


# EXPLANATORY NOTES

## Intellectual Property Act 2014

Chapter 18

£6.00

*These notes refer to the Intellectual Property Act 2014 (c.18)*
*which received Royal Assent on 14 May 2014*

# INTELLECTUAL PROPERTY ACT

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## EXPLANATORY NOTES

### INTRODUCTION

1. These Explanatory Notes relate to the Intellectual Property Act which received Royal Assent on 14 May 2014. They have been prepared by the Department for Business, Innovation and Skills in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.

2. The Notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

### SUMMARY

3. The main purpose of the Act is to modernise certain aspects of the law relating to intellectual property ("IP"), in order to ensure that the IP system operates more efficiently and is clearer and more accessible, thus increasing legal certainty.

### OVERVIEW OF THE STRUCTURE OF THE ACT

4. The Act is in four parts with a single Schedule.

| PART | SUMMARY |
|---|---|
| Part 1 | Makes provision in relation to the law relating to designs |
| Part 2 including the Schedule | Makes provision in relation to the law relating to patents |

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|---|---|
| Part 3 | Makes provision for a research exemption from disclosure in relation to freedom of information, for a reporting duty on the Secretary of State in relation to intellectual property matters and the facilitation of economic growth, and for the automatic extension of certain existing copyright provisions to nationals of, and works first published in, other countries without the need to include a list of countries and territories in an order. |
| Part 4 | Makes provision to confer powers to make consequential or transitional provision and regarding the commencement, extent and short title |

## TERRITORIAL EXTENT AND APPLICATION

5. The Act makes amendments in relation to the Copyright, Designs and Patents Act 1988, the Patents Act 1977, the Registered Designs Act 1949 and the Freedom of Information Act 2000. These Acts extend to the whole of the United Kingdom. The provisions of the Patents Act 1977 and the Registered Designs Act 1949 extend to the Isle of Man. Consequently the provisions of Section 23 of the Act (power to make consequential or transitional provision etc.) are also extended to the Isle of Man. Amendments and repeals made by this Act to other Acts have the same extent as the enactment being amended or repealed. Section 21 extends to the whole of the United Kingdom.

## COMMENTARY

### Part 1: DESIGNS

6. Part 1 of the Act introduces changes to the UK design framework. Design law is primarily governed in the UK by the Copyright, Designs and Patents Act 1988 (as amended) ("CDPA"), the Registered Designs Act 1949 (as amended) ("RDA") and Council Regulation (EC) No 6/2002 of 12th December 2001 on Community Designs (OJ L 3, 5.1.2002, p.1) (as amended) ("the EU Regulation").

7. The Prime Minister commissioned the Hargreaves Review of IP and Growth, which was published in May 2011. As a result, the Intellectual Property Office ("IPO")[1], an executive agency of the Department for Business, Innovation and Skills, started a programme of work to establish whether and, if so, how to improve the current designs framework. In July 2012, the IPO launched a

[1] Intellectual Property Office is an operating name of the body defined in legislation as "the Patent Office"

consultation with proposals to amend the system[2]. The measures in this Part stem from the work undertaken by the IPO following the Hargreaves Review.

8. The sections which follow have three broad purposes: to simplify design law and get the IP framework to better support innovation; to help improve the enforcement of designs and understanding the design rights of others; and to improve processes associated with the design framework, such as better provision of information.

***Section 1: Unregistered designs: meaning of "design" and "original".***

9. This section amends the definition of unregistered design right.

10. *Subsection (1)* limits the protection for trivial features of designs, by making sure that protection does not extend to "any aspect" of the shape or configuration of the whole or part of an article. It is expected that this will reduce the tendency to overstate the breadth of unregistered design right and the uncertainty this creates, particularly in relation to actions before the courts.

11. *Subsection (3):* To be considered "original" an unregistered design should not be "commonplace" in the relevant design field. The meaning of "commonplace" is not set out in the CDPA, and, although case law has helped define it, there remains confusion as to the geographical coverage of the relevant design field. The amendment aims to remove that confusion by specifying that a design must not be "commonplace" in a country mentioned in section 217(3) of the CDPA.

12. *Subsection (4)* ensures that the new definition of "original" will only apply to designs created after the change in the law and will not be applied retrospectively.

***Section 2: Ownership of unregistered designs***

13. *Subsection (1)* changes the initial ownership of unregistered designs which have been created on commission from a third party, by amending section 215 of the CDPA. This means that, in the absence of a contract to the contrary, the designer will be the initial owner of the design, not the person who commissioned it. This brings UK law into line with the EU Regulation. It removes the situation in which a UK right is automatically owned by whoever commissioned the design, and an EU right (which includes the UK in its scope) is instead automatically owned by the designer. It brings UK design law into line with UK copyright law, and means that the initial ownership of closely related rights will no longer end up with different parties.

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[2] http://www.ipo.gov.uk/types/hargreaves/hargreaves-designs.htm

14. *Subsection (2)* amends other parts of the CDPA to make sure that they are all consistent in their treatment of commissioned designs. This section is consistent with changes being made to registered designs by section 6(1).

***Section 3: Qualification criteria for unregistered designs***

15. It is important that there is some control over who is able to claim unregistered design right; if there was not, designers in countries around the world would gain this protection for their original designs with no reciprocal protection for UK designers. This potential inequity is dealt with in the CDPA by the concept of "qualification".

16. The amendments made to sections 217 to 220 of the CDPA by section 3 are intended to maintain this principle, by simplifying and expanding the concept so that those who are based in and are economically active in the EU – and in those countries to which qualification has been extended by Order (see the countries listed in S.I. 1989/1294) – may qualify.

17. *Subsection (1)* removes the definition of "qualifying individual" and amends the definition of "qualifying person", *and subsection (4)* amends "qualification by first marketing". Whether a design qualifies for protection because of the circumstances in which articles made to the design were first put on sale (first marketed) will now depend on the country in which those sales took place, as well as the person who did the marketing having the status of a "qualifying person" (see paragraph 18 below). It will no longer be a requirement that that person has exclusive authorisation to market the articles in the UK.

18. *Subsections (2), (3) and (5)* make sure that the amendments made by subsection (1) above are implemented consistently by removing references elsewhere in the CDPA to "qualifying individual". "Qualification" is instead now centred on a "qualifying person", which is defined according to where that person resides or where a business is legally formed and carries on its business activities (the "qualifying country"). The definition of "qualifying country" will not be altered.

19. *Subsection (3)* also removes the reference in section 218 of the CDPA to computer-generated designs. This reference is no longer considered necessary.

***Section 4: Infringement of unregistered designs: exceptions***

20. These exceptions to infringement of unregistered design right mirror those in the RDA and harmonise with the EU Regulation.

21. New section 244A introduces protection from infringement for private acts, experiments and teaching. The intention is that acts done privately and for no commercial purpose, or (where certain conditions are met) acts done for teaching purposes, should not infringe unregistered design right. For example,

a school teacher in carpentry will be able to demonstrate how to produce design protected features without infringing the design right (provided that the specified conditions are met). Similarly, the exception for acts done for experimental purposes is to allow inspiration from existing designs to encourage innovation. These defences are similar to those found in relation to copyright (see for example section 32 of the CDPA).

22. New section 244B creates exceptions relating to overseas ships and aircrafts. This provision mirrors an equivalent exception in section 7A(2)(d) of the RDA and Article 20(2)(a) of the EU Regulation.

***Section 5: Registered Community design – infringement exception***

23. Section 53 of the CDPA provides that those using a design registered in the UK with permission from its owner do not infringe any associated copyright. It does not refer to designs registered at the EU design registry ("Community designs") which also cover the UK. Section 5 extends the existing defence at section 53 so that it applies to registered Community designs in addition to UK registered designs.

***Section 6: UK Registered designs – Ownership of design and application for registration***

24. *Subsection (1)* amends section 2 of the RDA so that, in the absence of a contract to the contrary, where a design has been commissioned, the designer will be the initial owner of the design, and not the person who commissioned it. This brings UK law into line with the EU Regulation. It also aligns the treatment of UK designs with the way commissioned works are treated under UK copyright law, and means that the default position is that the initial ownership of closely related rights will no longer end up with different parties.

25. This subsection is consistent with changes being made to the unregistered design right by section 2.

26. *Subsection (2)* amends section 3 of the RDA by removing the requirement for the applicant for the registration of a design to be the person claiming to be the proprietor of the design. This brings UK law into line with the way the EU Regulation deals with applications for registered designs.

***Section 7: UK Registered designs – Right of prior use***

27. This section introduces a limited right to continue to use a registered design where a third party acts in good faith in the use of a design that is subsequently registered by another. This will allow third parties to continue using the design according to preparations they have already made, without fear of someone being able to stop them at a later date and jeopardising their investment. It harmonises the RDA with the EU Regulation, which contains an identical

measure on a right of prior use.

28. The aim of a right of prior use is to provide an entitlement to limited exploitation. New section 7B(1) ensures that the protection for the third party only applies to the use that they have already made (or prepared to make) of the design; and new section 7B(5) ensures that there is no right, for example, to sell to another the right to continue to use the design unless certain conditions are met.

***Section 8: UK registered designs – Accession to the Hague Agreement***

29. The Geneva Act of the Hague Agreement provides for and regulates an international system for the registration of industrial designs. Businesses in the UK have access to the Hague system through the EU having joined, but this limits the protection available to the EU as a whole. This makes using the system more costly and less advantageous for UK designers, specifically small and medium enterprises, who are not able to use the Hague system to gain protection specifically covering relevant territories rather than the entire EU.

30. *Subsection (1)* of section 8 inserts a new section 15ZA into the RDA which puts in place provisions to allow UK implementation of the Geneva Act of the Hague Agreement. Section 15ZA permits the Hague Agreement to be brought into effect in the UK by order of the Secretary of State, and lists the main areas which may be included in such an order, including for example the procedures that have to be followed when an international application requires protection in the UK.

31. *Subsection (2)* of section 8 (which amends section 37 of the RDA) provides that an order made under new section 15ZA must be laid in draft before, and approved by a resolution of, each House of Parliament.

***Section 9: UK Registered design – The Register: changes of ownership and inspection of documents***

32. *Subsection (1)* amends section 19 of the RDA by removing subsection (3A). Subsection (3A) was inserted into the RDA when the UK unregistered design right was created in the CDPA. It requires the registrar[3] (the head of the UK designs registry at the IPO) not to amend the details on the register for a registered design unless satisfied that the same changes also applied to any associated unregistered design right. It was intended to make sure that any unregistered design right was not 'separated' from its registered design counterpart if, for example, the ownership of the registered right was transferred to another party. This tying together of the two UK rights is out of step with the way EU rights are treated. Removing section 19(3A) is intended to remove barriers to keeping the register up to date.

[3] That is, the Comptroller–General of Patents, Designs and Trade Marks (see section 44(1) of the RDA)

33. *Subsections (2),(3),(4) and (5)* amend section 22 of the RDA to allow for the provision of information to the public in both hard copy and electronically. Subsection (4) inserts a new provision into section 22 which enables documents associated with a specific case to be viewed via electronic means, at a time and place convenient to anyone wishing to view it. In practice this will mean that relevant documents relating to a registered design will be available for online inspection. It is expected that this provision will be commenced once electronic systems are in place at the IPO to provide for such inspection. Until that time, access to hard copy files will continue and will in any event continue to be available thereafter.

34. *Subsection (5)* introduces new provisions into section 22 of the RDA which enable the Secretary of State to specify in rules cases in which information will *not* be made available for the public to view either in hard copy or electronically. The rules could, for example, specify cases of information which are considered confidential, information which is immoral or offensive, or information produced for internal communication only within the IPO.

***Section 10: UK Registered designs – Legal proceedings and appeals***

35. *Subsection (1)* makes a change to the provisions of section 24B of the RDA, which relate to the potential financial liabilities that may be faced by a person who innocently infringes a UK registered design. A person is an innocent infringer if he proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that the infringed design was registered.

36. The changes have been driven by the fact that there are different potential financial liabilities for the innocent infringement of UK registered designs and the innocent infringement of Community designs, even though both are valid in the UK. Specifically, damages and/or an account of profits may be sought against an innocent infringer of a Community design but neither can be sought against an innocent infringer of a UK registered design.

37. The amendment to section 24B of the RDA results in a proprietor of a UK registered design being able to seek from an innocent infringer some or all of the profits made because of the infringing activity, but not any wider form of financial damages.

38. *Subsection (2)* introduces new sections 27A and 27B into the RDA. New section 27A provides new routes of appeal against decisions made by the registrar relating to designs. It offers those involved a choice of using either a person appointed by the Lord Chancellor (an "appointed person") or the court,

and reflects the system already in place for challenging trade mark decisions of the registrar[4].

39. This will offer users a quicker, more informal and low-cost alternative to the courts. Although a user may choose to appeal to the appointed person, it is possible, for example where the issue is of general legal importance, for the appointed person to refer the appeal to the court. New section 27B provides for the process for the appointment and removal of an appointed person. The persons who might be expected to be appointed include legal professionals, such as IP barristers.

40. *Subsection (4)* removes section 28 of the RDA which makes provision for the Registered Design Appeal Tribunal (RDAT) but which has never been brought into force.

***Section 11: UK Registered Designs - Opinions service***

41. *Subsection (1)* introduces, through a new section 28A to be inserted into the RDA, a power for the Secretary of State to provide in regulations for a non-binding opinions service for designs, similar to that which already exists for patents[5]. The opinions service will cover UK registered designs and its scope may be extended to include, for example, other design rights such as the UK unregistered design right. *Subsection (2)* inserts a new section 249A into the CDPA, the effect of which is to enable the regulations to cover the UK unregistered design right.

42. Subsections (2) to (5) of the new section 28A provide detail about what must or may be included in the regulations. The regulations could include, for example, circumstances where the registrar will not be required to give an opinion, and information and fees that should accompany a request for an opinion. Neither the registrar nor any IPO official will incur liability under the service (as is the case for official actions under trade mark[6] and patent law[7]).

43. *Subsection (3)* amends section 37 of the RDA to ensure that the first regulations to be made under this power must be laid in draft before, and approved by a resolution of, each House of Parliament. Regulations made subsequently will be subject to annulment in pursuance of a resolution of either House of Parliament.

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[4] See sections 76 and 77 of the Trade Marks Act 1994
[5] www.ipo.gov.uk/pro-p-opinion.htm
[6] Section 70 of the Trade Marks Act 1994
[7] Section 116 of the Patents Act 1977

44. Subsection (7) of the new section 28A requires that the regulations must provide for an appeal relating to an opinion to be made to an appointed person (i.e. appointed under the new section 27A of the RDA). Details of the appeal procedure will be included in the regulations..

***Section 12: UK Registered designs – Use of directions by the registrar***

45. This section enables the registrar to issue directions relating to the use of forms and to change the hours of business of the IPO in relation to designs matters, rather than having to rely on secondary legislation made by the Secretary of State. This brings the treatment of these design-related procedural matters in line with those relating to trade marks[8] and patents[9]. Any directions issued by the registrar about the use of forms will be required to be published in a manner prescribed in rules, to ensure that the public continue to be aware of relevant changes.

46. *Subsection (1)* introduces a new section 31A into the RDA, which enables the registrar to issue directions relating to the use of forms.

47. *Subsection (4)* amends section 39(1) of the RDA so that the hours of business and excluded days may be specified by the registrar in directions, rather than by secondary legislation.

48. *Subsections (5), (6) and (8)* ensure that, until any new directions are given by the registrar, the current requirements as to forms and hours of business apply.

***Section 13: UK Registered designs – Offence of unauthorised copying etc. of design in course of business***

49. The section inserts a new section, section 35ZA, into the RDA. This makes the intentional *copying* of a UK or EU registered design a criminal offence, in certain circumstances. For example, the copied design must have been registered prior to the copying (and not registered after the copying has taken place).

50. New sections 35ZA(1), (2) and (3) of the RDA require, for a criminal offence to take place, intentional copying and doing so or committing another act (such as putting the product on the market) to take place in the course of business. They specify the various conditions that must be satisfied in order to prove that an offence has been committed, for example, establishing that the person accused acted without the consent of the registered design holder, and knew or had reason to believe that the design was a registered design or that the registered design had been intentionally copied. Although the offences

[8] For an example of directions relating to trade marks see www.ipo.gov.uk/t-hours.htm
[9] For examples of directions relating to patents see www.ipo.gov.uk/p-direction.htm

provide that a person must be acting in the course of business, under section 35ZA(6) the use of a product for a purpose which is merely incidental to the carrying on of the business will not count as using the product in the course of a business.

51. New section 35ZA(4) and (5) of the RDA make provision for defences to the offences. There will be a defence if the defendant can show a reasonable belief that the registration of the design in question was invalid. Nor will a defendant be found guilty if they can show that they did not infringe the right in the design in question, or that they had a reasonable belief that they did not infringe it.

52. New section 35ZA(7) clarifies that the offence also applies to designs registered in the EU (Registered Community Designs)[10].

53. New section 35ZA(8) sets out the penalties the offence carries with it: a fine and/or a prison sentence of up to ten years. The offence is triable either way, that is, on summary trial (in a magistrates' court) or trial on indictment (in a Crown court), depending on the severity of the case. The offences, including the mode of trial and penalties, reflect existing criminal sanctions for trade marks[11] and copyright[12].

54. Section 13 also inserts new section 35ZB into the RDA, which provides Trading Standards Authorities with similar powers of enforcement for design offences as they have in relation to copyright and trade marks.

55. Section 13 also inserts section 35ZC (which deals with forfeiture powers in England, Wales and Northern Ireland) and section 35ZD (which deals with forfeiture powers in Scotland) into the RDA. The separate sections reflect the different legal systems in the jurisdictions. These forfeiture powers allow, in certain circumstances, a court to authorise the removal of copies of registered designs, or items which have been used to make them, from the premises of those people under investigation. These copies or items may later be destroyed or passed on to another person in order to be recycled or re-used in some way.

***Section 14: UK Registered designs – Offences committed by partnerships***

56. Section 14 inserts new subsections into existing section 35A of the RDA to introduce specific provisions dealing with how partners are treated where offences under the RDA are committed by a partnership. Proceedings for such offences are to be brought in the name of the partnership, but partners may

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[10] http://oami.europa.eu/en/design/pdf/reg2002_6.pdf
[11] Trade Marks Act 1994 s. 92 http://www.legislation.gov.uk/ukpga/1994/26/section/92
[12] Copyright, Designs and Patents Act 1988 s. 107
http://www.legislation.gov.uk/ukpga/1988/48/section/107

also be liable unless they can be shown not to have been aware of the offence or to have tried to stop it from being committed. The new subsections take account of the different legal systems in England and Wales, Northern Ireland and Scotland.

## PART 2: PATENTS

57. This Part of the Act makes provisions relating to the Patents Act 1977 (as amended) which are explained further below.

58. The Patents Act 1977 ("the 1977 Act") is the principal statute governing the patents system in the UK and it gives the Comptroller-General of Patents Designs and Trade Marks and the Patent Office (operating as the IPO) certain powers and duties in relation to the running of the patents system. This includes the examination of patent applications, the granting of patents and acting as a quasi-judicial body with jurisdiction over certain legal proceedings concerning patents.

59. The following sections have five main purposes. The first is to introduce an easier way for patent owners to provide public notice of their patent rights. The second is to expand the circumstances in which the IPO may issue an opinion in relation to patents. The third is to provide for the Agreement establishing a Unified Patent Court to be brought into effect in the UK. The fourth is to allow the IPO to share information on unpublished patent applications with international partners to help reduce international patent backlogs and speed up patent processing. The fifth is to correct minor aspects of the patents legislation to provide clarity and legal certainty to users of the patents system.

### *Section 15: Infringement: marking products with an internet link*

60. This section amends section 62 of the 1977 Act, which concerns restrictions on the recovery of damages for infringement. Under section 62 the court or the Comptroller-General of Patents Designs and Trade Marks cannot award damages or make an order for an account of profits against an innocent infringer. The onus is generally on the infringer to prove his innocence and show that, at the date of the infringing act, he was not aware, and had no reasonable grounds to suppose, that the patent or published application existed. The 1977 Act makes it clear that applying the word "patent" or "patented" to a product without also including a reference to the specific patent number(s) is not a sufficient way to make people aware of the existence of a patent. Patent proprietors therefore have to mark their products with the specific patent number(s) as a way of providing public notice of their patent rights.

61. This section amends the 1977 Act to provide patent proprietors with an alternative way of providing this notice of their patent rights. Patent

proprietors will now have the ability to mark their products with either the specific patent number(s) or the web address of a webpage which clearly associates the product with the relevant patent number(s). For example it may be appropriate for the webpage to identify the exact product concerned by including any relevant model numbers and variants that exist.

***Section 16: Opinions service***

62. Section 74A of the 1977 Act specifies the limited matters on which the IPO is able to give an opinion. *Subsection (1)* of this section amends section 74A to replace the specified matters on which an opinion can be issued with a broader power to set out those matters in rules. Prescribing the matters in rules will enable these to be amended more easily in response to the demands of the users of the service.

63. *Subsection (2)* removes a power in section 74B(2) of the 1977 Act that has not been used and for which no future use can be foreseen. Amendment of this power would have been necessary if it had been retained.

64. *Subsection (3)* amends Schedule 4A to the 1977 Act to allow opinions to be requested on the validity or infringement of a Supplementary Protection Certificate ("SPC"). An SPC provides an extension to the term of monopoly provided by a patent to account for the delay in bringing certain products to market arising from regulatory and clinical trials requirements. Schedule 4A to the 1977 Act sets out those provisions of the 1977 Act that apply to SPCs.

65. *Subsection (4)* extends the powers of the Comptroller-General of Patents Designs and Trade Marks to revoke a patent on his own initiative. He will be able to do so if an opinion concludes that a patent is invalid because the invention covered by the patent was either known (not novel) or was obvious (lacks an inventive step). This additional power will only be exercised where the patented invention clearly lacks novelty or an inventive step. The patent holder will have the opportunity to apply for a review of the opinion, and also to make observations or amend his patent before any revocation action is taken.

***Section 17: Unified Patent Court***

66. On 19 February 2013 the UK Government signed an intergovernmental Agreement to provide for a Unified Patent Court within participating European countries. There are two related European Regulations (Regulation (EU) No 1257/2012 for the creation of unitary patent protection and Regulation 1260/2012 applicable to translation arrangements). The Agreement and Regulations mean that it will be possible to apply to the European Patent Office once for a single patent which will have effect across all participating countries and, for some issues, be litigated in a new Unified Patent Court. This will be an optional route for business to protect their inventions but could save businesses money by reducing the need to file documents and fees,

and to litigate in multiple jurisdictions.

67. This section inserts a new section 88A into the 1977 Act which enables the Agreement establishing a Unified Patent Court to be brought into effect in the UK by order of the Secretary of State, and lists the main areas which may be included in such an order, including for example provisions relating to jurisdiction of the Unified Patent Court and for the payment of fees. The IPO is a trading fund and therefore fees set by it will be based upon cost recovery. Subsections (3) and (4) of the new section 88A allow for alignment of certain provisions of the 1977 Act with equivalent provisions in the Agreement on a Unified Patent Court and for different provision to be made for different cases.

68. Subsection (6) of the new section 88A provides that any secondary legislation made under new section 88A is to be subject to approval by resolution of each House of Parliament.

69. This section also inserts a new section 88B into the 1977 Act which provides that the Unified Patent Court will be treated as an organisation to which section 1 of the International Organisations Act 1968 (the "1968 Act") applies. Section 1 of the 1968 Act enables an Order in Council to be made granting privileges and immunities to international organisations and their staff, where the UK is a member of the organisation.

***Section 18: Sharing information with overseas patent offices***

70. Applying for a patent can be a lengthy and complex process. UK patents only give protection in the UK so businesses seeking global protection have to file patent applications for the same invention in many different countries. As a result, major national patent offices have built up significant backlogs of patent applications waiting to be processed. In 2012 the World Intellectual Property Organisation estimated the global patent backlog stood at approximately 5 million. This represents several years of work for offices, judging from the rate at which they currently process applications. This can impact on the economic benefits businesses can derive from their patents.

71. Sharing information on patent applications between major national patent offices can reduce the duplication of work undertaken by patent examiners in each of these offices, thereby speeding up the patenting process and helping reduce the backlog of patent applications waiting to be examined. The IPO can share information on published patent applications (section 118(2) of the 1977 Act), and very limited bibliographic data on unpublished patent applications (section 118(3) of the 1977 Act). However, it is more effective if substantive patent information, in particular relating to the search results, can be shared with other offices earlier in the patenting process, before the patent application has been published.

72. *Subsection (1) of* this section amends section 118 to allow the IPO to share information on unpublished patent applications with other national and regional patent offices. *Subsection (3)* of this section amends section 118 to define these other patent offices as being those which carry out the same functions relating to patents as are carried out by the IPO. However, the amendments made to section 118 by *subsection (2)* require a working arrangement (such as a working agreement or memorandum of understanding) to be in place between the IPO and the other patent office; information on unpublished patent applications may only be sent in accordance with that working arrangement. The working arrangement will have to include provision for ensuring confidential treatment of the information. This will mean that pre-publication patent information is not disclosed by the other patent office in circumstances when that information remains confidential in the UK.

73. The IPO will only share information with other offices in circumstances where doing so is likely to lead to a reduction in duplication of work. Information will therefore not be shared where no work has yet been conducted by the IPO in relation to the UK patent application. It is envisaged that work sharing is likely to be of most benefit when the other office is dealing with an application which claims priority from a UK patent application. Consequently, the other office will be required to specify what information is required and in relation to which patent application, identified by the application number. This is in line with the approach taken when the IPO provides information to the European Patent Office in accordance with section 118(3)(a) of the 1977 Act and the European Patent Convention.

a) Guidance on the IPO website will set out:
b) what information is being shared,
c) from what date onwards,
d) from what point in the patent application process onwards,
e) with which other offices, and
f) what restrictions are in place on the use of that information.

***Section 19: Minor amendments to the Patents Act 1977***

74. This section gives effect to the Schedule to the Act, which makes minor amendments to the 1977 Act.

***Schedule: minor amendments to the Patents Act 1977***

***Paragraph 1: Patent applications in or for WTO members***

75. This provision removes uncertainty created when the 1977 Act was amended

in 1999. It does not affect substantive patent law.

76. Section 5 of the 1977 Act concerns the international system for establishing a "priority date" of an invention for which patent protection is sought. The date that a patent application is filed in a first country establishes that invention's "priority date", and later patent applications (for the same invention) filed in other countries can then be treated as having been filed on that same priority date. Generally speaking, those later applications must be filed within 12 months of the first filing. This system was established by the Paris Convention of 1883, and each country to which it applies is called a "convention country" in section 5 of the 1977 Act.

77. The amendment made in 1999 (by SI 1999/1899) was intended to allow a country who joined the World Trade Organisation ("WTO") to be treated automatically as a convention country for the purposes of section 5. However, this objective was not achieved by the insertion of section 5(6) of the 1977 Act, and it has remained necessary for an Order in Council to be made when a country joins the WTO. To remove this necessity, new section 5(5)(aa) provides that a patent application filed in a WTO country is of the same status, for priority purposes, as a patent application filed in the UK or any other convention country.

***Paragraph 2: Assertion of third party rights where application terminated***

78. In the event that a patent application is terminated and then subsequently reinstated, the 1977 Act makes it clear that, if a third party started to exploit the invention covered by the patent application in good faith in the period between termination and reinstatement, they may continue to exploit that invention without infringing the provisional rights which are conferred on the patent applicant once a patent application has been published. This is commonly referred to as having "third party rights".

79. There appear to be two conflicting positions in the 1977 Act on the starting point for these third party rights. Under section 20B(3) of the 1977 Act, someone would be infringing the provisional rights of the patent applicant if they started to work the invention in the period after an application is terminated when it was possible for the patent applicant to request an extension of time to the period the applicant had failed to meet. However, section 20B(4) of the 1977 Act provides third party rights to anyone who started to work the invention in good faith in the period between the patent application being terminated and the reinstatement request being published.

80. This has resulted in an overlap in the period when third party rights are available and the period when working the invention would be considered to infringe the provisional rights of the applicant. A party could be simultaneously liable to infringement under one part of the Act (section 20B(3)) and at the same time entitled to work the invention under another

(section 20B(4)), if they started to work the invention in the period when an extension of time was possible.

81. Paragraph 2 clarifies that third party rights do not begin until the end of the period during which the patent applicant can request under the 1977 Act or under the Patents Rules (S.I. 2007/3291) an extension of time to the period the applicant had failed to meet.

***Paragraph 3: Adjustment of certain time periods to anniversary date model***

82. Parties who feel that they are entitled to an interest in a patent can ask the IPO to consider the matter. A successful claim may result in remedies such as the ownership of the patent being transferred, an additional patent owner being added or the patent being partially or fully revoked and the rightful owner being given permission to file a new patent application in their name.

83. The 1977 Act provides a period of two years "beginning with" the date of grant for parties to file an entitlement action with the IPO and benefit from the remedies discussed above. Under standard formulations used for calculating time periods in legislation, this would not be considered to include the second anniversary of the date on which the patent was granted. For example, if a patent was granted on 2 October 2012, the time period for filing an entitlement action and benefitting from the remedies discussed above would end on 1 October 2014.

84. This paragraph extends the time period in which a party can apply to the IPO to initiate such a challenge to the ownership of a granted patent and benefit from these remedies. The paragraph adjusts the time period available so that it continues to run from (and include) the date of grant of the patent but finishes on (and includes) the corresponding second anniversary date at the end of the two year period. For example, for a patent granted on 2 October 2012, the time period for filing an entitlement action and benefiting from the remedies discussed above will end on 2 October 2014.

***Paragraph 4: References to "counsel"***

85. This paragraph removes the requirement for the Attorney General to be represented only by counsel in proceedings before the courts in appeals relating to compulsory licences relating to granted patents, and allows representation by a person who has a right of audience. The paragraph also removes the requirement for counsel for a party involved in a dispute relating to the Crown use of patented inventions to be the recipient of certain confidential disclosures, and allows such disclosures to be made to that party's legal representative.

86. Previous legislative changes under the CDPA, the Courts and Legal Services Act 1990 and the Legal Services Act 2007 have introduced general rights of

audience in proceedings and appeals before the IPO and the courts to include solicitors and patent attorneys. This amendment will allow wider rights of audience for solicitors and registered patent attorneys in the two specific types of disputes before the courts detailed above. This gives consistency with the general rights of audience now in operation before the IPO and the courts for other types of disputes and appeals.

***Paragraph 6: European patent (UK): payment of renewal fee following restoration***

87. Annual renewal fees must be paid over the lifetime of a granted patent to keep the patent in force. When a patent is revoked, the payment of these renewal fees is unnecessary. For a European (UK) patent granted by the European Patent Office ("EPO") which is then revoked during proceedings before the EPO Board of Appeal, it is possible to restore the patent following an appeal to the Enlarged Board of Appeal. However, while the appeal is considered, the patent remains revoked and annual renewal fees are not payable. If the appeal is successful and the patent is restored, the payment of annual renewal fees resumes but there has been legal uncertainty as to whether it is necessary to pay the outstanding renewal fees that would have been due while the appeal was being considered and the patent was considered as being revoked.

88. This paragraph clarifies the position by inserting a requirement for the payment of any such outstanding renewal fees where a European (UK) patent which has been revoked by the Board of Appeal is subsequently restored after a successful appeal to the Enlarged Board of Appeal.

**PART 3: MISCELLANEOUS**

***Section 20: Freedom of Information: exemption for research***

89. Section 20 inserts a new section 22A into the Freedom of Information Act 2000 (FOIA). New subsection (1) of section 22A exempts, for the purposes of the FOIA, information obtained in the course of, or derived from, a continuing programme of research, a report of which research is intended for future publication, if the disclosure of the information before the publication date would, or would be likely to, prejudice a matter listed in subsection (1)(b).

90. By virtue of section 22A not being included in the list of absolute exemptions in section 2(3) of FOIA, it is also subject to the requirement that in all the circumstances of the case, the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

91. *Subsection (2)* of section 22A provides that the public authorities are not required under section 1(1)(a) of the FOIA to confirm or deny that information which is exempt information under section 22A is held if, or to the extent that, compliance with section 1(1)(a) would, or would be likely to, prejudice

any of the matters mentioned in subsection (1)(b) of section 22A.

***Section 21: Reporting Duty***

92. This section requires the Secretary of State to present to Parliament by the end of September each year a report that sets out how, in his opinion, the activities of the IPO (that is, the statutory body "the Patent Office") have supported innovation and growth in the United Kingdom. This section follows recommendations of the 2011 Hargreaves Review of Intellectual Property and Growth[13]. The purpose of the report is to sharpen the focus of the IPO on innovation and growth, and increase transparency.

93. The report will present an assessment of the effect of the IPO's activities on growth and innovation arising from the creation and exploitation of intellectual property, and also the use of IP by third parties. It will also indicate where other policy priorities – such as public health, international development or freedom of speech – have been taken into consideration.

94. The assessment will cover the financial year which ended most recently before publication. It is not intended that the report will contain the IPO's future work programme, as this is already set out in the IPO's Corporate Plans, which are published annually.

95. The section does not describe the detailed content of the report, as the policy activities of the IPO change from year to year. If the section were to list the specific items to be considered, there is a risk that the report will in future years be decreasingly relevant and any change would require primary legislation.

96. The broad outline of the report will be as follows:

a) Information on legislative changes and pre-legislative work such as consultations;

b) Information on the IPO's activities in international negotiations and cross-border co-operation;

c) Policy development work undertaken to address the challenges facing the intellectual property system;

d) The main outputs of the IPO's economic research programme and how they relate to innovation and growth;

e) An assessment of the IPO's activities that support businesses and raise awareness of the importance of protecting intellectual property.

The report will also contain data supporting the assessment made in the report.

[13] http://www.ipo.gov.uk/ipreview-finalreport.pdf

***Section 22: Recognition of Foreign Copyright Works and Performances***

97. This section provides for the automatic extension of certain copyright provisions of the CDPA to nationals of, and works first published in, other countries without the need to include an extensive list of countries and territories in an order. The section inserts references to a large number of those countries and territories into the body of the CDPA wherever relevant. In many cases protection will automatically extend to new signatory states without the need for a new order to implement the UK's obligations under the relevant treaty.

98. The specific countries and territories references to which are incorporated by this section into the body of the CDPA are the members of the EEA (European Economic Area); the Channel Islands; the Isle of Man; Gibraltar; and countries that are signatories to specific international conventions namely, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, the Berne Convention for the Protection of Literary and Artistic Works and the World Intellectual Property Organisation Performances and Phonograms Treaty.

**COMMENCEMENT**

99. Section 24 provides that the other provisions of the Act will come into force on such day or days as the Secretary of State may by order made by statutory instrument appoint.

**HANSARD REFERENCE**

100. The following section sets out the dates and Hansard reference for each stage of the Act's passage through Parliament.

| Stage | Date | Hansard Reference |
|---|---|---|
| House of Lords | | |
| Introduction | 9 May 2013 | Vol: 745 Col:21 |
| Second Reading | 22 May 2013 | Vol: 745 Col:848-891 |

| Stage | Date | Hansard Reference |
|---|---|---|
| Committee | 11 June 2013<br><br>13 June 2013<br><br>18 June 2013 | Vol: 745 Col:GC 323 - 362<br><br>Vol: 745 Col:GC 389 - 432<br><br>Vol: 746 Col:GC 41- 98 |
| Report | 23 July 2013 | Vol: 747 Col: 1175 - 1232 |
| Third Reading | 30 July | Vol: 747 Col: 1649 - 1652 |
| Ping Pong | 2 April 2014 | Vol: 753 Col: 968 - 976 |
| Royal Assent | 14 May 2014 | Vol: 753 Col: 1920 |
| House of Commons | | |
| Introduction | 29 August 2013 | Votes and Proceedings No. 40 |
| Second Reading | 20 January 2014 | Vol: 574 Col:38 - 84 |
| Committee | 28 January 2014<br><br><br>30 January 2014 | Morning<br><br>Afternoon<br><br>Morning<br><br>Afternoon |
| Report and Third Reading | 12 March 2014 | Vol: 577 Col: 322 - 352 |
| Lords Consideration of Commons Amendments | 2 April 2014 | Vol: 753 Col: 968 - 976 |
| Royal Assent | 14 May 2014 | Vol: 753 Col: 1920 |

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