in the last ten years, sorted by the GDP per capita, adjusted for purchasing power parity. The shadowed boxes indicate years where countries are signatories to the Hague agreement.

<table>
<thead>
<tr>
<th>Joined Hague</th>
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<th>02</th>
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<td>20</td>
<td>47</td>
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</table>

Applications, by country of origin and contracting state, sorted by year of joining: Sorting the countries by GDP per capita, and looking at the average number of applications, they appear to be higher for the top 3 income nations on average than for the rest of the countries.

<table>
<thead>
<tr>
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<th>Country of origin</th>
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<th>-3</th>
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</tbody>
</table>

Average: 0 0 1 1 2 5 10 5 7 12 23 10
Top 3 income: 0 0 5 5 8 13 30 11 18

ANNEX 2 – An overview of Hague System fees:

1. Hague has a tiered structure of fees, some standard, others that are optional to reflect the level of work carried out by a national office.
   
i. There is a basic fee of £275 for an application for a single design.
   
   ii. A further £12 will be payable for each subsequent design added.
   
   iii. A “publication” fee of £13 is payable for the 2nd and each subsequent design.

   For the average design application (3 designs) this makes the Hague fee:
   
   1 x £275
   
   2 x 12 = £24
   
   2 x £13 = £26

   Before adding any countries the fees will be around £325

2. A “standard” fee of £31, £70 or £96 will be payable for each country added to the application, the amount depending on how in-depth the examination carried out is (only 6 of the 60 members have fees above the bottom tier). Individual countries can also set their own fees (the EU has taken this option) which cannot be higher than domestic fees.

   For the average “design” application with 1 image, to be registered for one country, the fees would range from £356 to £421.

   Around 70% of all applications under the Hague system take protection in the EU as a whole. Based on an “average” design application designating the EU bloc (at present the only way to get protection in the UK via the Hague system) the fees would be:
   
   1 x “basic” fee £325
   
   3 x £46 (EU fee) £138

   Total fees for EU wide registration will be around £463

3. The average number of countries selected in an application is 5, so the most “common” application (includes the EU) taking the “average” number of countries (5) for the average number of designs (3) the fees would be:
   
   1 x “basic” fee £325
   
   3 x EU fee (£46) £138
   
   4 x Countries (£31/£96) £124 – £384

   Total fees would be £587 - £847

4. If the EU was not selected in a Hague application (which is most likely to be the case with SME’s) but protection is still needed in the UK, a UK domestic application would have to be made. A comparable UK application costs £60 for the first design and £40 for each subsequent design.

   The cost of getting the average application (5 countries for 3 designs) would come in at:

   Hague Basic” fee £325
   
   4 x Countries (£31/£96) £124 – £384
   
   UK 1 (first design) £60
   
   2 (2 + 3 design) £80

   Total fees would be £589 -£849
5. If the UK could be designated in a Hague application and took the “standard” Level one fee of £31 (we do not do an in-depth examination) the fees would be:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hague Basic fee</td>
<td>£325</td>
</tr>
<tr>
<td>5 x Countries (£31/£96)</td>
<td>£155 - £415</td>
</tr>
</tbody>
</table>

Total fees would be £480 - £740 representing a saving of:
- £109 on the Hague + UK domestic route, and
- £107 on the Hague including EU route
Annex D

Draft Order laid before Parliament under section 15ZA of the Registered Designs Act 1949, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

201* No. XXXX

DESIGNS

The Designs (International Registration of Industrial Designs) Order 201*

Made - - - - ***

Coming into force - - ***

The Secretary of State makes this Order in exercise of the power conferred by section 15ZA of the Registered Designs Act 1949(1).

In accordance with section 37(4B) of the Registered Designs Act 1949, a draft of the Order has been laid before and approved by resolution of, each House of Parliament.

Citation, commencement and extent

1.— This Order may be cited as The Designs (International Registration of Industrial Designs) Order 201* and comes into force on [xxxx].

[This Order has the same extent as the Registered Designs Act 1949].

Interpretation

2. In this Order—

“the 2006 Rules” means the Registered Design Rules 2006(2);
“the RDA” means the Registered Designs Act 1949 and “section” means a section of that Act;
“Common Regulations” means the regulations made under Article 24 of the Geneva Act as in force on 1st January 2015;
“Geneva Act” means the Geneva Act of the Hague Agreement concerning the international registration of industrial designs adopted by the diplomatic conference on 2nd July 1999;
“holder” means the person in whose name an international registration is recorded in the international register;
“International Bureau” means the International Bureau of the World Intellectual Property Organisation;
“international register” means the register of industrial designs maintained by the International Bureau for the purposes of the Geneva Act;
“international registration” means a registration of a design in the international register;
“protected international registration UK” means an international registration which is the subject of a request for international registration UK and which is protected in accordance with section [ ] and references to “protection” and

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1 1949 c.88; section 15ZA was inserted by section 8(1) of the Intellectual Property Act 2014 (c.18).
2 S.I. 2006/1975
“protected” shall be construed accordingly;
“request for international registration UK” means a request that an international registration have effect in the UK;
“specified” means specified under the Common Regulations.

**International registration designating the UK**

3.— (1) This article applies where the International Bureau has, pursuant to the Geneva Act and the Common Regulations, published a request for international registration UK on the international register.

(2) Subject as follows, from the effective date the design which is the subject of the request for international registration UK is protected under the RDA as if it had been registered pursuant to an application made under the RDA.

(3) In paragraph (2), “the effective date” is the date on which, pursuant to the Geneva Act and the Common Regulations, the protected international registration UK is to be treated as having the same effect in the UK as a registration of a design pursuant to an application made under the RDA.

(4) Prior to the effective date, a request for international registration UK confers on its holder the same rights as if the design which is the subject of the international registration were the subject of an application under the RDA.

(5) The effect of anything done in relation to a protected international registration UK pursuant to the Geneva Act and the Common Regulations is to be recognised under the law of the UK.

(6) The provisions of the RDA (except those listed in Schedule 1, Part 1) and the 2006 Rules (except those listed in Schedule 1, Part 2) apply to a protected international registration UK and a request for international registration UK with the following modifications:

(a) references to a registered design shall include references to a protected international registration UK;

(b) references to a proprietor of a registered design shall include references to the holder of a protected international registration UK;

(c) references to an application for registration of a design shall include references to a request for international registration UK;

(d) references to an applicant for registration shall include references to the applicant of a request for international registration UK;

(e) references to registration of a design shall include the conferring of protection to a request for international registration UK;

(f) references to the register are to the international register;

(g) the modifications set out in Schedule 2; and

(h) such further modifications as the context requires for the purpose of giving effect to those provisions as applied by this Order.

**Communication of information to the International Bureau**

4. Notwithstanding any other enactment or rule of law, the registrar may communicate to the International Bureau any information which the UK is required to communicate by virtue of this Order or pursuant to the Geneva Act or Common Regulations.
Review

5. — The Secretary of State must from time to time—

(a) carry out a review of this Order;

(b) set out the conclusions of the review in a report; and

(c) publish the report.

(2) The report must, in particular—

(d) set out the objectives intended to be achieved by the UK’s accession to the Geneva Act;

(e) assess the extent to which those objectives are achieved; and

(f) assess whether those objectives remain appropriate.

(3) The first report under this article must be published no later than 5 years after the date of the coming into force of this Order.

(4) Reports under this article are afterwards to be published at intervals not exceeding 5 years.

[Signature]
Name
Parliamentary Under Secretary of State for Business, Innovation and Skills

[Signature]
Date
Department for Business, Innovation and Skills
SCHEDULE 1

PROVISIONS OF THE RDA WHICH DO NOT APPLY TO PROTECTED INTERNATIONAL REGISTRATIONS UK OR REQUESTS FOR INTERNATIONAL REGISTRATION UK

Part 1

section 3 (application for registration)

section 3A(2) (determination of applications for registration)

section 3B (modification of applications for registration)

section 3C(2) (date of registrations of designs)

section 3C(3) (date of registrations of designs)

section 5 (provisions for secrecy of certain designs)

section 8A (restoration of lapsed right in design)

section 8B (effect of order for restoration of right)

section 11 (cancellation of registration)

section 11ZD (modification of registration)

section 15B(2) (assignment, &c of registered designs and applications for registered designs)

section 17 (register of designs, etc)

section 18 (certificate of registration)

section 19 (registration of assignments, etc)

section 21 (power to correct clerical errors)

section 22 (inspection of registered designs)

section 31A(1)(a) (power to require to use forms)

section 36(1A)(ab) (general power of Secretary of State to make rules, etc)
Part 2

registered designs rule 4 (applications)
registered designs rule 5 (formal requirements)
registered designs rule 6 (partial requirements)
registered designs rule 10 (time limits under section 3(5) and section 3B)
registered designs rule 11 (publication)
registered designs rule 12 (extension of duration of right in registered design)
registered designs rule 13 (restoration of a lapsed right in a design under section 8A)
registered designs rule 14 (cancellation of registration)
registered designs rule 26 (certificate of registration)
registered designs rule 27 (registration of interests)
registered designs rule 28 (inspection of register, representations and specimens)
registered designs rule 29 (inspection of documents)
registered designs rule 31 (information about rights in registered designs)
registered designs rule 32 (copies of entries in, or extracts from, the register)
registered designs rule 34 (alteration of name or address)
registered designs rule 35 (notice of rectification on the register)
MODIFICATIONS TO PROVISIONS OF THE RDA APPLIED TO PROTECTED INTERNATIONAL REGISTRATIONS UK AND REQUESTS FOR INTERNATIONAL REGISTRATION UK

1. In section 3A (determination of applications for registration)—
   (a) in subsection (3), omit “section 3(2) or (3) or”;
   (b) after subsection (4) insert—
      “(5) Where the registrar refuses a request for international registration UK, the registrar must notify the International Bureau in accordance with Article 12 of the Geneva Act and Rule 18 of the Common Regulations.”

2. In section 3C (date of registrations of designs), for subsection (1) substitute “A protected international registration UK shall be protected as of the date notified in the statement of grant of protection under Rule 18bis of the Common Regulations”.

3. In section 8 (duration of right in registered design), for subsections (2) and (3) substitute—
   “(2) The period for which the right subsists may be extended for a second, third, fourth and fifth period of five years, by applying to the International Bureau, in accordance with the specified procedure and subject to the payment of the specified fees.
   (3) If the first, second, third or fourth period expires without such application and payment being made, the protected international registration UK shall cease to have effect”

4. In section 11ZA(1B) (grounds for invalidity of registration), after “3B(2)” omit “,(3)”.

5. In section 14 (registration of design where application for protection in convention country has been made), after subsection (4) insert—
   “(5) The manner of claiming priority shall be determined in accordance with Article 6 of the Geneva Act and the Common Regulations.”

6. In section 15B (assignment, &c of registered designs and applications for registered designs), for subsection (1) substitute “A protected international registration UK is transmissible by assignment, testamentary disposition or operation of law in the same way as other personal or moveable property.”

7. In section 36 (general power of Secretary of State to make rules, etc), in subsection (1A)(a) omit “requiring the furnishing of copies of such representations or specimens of designs or other”.

8. In section 40 (fees), omit “the registration of designs and applications therefore, and in respect of other”.

SCHEDULE 2

Article 3(3)(g)
EXPLANATORY NOTE
(This note is not part of the Order)

This Order is made by the powers conferred under section 15ZA of the Registered Designs Act 1949 (‘RDA’) and gives effect in the UK to the provisions of the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs. The Geneva Act, which was adopted on 2nd July 1999 and entered into force on 23rd December 2003, allows designers to obtain design protection in a number of countries through a single international registration. The text of the Geneva Act is available electronically from [www.wipo.int/hague/en/legal_texts].

As a result of the UK’s accession to the Geneva Act, it will be possible for existing holders of an international registration under that Act or first-time applicants for an international registration to apply for protection of their designs in the UK under the RDA. An international registration designating the UK has, from the date of its protection in the UK, the same effect as an application for a registered design in the UK.

[Impact assessment]