

INTELLECTUAL PROPERTY BILL [HL]

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Intellectual Property Bill as brought from the House of Lords on 31 July 2013. They have been prepared by the Department for Business, Innovation and Skills in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
2. The Notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause does not seem to require any explanation or comment, none is given.

SUMMARY

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

OVERVIEW OF THE STRUCTURE OF THE BILL

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

PART	SUMMARY
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Part 1	Makes provision in relation to the law relating to designs
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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 and works of 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 Bill 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 Clause 23 of the Bill (Power to make consequential or transitional provision etc.) are also extended to the Isle of Man. The provisions of Clause 20 of the Bill (freedom of information: exemption for research) will be extended to public authorities in Northern Ireland with the consent of the Northern Ireland Assembly following a legislative consent motion.

Part 1: DESIGNS

6. Part 1 of the Bill 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 consultation with proposals to amend the system². The measures in this Part stem from the work undertaken by the IPO following the Hargreaves Review.

¹ Intellectual Property Office is an operating name of the body defined in legislation as “the Patent Office”

² <http://www.ipo.gov.uk/types/hargreaves/hargreaves-designs.htm>

8. The clauses 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.

Clause 1: Unregistered designs, meaning of “design” and “original”.

9. This clause 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 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 over which that meaning applies. The amendment aims to remove that confusion by specifying that the meaning of “commonplace” applies to those countries defined under section 217(3).
12. *Subsection (4)* ensures that the new definition will only apply to designs created after the change in the law and will not be applied retrospectively.

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

Clause 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 clause 3 are intended to maintain this principle, by simplifying and expanding the concept so that those who are economically active in the EU – and those countries to which qualification has been extended by Order (see the countries listed in S.I. 1989/1294) – may qualify.
17. *Subsections (1) and (5)* amend “qualification by first marketing”. Whether a design qualifies for protection because of the circumstances in which it was first put on sale (first marketed) will now depend on the country in which those sales took place, rather than on the nationality or place of residence of the person who did the marketing (“qualifying individual”).
18. *Subsections (2), (3), (4) and (6)* make sure that the amendment made in subsection (1) above is 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 carries on business activity (the “qualifying country”). The reference to a person in paragraph (b) of the definition of “qualifying person” will, as a result of the Interpretation Act 1978³, ensure that the definition covers businesses. The definition of “qualifying country” would not be altered.
19. *Subsection (4)* also removes the reference in section 218 of the CDPA to computer-generated designs. This reference is no longer considered necessary.

Clause 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 224A introduces protection from infringement for private acts, experiments and teaching. The intention is that acts done privately and for no commercial purpose, or acts done for teaching purposes, should not be caught by unregistered design right. For example, a school teacher in carpentry would be able to demonstrate how to produce design protected features without infringing the design right. Similarly, the exception 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 224B 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.

³ See definition of ‘person’: <http://www.legislation.gov.uk/ukpga/1978/30/schedule/1>

Clause 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 are not subject to infringement of any associated copyright. It does not refer to designs registered at the EU design registry (“Community designs”) which also cover the UK. Clause 5 extends the existing defence at section 53 so that it also applies to registered Community designs in addition to UK registered designs.

Clause 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 clause 2.
26. *Subsection (2)* amends section 3 of the RDA by removing the requirement for the applicant 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.

Clause 7: UK Registered designs – Right of prior use

27. This clause introduces a limited defence 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) means that the protection for the third party only applies to the use that they have already made of the design; and new section 7B(5) means that there is no right to, for example, sell the design to another.

Clause 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 clause 8 inserts a new section 15ZA into the RDA by putting 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 should 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 clause 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.

Clause 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 registrar⁴ (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. It was intended to make sure that any unregistered design 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.
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 is information considered

⁴ That is, the Comptroller-General of Patents, Designs and Trade Marks (see section 44(1) of the RDA)

confidential, information which is immoral or offensive, or information produced for internal communication only within the IPO.

Clause 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 between the innocent infringement of UK registered designs and those 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 (“appointed person”) or the court, and reflects the system already in place for challenging trade mark decisions of the registrar⁵.
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 refers to the Registered Design Appeal Tribunal (RDAT) and which was never brought into force.

Clause 11: UK Registered Designs - Opinions service

41. *Subsection (1)* introduces, through a new section 28A of the RDA, a power for the Secretary of State to provide for a non-binding opinions service for designs, similar to that which already exists for patents⁶. The opinions service will cover UK registered

⁵ See sections 76 and 77 of the Trade Marks Act 1994

⁶ www.ipo.gov.uk/pro-p-opinion.htm

designs and its scope may be extended to include, for example, other design rights such as the UK unregistered design right.

42. Subsections (2) to (5) of section 28A provide for details to be included in regulations. This could include, for example, circumstances where the registrar will not be required to give an opinion and information and fees that should accompany an application 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 mark⁷ and patent law⁸).
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.
44. Subsection (7) of section 28A requires that regulations must provide for an appeal relating to an opinion. The regulations must provide that such an appeal is to be made to the appointed person (appointed under new section 27A RDA). Details of the appeal procedure will be included in the regulations. *Clause 11(2)* inserts section 249A into the CDPA. The effect of this provision is to enable regulations made in relation to design opinion to cover UK unregistered design right.

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

45. This clause 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 marks⁹ and patents¹⁰. Any directions issued by the registrar 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 given by the registrar under directions, rather than by secondary legislation.
48. *Subsections (5), (6) and (8)* specify that, until any new directions are made, the current forms and hours of business apply.

⁷ Section 70 of the Trade Marks Act 1994

⁸ Section 116 of the Patents Act 1977

⁹ For an example of directions relating to trade marks see www.ipo.gov.uk/t-hours.htm

¹⁰ For examples of directions relating to patents see www.ipo.gov.uk/p-direction.htm

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

49. The clause inserts a new section, section 35ZA, into the RDA. This makes the deliberate *copying* of a UK or EU registered design a criminal offence, and specifies the circumstances under which the offence applies. For example, the offence will only apply to designs registered prior to the copying, not to those registered after the copying has taken place.
50. New section 35ZA(1), (2) and (3) of the RDA mean that, for a criminal offence to take place, deliberate copying in the course of business needs to be proven. It specifies the various conditions that must apply 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, knew or had reason to believe that the registered design in question had been copied. Although the offence provides that a person must be acting in the course of business, under section 35ZA(6) a criminal offence will not be committed where the use of a product is incidental to the carrying on of the business.
51. New section 35ZA(4) and (5) of the RDA mean that reproducing the design unintentionally is not caught by the offence. So the offence will not apply if the defendant can show a reasonable belief that the design in question was invalid. Nor will the offence apply if the defendant can show that their design did not infringe the design in question, or that they had a reasonable belief that their design did not infringe it.
52. As a result of new section 35ZA(7), the offence also applies to designs registered in the EU (Registered Community Designs)¹¹.
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 marks¹² and copyright¹³.
54. Clause 13 inserts new section 35ZB into the RDA, which provides Trading Standards Authorities with similar powers of enforcement for design offences as they have for copyright and trade marks.
55. Clause 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

¹¹ http://oami.europa.eu/en/design/pdf/reg2002_6.pdf

¹² Trade Marks Act 1994 s. 92 <http://www.legislation.gov.uk/ukpga/1994/26/section/92>

¹³ Copyright, Designs and Patents Act 1988 s. 107
<http://www.legislation.gov.uk/ukpga/1988/48/section/107>

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 may later be destroyed or passed on to another person in order to be recycled or re-used in some way.

Clause 14: UK Registered designs – Offences committed by partnerships

56. Clause 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 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 Bill 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 clauses 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.

Clause 15: Infringement: marking products with an internet link

60. This clause amends section 62 of the 1977 Act, which concerns restrictions on the recovery of damages for infringement. Currently 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, or 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 clause 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.

Clause 16: Opinions service

62. Section 74A of the 1977 Act currently specifies the limited grounds on which the IPO is able to give an opinion. *Subsection (1)* of this clause amends section 74A to replace the specified grounds on which an opinion can be issued with a broader power to set out those grounds in the rules. Prescribing the grounds in the 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 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.

Clause 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 would 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 clause inserts a new section 88A into the 1977 Act which permits 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 should 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 for a Unified Patent Court and for different provisions 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 clause also inserts a new section 88B into the 1977 Act which provides that the Unified Patent Court will be 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 88B ensures that section 1 of the 1968 Act can apply to the Unified Patent Court.

Clause 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. The World Intellectual Property Organisation estimates the current global patent backlog stands at 4.8 million, which represents several years of work for offices at their current rates of processing 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. Currently 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. This clause allows the IPO to share information on unpublished patent applications with other national and regional patent offices. Subsection (2) of this clause defines these other patent offices as being those which carry out the same functions relating to patents as carried out by the IPO. However the clause requires 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 clause also requires that the working arrangement includes 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 Patents Act and the European Patent Convention.
74. The IPO intends to provide guidance on its website setting out:
- a) what information is being shared,
 - b) from what date onwards,
 - c) from what point in the patent application process onwards,
 - d) with which other offices, and
 - e) what restrictions are in place on the use of that information.

Clause 19: Minor amendments to the Patents Act 1977

75. This clause gives effect to the Schedule, which makes minor amendments to the 1977 Act.

Schedule (to clause 19)

Paragraph 1: Patent applications in or for WTO members

76. This provision removes uncertainty created when the 1977 Act was amended in 1999. It does not affect substantive patent law.
77. 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.
78. 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

79. 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 being considered to be infringing the provisional rights which are conferred to the patent applicant once a patent application has been published. This is commonly referred to as having “third party rights”.
80. Currently, 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 considered to 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.
81. This results 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.

82. This paragraph clarifies that third party rights do not begin until the end of the time period, including any additional time which may be requested under the Patents Rules 2007 (S.I. 2007/3291), in which the patent applicant can request an extension of time to the period the applicant had failed to meet.

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

83. 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.

84. Currently, 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 currently end on 1 October 2014.

85. 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 benefitting from the remedies discussed above will end on 2 October 2014.

Paragraph 4: References to “counsel”

86. 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. The paragraph also removes the requirement that only counsel can represent the parties involved in disputes relating to the Crown use of patented inventions.

87. 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

88. 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 currently there is 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.
89. 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

Clause 20: Freedom of Information: exemption for research

90. Clause 20 inserts a new exemption into the Freedom of Information Act 2000 (FOIA) for continuing programmes of research intended for future publication.
91. *Subsection (1)(a)* provides that information is exempt from the requirement in section 1(1)(b) of FOIA to disclose information in response to a request if it relates to information obtained in the course of, or derived from, a programme of continuing research that is intended for future publication.
92. *Subsection (1)(b)* provides that the information referred to in subsection 1(a) will only be exempt information if its disclosure would or would be likely to prejudice a matter listed in that subsection.
93. 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.
94. *Subsection (2)* provides that the public authorities are not required to confirm nor deny that information to which section 22A applies is held in accordance with section

1(1)(a) of FOIA if, or to the extent that, compliance would, or would be likely to, prejudice any of the matters mentioned in *subsection (1)(b)*.

Clause 21: Reporting Duty

95. This clause 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 clause follows recommendations of the 2011 Hargreaves Review of Intellectual Property and Growth¹⁴. The purpose of the report is to sharpen the focus of the IPO on innovation and growth, and increase transparency.
96. The report will present an assessment 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.
97. The assessment will cover the financial year 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.
98. The clause does not describe the content of the report, as the policy activities of the IPO change from year to year. If the clause were to list the specific items to be considered, there is a risk that the report would in future years be decreasingly relevant and any change would require primary legislation.
99. 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.

¹⁴ <http://www.ipo.gov.uk/ipreview-finalreport.pdf>

100. Examples of the activities that could be expected to be included in the first reports are copyright licensing, protection of metadata and work to establish the Unified Patent Court.

Clause 22: Recognition of Foreign Copyright Works and Performances

101. This clause provides for the automatic extension of certain copyright provisions of the CDPA to nationals and works of other countries without the need to include an extensive list of countries and territories in an order. The clause inserts a large number of those countries and territories into the body of the Act 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.
102. The specific countries and territories to be incorporated into the body of the CDPA (rather than included in the orders) are the members of the EEA (European Economic Area - which includes the 27 EU Member States); 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.

FINANCIAL EFFECTS OF THE BILL

103. There are no financial effects of the Bill.

SUMMARY OF THE IMPACT ASSESSMENT

104. The overarching IA shows a net benefit of £19.61 million over a ten year period.

EFFECTS OF THE BILL ON PUBLIC SECTOR MANPOWER

105. There are no effects on public sector manpower.

COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS

106. Section 19(1)(a) of the Human Rights Act 1998 requires the Minister in charge of the Bill to make a statement confirming compatibility with the European Convention on Human Rights (ECHR).
107. The Rt Hon Dr Vince Cable MP, Secretary of State for Business, Innovation and Skills has made the following statement: "In my view the provisions of the Intellectual Property Bill are compatible with the Convention rights".
108. Although of the view that the Bill is compatible with the rights in the Convention, the

*These notes refer to the Intellectual Property Bill [HL]
as brought from the House of Lords on 31 July 2013 [Bill 102]*

Department has considered the arguments that might be made in relation to the potential engagement of such rights by the provisions in the Bill. Intellectual property rights are covered by the provisions of Article 1 of Protocol 1 to the ECHR. The Bill makes a number of adjustments to the law relating to designs and patents but the Department does not consider that these raise any issues of compatibility with Article 1 of Protocol 1. In addition the Bill inserts a new exemption into the Freedom of Information Act 2000, but the Government does not consider that this raises any issues of compatibility under Article 10.

COMMENCEMENT

109. Clause 24 provides that its provisions will come into force on such day as the Secretary of State may by order made by statutory instrument appoint.

INTELLECTUAL PROPERTY BILL [HL]

EXPLANATORY NOTES

*These notes refer to the Intellectual Property Bill as brought from the Lords
on 31 July 2013 [Bill 102]*

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