EXPLANATORY MEMORANDUM

The Patents (Amendment) Rules 2004

2004 No. 2358

1. Object

1.1 This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This Instrument amends the Patents Rules 1995 (as amended) ("the 1995 Rules") and the Patents (Fees) Rules 1998 (as amended) ("the Fees Rules").

2.2 These amendments complement and supplement the deregulatory reforms to be made to the Patents Act 1977 ("the 1977 Act") by the Regulatory Reform (Patents) Order 2004 ("the 2004 Order").

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 This Instrument is made under section 123 of the 1977 Act.

4.2 This Instrument is made both to support deregulation of the 1977 Act and to enable the Patent Office to administer the 1995 Rules in accordance with the World Intellectual Property Organisation's Patent Law Treaty ("the PLT").

4.3 Deregulation of the 1977 Act itself is the subject of the 2004 Order.

5. Extent

5.1 This instrument applies to all of the United Kingdom and to the Isle of Man.

5.2 Patents legislation is not a devolved matter. The Scottish Parliament and the National Assembly for Wales have nevertheless been consulted. The Government of the Isle of Man has responded to the consultation and is content.

6. European Convention on Human Rights

6.1 Not applicable.

7. Policy background

7.1 *A Consultation Document on the Deregulation of Patents Legislation* was published by the Patent Office on the 25 February 2003. It addressed all the deregulatory changes to the 1977 Act and the 1995 Rules that were considered to be necessary for them to be administered in compliance with the PLT.

7.2 A proposed draft of the 2004 Rules were included with the documentation that accompanied the 2004 Order when it was laid for the final stage of Parliamentary Scrutiny on 7 June 2004.

7.3 All relevant professional bodies representing users of the patent system have considered these Rules and the Fees included therein, and are content.

7.4 This Instrument comes into force immediately after the 2004 Order on 1 January 2005.

8. Impact

8.1 This instrument, like the 2004 Order (which it both complements and supplements) is deregulatory. As such it benefits the public and has no adverse regulatory impact.

8.2 A Regulatory Impact Assessment has nevertheless been prepared.

9. Contact

Frank Miles
Patents Directorate
The Patent Office
Concept House
Cardiff Road
Newport NP10 8QQ

Telephone: 01633 814403
e-mail: regreform@patent.gov.uk

REGULATORY IMPACT ASSESSMENT

The Patents (Amendment) Rules 2004

SI 2004 No. 2358

Purpose

Objective

1.1 The Patents (Amendment) Rules 2004 ("the 2004 Rules") are primarily intended to amend the Patents Rules 1995 (“the 1995 Rules”) to more appropriately regulate the business of the Patent Office with respect to the new or amended provisions which it is the purpose of the Regulatory Reform (Patents) Order 2004 ("the 2004 Order") to introduce into the Patents Act 1977 (“the 1977 Act”).

1.2 They 2004 Rules will also introduce other deregulatory reforms which only require the amendment of secondary legislation.

1.3 The reforms will be of potential benefit to all who use the patent system.

Background

1.4 The 2004 Order is a deregulatory order laid under the Regulatory Reform Act 2001, and is primarily amends the Patents Act 1977 ("the 1977 Act") so that it can be administered in compliance with the Patent Law Treaty of the World Intellectual Property Organisation ("the PLT”). It has received the approval of both Houses of Parliament.

1.5 The 2004 Order provides both for relieving the unforgiving nature of the 1977 Act when errors are made by users of the patent system, and for improving the service of the Patent Office to the public.

1.6 The 2004 Rules are complementary to the 2004 Order, and reflect the same deregulatory objects. They will impose no burdens on the public other than the administrative framework (including fees) necessary for proper regulation of the benefits proposed conferred by the 2004 Order.

1.7 The 2004 Order and the 2004 Rules will be made at the same time, and the 2004 Rules will come into force immediately after the 2004 Order has come into force.

Extent

1.8 The 2005 Rules apply to the whole of the United Kingdom and to the Isle of Man

1.9 Patents legislation is not devolved. The Scottish Parliament and the National Assembly for Wales have been consulted. The Government of the Isle of Man has responded and is content.

Options

2.1 *A Consultation Document on the Deregulation of Patent Legislation* was published on 25 February 2003. It was broad in scope and included both the reforms proposed in the 2004 Order and all necessary complementary and supplementary changes to the Patents Rules 1995. It therefore addressed the measures which now comprise the 2004 Rules.

2.2 ANNEX E of the consultation document comprised a Draft Regulatory Impact Assessment for the whole project.

2.3 Paragraphs 5 and 6 of that Draft Regulatory Impact Assessment considered the options of either proceeding with the proposed deregulations or not proceeding with them. The Assessment concluded that the aim of rendering UK patent legislation capable of being administered in a PLT-compliant manner could only be achieved by amending both primary and secondary legislation in the manner proposed in the consultation document.

2.4 The 2004 Rules share this object.

2.5 To proceed with the 2004 Order without also proceeding with the 2004 rules, or vice versa, is not an option.

2.6 As required by the Regulatory Reform Act 2001, a separate full final Regulatory Impact Assessment was prepared in respect of the 2004 Order and was signed by the Minister on 6 July 2004. It accompanied the 2004 Order when it was debated in the House of Lords on 13 July 2004, and copies were placed in the House Libraries at that time.

2.7 The present document is the RIA for the proposed 2004 Rules. Having regard to the deregulatory nature of the proposals, it seeks only to justify the need for 2004 Rules and to briefly identify the nature of the benefits they will introduce.

Benefits

The function of Patents Rules

3.1 While the 1977 Act provides (among other things) for applying for, granting and maintaining patents, it is the 1995 Rules which prescribe how and under what conditions those provisions are available to users. Patents Rules prescribe such things as the procedures to be followed, the fees to be paid, and which Forms must be used. They also establish the nature of any substantiating documentation that may need to be supplied (including the provision of copies of earlier applications and of translations) and make provision for setting (and altering) prescribed periods within which various requirements of patents legislation must be complied with.

The benefits of amending the 1995 Rules

3.2 The 2004 Rules will adapt the 1995 Rules to complement the amendments to the 1977 Act which are the subject of the 2004 Order.

3.3 The 2004 Rules will also introduce the following new benefits (which require no changes to the 1977 Act, and which are therefore wholly independent of any amendments made to it).

- to allow declarations of priority to be made after the date of filing of an application (provided that the application itself was filed in good time);
- to relieve the applicant of the necessity to routinely file translations of copies of earlier applications which are used to substantiate priority claims; in future such translations will only have to be supplied if requested by the Patent Office.
- to relieve the applicant of the necessity to order and pay for copies of documents when the document to be copied are in the possession of the Patent Office;
- to relieve the applicant of the necessity to verify the accuracy of translations;
- to restrict the power of the comptroller with respect to the furnishing of evidence to cases where a reasonable doubt exists, and to require him to inform the applicant of the nature of that doubt when calling for evidence.

Business sectors affected

3.4 The Patent Office receives some 30,000 applications for patents each year. These come not only from all sectors of technology but also from the full range of business.

3.5 The reforms are beneficial, and neither differentially favour nor differentially discriminate against any particular sector of business or technology. They will be of equal benefit to all irrespective of whether they are individual private inventors, small businesses, charities, educational establishments or large corporations.

Equity and Fairness

3.6 No issues of equity or fairness arise.

Costs

4.1 There are no adverse financial costs (other then the modest fees associated with administering the reliefs provided by the 2004 Order).

Success or failure of applications

4.2 Applicants will be able recover from circumstances that would previously have resulted in the failure of an application or patent.

4.3 It is recognised that failure of any particular patent application may have a significant adverse financial implication for the individual applicant/patentee, and that the ability to recover from a heretofore fatal mistake in the application process may therefore safeguard a significant financial benefit for the owner of a patent. Such benefits are real but difficult to quantify.

4.4 In the vast majority of cases patent applications are correctly prosecuted and for these the financial impact will be nil.

Other reliefs

4.5 The relief from routinely having to supply translations of earlier applications in languages not accepted by the Patent Office, and from having to verify the accuracy of those translations is, again, difficult to quantify. As English is by far the most common language encountered in patent applications, the financial benefit is probably modest and the main benefit will probably lie in convenience to those who have to prepare and file patent applications.

4.6 The relief from ordering and paying for copies of documents already held in the Patent Office is both quantifiable and modest, and amounts to some £25,000.

Overall financial benefit

4.7 Taking all the above into account, the overall financial impact of the proposed 2004 Rules, while beneficial, is modest, and the proposals are broadly neutral in cost.

Small Businesses

5.1 As noted in paragraph 3.05 above, there are no special implications for small businesses.

Competition

6.1 The present proposals contain nothing which will change the competitive position of any particular type of business or market sector.

Enforcement and sanctions

7.1 Nobody is obliged to apply for a patent, and the only adverse consequence of failing to comply with the application requirements of patent legislation is that the application will fail (i.e. no patent will be granted). This is not an offence.

7.2 There is accordingly no requirement to make any provision for enforcement or sanctions with respect to anything contained in the 2004 Rules.

Monitoring and review

8.1 The uptakes for the various provisions of the 1977 Act and the 1995 Rules are collated and reported each year in the Annual Report of the Patent Office, and inform proposals for refining patents legislation. This will continue.

Consultation

9.1 As noted in paragraph 2.01 above, the consultation for the 2004 Rules was consolidated with that for the 2004 Order in a combined consultation entitled *A Consultation Document on the Deregulation of Patent Legislation*.

9.2 The consultation dealt with the underlying principles of the proposed new legislation, and was notified not only to those organisations which represent practitioners and other users of the patent system, but also to all persons who have told the Patent Office that they wish to be kept informed of any consultations concerning patents. It was also published on the Patent Office and Cabinet Office web sites, and links were provided from other government web sites in accordance with government guidelines.

9.3 Details about the consultation were made available to the Regulatory Reform Committee of the House of Commons and the Delegated Powers and Regulatory Reform Committee of the House of Lords as part of the documentation which accompanied the 2004 Order when it was laid for the first stage of Parliamentary scrutiny on 11 November 2003.

9.4 A draft text of the 2004 Rules was included as ANNEX C of the Explanatory Memorandum which accompanied the 2004 Order when it was laid for the final stage of Parliamentary scrutiny. A copy of the Memorandum was sent to all relevant professional associations, and its publication on the internet was notified to all others who had been consulted.

9.5 All relevant professional bodies representing users of the patent system have considered the 2004 Rules and the Fees included therein, and are content.

Summary

10.1 The 2004 Rules support the deregulations to be introduced into the 1977 Act by the 2004 Order, and also make the changes necessary for the 1995 Rules to be administered in compliance with the PLT.

10.2 They are inherently deregulatory, broadly financially neutral, and (in conjunction with the 2004 Order) will make the patent system more user-friendly.

Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed by the responsible Minister:

Sainsbury of Turville

Parliamentary Under Secretary of State for Science and Innovation

Department of Trade and Industry

Date: 22nd September 2004

Contact point

Frank Miles
The Patent Office
Room 3Y54 Concept House
Cardiff Road
Newport
South Wales
NP10 8QQ

Telephone: 01633 814403

e-mail: regreform@patent.gov.uk