



ADVANCING INDUSTRY'S VIEW ON INTELLECTUAL PROPERTY SINCE 1920

TRENDS & EVENTS

Intellectual Property:
Current Events and
Future Prospects

December 2015



The IP Federation was founded in 1920 as the Trade Marks, Patents and Designs Federation (TMPDF) in order to coordinate the views of industry and commerce in the United Kingdom, and to make representations to the appropriate authorities on policy and practice in intellectual property (IP) matters.

Aims

The IP Federation's aim is to bring about improvements in the protection afforded by intellectual property rights throughout the world, to the advantage of inventors, manufacturers and consumers alike. Today the Federation has forty-one IP-intensive members operating in a wide range of sectors and product groups, among which are many of the largest companies in the UK, as well as smaller companies. [For a list of full members see back cover.]

Most if not all industrial and commercial firms use or are affected by intellectual property rights, even if they are not particularly concerned with innovation protected by patents and designs. Nearly all firms own trade marks and copyright material. All are affected by competition law and the rights of others. The work of the Federation is therefore of value to everyone. While many firms leave day to day matters concerning the acquisition, defence and enforcement of rights to professional attorneys, it is still important to take a direct interest in the policy background, to ensure that proper rights are available, can be secured in a straightforward and efficient way and can be litigated without unnecessary complexity and expense.

Activities

The IP Federation initiates proposals and follows all developments at national, European and international levels across all fields of intellectual property. The Federation has a close relationship with the Confederation of British Industry (CBI) and provides professional input on intellectual property matters to the CBI, as well as representing it in certain meetings of BUSINESS EUROPE, the Confederation of European Business, concerning intellectual property. The IP Federation is also an invited observer at diplomatic conferences and meetings of standing committees of the World Intellectual Property Organisation (WIPO).

Contacts

The IP Federation maintains good contacts with the UK Intellectual Property Office (IPO), and members of its council and committees participate in several focus groups and practice working groups which provide expert opinion to the UK Government and its agencies on intellectual property matters. It also has good contacts with the European Patent Office (EPO) and is represented on bodies which advise the EPO.

It is represented on the Intellectual Property Court Users' Committee (IPCUC), the UK user committee of the Patents Court, and is on the IPO's list of consultees in relation to references to the Court of Justice of the European Union (CJEU).

The IP Federation also maintains contacts with parliamentarians both in Westminster and in the European Parliament. In the UK, it has close contacts with the Chartered Institute of Patent Attorneys (CIPA), the Institute of Trade Mark Attorneys (ITMA) and the Intellectual Property Institute (IPI); it is a member of IPAN (the IP Awareness Network). Internationally, the IP Federation exchanges views and maintains good contacts with similar IP user organisations in other countries.

Membership

The IP Federation has a council, which agrees Federation policy, a governance committee, and a number of technical committees, to which detailed consideration of issues may be delegated. Most members pay a fee that entitles them to a seat on council, as well as any or all of the committees. Some members pay a lower fee that allows them to join any or all of the committees. All members may vote at the AGM at which (*inter alia*) the president of the Federation, any vice-presidents, and the governance committee are elected. If you would like to join the Federation, please contact the Secretariat at the address which follows.

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PRESIDENT'S INTRODUCTION

It is with great pleasure that I am able to introduce the 2015 edition of *Trends and Events*, the annual journal of the IP Federation. The contributions you will read are prepared by member representatives of our Federation who put in an inordinate amount of time and effort in support of the Federation and its aims. I would particularly like to thank the members of our Governance Committee who have worked hard during 2015 to ensure that many of our internal policies have been documented for current use and future consultation; to thank the Chair of our Patents Committee, Scott Roberts who succeeded Simon Roberts during the year, and to thank our Secretariat who through diligence and hard work ensure that the IP Federation runs smoothly: David England and Claire Mares (who joined us part way through 2015 and has already brought us into the modern era by changing us over to internet banking).

It continues to be an extraordinarily busy and interesting time for us in the world of business IP, and we were kept on our toes right through to the very end of 2015 with a provisional agreement on the Trade Secrets Directive being issued at the year-end (note the date of the entry in this journal of the Trade Secrets update!).

This year we have welcomed in a new UK Government and had the pleasure of seeing our IP Minister retained in post. It has become clear through 2015 that the Unitary Patent (UP) and Unified Patents Court (UPC) will become a reality and that while the original timescales can now be seen to have been too challenging and optimistic, the position at the end of 2016 could well be that the UP will start and the UPC will open its electronic doors.

We have been inordinately pleased and honoured to be asked to be involved in many aspects of the UK IPO's Task Force work for the Unified Patents Court and the Unitary Patent, and we have continued to lobby for realistic and cost-effective systems to be put in place. To mention just a few amongst the many and varied activities we have undertaken this year in this connection: we and many others lobbied right up to the date of the relevant meetings that (provisionally) agreed the level of renewal fees; we co-sponsored and participated in a UK event on the UPC Court fees consultation, we reviewed and submitted comments on the Rules of Procedure and on the proposed Court fees, and we participated in reviewing and thinking through the needs for the siting of the London base of the UPC. We are pleased to be consulted to provide the practical viewpoint of industry for the many facets of the work to bring in a whole new Court and a whole new patent system, and while we will continue to voice concerns, we will also try to think of practical solutions and work alongside those who have to develop them.

Our annual visit to meet with the EU Commission Brussels came on the day of the announcement of the Trade Secrets provisional agreement, and we had the pleasure to extend our contacts to meeting with UKRep. There remains an energy within the Commission to continue to tackle IP issues, and we will have every reason to continue lobbying at all levels in Brussels.

2015 saw the IP Federation extend its areas of concern into relevant social responsibilities. IP is the lifeblood of many of our members' businesses, but we know that it requires a diverse and inclusive, scientifically competent, and linguistically able, future generation to ensure both the continued creation of that IP within UK industry and the retention of the UK's position as having professional IP advisors of the highest calibre. We are proud to support the IP Inclusive Initiative alongside other UK IP bodies and continue, through our involvement in Access to the Professions, a dialogue about our education system that we started many, many months ago with the IP Minister.



In 2016 we will likely see the sunrise period start for the Unified Patents Court, and preparations be closed out, allowing for the start of the Court and the UP. Alongside, in 2016, we will possibly see what the British electorate wants for the future of the UK in Europe. 2016 will also see a new President rise from our ranks, who will have the task for the next edition of *Trends and Events* to review either an eventful or a non-eventful year! Whatever does come to pass during the year, the IP Federation will continue to bring a practical, commercial viewpoint to bear that is balanced, reasonable and representative of the needs of industry, whether large or small.

Finally, I would like to thank the following contributors to this edition for giving up their valuable time to pass on their expertise:

- David England
- Tim Frain
- Alan Johnson
- Scott Roberts
- Michael Jewess
- Tony Rollins

and also our Solicitor Associates:

- Alan Johnson of Bristows
- Sacha de Klerk of Norton Rose Fulbright
- Mark Ridgway of Allen & Overy

Carol Arnold, IP Federation President, 31 December 2015

IP FEDERATION

The Federation's activities

One of the IP Federation's chief lobbying tools is its policy papers. These are all available on the website at:

<http://www.ipfederation.com/>

The policy papers on the website represent the views of the innovative and influential companies which are members of the Federation. Members are consulted on their views and opinions and encouraged to debate and explore issues of practice and policy. Only after consensus is achieved are external bodies informed of the collective views of industry via the Federation.

The policy papers are also submitted to the relevant third party consultative bodies, e.g. the Standing Advisory Committee before the European Patent Office (SACEPO), and the Patent Practice Working Group (PPWG), at the:

- European Patent Office (EPO)
- Office of Harmonization for the Internal Market (OHIM)
- World Intellectual Property Organization (WIPO) and
- UK Intellectual Property Office (IPO)

as well as, in appropriate cases:

- BUSINESSEUROPE
- the European Commission
- ministers and
- judges.

Policy papers 2015

Policy papers submitted in 2015 are as follows:

PP 1/15 Public Consultation on Patents and Standards by the European Commission

IP Federation response to the European Commission "Patents and Standards" Consultation

PP 2/15 India National Intellectual Property Policy

IP Federation comments on the Indian Government's draft National Intellectual Property Policy

PP 3/15 Costs of using the Unitary Patent Package

IP Federation position on three issues relating to the cost of using the Unitary Patent Package (Unitary Patent and Unified Patent Court), namely court fees, unitary patent fees and opt-out fees

PP 4/15 The EU Trade Secrets Directive (December 2014)

IP Federation position on the EU Trade Secrets Directive (December 2014)

PP 5/15 Substantive Patent Law Harmonisation [SPLH]

Plea for continued efforts to find common ground for international agreement on a number of substantive aspects of patent law, including the prior art to be considered in relation to novelty, the principle that the patent on a given invention should be awarded to the first inventor to file and a grace period

PP 6/15 Legal Services Board - Regulatory Restrictions in Practising Rules for In-house Lawyers

IP Federation response to the Discussion Paper of the Legal Services Board (LSB) - "Are Regulatory Restrictions in Practising Rules for In-house Lawyers Justified?"

PP 7/15 Consultation on IPO's new Design Opinions Service

IP Federation response to the consultation on IPO's new Design Opinions Service

PP 8/15 Unified Patent Court - Public Consultation on the Rules on Court fees and recoverable costs

IP Federation response to the UPC Preparatory Committee's public consultation on the Rules on Court fees and recoverable costs closing 31 July 2015

PP 9/15 Indian Government consultation on draft Patent (Amendment) Rules, 2015

IP Federation comments on the Indian Government's consultation on the proposed draft rules to amend further the Patents Rules 2003

IP Federation's message to the new government

In May 2015, the IP Federation wrote to the Rt Hon. David Cameron MP in the light of his re-appointment as Prime Minister. We included a message to the new government which the members of the IP Federation had prepared, putting forward the following views:

- Responsibility for IP should sit within those parts of government responsible for Innovation and Trade.
- IP Ministers are valuable but need to stay in post long enough to make a difference.
- The UK position in the EU gives it influence in IP policy making.
- The IPO should maintain and improve its influence in Europe and internationally.
- Fee levels for the prospective Unitary Patent and Unified Patent Court systems must be attractive to users for them to be successful.
- The IP Federation supports the government's efforts to raise awareness of IP in schools and universities.

We were pleased to see Baroness Neville-Rolfe stay in post as IP Minister.

Joint initiatives

In June and July 2015, CIPA, the IP Federation and the IPO hosted awareness raising events for individuals and businesses to gain a better understanding of the background of the UPC court fee consultation, the details of the various elements contained within it and how best to get views across. A panel of experts discussed the key elements and generated discussion from the audience, with a live and interactive webinar.

IP Inclusive was launched at a special event in central London on 30 November 2015 with more than 12 firms and organisations initially signing up to its charter, a public commitment to the IP Inclusive principles of equality, diversity and inclusion. The aims of IP Inclusive are to improve access to the intellectual property professions, regardless of disability, age, gender, sexual orientation or

social, economic and cultural background, race, religion and belief, and pregnancy and maternity. The 40 strong task force leading IP Inclusive are from CIPA, the Institute of Trade Mark Attorneys (ITMA), the IP Federation, FICPI-UK, the IPO, and *Managing Intellectual Property* magazine.

The Federation's campaigns

An important point to understand is that in general IP lobbying and influencing is a long-term activity - especially as we do not tend to get involved in short-term single issue items of a sectoral nature. However, some of the more specific campaigns in which the Federation has lobbied and enjoyed various key successes in 2015 are set out below. These are all cases of success or partial success in which the Federation had a role.

1. On the proposals for Unitary Patent (UP) Renewal Fees, we contacted the UK Intellectual Property Office (IPO) and the Minister in advance of the June EPO Select Committee meeting, asking them to vote in favour of the "True TOP 4" proposal on renewal fees. At the meeting, the IPO supported a provisional decision to accept the "True TOP 4" proposal, on the basis of the equivalent of the fees payable for national designations in Germany, France, the UK and the Netherlands. An agreement has now been reached that renewal fees would be set on this basis.
2. Our submissions on the Unified Patent Court (UPC) Rules of Procedure have been taken on board by the Preparatory Committee (see the recently issued final Rules), ensuring for example that there are appropriate provisions relating to attorney-client privilege, patent attorney representation rights before the UPC, and entitlement of the actual proprietor to opt out of the UPC. Notably this year, the President and Immediate Past President were invited by the IPO to a special event at the new London Court location in direct recognition of the IP Federation's sustained strong contributions and support in the UP/UPC sphere.
3. The IPO consulted on proposed secondary legislation, namely a

statutory instrument (SI), to implement the UPC Agreement into UK domestic legislation. The IP Federation responded to that consultation, providing general comments in three key areas, namely (1) Jurisdiction (UK alignment, transitional provisions, IPO Opinions service); (2) Unitary Patent (threats and double patenting); and (3) Infringement Exceptions (specifically software interoperability, Article 27(k) UPCA). At the time of writing, we await the issuance of the SI.

4. We understand that the Japanese Patent Office have now agreed to join the USPTO, European and Korean Patent Offices in a collaborative search and examination pilot, the merits of which we have been advocating strongly for some time.
5. We successfully lobbied for changes to the Registered Designs Act 1949 to allow webmarking for registered designs in the UK. Registered design owners will have the option of marking a product with the address of a website which links the product with the relevant registered design numbers as an alternative way of providing notice of the rights.
6. In response to an IPReg consultation on simplifying and modernising examinations for qualifying as a patent attorney, we indicated that the proposal to abandon the Foundation Level examinations was misguided and objected to the proposal to abolish papers P3 and P4. We encouraged IPReg to withdraw these proposals, and instead review the qualification system within the UK in a holistic manner, defining firstly the purposes of the UK qualification to enable potential future changes to be made that are consistent with the needs of the public, the needs of the profession, and indeed IPReg's own objectives as defined by the Legal Services Board. We were relieved to see that IPReg are taking some time out for further reflection and that no changes to the current UK patent examinations system (at least in the near term) will take place.
7. The IP Federation, together with

other reputable organisations have put forward an Equality, Diversity and Inclusion Charter which has been very recently successfully launched under the IP Inclusive initiative.

8. The IP Federation has lobbied via the IPO and directly with the EC; MEPs; rapporteurs and others in Brussels for the Trade Secrets Directive to be a balanced proposal for a minimum standard of legislation that strikes a fair balance between industry and individuals' rights. A provisional agreement was reached unexpectedly right at the end of 2015; the press release indicates that such a middle path has indeed been agreed on the most contentious points of employee mobility, freedom of expression and whistleblowing, with one overall aim being to lay down common measures against unlawful acquisition, illegal disclosure and use of trade secrets without undermining fundamental rights of the individual or the public interest.

Work in progress

Work in progress includes the following campaigns:

- a) for the UK to remain involved in the process for establishing the unitary patent package in the European Union;
- b) for procedures set up in respect of the Unitary Patent (UP) and the Unified Patent Court (UPC) to be user friendly, cost effective, and include adequate protections for users;
- c) for improved patent search quality, in the interests both of patentees and potential infringers of patents;
- d) for the retention of an iterative examination process at the EPO;
- e) for harmonisation of patent law on both a procedural and a substantive level, and renewed efforts to find common ground for international agreement on a number of aspects;
- f) for resistance to widespread imposition of criminal penalties in IP cases, particularly in the field of infringement of registered and

unregistered designs;

- g) for retention of the present reciprocity provisions on the unregistered design right (UDR) in the Copyright, Designs and Patents Act 1988, which offer UK manufacturers protection from unfair competition, encourage reciprocity and support UK innovation;
- h) for the marking provisions for registered designs in the UK to be amended to provide for the marking of products with a relevant internet link (virtual marking), as is the case with patents under the Intellectual Property Act 2014; and
- i) for an improved process for filing observations at the Court of Justice of the European Union (CJEU), to allow UK organisations to participate fully.

See also the Activities tab on the IP Federation website for the latest news.

Benefits of being in the Federation

As set out on the Federation's website, membership benefits include:

- Authoritative representation at national and international level
- Access to legislators and officials

- A non-sectoral forum to exchange ideas and opinions on key intellectual property issues as they relate to IP
- Excellent networking and learning opportunities, for new and established IP attorneys
- Advance notice of forthcoming legislative proposals and practice changes
- Monitoring service for all consultations, both national and at EU Commission level
- Regular alerting service, newsletters and policy papers

Social networking

As well as having its own website, the Federation has web presence through social networking sites, with a page on Facebook, a profile on LinkedIn and most recently a Twitter feed - @ipfederation. Over the last year, we have once again doubled the number of people who follow us on Twitter and now have nearly four hundred followers, including some notable figures in the IP world, and this is the easiest way to be notified of any new policy papers and other news items on our website.

David England, 18 December 2015

COMPETITION

Progress on the EU Trade Secrets Directive

Introduction

Following major developments during December 2015, we can now report that the EU Trade Secrets Directive has moved to a near-final stage, with the final legislation looking likely to be passed early in the New Year. Although much remained to be finalised as recently as late autumn, a sustained push by the outgoing Luxembourg Presidency of the EU Council led to several "trilogue" meetings in the early winter 2015, with a "provisional agreement" being reached on 15 December. The text in question was then released for public consumption on 22 December, allowing us to assess the quality and likely impact of the Directive. We can also report on the effectiveness of the IP Federation's efforts to engage

with the legislative process, which appear to have had a positive impact.

Developments during 2015

At this time last year, the legislative "baton" in relation to the Trade Secrets Directive had just been handed to the Legal Affairs Committee of the European Parliament (aka "JURI"), after the EU Council had arrived at a common position (and an associated set of amendments to the Commission's original proposal) shortly before the parliament's 2014 summer recess.¹ The JURI committee (via the

¹ Council for the European Union document 9870/14, dated 19 May 2014 (see: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%209870%202014%20INIT>).

Rapporteur, Constance Le Grip) then had the unenviable task of fielding views from all other interested parties, including other European Parliament committees, parliamentary groupings and industry stakeholders.

Perhaps unsurprisingly, given the importance of the subject matter, there were rumours of extensive lobbying of the Rapporteur and Shadow Rapporteurs in relation to the Directive. In particular, it was clear that many within the European Parliament were resistant to any new form of intellectual property legislation that could potentially impact on fundamental freedoms or issues such as worker mobility. As a result, there were extensive sets of amendments proposed to the various European Parliament committees tasked with examining the Directive.²

Following a number of discussion sessions and a hearing within JURI, the committee finally voted on the Directive and finalised its report on 22 June 2015, proposing an extensive set of amendments, including a number that appeared potentially problematic (or at least dangerously ambiguous) from the IP Federation's perspective.³ Consistent with earlier policy papers, our comments at this stage focussed on the following areas (all of which remained in contention based on JURI's proposed amendments to the Directive):

- **Setting a minimum standard:** We continued to push for an express provision making clear that Member States could apply more stringent protection of trade secrets under national law if they wished (a provision to this effect had been included in the EU Council's common approach, following comments by the

IP Federation and others).

- **Employees / labour mobility:** We expressed the view that some of the amendments introduced by the European Parliament in relation labour mobility were overly broad and could potentially have made it more difficult for companies to defend trade secrets against former employees.
- **Whistleblowing:** We noted that the drafting proposed by the European Parliament contained no linkage between the supposed wrongdoing and the information that was disclosed, meaning that purported whistleblowing could serve as an excuse for unnecessarily broad disclosures.
- **Freedom of expression:** We noted the various references to "media freedom" (and similar) which had been added by JURI were unnecessary, given that media freedom is protected under Article 11 of the Charter of Fundamental rights in any event.
- **Limitation period:** We expressed the view that the European Parliament's proposed limitation period of 3 years was potentially too short and that we supported the maximum limitation period of 6 years, as in the EU Council's compromise text.

The "provisional agreement" of 15 December

As mentioned, the last two weeks of 2015 saw the trilogue deadlock broken, with the EU Council and European Parliament announcing a "provisional" agreement on the Directive on 15 December 2015. The agreed form of text (which remains subject to a legal linguistic review) has also now been released. The outcome in relation to each of the main contentious issues is considered in turn below.

i) Minimum standard or full harmonisation?

Fortunately, this issue has been resolved in favour of a minimum standard, with language from the EU Council's common position being included - Article 1 of the Directive will state that Member States

² A total of 105 amendments were included in an Opinion from the European Parliament's Committee on Industry, Research and Energy (ITRE) dated 29 April 2015 (several hundred amendments had been fielded and considered by the Committee in the course of producing its opinion). A further 45 amendments were included in an Opinion from the Committee on the Internal Market and Consumer Protection (IMCO) dated 30 March 2015.

³ See: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONGML%2bREPORT%2bA8-2015-0199%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

may provide "for more far-reaching protection" provided that compliance with certain safeguards set out in the Directive is ensured.⁴

The safeguards listed include the "freedom of expression" and whistleblowing provisions in Article 4 (discussed below), giving those provisions added importance. This is because those safeguards will now effectively serve as a mandatory limit on trade secret protection throughout Europe.

ii) Trade secrets and employees / labour mobility

The European Parliament's proposed amendments in this area were arguably the most dangerous from the point of view of business, because they potentially limited the protection of any confidential information against employees / former employees.

The most problematic provision in this respect was an amendment to Article 1, which provided that: "*This Directive shall not affect ... the use of information, knowledge, experience and skills honestly acquired by employees in the normal course of their previous employment or in some other contractual relationship, which are not covered by the definition of a trade secret as provided for in point (1) of Article 2.*" (Emphasis added.)

This provision could have been interpreted to mean that, if an employee had acquired information honestly and in the normal course of his/her work, the information should never be protected against that employee no matter how sensitive the information in question was (e.g. if the employee knew the Coca Cola recipe through the normal course of his/her work then that recipe could not be protected).

This would have represented a significant weakening of the current position under English law and would have been a bad outcome for business. Fortunately, however, the broadest version of the language proposed by the European

Parliament has been rejected. Instead, the agreed text of the Directive contains a new Article 1(2a) providing that:

Nothing in this Directive shall be understood to offer any ground for restricting the mobility of employees. In particular, in relation to the exercise of such mobility, this Directive shall not offer any ground for:

- (a) *limiting employees' use of information not constituting a trade secret as defined on point (1) of Article 2;*
- (b) *limited employees' use of the experience and skills honestly acquired in the normal course of their employment;*
- (c) *imposing any additional restrictions on employees in their employment contracts other than in accordance with Union or national law.*

Relevant text also appears in Recitals 2, 8a, 13 and 27a, which further emphasise that the Directive should not hinder labour mobility and should not prevent employees from using their skills and experience.

The upshot would therefore appear to be that:

1. The Directive will have no impact on labour mobility;
2. For information that is not "trade secret" (as defined), the Directive will have no impact on employees (or indeed on anyone);
3. The Directive will also have no impact on employees' ability to make future use of "*experience and skills honestly acquired in the normal course of ... employment*"; and
4. The Directive will impose no additional contractual restrictions on employees.

On the other hand, the Directive leaves open the possibility that there will be some information that is a trade secret and which is *not* part of an employee's "*experience and skills honestly acquired*". In such cases, provided that the employee is able to use his/her

⁴ Compliance with Articles 4, 5, 6(1), 7, the second sub-paragraph of Article 8(1), Articles 8(3), 8(4), 9(2), Articles 10, 12 and Article 14(3) must be ensured

"*experience and skills*", the issue of labour mobility also arguably does not arise - since the employee is perfectly able to move between jobs using *just* their skills / experience. The operative provisions of the Directive should therefore apply against such employees, which would broadly align with the current English law approach to trade secrets and former employees (whereby sufficiently sensitive and distinct information can be protected indefinitely).

It is relevant to note that Recital 27a and Article 1(2a)(c) also refer to contractual obligations that might be placed on employees. In this regard, Recital 27a records that the Directive is not intended to "*affect the possibility of concluding non-competition agreements between employers and employees, in accordance with applicable law*". Sensitive issues in relation to restrictive covenants / non-compete clauses (and the enforceability thereof) are therefore left as a matter for national law. No harmonisation is attempted.

iii) The whistleblowing defence

The text of the Commission's original proposal for the Directive effectively provided a public interest defence in Article 4(3)(b). This applied whenever a trade secret was acquired, used or disclosed:

... for the purpose of revealing an applicant's misconduct, wrongdoing or illegal activity, provided that the alleged acquisition, use or disclosure of the trade secret was necessary for such revelation and that the respondent acted in the public interest. (See Article 4(3)(b) of the original text).

As it stood, this drafting caused some concern amongst businesses - it was felt that the provision was overly broad and could potentially be abused, with purported whistleblowing being used as an opportunity for wider, unnecessary disclosure of companies' confidential information.

Unfortunately, however, amendments proposed by the European Parliament sought to widen the provision yet further.

Moreover, those amendments now appear to have been agreed during the trilogue, with the agreed text of Article 4 providing a defence whenever a trade secret is acquired, used or disclosed:

... for revealing a misconduct, wrongdoing or illegal activity, provided that the respondent acted for the purpose of protecting the general public interest.

Whilst English law in relation to public interest disclosures is rather unclear (some cases suggest a widely-applicable defence, whilst others suggest a much more narrow one), this provision of the Directive has potential to be interpreted very broadly indeed - arguably, any disclosure that is made for the purpose of revealing wrongdoing will be protected under Article 4.

If this is the correct interpretation then it will likely be of some concern to businesses. On the other hand Recital 12a supports a slightly narrower interpretation, stating that:

Measures in this Directive should not restrict whistleblowing activity. Therefore the protection of trade secrets should not extend to cases in which disclosure ... serves the public interest, insofar as directly relevant misconduct, wrongdoing or illegal activity is revealed. This latter should not be seen as preventing the competent judicial authorities from allowing an exception to the application of measures, procedures and remedies where the respondent had all the reasons to believe in good faith that his conduct met the appropriate criteria set out in this Directive. (Emphasis added.)

These provisions will no doubt be subject to litigation sooner rather than later. Further, as with many of the provisions of the Directive, it is likely that they will be the subject of a referral to the CJEU for clarification in due course.

iv) Safeguards for freedom of expression

In comparison to those above, the debate in relation to this issue appears to have been relatively minor. As mentioned, the issue arose because of proposals from the

European Parliament to include numerous references to the Charter of Fundamental Rights of the European Union, particularly in relation to freedom of expression and media freedom / plurality.

The debate in this area was really over whether, as a matter of legislative practice, it made sense to include numerous provisions that were strictly unnecessary (they are unnecessary because the EU Charter of Fundamental Rights applies anyway). In any event, it appears that the EU Council have largely acquiesced on the issue, with Article 1(2)(a) providing that:

The Directive shall not affect ... the exercise of the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, including respect for freedom and pluralism of the media;

Similar provisions can also be found in numerous recitals to the Directive.

v) Limitation periods

Finally, the limitation period issue has been solved in a straightforward way - the Directive provides that Member States must impose a limitation period but does not specify the period other than by stipulating that it cannot be greater than six years. Member States are also obliged to provide rules as to when the limitation period begins to run and the circumstances in which it may be interrupted or suspended.

Overall outcome

Overall, assuming it remains in its current form, the Directive represents a reasonable attempt at achieving minimum standards of harmonisation in a difficult area of law.

If everything runs smoothly from here, the Directive could be passed as early as March 2016, meaning that it would be implemented in national laws by early 2018 (allowing for a two year implementation period). From the point of view of the UK, however, very little (if anything) will need to change in order for our law to be compliant, save potentially for some broadening / clarification of the public interest defence.

On the other hand, there are certainly dangers ahead if the more ambiguous provisions of the Directive (including those discussed above) are examined by the CJEU. At that point, the law as "clarified" by the CJEU could easily depart from the current UK / English law approach.

As a concluding comment, it seems that the IP Federation's engagement with the legislative process has had a positive impact on the final text of the legislation. Certainly, a significant number of comments made by the IP Federation are addressed in the final text in one way or another.

Mark Ridgway, Allen & Overy LLP, 31 December 2015

DESIGNS

Designs in the UK

Proposal to amend the marking provisions for registered designs

In 2014, the Government sought views on proposed changes to the Registered Designs Act 1949. The proposal was that the legislation be amended to provide registered design owners with the option of marking a product with the address of a website which links the product with the relevant registered design numbers as an alternative way of providing notice of the rights. The Government response to this call for evidence was published in

August 2015.

The response document provides a summary of what respondents said about the proposal to introduce the option of web-marking for registered design rights. This document provides a summary of the key points raised by respondents and the Government's commentary on these issues.

In view of the positive response to the proposal presented, the response document indicates the Government's intention to bring forward changes to the

relevant UK design legislation to allow webmarking for registered designs.

Responses to the Call for Evidence came from Appleyard Lees, Creative Barcode, Dean International IP Limited (t/a Dean International Patent and Trade Mark Consultants), Design Council, Dyson Technology Limited, Fieldfisher, the IP Federation, the Institute of Trade Mark Attorneys and the Intellectual Property Lawyers' Association. The outcome reflects what we proposed in our policy paper No. 11/14, in which the IP Federation welcomed the changes introduced by section 15 of the Intellectual Property Act 2014 on the marking of patented products and asked for these new measures to be extended to registered designs.

Consultation on IPO's new Design Opinions Service

On 19 March 2015, the Government launched a consultation seeking views on the detailed implementing regulations for the Design Opinions Service introduced by the Intellectual Property Act 2014. Comments are sought on the scope and procedures proposed for the service as well as the draft regulations and associated forms.

The members of the IP Federation fully support the proposal to introduce an Opinions Service which deals with questions of infringement and validity of UK and Community registered designs. However, we do not support the proposal to provide opinions relating to UK unregistered design rights (UDRs).

To expand on this, we fully support the proposal to introduce an Opinions Service which deals with questions of infringement and validity of UK and Community registered designs. The subsistence and ownership of a registered design are quickly and easily verified and relevant case law sets out the principles by which infringement must be assessed. Importantly, there is no requirement for copying to be established when considering infringement of a registered design. We believe that, in many cases, a useful opinion can be provided on the basis of documents and facts which are easy and obvious to requesters to provide, namely the registered design and the alleged infringement or non-infringement (for an opinion relating to infringement) and the

registered design and the prior art (for an opinion relating to validity). The proposed Design Opinions Service will, we believe, provide a useful mechanism by which parties contemplating litigation relating to UK and Community registered designs may be assisted in making that important decision, or reaching a settlement without resorting to the courts. The Patent Opinions Service has played a useful role in relation to patents and we expect that the same would be true of a Design Opinions Service for registered designs.

However, we *do not* support the proposal to provide opinions relating to UK unregistered design rights (UDRs). We are concerned that, if the proposed Opinions Service were introduced for UK UDRs, the IPO would frequently have to make very significant assumptions about whether the UK UDR in question actually subsists at all before contemplating any question of infringement or validity. This is because qualification for UK UDR is not automatic, and because the commencement and term of the right is difficult to determine (even the GOV.UK website doesn't get it exactly right!). We believe that many requesters, particularly SMEs, will be unaware of the requirements for qualification, the events which trigger the commencement of the UK UDR and the duration of the UK UDR. Without that knowledge, many requests for an opinion based on UK UDR will be insufficient to allow any authoritative opinion to be issued. Moreover, infringement of a UK UDR can only occur if the relevant design is copied. It is difficult to see how the contemplated Opinions Service can possibly assess whether copying has indeed taken place within the procedure set out in the draft Regulations. It is even more difficult to see how the IPO can deal with the issue of features of the asserted design which are excluded by reason of their being commonplace without seeing evidence on that point.

We believe very firmly that opinions based on multiple assumptions will *not* be good for UK businesses. If a requester secures an opinion which turns out to be fundamentally wrong because an assumption is later found to be inaccurate, that requester may have been encouraged to take action which should never have been taken, costing the requester - and

probably a third party - unnecessary time and money. Because of the complex nature of UK UDRs, we believe that parties contemplating litigation based on UK UDRs should be encouraged to seek advice from qualified legal advisers who will be better placed to extract all relevant information from the relevant party before providing appropriate legal advice.

Many of the above comments relating to UK UDRs do not apply to Community UDRs. Most of the provisions relation to Community UDRs, other than commencement and duration, mirror those of Community registered designs. Importantly, there is no qualification requirement for a Community UDR, although the requirement for copying to have taken place in order to infringe applies here too and presents the same challenges. Whilst we prefer that the proposed Opinions Service be confined to questions relating to UK and Community registered designs, we accept that opinions relating to Community UDRs can serve a useful purpose, provided that any assumptions relating to the question of whether or not copying has taken place are made clear. On that basis, we have no objection to the proposed Opinions Service dealing with questions relating to Community UDRs.

See our policy paper no. 7/15 for our response to the specific questions set out in the consultation.

Transitional provisions for the repeal of

section 52 of the CDPA

The repeal of section 52 of the Copyright, Designs and Patents Act 1988 (CDPA) will remove a permitted act in law which reduces the term of copyright protection for artistic works that have been industrially manufactured. On 28 October 2015 the Government launched a consultation on the revised transitional arrangements for the repeal of section 52 of the CDPA. This new consultation follows the July 2015 revocation of the Government's previous transitional provisions.

We responded to the previous year's consultation by means of our policy paper No. 10/14, indicating that the potential impact on UK Industry of the repeal of section 52 CDPA remains to be seen. The IP Federation commends the IPO on launching this consultation at this stage, and urges that any further proposed changes in this area are subject to a consultation process involving users of the IP system. It is crucially important for businesses (large and small) to be made aware of the proposed transitional provisions in good time in advance of the new law coming into effect (through targeted IP awareness workshops and education campaigns, for example), and for the subject provisions to be sufficiently clear so that users can understand the effect of the proposed legislative changes and operate competitively with sufficient certainty in a complex business landscape of IP rights.

David England, 15 December 2015

PATENTS

Patent Harmonisation – What is happening?

There are a number of patent harmonisation initiatives ongoing, some driven by the IP5 Offices and some through WIPO and the informal B+ subgroup. Most of these initiatives are concerned with procedural improvements aimed at making the patent prosecution process simpler to the benefit of the offices and users. However, since 2013 there has been a major push towards substantive patent law harmonisation driven by the chair of the Group B+, John Alty.

***Procedural Harmonisation
Global Dossier***

The Global Dossier (GD) project arose out of work initiated by the Trilateral Offices including that on the Common Application Format (CAF) and Common Citation Document (CCD), with the purpose of agreeing common procedures between the Offices. Both CAF and CCD have subsequently been taken over by the IP5 Heads.

The Global Dossier has been defined as a set of business services including an

integrated on-line web portal / interface allowing users to access all available information about patents / applications in the offices; with confidential information to be limited to authorised persons.

The aim of the Global Dossier project is to enable communication and collaboration between applicants and examiners and between examiners in different offices, facilitating increased quality, harmonisation of office procedures, work sharing and acceleration of examination.

At the first meeting of the Global Dossier task force in January 2013 the industry representatives pushed for there to be more uniform formal documents that could be filed across the offices and a one portal access to enable simpler filing. The One Portal Dossier (OPD) arose out of this and has both "passive" and "active" components. So far, progress has only been made on the passive parts.

The EPO OPD interface is the most advanced and it is now possible to get, for example, Office Actions from the corresponding Chinese Application through the EPO website (together with machine translations). The last IP5 meeting discussed how to get alerts on change of status of an application at any of the IP5 Offices. The meeting also discussed whether it would be possible to achieve name standardisation across the Offices, perhaps by using a number system related to the English and local name of the company. One of the issues is how to deal with the same company having different names in different countries.

The USPTO have suggested exchanging documents that do not require review by local agents, for example in relation to the Patent Prosecution Highway (PPH), and proposed a "lockbox" system accessible by the agent for where local agent involvement is required. A pilot proof of concept of cross filing between the Offices has been proposed.

Patent Harmonisation Expert Panel (PHEP)

This is again an IP5 initiative, in this case a group of experts from the five offices looking at three areas where industry proposed that useful procedural harmonisation could occur to the benefit of both

the users and the offices themselves.

1) Unity of invention

This is a contentious issue as the Offices have only agreed to apply a common standard for PCT applications, because of US concerns in relation to applying it to non-PCT applications. The USPTO has indicated that it needs time to see how the Cooperative Patent Classification (CPC) system works out and what potential reorganisation is required before committing to implement the PCT standard to non-PCT applications. IP5 Industry has suggested that Unity should be determined by the first Office examining the application and this should then be binding on the other Offices (with suitable provisions for appealing against an unfavourable decision of the first Office). JIPA have provided considerable research data on how the different offices handle unity of invention.

2) Citation of prior art

Citations are now being added to the CCD from all the IP5 countries although not all countries are yet adding information on whether the document is cited for novelty or inventive step. Industry is pushing for CCD and the GD to be used to fulfil the US information disclosure statement (IDS) requirement. The USPTO has agreed that IT solutions should be adopted to streamline citation practice but have indicated that it would take time to consider and implement this. The question of amending EP applications before grant to acknowledge the closest prior art was also raised again by industry representatives at the last IP5 meeting (these two issues were first raised at least five years ago!).

3) Written description / sufficiency

JIPA have carried out considerable research in this area and outlined differences in practice, for example SIPO appears to have a strict standard when it comes to supporting examples. JIPA will continue its work on this study. The EPO feels that the issue of written description / sufficiency is a complex one which requires further study.

Substantive Patent Law Harmonisation

The Tegernsee process initiated by the EPO, JPO and USPTO looked at four issues of substantive patent law that would

benefit from harmonisation: grace period, conflicting applications, 18 month publication and prior user rights. A number of user meetings / consultations were carried out and the general conclusion was reached that it would be beneficial to achieve harmonisation in these areas. The IP Federation's position on these topics is to be found in its policy paper PP05/15, and CIPA has published a summary of the issues and positions on the four Tegensee issues.

The project has been handed over to the informal B+ group of countries. It is encouraging that the Group B+ has taken over the responsibility for this project, under the chairmanship of the UK IPO's John Alty, and that it is making progress. This is bound to be slow; the users of each of the current systems often feel that their system is best, and finding a way to combine the optimal features of them all is difficult. However, the analysis of the different systems has enabled the principles and objectives behind them to be established and a number of common positions on the principles to be agreed.

From a European user's perspective, it is important that harmonisation of all four Tegensee topics be achieved as a package rather than dealing with them piecemeal. In addition, sub-optimal harmonisation would be worse for applicants and the patent system than no harmonisation. For example, the increased certainty on assessing the validity / invalidity of a patent application in relation to third party disclosures provided by not having a grace period has been an important part of the EPC since it was set up. European users need reassurance that there are real benefits in moving to a new harmonised system that incorporates a grace period, and the package approach assists with this.

However, even in Europe, there is a wide spectrum of opinion on how far one should change the EPC, particularly on the details of any grace period and even on whether prior user rights should be limited to the country / region where use / planned use took place or should be worldwide (or at least as extensive as the countries that sign up to the agreement). This makes life challenging for Mr Alty and his colleagues to put it mildly!

Industry groups from Europe, Japan and the US (the Industry Trilateral), and more recently also Korea, have been looking at these issues in parallel to the Patent Offices and have experienced the same challenges in achieving a common position. Fortunately, as with the discussions between the Offices themselves, there is a desire to make progress, and considerable common positions have been agreed on many topics. It is hoped that other user groups will become increasingly involved in the discussions in the future supporting progress towards agreement on a harmonised position.

The following is a summary on the current positions of the Group B+ and the Industry Trilateral (IT3) based on a table prepared by M. Jacques Combeau of Air Liquide (to whom many thanks).

1) Non-prejudicial disclosures / grace period

Amongst the Group B+ there is no consensus on whether applicants should be given an opportunity to patent their invention where they have disclosed it themselves, although there is more support, though not unanimity, for the opportunity to patent an invention which had been inadvertently disclosed. There is agreement that, if such a system were to be introduced:

- It should be simple, with the same rules applying to all applicants and all types of disclosure deriving from the applicant, regardless of the intention or characteristics of the applicant.
- Encouraging transparency of the fact that the grace period has been invoked, for example some form of declaration requirement, would increase legal certainty but place a burden on the applicant, and therefore further work should be conducted to explore how these factors could best be balanced.
- The duration of the grace period should be harmonised, and calculated from the priority date (some support 12 months others 6 months).

The Industry Trilateral position is that a grace period could be a component of a globally harmonised approach provided that it is endorsed by all. Furthermore,

any solution should be sufficiently clearly defined to guarantee a uniform implementation in the different regions. In such circumstances, there is consensus: that a grace period should apply to disclosures by the inventor / applicant during the grace period; that disclosures by third parties that are independently invented are prejudicial; and that disclosures by third parties based on evident abuse are non-prejudicial. There is not yet consensus within the IT3 on the duration of a grace period or on the need for a declaration or how this would operate.

2) Conflicting applications

The Group B+ is agreed that:

- (i) The grant of multiple patents for the same invention in the same jurisdiction should be prevented.
- (ii) The patent system should allow for the protection of incremental inventions while ensuring that patent rights are not unjustifiably extended.
- (iii) Any system which allows incremental inventions to be patented should:
 - a) balance the interests of inventors to protect incremental improvements on their own inventions with the interests of third parties to operate in the same field; and
 - b) promote innovation and competition.

Furthermore, there may be benefits to a harmonised system on how PCT applications apply as secret prior art, i.e. either upon international publication in any language or only in those jurisdictions where they are or have been pending.

The IT3 has so far also been unable to reach consensus on the two main issues here, namely the prior art effect of conflicting applications (i.e. whether the prior application should be used for novelty and/or inventive step) and the “no self-collision” approach. On both issues a wide list of alternatives has been prepared for further discussions.

3) 18 month publication of patent applications

The Group B+ is agreed that applications should be published 18 months from the earliest priority date with the ability to

suppress publication:

- if publication would be prejudicial to public order, morality, or national security;
- if the application contains offensive or disparaging material;
- if a court order specifies that an application should not be published.

The IT3 is agreed that all patent publications should be published at 18 months, with no opt-out, except for applications withdrawn, refused or deemed to be refused prior to publication, and those subject to national security.

4) Prior user rights

The Group B+ is agreed that a third party who has started using an invention in good faith prior to the filing of a patent application for that invention by another party should have a right to continue to use that invention and that the circumstances under which prior user rights arise, including the extent to which they rely on actual use having taken place, should balance the interests of third parties to protect their investments with the interests of the inventor / applicant. There is also consensus within the Group B+ that prior user rights should be limited to the territory in which the activity giving rise to prior user rights has taken place.

The IT3 also agrees on the principles behind prior user rights but there is no consensus yet on whether or not prior user rights should be limited to only those countries / regions where prior use has (or effective preparations have) taken place.

The IT3 will be meeting informally to consider the unresolved issues further in London in December and then again, as part of the Trilateral meetings, in Washington in February 2016. The Group B+ has set up four work streams tasked with developing proposals on the three major unresolved topics and on the eventual implementation of any agreement. These work streams will consult more widely than to date and will be reporting initially in May 2016 with the aim of presenting concrete proposals at the next B+ plenary meeting in October 2016. This is an ambitious timetable. However, Mr

Alty and his team have done an excellent job to date and I have every confidence that they will continue to push the harmonisation agenda forward constructively. There is no doubt that this is a

worthwhile and important topic both for the users and for the Offices themselves.

Tony Rollins, Rollins IP Strategies Ltd,
30 November 2015

EU Patent Reform

In 2015, as in 2013 and 2014, the unitary patent and Unified Patent Court (UPC) dossier has been among the Federation's highest priorities, following the long-awaited agreement between the European Parliament and Council in late 2012 which resulted in the unitary patent and language Regulations being adopted in December 2012, and signature of the UPC Agreement on 19 February 2013.

The dossier has continued to move forward during 2015, with new ratifications during the year bringing the total to eight. It now appears possible that the required number of ratifications (13 including the UK and Germany) will be achieved by mid-2016 such that the Preparatory Committee's revised target date for commencement of the new system (January 2017) is potentially achievable - though spring or summer 2017 seems more likely.

Other developments especially worthy of note in the year included:

- Dismissal by the CJEU of the so-called "second Spanish Challenge" to the legality of the unitary patent and language regulations (May)
- Provisional agreement to a "True TOP 4" scale of renewal fees for unitary patents (June - see below)
- Italy applying to join the unitary patent system (July - formalised in September - see below)
- Announcement by the UK of the seat of the London branch of the Central Division and Local Division in Aldgate, near the heart of London's financial and legal district (August)
- Rules of the European Patent Litigation Certificate published (September)

- Signature of a new Protocol by many of the signatories to the UPC Agreement meaning that a new Provisional Authority can be created to take over the role of the Preparatory Committee by about mid-2016 and accept opt-outs in advance of the Court opening (October)
- Publication of the 18th draft of the Rules of Procedure (October - see below)
- Agreement of the distribution key for unitary patent fees (November - see below)

It will be recalled that in 2014 the Federation had been invited to the hearing on the Rules of Procedure in Trier on 26 November, with Bobby Mukherjee and Alan Johnson attending. The form of the Rules of Procedure subsequently published (the 18th draft - published unofficially in July and officially in October) was relatively satisfactory from the Federation's perspective, with three of its five main issues being addressed (language, bifurcation / injunctions and procedural appeals). Concerns remain over the overall powers of the UPC to manage disputes as opposed to individual cases, and issues of timings and duration of oral hearings in important cases, but on these points no further scope for improvement seems possible.

The main part of the Federation's work in 2014 has concerned various aspects of cost. One freestanding issue, however, (and the first issue in time) was confidentiality. This was considered in PP 12/14 posted on 9 December 2014 reflecting concerns amongst IP Federation members regarding the broad issue of information security within the UPC system. The concerns are of two types. First, server security, and secondly the right of access of third parties bearing in mind the duty of disclosure. It remains to be seen

exactly how these concerns will be addressed.

With regard to costs, there were three elements of focus during the year. First unitary patent fees, secondly court fees, and thirdly opt-out fees.

All three subjects were addressed in PP 03/15 posted on 23 February 2015, which was particularly addressed to the European Commission. The second and third topics (together with a fourth, somewhat less important topic, recoverable costs) were addressed in PP 08/15 posted on 31 July 2015 submitted in response to the UPC Preparatory Committee's public consultation on the Rules on Court fees and recoverable costs, and also addressed at a seminar in June co-organised by the Federation, CIPA and the UK IPO.

On the topic of fees for unitary patents, the major issue has been the cost of renewal fees. On this, the Federation took the position that the lowest possible fees must be levied to make the unitary patent attractive to industry bearing in mind that many members validate in only a handful of countries, and even then will "prune" their portfolios later in their life - something impossible to mirror under the unitary patent regime. Pleasingly, during the year an agreement was reached that renewal fees would be set on the basis of the equivalent of the fees payable for national designations in Germany, France, the UK and the Netherlands (the so-called True TOP 4). Further, the announcement by Italy (validated in 55% of cases) of its intention to join the unitary patent system has increased the value of the unitary patent. The deal, arrived at provisionally in June, was confirmed with agreement of the distribution key in November.

As indicated above, PP 08/15 was posted on 31 July 2015 being submitted in response to the UPC Preparatory Committee's public consultation on the Rules on Court fees and recoverable costs which had been published on 8 May. In summary the Federation's position on the three elements of the consultation was as follows:

Court fees: the most important issue on court fees on which the Federation

expressed a view was that there is no need for SME support in the form of reduced fees over and above the provisions permitting entities to reclaim fees if impecunious. In particular, the Federation expressed concerns that SME support would result in non-practising entities receiving unjustifiable financial support. In the alternative, however, the option was favoured which would reward good behaviours among litigants.

Recoverable costs: the Federation expressed concern as to a lack of clarity in the rules, in particular as to whether the fees recoverable were per party and/or per patent.

Opt-out fee: this is the topic on which Federation members expressed the strongest views, with most believing that it was improper to charge a fee *not* to use the system. Preferably the fee should be zero, but if not, then very modest and reflective of the true cost of the opt-out process, and not a fee such as the proposed €80, which would generate a profit (which would be potentially illegal).

The results of the consultation and the final package of fees are expected in January 2016.

Other issues have also been addressed by the Federation in connection with the practicalities of the opt-out process:

Registration & payment mechanism: The IT stream of the Preparatory Committee has said that the opt-out fee (€80) will have to be paid by credit card, one fee per transaction, i.e. no bulk payments. The IP Federation has voiced its concerns as to the practical implications of this by calling for a more efficient method allowing for batch payments and not only by credit / debit card.

Security: The proposed on-line pre-registration process may not be sufficiently secure, e.g. it may allow an unscrupulous third party to submit an opt-out request from a specially created e-mail account, pretending to be the legitimate patent owner, and then start a national nullity action thereby preventing the patent owner from withdrawing the opt-out. The Federation proposes to draw attention to these shortcomings. A safer alternative may be to require use of the

EPO's on-line filing passes and passwords, so that the identity of the submitter is verified.

Pre-notification in Sunrise Period: It is proposed to set up a provisional 'sunrise register' which will be kept by the UK IPO (acting on behalf of the Provisional Authority) to allow advance notification of patents to be opted out, including processing the payment of € 80 per patent. Since this register will be a database that will be accessible on-line, without paper documents, it can be transferred to the Court's Registry when the Provisional Authority hands over to the UPC itself, so the opt-out register will come into existence immediately the Court opens. It is not yet clear when the sunrise register will open. The software system should be ready by January 2016, so it could be anywhere between then and just a few months before the Court itself opens. In short, the sunrise register is likely to open sometime during 2016.

Finally, there is one topic worthy of further mention which has not been the subject of any official pronouncements during the year, but which is of special

interest to the Federation. This is the topic of judges of the UPC. It is naturally considered that UPC judges should be of the highest quality. It is understood that the result of the process of collecting "expressions of interest" from potential judges was to identify a lack of practical experience of patent litigation among many southern and eastern European judges. Hence, there has been, during the year, training of potential candidate judges by seminars at the Training Centre in Budapest, and by secondments, to countries such as the UK which has, for example seen a Czech judge sitting in the Patents Court with Mr Justice Birss. Whilst welcome, it is not yet clear whether this training will achieve the most desired level of experience among the judicial pool. In particular, it is not clear whether the salary set will be sufficient to attract the best of the English, German and Dutch judges necessary to make the system of the highest quality. Rumours of an announcement in December 2015 have yet to materialise at the time of writing.

Alan Johnson, Bristows LLP, 3 December 2015

UK implementation and ratification of the UPC Agreement

In summer 2014 the IPO consulted on proposed secondary legislation, namely a statutory instrument (SI), to implement the UPC Agreement into UK domestic legislation. The IP Federation responded to that consultation (policy paper 9/14), providing general comments in three key areas, namely (1) Jurisdiction (UK alignment, transitional provisions, IPO Opinions service), (2) Unitary Patent (threats and double patenting), and (3) Infringement Exceptions (specifically software interoperability, Article 27(k) UPCA).

On 12 March the IPO published a Summary of Responses to the consultation. Twenty responses were received from different interests. Due to the imminent dissolution of parliament and associated purdah ahead of the 2015 general election the IPO was unable at that time to publish the government's response to the consultation. The response was eventually published on 15 January 2016. On some matters the government now intends to

amend the proposed legislation to take account of the consultation responses.

The government has taken on board many of the comments made by the IP Federation, most notably on the Article 27(k) software interoperability exception. The Federation had argued that 'the voluntary extension of Article 27(k) to national patents without certainty as to its scope or impact is a step too far' on the basis that the provision was notoriously unclear and may have damaging unintended consequences not only in the ICT and telecoms sector but in a broad array of other industries increasingly reliant on digital technology, for example automotive, healthcare, finance, and travel, and this exception could have a major 'spill-over' effect into all those industries and undermine the enforceability of many of their patents. The IP Federation acknowledged that whilst Article 27(k) will probably be interpreted narrowly, there is a risk it could have a wider more harmful effect.

The government was swayed by this line of argument and has changed its mind on how Article 27(k) will be implemented. More specifically, the proposed SI will not apply Article 27(k) to GB national patents. It will however apply to EP(UK)s. Otherwise an EP may initially be opted in, later opted out, and later still opted back in. This would mean the scope of the EP(UK) could vacillate depending on whether it is opted in or out, creating legal uncertainty for third parties who would not know whether they can rely on the infringement exception or not. The government has indicated, however, that it may eventually extend the exception to GB national patents, after a review of how it is working in practice.

In its response to the consultation the IP Federation pointed out undesirable ramifications of the proposals for extending the threats provisions to unitary patents. It transpires that threats will no longer be dealt with in this SI, but as part of a separate (primary) legislative initiative on unjustified threat. At the time of writing the Law Commission had recently (12 October) published a final report accompanied by a draft Bill on Unjustified Threats which recommended extending the protection to the new rights. Subsequently the IPO published a discussion document seeking stakeholder views on whether law reform in this area is still needed and whether there is support for the general approach recommended by the Law Commission. In the IP Federation's view, however, the proposals still leave open the possibility of very significant complications in the application of threats provisions to unitary patents and indeed non-opted-out 'classical' European patents. In particular it remains possible to envisage the merits of infringement and validity of such patents being determined in the context of a defence to a UK threats action that the threats were justified notwithstanding that the UK Courts would have no power to hear an action for infringement or revocation of such patents.

The government still intends to extend the IPO Opinions service to unitary patents. The IP Federation had said we were not opposed to this and, on balance, would see this as a positive development, although we noted that it seems somewhat curious that the IPO

would be setting itself up to give non-binding opinions on patents over which it has no jurisdiction.

The government also still intends to outlaw double patenting. The IP Federation had noted that it is in principle against double patenting, including double patenting via national and EP routes.

Although the SI did not materialise in 2015 it was laid before parliament on 20 January 2016, accompanied by an Impact Analysis and an Explanatory Memorandum. The Explanatory Memorandum, which is addressed primarily to the parliamentary scrutiny committee, has been used as an opportunity to explain *inter alia* that Article 27(k) UPC is intended to have a narrow scope.

As regards ratification of the UPC Agreement, the UK government is believed to be fully behind the UPC Preparatory Committee's 1 October announcement that the Preparatory Committee aims to complete its work by mid-2016 with a view to the UPC opening early in 2017. The Protocol⁵ (signed 1 October) cannot take effect without the UK formally notifying approval of ratification. The UK cannot ratify until all necessary domestic implementing legislation is in place. Aside from this SI on UK implementation, another SI will be needed to endorse the UPC Protocol on Privileges and Immunities yet to be agreed in the Preparatory Committee. The relevant SI will be laid before the UK parliament after that. Once these two SIs are adopted, the UK ratification process can be completed. This does not involve any further parliamentary process (except that the UPC Agreement has to be laid before parliament for a prescribed period, but that has already happened). The UK will need to liaise with Germany about timing for depositing instruments of ratification as this will trigger entry into force of the UPCA.

Tim Frain, 3 December 2015 (updated 20 January 2016)

⁵ This protocol will allow some parts of the UPC Agreement to be applied early. This includes final decisions on the practical set up of the Court, for example, the recruitment of judges and testing of IT systems. The provisional application phase will also be used to allow for early registration of opt-out demands.

European Patent Office update

The Federation has engaged with the European Patent Office (EPO) throughout 2015 to provide input on matters relating to implementing and ancillary regulations to the European Patent Convention (EPC) and to procedures of the EPO. The Federation maintains ongoing working relationships with EPO representatives including meetings with the President and Directors throughout the year.

Reform of the Boards of Appeal

In March 2015 the President of the EPO submitted a Proposal for a structural reform of the EPO Boards of Appeal (BOA) (CA/16/15) prompted by decision R 19/12 of the Enlarged Board of Appeal. The President's proposal is intended to increase the organisational and managerial autonomy of the BOA, the perception of their independence and also their efficiency. The proposal introduces a new President of the BOA who will not be a Vice President of the EPO and who will have organisational, managerial and budgetary responsibility for the BOA reporting to a new subsidiary committee of the Administrative Council (AC), the Board of Appeal Committee (BOAC). It is proposed that the BOAC will comprise AC members, experienced judges, the President of the EPO and the President of the BOA. The BOAC will monitor efficiency and independence of the BOA while guiding on recruitment of board members. The President further proposed to relocate the BOA to provide geographic separation from the EPO to improve the perception of independence.

A consultation on the President's proposal was held during May and June 2015 and the results of the consultation were published by the President of the EPO on 25 September 2015 (CA/82/15). According to the published results of the consultation the proposals for a structural reform of the BOA are in general welcomed by users and considered to be able to bring about a significant improvement. Subsequently the President published more detailed "Orientations for the structural reform of the EPO Boards of Appeal" (CA/98/15) for discussion at the Administrative Council meeting on 16 and 17 December 2015. The Orientations document outlines in more detail the institutional framework

including the specific role of the President of the BOA and the relationship with the BOAC. The constitution of the BOAC is elaborated and the mechanism for proposing and adopting Rules of Procedure of the BOA is outlined, whereby the Rules of Procedure are proposed by the EPO. The Orientations document further outlines proposals for career structure of board members and options for the relocation of the BOA to Berlin, Munich or Vienna.

Changes to the Implementing Regulations

Amendment of Rule 82 EPC for typed documents in opposition

Rule 82 EPC is amended by Decision of the Administrative Council CA/D 9/15 to come into force on 1 May 2016. The amendment allows for decisions under Article 106(2) EPC or Article 111(2) EPC to be based on documents with handwritten amendments filed in oral proceedings. Documents compliant with the formal requirements under Rule 49(8) EPC will need to be submitted only within the period of three months foreseen in Rule 82(2) EPC.

Amendment of Rule 147 EPC for preservation of files

Rule 147 EPC is amended by Decision of the Administrative Council CA/D 10/15 to recite that files for European patent applications and Patents will be maintained and preserved in electronic form (Rule 147(1) EPC) and that initial paper versions of documents incorporated into an electronic file shall be preserved for at least five years from the end of the year in which they were incorporated in the electronic file (Rule 147(3) EPC). The disposal of paper documents five years from filing emphasises the importance for applicants to verify the accuracy of digital scanned copies in the electronic file.

Procedural Developments

PACE

In a Notice from the EPO dated 30 November 2015 (OJ 2015, A93) the EPO announced changes to the programme for accelerated prosecution of European patent applications (PACE). The changes arise in part from the EPO's "Early

Certainty from Search" project and from a requirement to ensure requests for accelerated prosecution are not made available on the public part of the file. In summary the new PACE arrangements which take effect from 1 January 2016 require that all PACE requests must be filed on EPO form 1005 and that a request by letter or as part of another item of correspondence is no longer acceptable. All PACE requests must be filed electronically (i.e. by EPO Online Filing client or the EPO Case Management System - CMS). Each PACE request can relate only to a single European application, and accelerated processing will cease if any extension of time is requested or where an application is withdrawn, deemed withdrawn or refused. Additionally, accelerated prosecution will be suspended in the event of failure to pay renewal fees by the due date stipulated in Rule 51(1) EPC. For accelerated applications the EPO will seek to issue communications within 3 months of any response by the applicant.

Electronic Druckexemplar - eDrex

The EPO proposes to extend a programme of preparing electronic Druckexemplar (a printer's copy of a granted patent) on the basis of which patent documents are approved by applicants for grant. Known as "eDrex" the electronic Druckexemplar is a digital version of patent documents processed by scanning and optical character recognition (OCR). It is on the basis of the scanned OCR version of the patent documents that applicants will be expected to approve the text for grant.

This has consequences in the event of errors or artefacts in the scanning or OCR process resulting in incorrect content in a granted patent publication ("B" specification). In view of Enlarged Board decision G1/10 only two types of errors in granted patents can be corrected under Rule 140 EPC once the patent specifications are published: printing errors (i.e. discrepancies between the text of the published patent and the text of the Druckexemplar sent with the last communication under Rule 71(3) EPC as approved by the applicant; and formatting or editing errors which occur during the preparation of the Druckexemplar and which are indicated neither by standard marks nor in EPO Form 2004C or 2004W. Accordingly, the use of eDrex places a new

burden on applicants to check and verify every single character and symbol in an electronic Druckexemplar before approval of text since the opportunity for subsequent correction is limited.

User organisations including the IP Federation are working with the EPO to alleviate this new burden on applicants. In the longer term the filing of application documents in electronic form from the outset may alleviate these challenges and such possibilities are being investigated by the EPO.

Forward Thinking Proposals

Colour Drawings

The EPO has proposed to amend Rule 46 EPC to allow the filing of colour drawings. The filing of colour drawings is already contemplated for international applications (see WIPO document PCT/MIA/21/6, January 2014 and WIPO document PCT/MIA/21/22 paragraph 37(b)). There will clearly be challenges in selecting an appropriate colour format that is compatible with offices around the world and the EPO is consulting on proposals through the Standing Advisory Committee before the EPO.

Simplification of Procedures Project

Early in 2015 the EPO invited EPO examining staff working with first-instance proceedings to propose procedural improvements that may enhance office efficiency. The following proposals were raised and the EPO is actively consulting on the proposals with users and user organisations including the IP Federation:

Auxiliary Requests: The EPO considers the filing of large numbers of auxiliary requests is a hindrance to efficient processing. It is therefore proposed that only a single request is permitted in advance of first instance oral proceedings before an examining division and in the event the request is not allowable a discussion of different options for claim amendments will take place at the oral proceedings themselves. This proposal must be considered in the context of the increased proclivity of the BOAs to hold inadmissible facts, evidence or requests which could have been presented in the first instance proceedings (Article 12(4) Rules of Procedure of the BOA). In view of this power of the Boards it is incumbent on applicants to ensure their entire case is

presented and maintained at first instance to retain the right to be heard and considered at second instance. For this reason there is a strong argument for retaining the opportunity to file auxiliary requests.

EPO Clerks in Oral Proceedings: The EPO proposed to introduce a "Greffier" (Clerk) in the lead-up to, and holding of, oral proceedings. The Greffier would assist applicants with support issues including preparing, accessing and printing specifications, amendments and submissions. Such a Clerk would prove helpful for applicants especially in view of the need to access and use EPO computing facilities to prepare submissions and the like.

Harmonising Discretion of First Instance Examiners: The approach to the application of discretion by first instance examiners under Rule 137(3) and (5) EPC is considered by the EPO to be inconsistent across technical areas, and the EPO proposes to harmonise the approach. The EPO considers how examiner's applying discretion to admit clearly unallowable amendments can cause the expenditure of unnecessary resource by

examiners in providing reasoned substantive objections when such amendments could be more readily dispensed with by a finding of inadmissibility under Rule 137(3) or (5) EPC.

Harmonised Approach to Suggestions on Patentability in Written Opinions: It is proposed that the EPO encourage examiners to make more positive statements on patentability for European applications and to make suggestions on how objections might be overcome where examiners see clear solutions.

Telephone Interviews as First Action: The EPO proposes to undertake telephone interviews with applicants or representatives as a first action in examination proceedings before issuance of a first examination report. The minutes of the telephone interview would constitute the first communication under Article 94(3) EPC. The Office emphasised that such telephone interviews would always follow a written opinion issued with a search report, and any response thereto, such that applicants would have notice of the issues for discussion.

Scott Roberts, 17 December 2015

Patents and Standards

Public consultation on patents and standards by the European Commission

In October 2014, the European Commission began a public consultation on patents and standards. The aim of this consultation was to gather information and views on interplay between standardisation and intellectual property rights (IPR) such as patents. The purpose of the consultation was to allow stakeholders interested in standardisation involving patents to bring to the Commission's attention their views on:

- how the current framework governing standardisation involving patents performs; and
- how it should evolve to ensure that standardisation remains efficient and adapted to the fast-changing economic and technological environment.

The European Commission has the task of ensuring that the European Union's internal market functions efficiently. Therefore harmonisation standards are particularly important for the EU. Furthermore, an efficiently performing standardisation system is crucial for the EU's objectives in the areas of industry policy, innovation, services and technological development.

IP Federation response

The membership of the IP Federation is diverse, and so its response was general in nature. Thus the response, IP Federation policy paper No. 1/15, was entirely without prejudice to any response to the consultation which members of the IP Federation may make on their own behalf.

However member companies are very much aware of developments in telecommunications, and in particular that re-

mote communication capability will soon be added to a wide range of products and devices as the “Internet of Things” becomes a reality. Standardised telecommunications technologies are therefore of increasing significance to a wider spectrum of manufacturers and service providers outside the immediate field of telecommunications, including member companies of the IP Federation, many of which have ongoing research and development activities which take account of these developments.

Standardisation

The IP Federation supports the development of open, consensual standards and their role in enabling new interoperable technologies to be developed in an open and inclusive manner for the benefit of society generally.

Patents and standards

Patents are a key ingredient in an open standardisation process because they allow participating companies to disclose and share their new technology openly and early, knowing that their inventions will be protected. Without patent protection participants in standardisation would be inclined to keep their technology secret, which would be incompatible with the aim of developing collaborative technology road maps in the form of standards specifications.

Research and development

IP Federation members are generally accustomed to working with other manufacturers on the technical development of complex products, and are familiar with the role that patents play and the commercial relations that result. Patents are used by member companies in different ways, depending on the nature of their business, but always in order to protect and utilise the very considerable investment which they make in research and development. The fact that an organisation such as the IP Federation, which exists in order to promote the value of intellectual property rights, has such a diverse membership is proof of the commercial importance attached to protecting research and development activity of all kinds through the patents system.

Investment in standards

Standards can involve substantial long-

term investments both in technology contributions (research and development) and specialist resources. Technology contributions generate standard essential patents (SEPs). Successful standardisation is premised on a FRAND (fair, reasonable and non-discriminatory) licensing model which provides access to SEPs on reasonable terms while guaranteeing a fair and reasonable compensation for the use of patented technology to SEP owners. This process encourages continuing investment in useful technologies underpinned by a healthy open standards environment in Europe for the future.

Licensing

Patent protection enables licensing and the proper control of technology which must be shared in order to enable new products. The adaptability of intellectual property rights means that commercial licences can be structured in many different ways to suit the business circumstances and needs of the parties. This adaptability enables new commercial relationships and new products and services. Where patents are assigned the legal provisions of most countries operate to protect the commitments made by licensor and licensee.

In the context of standards and telecoms, it is the experience of IP Federation members that the FRAND licensing model can work relatively well. There is a significant amount of patent licensing, although there has been a noticeable number of high profile disputes over recent years among the market leaders. The IP Federation believes it is important to carefully balance the interests of patent owners and implementers of the standards throughout the value chain, and any changes made should be based on empirical evidence of systemic problems. The impact of any such changes, including effects beyond the industries directly affected, should be carefully understood.

Patent infringement

Generally, whenever patent litigation is undertaken considerable values are at stake. It is never undertaken lightly, because it often places the subsistence of the patent concerned at risk.

Patent litigation is complex: legal approaches to the questions of validity

and infringement are very highly developed and a defendant often deploys both these forms of defence, whether in the UK, elsewhere in Europe, or the US. Challenges to validity usually involve new facts, evidence and arguments which are of uncertain effect. In the UK a dispute over one or two patents will usually take at least 12 months to reach trial and require up to a 5 day trial (sometimes more). Decisions on both infringement and validity can be overturned on appeal.

For all these reasons legal costs are often very considerable and operate as a further restraint on litigation. In the UK a further consequence of the uncertainty and cost involved is that preliminary injunctions are rarely sought or granted, as any preliminary injunction which is granted requires a cross-undertaking in damages from the patent owner. Instead, where necessary the UK court will sometimes accelerate the process to trial in order to reduce it to 6 or 7 months instead.

Nevertheless, the IP Federation recognises that these considerations relevant to the UK may not apply to all other countries of the Internal Market.

These aspects apply equally in the realm of standardisation - litigation is the exception not the norm, and only occurs as a last resort in cases of significant commercial value. The IP Federation would generally support initiatives that would tend to improve legal certainty for SEPs and all aspects of SEP licensing, and thereby reduce the need for litigation.

Patent quality and the European Patent Office

IP Federation members have extensive experience of dealing with patent offices, in particular the European Patent Office, and the service they provide. The major patent offices in Europe, such as the EPO, German Patent Office and UK Intellectual Property Office, carry out the patent examination process to a high standard but there will always be room for improvement and the IP Federation supports the broad initiatives the EPO, and other patent offices, continue to take to improve the likelihood that all prior art has been found and that patents they grant will be held valid by the courts and other tribunals. We recommend that SSOs such

as the European Telecommunications Standards Institute (ETSI) and the International Telecommunication Union (ITU) continue to work with patent offices to ensure that all available prior art is considered during the patent granting process and to place patent validity at the top of the agenda for all patent offices.

Patent quality is an emerging topic in the debate about patents and standards that is currently being addressed by many SSOs such as ETSI and ITU. However, patent quality is a very subjective criterion. Patent offices generally have little exposure to patents in the post-grant phase yet this is the stage when patent quality manifests itself in the real commercial world. Patent offices should not be side-tracked into attempting to come up with patent quality indices or other measures of patent quality; at best, such determinations will be nothing more than measures of parameters unrelated to the key issue of validity and at worst will be misleading and capable of manipulation.

Commission response

The Commission published its summary report on the public consultation on patents and standards on 27 October 2015. Respondents confirmed that patents feature an increasing role in many of the areas of ICT standardisation that are central to European policy initiatives such as the Digital Single Market and the Energy Union. Replies also indicate that patent licensing issues greatly concern patent holders and standard implementers alike. Replies have revealed the specific challenges companies face in acquiring information, negotiating licences, and in the case of smaller firms getting overall clarity of IPR infringement exposure. The divergence of opinions also testifies to a dynamic and at times adversarial environment.

Transparency of the patents covered by the relevant standards is an area where stakeholders see scope for improvements if the relevant measures to remedy the current opaqueness have costs that do not outweigh the enhanced transparency benefits. Stakeholders also see positive contributions to SEP licensing coming from an increased role of patent pools and alternative dispute resolution mechanisms. The FRAND concept has

been confirmed as vitally important by stakeholders; however, there are doubts as to whether this general concept can be refined further. Patent transfers are of concern as reflected by the fact that rules in some standard setting organisations have recently been changed to account for this. Injunctions have been confirmed as a divisive topic, with further clarity expected by stakeholders to come primarily from the Courts.

On the whole, opinions differ significantly. Thus, based on further analyses the Commission will apply the insights gained from this public consultation and determine the best way to ensure a balanced licensing framework for SEPs as announced in the Digital Single Market Strategy for Europe.

David England, 23 December 2015

UK ISSUES

Consultation by the Legal Services Board on regulation of in-house lawyers

General background

The Legal Services Act 2007, which followed the Clementi Review, had two main practical effects:

- first, it established regulators for lawyers and the Legal Ombudsman independent of professional bodies for lawyers; and
- secondly (not relevant in the present context), it permitted the creation of private practices consisting of different types of lawyer (“LDPs”) and also consisting of lawyers together with non-lawyers (“ABSs”).

The Federation’s members employ, “in-house”, the following classes of lawyer to do IP work: registered UK patent attorneys, registered UK trade mark attorneys, English solicitors, and English barristers. Sometimes, members employ European patent attorneys lacking national registration; these are not lawyers under the Legal Services Act, but valuably their communications with their clients / employers are privileged on a par with registered UK patent attorneys (Copyright, Designs and Patents Act 1988, Section 280).

This report focuses on registered UK patent attorneys and registered UK trade mark attorneys (from now on referred to simply as “attorneys”).

Attorneys are registered and regulated by the Intellectual Property Regulation Board (IPReg). If they wish, attorneys may join the Chartered Institute of

Patent Attorneys (CIPA) and the Institute of Trade Mark Attorneys (ITMA) who provide various services and represent them. (Likewise, English solicitors are regulated by the Solicitors Regulation Authority (SRA), and may if they wish join the Law Society.)

IPReg requires attorneys to comply with *Rules of conduct for patent attorneys, trade mark attorneys and other regulated persons* (first issued September 2009, amended to January 2015) and *Special rules of professional conduct applicable to regulated persons conducting litigation or exercising a right of audience before the courts* (commencement date 15 September 2011, updated May 2015).

Importantly, the key obligations of an in-house attorney are identical to those of an attorney in private practice. For instance, he or she must deal competently and honestly with his or client (who may be his or her employer) and must further his or her client’s interests; but overridingly he or she may not, even on instructions from the client, deal dishonestly with third parties or the courts. He or she is also obliged to maintain his or her professional skill and knowledge through Continuing Professional Development (CPD).

Key background to the Legal Services Board consultation: two points

Point A

Under the Legal Services Act, only persons subject to regulation by IPReg, the SRA, and other regulators are allowed

to undertake "reserved activities", subject to such further conditions as the regulators impose. Under IPReg, *Rights to conduct litigation and rights of audience and other reserved legal activities certification rules 2012* (amended to January 2015), an attorney is permitted, subject to conditions,⁶ -

- (i) to conduct litigation;
- (ii) to exercise rights of audience;
- (iii) to draft deeds; and
- (iv) to administer oaths and use the title "commissioner of oaths".

Point B

Under the IPReg *Rules*, in-house attorneys are exempted from requirements (i) to have professional indemnity insurance, and (ii) to have complaints-handling procedures, so long as they are performing "corporate work", which is defined as follows:

professional work undertaken by an employed regulated person acting solely as an agent on behalf of:

- a) their [*sic*] employer;
- b) a company or organisation controlled by their employer or in which their employer has a substantial measure of control;
- c) a company in the same group as their employer;
- d) a company which controls their employer;
- e) an employee (including a director or a company secretary) of a company or organisation under (a) to (d) above, where the matter relates [*sic*] or arises out of the work of that company or organisation; or
- f) another person with whom a person under (a) to (e) above has a common interest.

This definition, whose breadth owes much to lobbying by the Federation

⁶ The conditions are contained in all three IPReg documents taken together; in addition, Legal Services Act, Section 15 applies directly.

(*Trends and Events*, 2010, pages 23-24) covers all the activities of most in-house IP departments, especially once the further amplification of (f) in the *Rules* is taken into account.

The consultation

The Legal Services Board (LSB), which authorises IPReg, the SRA, and the other regulators, has interpreted the IPReg *Rules* as barring *completely* the performance by in-house attorneys for any clients other than those covered in the definition of "corporate work". For example (on the LSB interpretation), if a company disposes of a business, its in-house attorneys - under (f) above - can carry on filing and prosecuting patent applications for the disposed-of business for a transitional period sufficient to allow a smooth takeover by new attorneys, *but cannot continue serving the business indefinitely*. This bar on indefinitely continued service applies even if insurance is procured, complaints-handling is instituted, and there is no conflict of interest. *Pro bono* work is likewise not allowed on the LSB interpretation.

Now, the Legal Services Act, Section 15 clearly provides for special limitations on clients that in-house lawyers may serve, but only in relation to "reserved activities". But patent filing and prosecution (mentioned by way of example above) is not a reserved activity, nor would *pro bono* work be likely to extend to reserved activity.

Accordingly, in its consultation of February 2015, the LSB questioned whether IPReg should be constraining in-house practitioners to serve only certain clients even in relation to non-reserved activities. (The SRA was similarly challenged.)

The Federation response to the consultation

The Federation's main concern in its response was to seek to preserve the gains achieved by its lobbying in 2010, namely the exemption of in-house departments from insurance and complaints-handling requirements in relation to "corporate work" as presently defined.

However, the Federation saw no reason why there should be any general limita-

tion on the range of clients for whom in-house attorneys could perform non-reserved activities, while acknowledging that, outside the range of clients listed in the current definition of "corporate work", insurance and complaints-handling requirements would mostly be appropriate.

Next steps

The Legal Services Board will issue a "Statement of policy" for IPReg and the other regulators. Once this is issued, the Federation will engage as necessary with IPReg.

Michael Jewess, 13 November 2015

Why is diversity so important and why should it matter to you?

Diversity in the workplace has long been driven by legislation (e.g. the Equality Act) and focuses partly on visible differences between people - gender, race and disability for example. These are all very important but the true value of diversity comes from the diversity of perspective that people from different backgrounds can bring to a business.

If you have a team of people around the table who were all educated and trained in a similar way and have relatively similar backgrounds, they would likely work very well together as a team with a high degree of amity. Their shared perspective and affinity could however mean missing out on a different angle and lead to missed opportunities to innovate or be successful in a new market or even to overlooking a risk. When a team comes together that are from different backgrounds, they are better able to challenge each other, come up with new ideas, be creative and plan for risks. This is particularly important when you consider how diverse clients can be.

The definition of diversity today has expanded beyond the protected characteristics outlined in the Equality Act and recognises the differences that make each of us unique, such as life experiences, parental status, education and cultural background. Leading organisations see the value that different perspectives bring to the table and the importance of this diversity of thought. The conversation has moved on from box ticking statements like, "We need more women at senior level" to "Do we have the right variety of perspectives to deliver innovative solutions to complex global problems?" It is no longer good enough merely to have a diversity policy in place and monitor the demographic

breakdown of the workforce. The most successful organisations link their diversity initiatives relating to recruitment, promotion and retention to organisational culture and staff engagement.

Having a diverse team on its own is not going to guarantee new clients or more innovative solutions. To reap the rewards diversity brings to any business one has to consider the other part of the equation - inclusion. This means creating the right kind of team environment and culture where people feel able to be themselves. If people feel able to bring their whole self to work without trying to fit into the majority culture, then they are more likely to be more engaged at work. When people are more engaged they are more productive and will feel more comfortable presenting their ideas. Creating this kind of work environment will help teams leverage the benefit of the diversity in the team. An inclusive culture creates the right environment for innovation and greater productivity.

What does an inclusive culture look like?

Inclusion is much more than developing tolerance and saying the 'right' thing. To foster an inclusive culture requires changes in behaviour. It also requires a greater level of self-awareness. We quite naturally unconsciously gravitate towards people who are most like us. This bias is both normal and necessary. Each day we make decisions about what is safe and appropriate and what is not. Dr Joseph LeDoux, a neuroscientist at New York University who pioneered the study of emotions as biological phenomena, suggests that this 'danger detector' also helps us determine whether someone is safe or not before we can consciously process the thought. This primal response

is hardwired into us from the time when people lived in small homogeneous communities and similar equalled safe whilst different equalled danger.

Where this has an impact on the workplace is when this unconscious reaction translates to us offering subtle advantages to those like us that are not offered to colleagues on the outside. People who are different to us or are part of a minority group are most likely to be in this 'out' group. In order to create an inclusive culture it is imperative to bring these unconscious biases into the conscious and force ourselves to widen our view. Employers should promote awareness to all employees to think consciously about who are the people to whom they consistently allocate work, whom they greet more enthusiastically in the morning and whom they avoid inviting to lunch.

To be inclusive leaders it is critical for decision makers to be aware of their unconscious bias and to challenge themselves and their decisions. If the people being put forward for promotion and assignments are not reflective of the demographic of the pipeline, it is time to ask some tough questions about who is being advantaged. Equally, if the pipeline of talent coming into the business is not reflective of the student population then something needs to change.

Diversity is not about putting men at a disadvantage or taking opportunities away from men. Inclusive leadership ensures that people from all backgrounds have an equal opportunity to succeed and achieve their ambitions through transparent processes and decision making. This transparency benefits everyone. Areas like career structure, presenteeism and leadership roles need to be redefined to reflect the values and expectations of the new more diverse cohort.

We cannot continue doing the same thing and expect a different outcome. If we want the profession to evolve in a positive way, there needs to be a shift. This means tapping into alternative talent pools, changing behaviours, challenging ourselves and refraining from intuitive decision making. This kind of change will feel uncomfortable and indeed, if we feel comfortable, we are not doing enough.

Changing the face of the profession

Within the legal sector the majority culture has long played to the advantage of the white, middle class man. The student demographic is however changing the pipeline into the profession. Millennials have different expectations for their careers. More women than men are going into the law and there are many initiatives to widen access to young people from disadvantaged socio-economic backgrounds. The unfortunate truth is that women and minorities are less likely to be recruited, sponsored or mentored, less likely to be allocated career advancing work and more likely to be underscored in their appraisal. As a result they are less likely to be promoted or retained. We have seen a number of initiatives in the legal profession including PRIME, a legal sector wide commitment to widening access to quality work experience for young people from disadvantaged socio-economic backgrounds and the introduction of contextual and blind recruitment methods to level the playing field at entry level for young people from all backgrounds. Many large firms have also introduced gender targets to ensure that the percentage of women in leadership roles is reflective of the talent pool.

The UK intellectual property sector has been described as traditional, conservative and technical. Unsurprisingly, like other sectors, it has also seen a change in the client demographic. Competition for work has increased with European patent attorneys. More and more work is originating from markets such as China and India. Clients will always demand technical expertise but they are also looking for lawyers who are quick thinking and adaptable. Increasingly they are also looking to work with people that have made an effort to understand their way of thinking and doing business. To compete effectively and to meet the demands of the culturally diverse business, those within the industry have recognised the need to take specific measures to enable it to attract people from different social and cultural backgrounds.

One such initiative is the IP Inclusive task force⁷, whose objective is to advance diversity and inclusion within the IP profession as a whole. The IP Federation,

⁷ <http://www.ipinclusive.org.uk/>

alongside a number of key IP centred associations (such as CIPA, ITMA and FICPI-UK) has declared its commitment to a range of IP Inclusive initiatives relating to awareness promotion, training and support. The IP Inclusive Charter for Equality, Diversity and Inclusion has also been established to create a standard to which organisations can aspire. The Charter is a public commitment by signatory organisations to adhere to the principles of equality, diversity and inclusion in all aspects of employment practice, especially recruitment and retention, career development and workplace ethos. Signatories to the Charter have access to practical support, including model policies and standards to enable them to take action that really makes a difference.

There is also activity targeted at school-aged children. Developed by the UK IPO and funded by OHIM, the website crackingideas.com was launched in November this year, offering free teaching and learning resources to pupils ranging from as young as 5 to those in higher education. It is designed to attract

the interests of the younger generation including inputs from the likes of Wallace and Gromit and popular music. Its objective is more general, being to promote the understanding of the principles of IP and IP rights, but it is bound to make IP and all things IP associated much more accessible by young people from all backgrounds. Familiarisation of IP widely and early would seem to be vital in spreading interest and influencing the career planning process of the younger generation.

Promoting inclusion and creating a more diverse profession is a shared responsibility towards which everyone can make a contribution, whether it be by supporting programmes and initiatives such as the IP Inclusive Charter, offering work experience to a young person from a disadvantaged background or by challenging oneself by working with and socialising with colleagues from different backgrounds.

Sacha de Klerk, Diversity and Inclusion Manager, Norton Rose Fulbright LLP,
25 November 2015

OVERSEAS ISSUES

India National Intellectual Property Policy

Consultation on Indian National Intellectual Property Policy

The Indian Department of Industrial Policy and Promotion (DIPP) has constituted an IPR Think Tank to draft a National Intellectual Property Policy and to advise DIPP on IPR (intellectual property rights) issues. The Indian Government has been consulting on the National Intellectual Property Policy, and the first official draft was released by DIPP on 25 December 2014.

In its response, policy paper 2/15, the IP Federation first observed that the Think Tank notes that an objective of the Draft IPR Policy should be to “guide and enable all creators and inventors to realize their potential for generating, protecting and utilizing IP which would contribute to wealth creation, employment opportunities and business development.” It also aims to “foster predictability, clarity and transparency in the entire IP regime in order to provide a secure and stable

climate for stimulating inventions and creations, and augmenting research, trade, technology transfer and investment.”

These are important goals not only for the Draft IPR Policy, but also because of what the National IPR Policy, appropriately implemented, can do to support growth in India.

Economic research consistently confirms that developing countries benefit tremendously from respecting IPRs. There is a strong, positive, and well-recognised correlation between foreign direct investment inflows and reliable IP regimes. It is also well established that developing countries gain from high-quality and high-quantity technology transfers associated with foreign direct investment (FDI). Further, R&D expenditures rise at an increasing rate, so that strong IPR protections stimulate effectively greater gains in developing countries than in high-income ones. We note, positively,

that the Draft IPR Policy recognises the importance of collaboration with industry to achieve its goals.

The seven main objectives identified in the Draft IPR Policy encompass key elements in providing a "legal framework for strong, effective and balanced protection of IP rights and to impart predictability, transparency and efficiency in the administration and enforcement of IP laws."

If these objectives are met, the Draft IPR Policy will represent a positive and important step toward building the architecture of an IP regime in India that has the potential to support and derive the kind of economic and social benefits described above.

The Think Tank pays tribute to the legislative, institutional and judicial framework for IP in India. Certainly, there are many features of this framework that are strong and our members report favourably on the functioning of the court system for anti-counterfeiting issues, particularly the ability to obtain a preliminary injunction. However, care should be taken not to ignore concerns that exist and may serve to undermine the benefits that improving the framework can bring. These concerns include:

- While the administration of the granting process for patents and trademarks and the judicial system is often efficient, demand on resources can on occasion lead to backlogs with respect to examination and mean determination of disputes is prolonged. The focus on institutional improvements is welcome. These will require commitment of resources and expertise. We appreciate the great efforts that have been undertaken to improve the efficiency of the patent granting process. In our view, this efficiency could be further increased by the introduction of an accelerated system for selected patent applications. In addition, consideration should be given to streamlining procedures. For example,
 - the question of whether there is a need for both pre and post-grant opposition in the patent system;
 - the obligation to regularly provide

updates on co-pending cases, many of which are readily available to examiners today; and

- exploring work-sharing initiatives with other patent offices, such as the Patent Prosecution Highway (PPH).
- India's trade secret regime is limited to protection against disclosures by those with a close relationship, either through contract or an implied duty of confidence. In this regard, we note with appreciation the references to improving trade secret protection in the Draft IPR Policy. The ability to exchange information freely between partners and customers without risk of further disclosure can help enable deeper collaboration between and across firms, to the benefit of India and beyond. The Draft IPR Policy should further identify elements of trade secret protection that should be codified, such as the availability of both criminal and civil remedies, the ability to preserve evidence and confidentiality of legal proceedings.
- Whether aspects of the law pertaining to the pharmaceutical sector, for example, Section 3(d) Patents Act, the lack of regulatory data protection and compulsory licensing represent an optimal policy balance. In addition, notwithstanding the Think Tank's view that India's laws are fully compatible with her international obligations, we would note that this is by no means universally accepted.
- An apparent preference towards involuntary technology transfer arises throughout the document. For example, the Draft IPR Policy suggests using flexibilities to "judiciously keep IP laws updated and includes a variety of studies including on "exceptions and limitations." Similarly, it references the Technology Acquisition and Development Fund in the National Manufacturing Policy which encourages compulsory licensing. These positions send a negative signal to potential investors and discouraging comprehensive technical exchanges which can accelerate technology development for all those involved.

We commented specifically on the proposal for a new law on utility models. While such a law may be superficially attractive, the Federation has concerns about this. Utility model systems can lead to a proliferation of rights which can increase the risk of litigation, create uncertainty and ultimately inhibit innovation. This is particularly the case if utility models are to be available without examination, and the negative effects of utility models are felt most by small enterprises. We are aware that the introduction of utility models in India was the subject of a consultation in 2011. We would urge that before introducing legislation a further consultation should take place.

Indian Government consultation on draft Patent (Amendment) Rules, 2015

To support the Indian Prime Minister Modi's aims of improving ease of doing business in India, the Indian Patent Office announced on 29 October 2015 a consultation on Amendments to its Patents Act. The Amendments seek to streamline the process of patent applications and processing.

In its response, policy paper 9/15, the IP Federation made the following comments in respect of two specific Rule amendment proposals that if implemented will impose a significant burden to Applicants, whether they be national or foreign.

Rule 24B is a proposal to reduce the term for the compliance term set by the first office action from 12 months to 4 months, with possible extension for an additional 2 months on payment of a fee. We understand that this proposal is made with the intention of leading to a reduction of the current high examination backlog, and a speeding up of the examination process.

This proposal will not solve the issue of the backlog in examination nor lead to earlier grant of an application.

Examination delay and the backlog in examination is the result of delays within the Patent Office itself and not a failure to act on the part of the Applicant.

Reduction of the term to 4 months (6 months with paid extension) will put undue burden on both the agent of record and on the Applicant for no good benefit. There have been numerous Rule changes in the past that have reduced the term set by the first office action issued by the Patent Office, yet there has been NO noticeable reduction in the examination backlog as a result.

We urge that this proposed Rule change is not adopted, nor any further revision that reduces the compliance term.

Rule 24C is a proposal for expedited examination, for those applications that meet set requirements, and on payment of a fee. The proposals contained in proposed Rule 24C are not workable; further we understand that the fee set is excessive, being of the order of \$4,000.

While Applicants may look for expedited examination in India, it is unlikely that many Applicants can or will fulfil the stringent requirements proposed.

Even if an Applicant can meet the requirements, the fee imposed imposes a significant financial penalty, particularly as the level of the fee is not in alignment with (or even close to) that set in other jurisdictions that require a fee for expedited examination.

David England, 15 December 2015

IP FEDERATION BIOGRAPHIES

Carol Arnold, President

Carol is a UK Chartered Patent Attorney; a European Patent Attorney, and also an Associate Member of the Institution of Chemical Engineers. She has over 30 years of experience in patents, having joined the patent profession directly after gaining a degree in Environmental Chemical Engineering from the University of Exeter. Carol has represented Shell on the Council of the IP Federation since 2008, and in the past few years has also served as Chair of the IP Federation patent committee.



Carol has worked on a range of subject areas in the oil products, refining, pharmaceuticals, chemicals and agrochemicals sectors, and has lived and worked in both the UK and the Netherlands.

In life outside Shell, Carol is a Trustee of the charity Through the Roof, with particular responsibility for Wheels for the World (which restores and distributes

wheelchairs and mobility aids overseas).

Carol also enjoys spending time with friends and family, travelling, playing field hockey and singing.

David England, Company Secretary

David joined the IP Federation as Secretary in June 2010. He is a UK and European patent attorney with 25 years' experience gained at Reckitt & Colman, Astra Pharmaceuticals and BTG International. During his career, he has worked extensively on the creation, defence and licensing of intellectual property (mainly patents, but also designs and trade marks), and has represented his employers on both the Patents and Designs Committees of the IP Federation.



In his spare time, he sings with the highly-regarded BBC Symphony Chorus, performing regularly at venues including the Barbican and the Royal Albert Hall.



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The IP Federation represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. The CBI, although not a member, is represented on the Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. It is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

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