EXPLANATORY MEMORANDUM TO

THE PATENTS (AMENDMENT) (No. 2) RULES 2016

2016 No. 892

1. Introduction

1.1 This explanatory memorandum has been prepared by the Intellectual Property Office, an Executive Agency of the Department for Business, Energy and Industrial Strategy, and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument makes changes to the Patents Rules 2007, which set out procedural and administrative requirements applying to patent applications and patents. The eleven separate changes made by this instrument are described under section 7 below.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 The Patents Act 1977 (c.37, "the Patents Act") is the principal statute governing the patents system in the UK. The Patents Rules 2007 (SI 2007/3291, "the Patents Rules") are the main piece of secondary legislation made under the Patents Act. Together they regulate the business and procedure of the Patent Office (operating as the Intellectual Property Office, "the IPO") in relation to the grant and maintenance of patents. This instrument makes changes to certain provisions of the Patents Rules. The changes are being made to increase legal certainty, make procedures more flexible, and reduce administrative burdens for patent applicants and owners.

5. Extent and Territorial Application

5.1 The extent of this instrument is to all of the United Kingdom and the Isle of Man.

5.2 The territorial application of this instrument is to all of the United Kingdom and the Isle of Man.

5.3 The provisions of the Patents Act extend to the Isle of Man, subject to modifications made by Order in Council. While the Patents Rules, including the amendments made by this instrument, relate solely to procedures at the IPO, they apply to the Isle of Man.

6. European Convention on Human Rights

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

7. Policy background

What is being done and why

7.1 The eleven separate changes made by this instrument will reduce burdens on business by increasing legal certainty, making procedures more flexible, and reducing administrative burdens for patent applicants and owners.

7.2 Rules 3, 4, 5 and 15 amend the Patents Rules to permit photographs to be filed as part of a patent application and introduce more flexibility into the types of technical drawings allowed in patent applications.

7.3 An application for a patent must contain "claims". These are legal statements which define the scope of the monopoly afforded by the patent. Rule 3(b) introduces a new rule limiting the use of so-called "omnibus claims" in UK patent applications. Such claims are included in around 30% of UK patent applications and rather than stating the technical features of the invention, define the invention by reference to the description or drawings included in the application. This makes it difficult for businesses to understand the scope of protection provided by the patent and to know if they are likely to infringe the patent. Limiting the use of such claims to cases where the invention cannot otherwise be clearly and concisely defined will increase legal certainty for businesses looking to determine whether they can operate in a particular technology area and will bring UK requirements into line with the requirements of the European Patent Convention (EPC)[1] and the Patent Cooperation Treaty (PCT).[2] Rule 3(b) has a commencement date of 6 April 2017 to provide time for patent applicants to have notice and consider amending their patent applications.

7.4 An applicant may choose to file a patent application based on material included in an earlier patent application. The later application is generally known as a "divisional application". Rule 6 removes the deadline for filing a divisional application based upon whether the earlier application has been found to meet the requirements for the grant of a patent and provides a single deadline for filing a divisional application. Following this change the IPO will, as a matter of practice, give more information to patent applicants about when their patent application will be granted. This will bring greater clarity and legal certainty to the grant process, benefitting both patent applicants and third party businesses. Providing patent applicants with a guaranteed period during which they can take certain actions prior to grant (such as filing a divisional application) will increase the efficiency of the patent application process and reduce burdens for applicants, patent attorneys, and the IPO.

7.5 International patent applications filed under the PCT are initially processed by the World Intellectual Property Organisation. The applicant can then choose to continue the patent application process in individual jurisdictions. This stage is known as the national phase. Rules 7 and 12 clarify the timeframe within which an applicant can

[1] The EPC provides a legal framework for the granting of European patents. It is an international treaty which is unconnected to the EU and which includes non-EU member states.

[2] The PCT is an international treaty which allows applicants to simultaneously seek patent protection in 148 countries throughout the world.

make amendments to an international patent application which enters the UK national phase. This will bring the legislation more clearly into line with current IPO practice[3], providing clarity and legal certainty for patent applicants. It also brings UK law more clearly into line with international obligations under the PCT.

7.6 Rule 8 simplifies the deadline for requesting reinstatement of a terminated patent application by providing a 12-month period following the date on which the application was terminated. The current deadline is complicated to calculate and causes confusion. Making the deadline simple to understand and apply will provide greater clarity and legal certainty for applicants, the IPO and third party businesses.

7.7 Rule 9 removes the requirement for patent holders to notify the IPO annually of the address they wish to use to receive renewal payment reminders. Instead, the IPO will continue to use the address previously provided, until it is cancelled or updated by the patent holder. This will remove the need for approximately 2000 repeat address notifications to the IPO per year, representing a saving to business of around £4000 per year in stationary and postage costs. Rule 9 has a commencement date of 6 April 2017 so that the IPO can make the necessary IT changes.

7.8 Rule 10 clarifies the administrative requirements concerning how to change names and addresses registered with the IPO. Rules 11 and 14 remove outdated requirements for multiple copies of documents to be provided to the IPO in connection with international patent applications and the appointment of agents.

7.9 Rule 13 amends the drafting of the rule concerning advertising proposed amendments to be made to a patent during patent litigation. It removes a discrepancy between the Patents Rules and Patents Act by bringing the rule into line with the requirements of section 75(1) of the Patents Act, which provides the IPO with discretion over whether or not to advertise such amendments.

7.10 Finally, rule 16 gives patent applicants more flexibility regarding the time limit within which they must provide a legal address for service to the IPO. This removes an unnecessarily strict requirement which resulted in patent applications being refused for a minor administrative issue.

Consolidation

7.11 No consolidation of the Patents Rules is planned at present. An informal consolidated text is available to the public for free on the gov.uk website[4].

8. Consultation outcome

8.1 A public consultation was conducted from 29 February 2016 to 22 April 2016 seeking views on the proposed changes to the Patents Rules. Ten responses to the consultation were received, including responses from representative organisations, patent attorney firms, and businesses.

8.2 A detailed analysis of the responses received is available on the gov.uk website[5]. All eleven individual proposals received support from either all or, in some cases, a strong majority of respondents. In particular, respondents welcomed the reduction in administrative burdens and the increase in legal certainty that would arise.

[3] The IPO currently exercises discretion under rule 31(5)(a) of the Patents Rules to allow such amendments.
[4] www.gov.uk/government/publications/the-patents-rules-2007-and-patents-fees-rules-2007
[5] www.gov.uk/government/consultations/proposed-changes-to-the-patents-rules

8.3 A minority of respondents expressed concerns in relation to two of the proposals. Two of the ten respondents (including one representative organisation) saw no compelling reason to ban omnibus claims from patent applications, and preferred the status quo. And two of the ten respondents made clear that it is advantageous to third parties for amendments to be advertised during litigation, so preferred a mandatory rather than discretionary provision (which, as explained above, does not accord with the Patents Act).

8.4 Some adjustments have been made to the drafting of the proposals in light of comments made by consultation respondents.

9. Guidance

9.1 Guidance will be provided on www.gov.uk for users of the patent system. Existing IPO guidance for users, such as the Manual of Patent Practice[6] will also be updated.

10. Impact

10.1 The impact of this package of changes on business, charities or voluntary bodies is estimated to be a benefit of £0.13million per year. The most significant monetised benefit to business is in relation to the removal of the requirement for patent holders to notify the IPO annually of the address they wish to use to receive renewal reminders. This is estimated to affect approximately 2,000 repeat notifications per year, with reduced postage and stationery costs estimated to be £4,000. The other elements of the package are expected to have minor benefits to business ranging from zero to £718 a year in total.

10.2 The impact on the public sector is estimated to be a saving to the IPO of around £10,000 per year from increased efficiency in the patent application process.

10.3 An Impact Assessment is submitted with this memorandum and will be published alongside the Explanatory Memorandum on the legislation.gov.uk website.

11. Regulating small business

11.1 The legislation applies to activities that are undertaken by small businesses.

11.2 No specific action is proposed to minimise regulatory burdens on small businesses.

11.3 The changes made by this instrument reduce burdens on businesses by increasing legal certainty, introducing more flexibility, and reducing administrative burdens. Small businesses will therefore benefit, along with other users, from the proposed changes. In addition, consistency of requirements is essential for a well-functioning patent system, to ensure legal certainty and avoid confusion. Consequently all types of businesses that apply for or own patents will be in scope, whatever their size.

12. Monitoring & review

12.1 A report into the impact of the changes made by this instrument will be published by 6th April 2022, as required by rule 18 of this instrument.

13. Contact

13.1 Sarah Barker at the Intellectual Property Office, Telephone: 01633 814807 or email: sarah.barker@ipo.gov.uk, can answer any queries regarding the instrument.

[6] www.gov.uk/government/publications/patents-manual-of-patent-practice