

# **Application by the Institute of Trade Mark Attorneys to Amend the Trade Mark & Design Litigator Certificate Regulations 2005**

A report by the Office of Fair Trading to the Ministry of Justice on the likely competition effects of the Institute of Trade Mark Attorneys application to replace the Trademark & Design Litigator Certificate Regulations 2005 with the Trade Mark Litigator and Trade Mark Advocate Certificate Regulations 2009

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# 1 INTRODUCTION

1.1 The advice below concerns the application made by the Institute of Trade Mark Attorneys ('ITMA') to make modifications to the Trade Mark & Design Litigator Certificate Regulations 2005 ('the 2005 Regulations') and to replace these with the Trade Mark Litigator and Trade Mark Advocate Certificate Regulations 2009 ('the 2009 Regulations'). This advice is given on the basis of the following:

- Information provided by the Ministry of Justice ('MoJ') to the Office of Fair Trading ('OFT') in a letter dated 6 March 2009
- A copy of the 2009 Regulations, showing tracked changes made to the 2005 Regulations and incorporating an explanatory commentary written by ITMA
- A copy of the 2005 Regulations
- A copy of a paper entitled *Proposals for the provision of Training and Assessment submitted by Nottingham Law School* dated 16 September 2008 which was sent by the MoJ to the OFT via an email dated 22 April 2009, and
- Responses by ITMA to the OFT's questions, in emails dated 11, 14, 21 and 22 May 2009.

1.2 ITMA regulates its members who provide advice and assistance to clients regarding the protection, enforcement and exploitation of trade marks and designs.

1.3 Under the Courts and Legal Services Act 1990 ('CLSA90') Section 29 and Schedule 4 (as substituted by Schedule 5 of the Access to Justice Act 1999) ITMA must make an application to the Secretary of State for Justice if it wishes to modify the 2005 Regulations.

1.4 Under Section 29 and Schedule 4 of the CLSA90 if a body authorised to grant rights of audience or rights to conduct litigation makes an alteration to its qualification rules or rules of conduct the alteration shall

not have effect unless approved by the Secretary of State. The Secretary of State may seek the advice of the OFT who shall consider whether the proposed alterations would have or be likely to have any significant effect on competition within the legal services market.

1.5 In its letter of 6 March the MoJ states that the main aims of ITMA in introducing the 2009 Regulations are to improve accessibility to litigator and advocate qualifications in order to meet the needs of the profession and consumers and to improve the operational efficiency of ITMA's Litigators Accrediting Board ('LAB'). The principal means by which it intends to achieve these goals are:

- To introduce separate litigator and advocate certificates instead of one certificate which permits holders to provide both litigation and advocacy services
- To modify the academic content and enrolment requirements of litigation and advocacy courses
- To modify the experience requirements for obtaining certificates, and
- To modify the provisions relating to the composition of the LAB.

1.6 I am authorised by the Office of Fair Trading under paragraph 12 of Schedule 1 of the Enterprise Act 2002, to carry out competition scrutiny of the proposed alterations as required by the provisions of the CLSA (as amended) set out above.

1.7 For the reasons discussed in the following paragraphs the OFT believes that the changes that will occur as a result of granting ITMA's application to replace the 2005 Regulations with the 2009 Regulations will not have or be likely to have any significant effect on competition

for litigation and advocacy services relating to trade marks and designs for court proceedings.<sup>1</sup>

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<sup>1</sup> For the purposes of this advice the relevant court forums are those listed in paragraph 3 of the 2005 Regulations and paragraphs 3 and 4 of the 2009 Regulations. Examples are the Chancery Division of the High Court and the County Courts.

## 2 MARKET BACKGROUND

- 2.1 ITMA currently has 500 practicing members. Qualified members of ITMA provide clients with advice and assistance in the protection, enforcement and exploitation of trade marks and designs. None of the services provided by ITMA members are reserved solely to them.
- 2.2 Members who obtain the relevant certificates under the 2005 and 2009 regulations respectively are able to provide litigation and advocacy services in court proceedings. ITMA has informed the OFT that in the market for the provision of these services they compete with solicitors, barristers and other legal professionals.
- 2.3 ITMA's website shows that currently only 29 of its members are qualified to provide litigation and advocacy services.<sup>2</sup> By comparison the Intellectual Property Bar Association has over 100 members<sup>3</sup> and there are numerous law firms who undertake such work.<sup>4</sup>
- 2.4 This information supports ITMA's belief that its members' litigation and advocacy services provide a small share of this market. This makes it unlikely that the proposed changes introduced by the 2009 Regulations would have a significant effect on competition for litigation and advocacy services relating to trade marks and designs in court proceedings.

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<sup>2</sup> [http://www.itma.org.uk/careers/litigators\\_rights/list\\_o\\_litigators](http://www.itma.org.uk/careers/litigators_rights/list_o_litigators)

<sup>3</sup> <http://www.ipba.co.uk/members.doc>

<sup>4</sup> <http://www.chambersandpartners.com/search.aspx?pcd=1>

### **3 SEPARATE TRADE MARK LITIGATOR AND ADVOCATE CERTIFICATES**

- 3.1 Paragraph 2 of the 2005 Regulations defines the Trade Mark & Design Litigator Certificate ('TMDLC'). By comparison paragraph 2 of the 2009 Regulations defines both the Trade Mark Litigator Certificate ('TMLC') and the Trade Mark Advocate Certificate ('TMAC').
- 3.2 Paragraph 3 of the 2005 Regulations stipulates that those who possess a TMDLC have rights to conduct litigation and rights of audience. Paragraph 3 of the 2009 Regulations stipulates that rights to conduct litigation will be granted to individuals that hold a TMLC. Paragraph 4 of the 2009 Regulations stipulates that individuals holding a TMAC will be granted rights to conduct litigation and rights of audience.
- 3.3 Under the 2005 Regulations members of ITMA must obtain rights to conduct litigation and rights of audience at the same time. Under the 2009 Regulations a member has the choice of either obtaining rights to conduct litigation and rights of audience at the same time or obtaining rights to conduct litigation only and choosing to obtain rights of audience at a later date or not at all.
- 3.4 Members of ITMA who are entitled to hold TMDLCs under the 2005 Regulations on the day that the 2009 Regulations come into force will be deemed to be entitled to hold the Trade Mark Advocate Certificate. This provision will ensure that all ITMA members who are currently able to provide litigation and advocacy services will still be able to do so once the 2009 Regulations come into force.
- 3.5 These changes will allow ITMA members to offer litigation services without having to seek an advocacy qualification. The OFT believes that the introduction of these changes may lead to an increase in the number of ITMA members who are able to offer litigation services and as such will increase competition within the market for litigation services relating to trade marks and designs.

## 4 WITHDRAWAL OF CRASH COURSES

- 4.1 The 2005 Regulations enabled TMDLCs to be granted to certain categories of members <sup>5</sup> who were eligible to undertake a shortened 'crash' course. This was a temporary provision.
- 4.2 ITMA claims that there are likely to be few, if any, potential candidates seeking this route to qualification, and that in some years it is not viable to run the course.
- 4.3 The 2009 Regulations contain no comparable provision and ITMA has confirmed that the practice of offering crash courses is to be discontinued under the 2009 Regulations.
- 4.4 This amendment does restrict access to qualification, which in turn could lead to a reduction in the number of ITMA members who are able to provide litigation and advocacy services. However due to the low numbers seeking entry through this route the OFT believes that the withdrawal of this provision will not have or be likely to have a significant effect on competition for litigation and advocacy services relating to trade marks and designs for court proceedings.
- 4.5 It should be noted that while the OFT understands that ITMA may not wish to run a course if there is not enough interest from its member to justify the course being run, we do not see this as a rational for removing the clause which permits crash courses to be offered.

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<sup>5</sup> Those who have been registered Trade Mark Agents for at least three years and are fellows or ordinary members of ITMA.

## 5 CHANGES IN NECESSARY EXPERIENCE

- 5.1 Under both the 2005 Regulations and the 2009 Regulations in order to be granted certificates candidates must obtain 'necessary experience'.
- 5.2 Under paragraph 4.1(b)(iii) of the 2005 Regulations, in order to be granted a TMDLC, a candidate has to undertake a minimum of six months experience under the supervision of a person who has a TMDLC, a person who holds a litigator certificate granted by the Chartered Institute of Patent Agents or a solicitor holding a valid practising certificate.
- 5.3 Under paragraph 6.1(a) and Schedule 1 of the 2009 Regulations in order to be granted a TMLC a candidate must:
- Have had regular exposure to contentious work<sup>6</sup> over a period of at least 6 months under the supervision of a person having the right to conduct litigation in a forum<sup>7</sup> covered by the 2009 Regulations.
  - Be able to provide evidence that during this time they gained relevant experience through involvement in, or structured observance of, the conduct of contentious proceedings in a court forum to which the rights of representation granted by the 2009 Regulations apply for a period likely to be at least 6 working days.
  - Keep a training record, which will be presented to the LAB and certified by the person who is supervising their training, with that person confirming that proper training has been received and that the necessary skills have been acquired.
- 5.4 Under Paragraph 7.1(b) and Schedule 2 of the 2009 Regulations in order to be granted a TMAC a candidate must:

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<sup>6</sup> Examples of contentious work are included in schedule 1 of the 2009 Regulations.

<sup>7</sup> For the purposes of this advice we assume that ITMA is referring to the court forums listed in paragraphs 3 and 4 of the 2009 Regulations.

- Obtain the experience listed in schedule 1 if they do not already hold a TMLC.
- Have had regular exposure to advocacy experience<sup>8</sup> over a period of at least 6 months.
- Be able to provide evidence of relevant experience gained through involvement in or structured observance of the conduct of oral advocacy in contentious proceedings before the United Kingdom Intellectual Property Office or a court forum to which the rights of representation granted under the 2009 Regulations apply spanning a period of probably at least 6 days.
- Keep a training record, which will be presented to the LAB.

5.5 The OFT considers that both schedules 1 and 2 of the 2009 Regulations are drafted in such a way so as to give the LAB a wide discretion when determining what experience should be taken into account and which requirements should be met when deciding whether or not to grant TMLCs and TMACs.

5.6 Under the 2009 Regulations the LAB may, upon a candidate presenting his/her training record, ask for further information to be supplied in support of the candidates application or stipulate further experience which may be required.

5.7 The OFT believes that where a body such as the LAB exercises discretion it must exercise this discretion in a transparent manner by using appropriate criteria. This may be achieved by naming the criteria for deciding whether the experience is suitable, by ensuring that these are proportionate, non-discriminatory and based on objective standards, and by providing reasons where the LAB has found the experience unsuitable.

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<sup>8</sup> Examples of activities which will give an individual experience of advocacy are included in Schedule 2 of the 2009 Regulations.

- 5.8 The new provision that members must obtain at least 6 days of court experience constitutes an increase in requirements. However it is unclear whether this requirement will deter entry given that that it is sufficient for candidates to observe, as opposed to participate in, court proceedings and most courts and tribunals are open to the public.
- 5.9 ITMA has confirmed that under the 2009 Regulations where an individual is trying to obtain a TMAC and has not already been granted a TMLC then it will be possible for them to use one 6 month period as relevant experience for the purposes of both schedules provided that the candidate obtains appropriate experience to satisfy the requirements of both schedules. Similarly the same 6 days of involvement in or observance of court proceedings can be used to satisfy the requirements of both schedules.
- 5.10 Where an ITMA member decides to obtain the TMLC first and then the TMAC at a later date separately then he/she may have to obtain a separate 6 month period of general experience and 6 day period of court proceedings experience in order to obtain each certificate subject to the discretion of the LAB. These requirements are more onerous than those specified under the 2005 Regulations.
- 5.11 However the provisions as to whom may supervise candidates obtaining litigation experience will allow a broader range of professionals to act as supervisors than under the 2005 Regulations. The OFT believes that allowing a broader range of professionals to act as supervisors will make it easier for candidates to obtain experience. ITMA has also informed the OFT that under the 2009 Regulations candidates will not have to be supervised whilst obtaining advocacy experience.<sup>9</sup>
- 5.12 The OFT recognises the importance of ensuring that the level of education and training to obtain a TMLC or TMAC is sufficiently high in

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<sup>9</sup> ITMA has informed the OFT that the inclusion of the section of schedule 2 which specifies that a candidate must have their training record certified by 'the person supervising their training' was a drafting error.

order to adequately protect consumers of legal services. However, where experience requirements are set too high this will have the effect of unnecessarily restricting entry to the profession thereby impeding competition. Greater competition in the provision of legal services is in the interest of consumers and efficient legal services providers, as long as adequate safeguards are in place.

- 5.13 In order to ensure that consumers of legal services and efficient service providers are not unnecessarily denied the benefits of competition, the right balance must be struck between requiring levels of training which are sufficient to ensure competence and imposing unnecessarily stringent requirements which have the effect of restricting entry to the profession.
- 5.14 The OFT's position on entry requirements is summarised in our 2001 Report on Competition in Professions ('the 2001 Report').

'The openness of markets to new entrants is important to effective competition. This does not mean that requirements to pass a test or pay a subscription are never permissible under competition law. A requirement to have demonstrated basic competence is clearly justified where consumers are not well placed to assess the quality of service, as is usually the case in markets for professional services. Provided that necessary qualification thresholds are not manipulated to limit supply and force up price, there will not be a significant adverse effect on competition. This proviso cannot lightly be assumed to be met, however. There is a straightforward pecuniary incentive for incumbent producers, who largely control the professional bodies, to constrain entry below the level that would most benefit the public generally.'<sup>10</sup>

- 5.15 The OFT has some concerns that these changes in criteria will increase experience requirements which may deter entry but this is

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<sup>10</sup> Competition in Professions, Office of Fair Trading, March 2001: paragraph 27  
[http://www.offt.gov.uk/shared\\_offt/reports/professional\\_bodies/oft328.pdf](http://www.offt.gov.uk/shared_offt/reports/professional_bodies/oft328.pdf)

counterbalanced by the change in supervision requirements. The OFT does not believe that the increase in experience requirements will have a significant effect on competition due to this counterbalancing and the low market share ITMA members have.

## 6 CHANGES TO ENROLMENT CRITERIA

6.1 Paragraph 6 and Schedule 4 of the 2005 Regulations stipulate that in order to be admitted onto a litigation or advocacy course an individual must meet one of the following criteria:

- Be a fellow or an ordinary member of ITMA
- Have passed the Foundation papers of the Joint Examination Board ('JEB')
- Have obtained the Queen Mary and Westerfield College Certificate in Intellectual Property Law by successful completion of the Certificate or the MSc course with the JEB special papers
- Have obtained the Manchester University Certificate in Intellectual Property Law by successful completion of the certificate, or
- Have completed a course equivalent to those offered by Manchester University or Queen Mary and Westerfield College.

6.2 Paragraph 9 of the 2009 Regulations stipulates that in order to be admitted onto a litigation or advocacy course individuals must be either:

- A fellow or ordinary member of ITMA, or
- A student member of ITMA and have passed or be deemed to have passed such qualifying examinations for admission as an Ordinary Member of ITMA as ITMA may prescribe.

6.3 This seems more restrictive than the previous criteria. As mentioned in chapter 5 above the OFT recognises the importance of ensuring that the level of education and training to obtain a TMLC or a TMAC is sufficiently high in order to adequately protect consumers of legal services. However, where entry requirements are set too high this will have the effect of unnecessarily restricting entry to the profession thereby impeding competition.

6.4 The OFT has concerns that this change in criteria may deter entry especially if the requirements are unclear. If this would deter a great number of potential applicants then the changes to the enrolment requirements may have or be likely to have a significant effect on competition. However the OFT believes this is currently unlikely given the small market share currently possessed by ITMA members. None the less the OFT would encourage ITMA to ensure that enrolment requirements are not modified so as to unnecessarily restrict ITMA members entry into the market.

## **7 CHANGES IN THE COURSE SYLLABUS**

- 7.1 Paragraphs 4.1(b)(i) and (ii) of the 2005 Regulations require an individual to have successfully undertaken a litigation course and an advocacy course before they can be granted a TMDLC. Paragraph 6.1(a) of the 2009 Regulations requires an individual to have successfully undertaken a qualifying litigation course before they can be granted a TMLC. Paragraphs 7.1(a) and (b) of the 2009 Regulations require an individual to have successfully undertaken a qualifying litigation course and an advocacy course before being granted a TMAC.

### **Change from a prescribed specimen syllabus to an outcomes based syllabus**

- 7.2 Schedule 3 of the 2005 Regulations contains a specimen course syllabus for institutions providing litigation and advocacy courses to follow.
- 7.3 The 2009 Regulations do not include a specimen course syllabus instead Paragraph 8 lists broad topics which must be covered within the litigation and advocacy courses. In their notes ITMA refer to this as an outcomes based syllabus.
- 7.4 ITMA claims that the syllabus contained in Schedule 3 of the 2005 Regulations was not included in the 2009 Regulations because it was disproportionate to the rights granted and its inclusion in the regulations limited flexibility. ITMA claims that moving to an outcomes based syllabus will allow greater flexibility and improve access to training by allowing them to validate a range of providers.
- 7.5 The OFT appreciates the points made by ITMA regarding flexibility and improving access to training but believes that if ITMA changes to an outcomes based syllabus then it must ensure proper oversight of course providers to avoid uncertainty about course requirements which may in turn deter applications.
- 7.6 However the OFT believes that the change to an outcomes based syllabus will not have or be likely to have a significant effect on

competition due to the low market share which ITMA members currently possess.

## **Changes in course content**

- 7.7 ITMA also comments that the old syllabus was disproportionate to the rights granted, in effect being a higher rights course for a lower rights qualification, this might suggest that ITMA are planning to reduce the academic requirements of the courses which will be offered under the 2009 Regulations. ITMA has commented that course content will become more appropriately focussed and contends that the requirements for the advocacy course considerably exceed the basic advocacy requirements of the Solicitors Regulation Authority.
- 7.8 The OFT would have concerns if these changes resulted in course requirements being lowered below the level necessary to ensure that certificate holders possess the required skills, knowledge and experience to provide litigation and advocacy services or raised to the extent where they unnecessarily restrict entry into the profession. However presently due to the small market share possessed by ITMA members the proposed changes to the course content for litigation and advocacy courses are unlikely to have a significant effect on competition.

## **8 CHANGES TO THE LITIGATION ACCREDITING BOARD**

### **Membership of the Board**

- 8.1 Paragraph 7 of the 2005 Regulations established the Trade Mark and Design Litigator's Accrediting Board. The Board has the power to validate, monitor and alter the syllabuses of the advocacy and litigation courses offered under the 2005 Regulations as well as to grant, refuse to grant or revoke TMDLCs. Under Paragraph 10 of the 2009 Regulations the Board is renamed the Litigation Accrediting Board but retains the same powers, except that it can now grant, refuse to grant or revoke TMLCs and TMACs.
- 8.2 Paragraph 7.4 of the 2005 Regulations stipulates that the membership of the board must include at least two registered trade mark agents who are Fellows of ITMA who are or have been recently involved in litigation, at least one practicing barrister, at least one practicing solicitor and at least one lecturer in law at a university in England or Wales.
- 8.3 Paragraph 10.4 of the 2009 Regulations only stipulates that at least 2 members of the LAB must be members of ITMA holding TMLCs or TMACs. The 2009 Regulations do not stipulate any other requirements regarding categories of persons who should sit on the LAB.
- 8.4 ITMA claim that the reason for removing the provisions requiring the LAB to have solicitor, barrister and law lecturer members is that the requirements could often lead to the LAB's work being stalled if it lost a member who was a representative of one of these groups and states that it can be surprisingly hard to find replacement members. ITMA also claim that these changes do not mean that they will not seek to appoint independent members to the LAB but just that they wish to have greater freedom of choice in appointing such members. ITMA also claim that regulatory issues may be raised if they are required to appoint members of potentially competing professions to the LAB.
- 8.5 The OFT also has concerns regarding the specification in the 2009 regulations that two members of the LAB must be ITMA members who

hold litigator or advocate certificates. Under this provision it would be possible for the LAB to sit as a body and utilise its powers with regards to advocacy course providers and TMACs without having any members who hold a TMAC or who are qualified to provide advocacy services. The OFT believes that the LAB should preferably have a least one member who is qualified to provide advocacy services.

- 8.6 The OFT believes that it is important that the LAB continues to have a number of lay members and at least one member who is qualified to provide advocacy services in order for it to remain an effective accrediting body.
- 8.7 However, despite these concerns the OFT does not believe that changes made regarding the required composition of the LAB will have or be likely to have a significant effect on competition due to ITMA members' low share of the market.

### **Liaison Sub-Committee**

- 8.8 Paragraph 7.5 of the 2005 Regulations allows the LAB to appoint a sub-committee for liaison with the institution or institutions applying to teach or teaching validated litigation or advocacy courses, and to report on their suitability to teach those courses. The 2009 Regulations do not contain any equivalent provision. The OFT believes that effective oversight of course providers is essential to ensuring that certificate holders have the necessary skills and knowledge to provide litigation and advocacy services, especially given the proposed move to an outcomes based syllabus. If there is a failure to provide effective oversight of providers this may potentially lead to candidates receiving insufficient training and entering the market as substandard providers.
- 8.9 ITMA have assured the OFT that ITMA committees have powers to create ad hoc sub-committees, subject to supervision by the ITMA council in any event, as such ITMA believe that the provision serves no practical purpose. This being the case the OFT believes that the removal of this provision will not have or be likely to have a significant effect on competition.

## **9 OTHER CHANGES**

- 9.1 The OFT considers that all changes which have been made which are not listed above have been made either to make the regulations applicable to the changes listed above or for the sake of clarity and conciseness. As such the OFT does not believe these changes will have or be likely to have any significant effect on competition for litigation and advocacy services relating to trade marks and designs in court proceedings.

## 10 CONCLUSION

- 10.1 For the reasons given at paragraphs 3.5 and 5.11 above the OFT believes that allowing ITMA members to obtain rights to conduct litigation separately from rights of audience and allowing a broader range of legal professionals to act as supervisors for candidates obtaining experience will have a positive effect on competition within the market for legal services relating to trade mark and design litigation and advocacy for court proceedings.
- 10.2 For the reasons given at paragraph 4.4 above the OFT believes that the withdrawal of crash courses will not have or be likely to have a significant effect on competition.
- 10.3 For the reasons given in chapters 5 – 8 above the OFT has some concerns regarding the changes to be made to the enrolment criteria for, and the content of, litigation and advocacy courses, the necessary experience required to obtain certificates and changes regarding the composition requirements of the LAB. However the OFT believes that these changes will not have a significant effect on competition due to ITMA members' current low market share.