

# **PATENTS ACT 2004**

---

## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

15. References (other than in italics or in a heading) to a numbered section or subsection are to a section or subsection of the 1977 Act. References to “EPC 2000” are to the EPC as revised in 2000, and references to the EPC are to that Convention as originally agreed in 1973.

#### ***Section 1 – Methods of treatment or diagnosis***

16. This section inserts a new section 4A into the 1977 Act. The new section 4A corresponds to Articles 53(c) and 54(4) and (5) EPC 2000, which deal with the exceptions to patentability and novelty respectively. New section 4A reflects the manner in which inventions of methods of treatment or diagnosis are treated under the provisions of EPC 2000, thus ensuring conformity of practice.
17. New section 4A(1) corresponds to Article 53(c) EPC 2000 and makes clear that an invention which consists of a method of treatment (by surgery or therapy) or a method of diagnosis cannot be patented. The provision replaces existing section 4(2), which corresponds to Article 52(4) EPC. Under existing section 4(2), such inventions are treated as incapable of industrial application, a fiction which EPC 2000 regards as undesirable to uphold since methods of treatment and diagnosis are excluded from patentability in the interests of public health.
18. New section 4A(2) corresponds to Article 53(c) EPC 2000 and replaces existing section 4(3) which corresponds to Article 52(4) EPC. It ensures that the exclusion of methods of treatment or diagnosis from patentability in section 4A(1) does not extend to inventions consisting of substances or compositions for use in such methods.
19. New section 4A(3) and (4) is concerned with the patentability of inventions consisting of a known substance or composition for use in a method of treatment or diagnosis, and corresponds to Article 54(4) and (5) EPC 2000. While these subsections do not extend the availability of patent protection in respect of an invention consisting of a substance or composition for use in a method of treatment or diagnosis, they simplify and clarify the manner in which patent protection may be obtained for such inventions.
20. To be patentable, an invention must be new. Existing section 2(6), which corresponds to Article 54(5) EPC, provides for the patentability of an invention consisting of a known substance or composition for use in a method of treatment or diagnosis when the substance or composition is first used in any such method. The invention is considered to be new if the use of the substance in any such method is unknown. New section 4A(3) has the same effect, so that such an invention is considered novel where the substance or composition is first used in a method of treatment or diagnosis.
21. Where the substance or composition is subsequently used in a method of treatment or diagnosis which is different from the method in which it was first used, the courts have held, on the basis of existing section 2(6), that the subsequent use may be regarded as new but only if the invention is claimed in the form “Use of X for the manufacture of a

medicament to treat Y”, where X is the known substance and Y is the medical condition in question. This is known as the Swiss form of claim, since it was first used in the Swiss Patent Office before becoming embodied in EPO practice.

22. New section 4A(4) enables patent protection to be obtained for the second or subsequent use of a substance or composition in a method of treatment or diagnosis by a direct claim in the form “Substance X for use in treatment of disease Y”. The second or subsequent use, that is, the “specific use” of a known substance or composition in a method of treatment or diagnosis, is treated as new if that specific use was previously unknown. Where patent protection is sought for a substance or composition for specific use in a method of treatment or diagnosis, the Swiss form of claim will still be possible, but inventions may now be claimed in the simpler form.
23. *Paragraph 2 of Schedule 2* amends section 1(1) in order to make clear that the provisions in new section 4A form a part of the definition of patentability. Under section 72(1)(a), a patent may be revoked if the invention is not a patentable one. The change to section 1(1) ensures that it will be possible to revoke a patent on the grounds that it does not meet the requirements of one or more of the provisions in new section 4A. *Paragraphs 3 and 4 of Schedule 2* omit the provisions in sections 2 and 4 that are made redundant by new section 4A.

### ***Section 2 – Amendment of patents after grant***

24. *Sections 27(1) and 75(1)* confer on the comptroller and the court a discretion to allow or refuse an amendment to a patent. Article 138(3) EPC 2000 requires contracting states to enable a patent proprietor to amend his patent by limiting the claims in national proceedings for revocation of the patent. Article 105a(1) EPC 2000 confers on the EPO a discretion to allow or refuse an amendment of a European patent by limitation of the claims. The comptroller and the court continue to have a discretion to allow or refuse an amendment, but in exercising that discretion, *subsection (5)* requires the comptroller or court to have regard to any relevant principles which are applicable in amendment or limitation proceedings under the EPC. These may include relevant regulations made under the EPC, any relevant guidelines produced by the EPO, and decisions of the Opposition Division and Boards of Appeal. This should ensure that, as far as possible, there is consistency in approach as regards post-grant amendment in national proceedings and before the EPO.
25. *Subsection (5)* therefore applies to all types of amendment made during any proceedings in which validity may be put in issue (note also the change to section 75 made by *Schedule 2 paragraph 19*). Furthermore, *subsection (1)* makes clear that the new regime applies equally to voluntary amendments under section 27 – that is, amendments proposed by the patent proprietor when no proceedings are under way. This is also intended to ensure closer conformity of approach between amendment under section 27 and the new procedure under EPC 2000 for limitation at the EPO.
26. *Subsections (3) and (4)* amend sections 62 and 63 in order to protect third parties from patent proprietors who act covetously. Under section 62(3) as amended, where a patent proprietor has amended his patent and sues for a pre-amendment infringement, the courts or comptroller may not award damages for that infringement unless they are satisfied that the proprietor is acting in good faith in bringing the infringement proceedings. Therefore, damages may not be awarded if it were shown that the proprietor knew that the infringed claim, before amendment, was invalid. However, damages would be available for infringing acts committed after the amendment was allowed. Similarly, under section 63(2) as amended, damages will only be available for a partially valid patent if the court or comptroller is satisfied that the proprietor has acted in good faith in bringing the infringement proceedings. Therefore damages will not be available if it can be shown that the proprietor knew that the infringed claim was only partially valid.

27. *Subsection (2)* makes the corresponding changes to section 58(6) and (8). These provisions are equivalent to sections 62(3) and 63(2), but apply to Crown use instead of infringement.

### ***Section 3 – Relief for partially valid patent***

28. Under section 63(3), the court or comptroller may make it a condition that a partially invalid patent is amended under the 1977 Act before granting relief for infringement. *Subsection (1)* inserts a new subsection so that relief may be granted on condition that the proprietor of a European patent (UK) limits the patent at the EPO. The limitation would have to be done to the satisfaction of the court or comptroller for relief to be granted. *Subsection (2)* makes a corresponding change to section 58. Section 58(9) is equivalent to section 63(3), but applies to Crown use instead of infringement.

### ***Section 4 – Revocation***

29. Where the court or comptroller finds that a European patent (UK) is partially invalid, this section provides that they may order revocation of the patent unless the proprietor limits his patent at the EPO under Article 105a EPC 2000. This is an alternative to the existing possibility of the proprietor amending the patent under the 1977 Act. The former option would affect the European patent in all its designated states, whereas the latter would only affect the European patent (UK). Even during revocation proceedings in the UK, the proprietor of a European patent (UK) could independently request limitation before the EPO. In practice, the court or comptroller could, if appropriate, stay the UK revocation proceedings while limitation went ahead.
30. It should be noted that both the new and existing provisions require the amendment or limitation to be done within a specified time and to the satisfaction of the court or comptroller, if revocation is not to take place. This allows the court or comptroller to retake control of proceedings in case of delay as a result of seeking limitation at the EPO. It also allows the court or comptroller to proceed with revocation of the patent if they are not satisfied with the amendment or limitation that has taken place.

### ***Section 5 – Further amendments relating to international obligations***

#### ***Schedule 1 paragraphs 2, 3 and 4***

31. EPC 2000 introduces a new procedure whereby the EPO's Enlarged Board of Appeal may review a decision of the Board of Appeal. However, the Board of Appeal's decision is not suspended for the duration of the review, so a patent or application may be revoked or refused by the Board of Appeal but then subsequently reinstated by the Enlarged Board. In these circumstances it is necessary to protect those who have started in good faith to work the invention (or made serious and effective preparations to do so) in between revocation or refusal of the patent or application and its subsequent reinstatement.
32. *Paragraph 2* therefore amends section 77 to ensure that such protection is available to third parties where a European patent has been revoked and then restored by the review procedure. Existing section 78(6) provides protection for third parties when a European patent application is terminated or refused, but *paragraph 3(3)* amends this provision in order more clearly to provide protection where a European patent application has been refused and then reinstated. This includes reinstatement by the Enlarged Board of Appeal. The provision as amended is consistent with new sections 20B and 117A, which will be inserted by the RRO, on reinstatement and resuscitation of national patent applications. Section 80(4) provides equivalent protection for third parties when a European patent or application has initially been incorrectly translated into English. *Paragraph 4* therefore amends section 80(4) to be consistent with the new section 78(6). These paragraphs therefore clarify the position where a third party begins, in the relevant period, in good faith to do an act which would constitute an

infringement of the rights conferred by publication of an application for a patent (i.e. the rights referred to in section 69).

33. The addition to section 78(5A) which is provided by *paragraph 3(2)* ensures that an application for a European patent (UK) has prior art effect under section 2(3) on publication – regardless of whether the UK remains designated at the time of publication. As a result of EPC 2000, every European patent application will designate the UK on filing, and will be treated as an application for a European patent (UK) – see paragraph 42 below. This fact, in combination with the amended section 78(5A), means that every European patent application has prior art effect under section 2(3) on publication. This result is consistent with the operation of Article 54 EPC 2000. The amendment to section 78(5A) complements the existing provision, which makes clear that withdrawal of designation from an application for a European patent (UK) after publication does not affect the prior art effect of that application under section 2(3).

#### ***Schedule 1 paragraph 5***

34. *Paragraph 5* removes from section 81 certain provisions which concern transitional arrangements connected with the setting up of the EPO in the 1970s. The provisions made it possible for European patent applications in certain areas of technology to be converted to national UK patent applications. This reflected the fact that the EPO did not, initially, process patent applications in all areas of technology. Under EPC 2000, the corresponding provisions in the EPC have been deleted.
35. Furthermore, the paragraph restates the remaining provision in section 81(1), so that the wording is consistent with the corresponding provision of EPC 2000. Therefore, when a European application is deemed to be withdrawn under the EPC, because the application has not been forwarded to the EPO within the required time, it may be converted into a national UK patent application if the conditions set out in section 81(2) are met.

#### ***Schedule 1 paragraph 6; Schedule 2 paragraphs 12, 13, 20-22, 25(c), 25(d) and 27***

36. These provisions remove redundant provisions in the 1977 Act which relate to the Community Patent Convention (“CPC”) which has never come into force. The effect on the Act of the CPC (as amended by the 1989 Agreement on the Community Patent) is therefore confined to the interpretation of those provisions of the 1977 Act which correspond to the CPC by virtue of section 130(7).

#### ***Schedule 1 paragraph 7 and paragraph 9, sub-paragraphs (2)(a) and (3)***

37. *Paragraphs 9(2)(a) and (3)* provide a new section 130(4A) making clear that an international application which is treated under the 1977 Act as an application for a European patent (UK) is not – simply by virtue of the designation “EP(UK)” – also to be treated as an international application for a patent (UK).
38. This provision replaces section 89(4), which is omitted by *paragraph 7*. The approach taken by section 89(4) is no longer meaningful, since that provision assumes that an international application may be filed which designates only “EP(UK)” and not “UK”. As noted in paragraph 43 below, all international applications will now automatically be treated as designating both “UK” and “EP(UK)” on filing.
39. Nevertheless, the effect under new section 130(4A) is essentially unchanged from that under existing section 89(4). Thus if the UK designation on an international application is withdrawn, that application cannot be considered to be an international application for a patent (UK) on the basis that the EP(UK) designation remains.

#### ***Schedule 1 paragraph 8***

40. Section 89B(2) states that an international application is treated as published under section 16 when it enters the national phase – provided it has already been published

as an international application under the PCT. *Paragraph 8* amends section 89B(2) to make it clear that this applies whether the international application enters the national phase early, or enters the national phase at the end of the time period for doing so.

41. If the application has not yet been published under the PCT when it enters the national phase, the new provision makes clear that the application is not treated as published under section 16 until publication under the PCT has taken place.

***Schedule 1 paragraph 9, sub-paragraph (2)(b)***

42. Under the EPC, the applicant chooses (“designates”) which of the contracting states he wishes the European patent to cover. Under EPC 2000, all the contracting states will automatically be deemed to be designated on filing of the European patent application. *Paragraph 9(2)(b)* amends the definition of “designate” in the 1977 Act in order to make clear that, where a country is deemed to be designated under EPC 2000, that country is treated as designated under the 1977 Act. It follows that every European patent application is treated under the 1977 Act as an application for a European patent (UK), because every European patent application is treated as having designated the UK on filing.
43. The amended definition of “designate” also applies to the designation of states or regions under the PCT. From 1st January 2004, a revision to the Regulations under the PCT means that all the contracting states and regions of the PCT are automatically deemed to be designated on filing of an international application. It follows that every international application for a patent is treated as an international application for a patent (UK), because every international application is treated as having designated the UK on filing.
44. It will continue to be possible under both the EPC and PCT to withdraw the designation of a contracting state or region from an application at any time. Therefore, as in the past, withdrawal of a designation does not change the fact that the country or region concerned was designated on filing. Withdrawing the UK designation at any time will therefore not stop a European or international patent application from being defined under the 1977 Act as an application for a European patent (UK) or an international application for a patent (UK) respectively. However, withdrawal of the UK designation will, as previously, continue to have the effects set out in section 78 (for European applications) and section 89 (for international applications). Thus withdrawing the UK designation will mean that patent protection is not obtained in the UK.

***Schedule 1 paragraph 9, sub-paragraph (4)***

45. *Paragraph 9(4)* provides a new section 130(5A), which puts a gloss on the term “amendment” (and cognate forms) wherever they appear in the 1977 Act. However, the gloss only applies to amendment of a patent, and so it does not include references to amendment of a patent application. The paragraph makes clear that amendment of a patent includes an amendment which limits the scope of the claims – and so limits the protection afforded by the patent. A limitation of the claims may be made under the existing provisions of the 1977 Act which allow for post-grant amendment (sections 27 or 75). Also, in the case of a European patent, the provision recognises that the claims may be limited at the EPO (under the new procedure introduced by Article 105a EPC 2000).
46. The reference to amendment of a European patent in section 77(4) therefore applies equally to a European patent which is limited at the EPO. Thus, the limitation of the patent is treated as applying from grant. By virtue of section 77(6)(b) a European patent which has been limited at the EPO will be subject, before it comes into force in the UK, to the same translation requirements which apply to a European patent that has been amended during opposition proceedings. It is also clear that, by virtue of section 77(2), the provisions of the 1977 Act do not affect the operation of the new limitation procedure before the EPO. Furthermore, references in sections 58(6) and

62(3) to amendment under the 1977 Act are to be construed as including amendment or limitation before the EPO.

### ***Section 6 – Remedies in entitlement proceedings***

47. In proceedings under existing section 8 of the 1977 Act concerning entitlement to a patent application, one possibility is that the patent application in question will have been withdrawn, or refused under another provision of the 1977 Act, before entitlement has been finally determined. In these circumstances, the comptroller may allow the successful party (if they are not the original patent applicant) to file a new patent application, replacing the original one. The new application will be treated as if it were filed on the filing date of the original application – but only if the original application was published under section 16 before it was refused or withdrawn. If the original application was never published under section 16, the new application must take its own date of filing.
48. *Subsection (1)* amends section 8(3)(c) to allow the new application to be back-dated, regardless of whether the original application was published or not. Thus, where the original application was never published, but the original applicant chose to disclose the contents of that application, this no longer destroys the novelty of the successful party's later application. (*Paragraph 5 of Schedule 2* makes an equivalent change to section 12, which concerns entitlement disputes over European and international patent applications).
49. *Subsection (2)* amends section 11 to extend the protection available to the original applicant and licensees in the circumstances where a new application has been filed by an applicant who has taken advantage of the rights given by section 8(3). The original applicant and any licensees who have begun to work the invention in good faith are entitled, under existing section 11, to a licence from the successful party to continue to do so. The amendment to section 11 permits them to obtain a licence from the new applicant in respect of the new application.
50. *Subsections (3) and (4)* ensure that any such licence is granted for a reasonable period and on reasonable terms, which in the case of dispute may on request be settled by the comptroller.
51. These amendments also ensure consistency with the remedies available in proceedings concerning entitlement to granted patents under sections 37 and 38. (*Paragraph 10 of Schedule 2* makes an amendment to section 38(3) and (5) to clarify that those provisions apply both when the successful party has opted to continue with the existing patent and when they have chosen to file a fresh application.)

### ***Section 7 – Restrictions on applications abroad by United Kingdom residents***

52. This section amends section 23 of the 1977 Act, with the effect that the restrictions on UK residents filing patent applications abroad only apply to a UK resident who files an application abroad, the publication of which might prejudice national security or the safety of the public. The section also limits the existing criminal offence (set out in present section 23(3)) so that a person is only liable where he knows that, or is reckless as to whether, he is contravening the restrictions.
53. *Subsection (1)* amends section 23(1) by limiting its application to situations where new section 23(1A) applies. Existing section 23(1) prohibits a person resident in the UK from filing, or causing to be filed, a patent application abroad without written permission from the comptroller of the Patent Office, unless an application for the same invention has been filed in the Patent Office. If such an application has been filed not less than six weeks earlier, and there are no directions in force prohibiting or restricting publication, or the communication of the information in the application, then the person may file an equivalent application abroad. Such directions are given where publication of the information might be prejudicial to the defence of the realm (although

this is changed to “prejudicial to national security” by *paragraph 8 of Schedule 2*) or might be prejudicial to the safety of the public. Thus existing section 23 prevents an application being filed in another country until it has been assessed whether or not this would amount to the communication of sensitive information. If the assessment is that publication or communication of the information would be prejudicial, then directions would be imposed under section 22 and an application could not be filed outside the UK. However, very few applications are assessed to be prejudicial to the defence of the realm (only 100 or so out of 25,000 to 30,000 applications annually). The effect of making existing section 23(1) only apply where new section 23(1A) – having the effect explained below – applies therefore lifts the restrictions in section 23 from the vast majority of UK residents wishing to file a patent application outside the UK.

54. *Subsection (2)* inserts new section 23(1A), which sets out the circumstances in which section 23(1) continues to apply. The first circumstance (section 23(1A)(a)) is where an application contains information which relates to military technology or for any other reason its publication might be prejudicial to national security. The second circumstance (section 23(1A)(b)) is where an application contains information which if published might be prejudicial to the safety of the public. Thus, where applications are not about information relating to national security or the safety of the public, the restrictions in section 23 on filing applications abroad no longer apply.
55. *Subsection (3)* inserts a new section 23(3A) which limits the circumstances in which a person is liable for the criminal offence provided by existing section 23(3). The criminal offence applies where a person files, or causes to be filed, a patent application in contravention of section 23. The scope of this offence is narrowed as a result of the limitation of the scope of section 23 by the changes made by *subsections (1) and (2)* above. However, new section 23(3A) also limits culpability for the offence to only two situations. The first is where a person knows that filing the application, or causing it to be filed, would contravene section 23. The second is where a person is reckless as to whether filing the application, or causing it to be filed, would contravene section 23. This provides a safeguard where a person acting in good faith believes that the restrictions in section 23 (as amended) do not apply to his patent application, but he is wrong. Thus a person will not be guilty of a criminal offence as a result of a mistake made in good faith.

### ***Section 8 – Term of patent and periods allowed for payment of renewal fees***

56. *Subsection (1)* substitutes a new section 25(3). Under the existing section 25(3), a patent which expires for non-payment of the renewal fee expires at the end of the period prescribed for payment of the fee. The new section 25(3) permits an expiry date to be prescribed which is different from the last day of the prescribed payment period, provided that it falls within the final month of that prescribed period. It is envisaged that the date prescribed for expiry will continue to be the anniversary of the filing date, but that the period prescribed for payment will run until the end of the month in which that date falls (and begin three months before). For example, if the anniversary of the date of filing is 18th June, the renewal payment period will run from 1st April to 30th June; but if the payment is not made by 30th June the patent will be deemed to have expired on 18th June.
57. *Subsection (2)* makes a consequential change to section 25(4) (which allows a further period of grace for the payment of a renewal fee). Under section 25(4) as amended, the period of grace runs until the last day of the sixth month to begin after the end of the period prescribed for payment. However, given that it is intended that the latter period will run until the end of the relevant month, the period of grace will continue to consist in an additional six-month period. Thus, if the prescribed payment period ends on 30th June, the period of grace for late payment will run until 31st December.
58. *Subsection (3)* makes a similar change to section 28 (which permits the restoration of lapsed patents in certain circumstances).

59. *Subsection (4)* amends section 46 (applications for an entry in the register that licences are available as of right), by substituting a new section 46(3)(d) and inserting a new subsection (3B) after section 46(3A). The effect is that (when the powers to prescribe are exercised as indicated above) it will continue to be the case that a patent must be made available for licences of right before the anniversary of the filing date, if the patent proprietor is to take advantage of the reduction by one half in the renewal fee payable for the following year. For example, if the anniversary date is 18th June, the proprietor will have to make licences of right available prior to that date if the renewal fee (payable by 30th June) is to be halved.

### ***Section 9 – Co-ownership***

60. This section amends section 36(3) in order to clarify the rights of co-owners in respect of amendment and revocation of their patent, in the circumstances in which they make no agreement between themselves on these matters. Unless the co-owners have agreed otherwise, they must act jointly if they wish the patent to be amended. Thus one co-owner cannot act unilaterally to amend the patent without the agreement of the others. Similarly, unless the co-owners agree that it should be possible, one co-owner cannot seek revocation of the patent against the wishes of the others.

### ***Section 10 – Compensation of employees for certain inventions***

61. Section 40 of the 1977 Act provides for compensation to be awarded to employee-inventors in certain limited circumstances. The invention must have been patented, and must belong to the employer (or rights in the invention or the patent must have been assigned to the employer by the employee). Furthermore, the existing section 40 requires the employee to show that the patent for the invention has been of “outstanding benefit” to the employer (or in the second case that the benefit to the employee is inadequate in relation to benefit derived by the employer from the patent). Thus compensation cannot be awarded unless it is shown that the benefits in question result from the invention having been patented, rather than merely from the intrinsic merits of the invention itself: see the judgment of the Patents Court in *Memco-Med Ltd’s Patent* [1992] RPC 403.
62. *Subsections (1) and (2)* provide a limited extension of the scope to claim such compensation, by substituting a new section 40(1) (and making a corresponding change to section 40(2)(c)). Although, as before, compensation may be awarded only in respect of inventions which have been patented, it will no longer be necessary to show that the benefit in question flows from the patent itself (as opposed to the invention). Such benefits flowing from the patent will continue to be taken into account; however, if the invention has been beneficial for other reasons, those benefits may now also be taken into consideration. What constitutes an outstanding benefit will continue to depend on such factors as the size and nature of the relevant undertaking, which may be the whole or a division of the employer’s business.
63. *Subsections (3) to (5)* make consequential changes to section 41, which lays down how the amount of compensation awarded under section 40 is to be assessed. *Subsection (6)* makes consequential changes to section 43.
64. *Subsection (7)* ensures that, for the purposes of assessing benefits under section 40(1) or (2), and for the purpose of calculating the amount of compensation under section 41, those benefits which arise after the relevant patent has ceased to have effect (whether by expiry, surrender or revocation) cannot be taken into account.
65. *Subsection (8)* is a transitional provision which ensures that the amended provisions do not apply to existing patents, nor to a patent for which an application is made before the amendments come into force.



### ***Section 11 – Enforcement of damages***

66. This section inserts a new subsection (7) into section 61 of the 1977 Act. This enables any award of damages by the comptroller in infringement proceedings to be recovered through the enforcement mechanism of the county court in England and Wales (or the equivalent mechanisms in Scotland and Northern Ireland). The party to whom damages are owed is therefore able to recover them without having to bring fresh proceedings to enforce the award. This section also makes the mechanism for the recovery of damages consistent with the mechanisms by which an award for compensation may be enforced under section 41, and costs or expenses may be recovered under section 107.

### ***Section 12 – Threats of infringement proceedings***

67. **Section 70** provides a remedy for any persons who are aggrieved by groundless threats being made to bring infringement proceedings. In certain circumstances they may bring a claim against the person making the threat (including a claim for damages). **Section 12** amends section 70 to further limit the circumstances in which such a claim may successfully be made.
68. **Subsection (2)** replaces existing section 70(2) with new section 70(2) and (2A). These new subsections essentially restate the existing section 70(2), which lays down the conditions for obtaining the relief claimed, but then provide a limited additional defence for a patent proprietor, or other person, who is being sued for making such groundless threats. Under the existing section 70(2), a patent proprietor (or anyone else) who is sued for making groundless threats may successfully defend themselves by proving that the person threatened was in fact committing an infringing act. However, such a defence will fail if the person threatened can show that the patent is actually invalid in a relevant respect (so that he has a defence to the allegation of infringement).
69. New section 70(2) and (2A) gives the person being sued for making groundless threats an additional defence in these circumstances. Where the patent is found to be invalid, the defendant is not liable if he can show, firstly, that an infringement of the kind alleged was taking place, and secondly, that he did not know or have reason to suspect, at the time he made the threats, that the patent was invalid. New section 70(2A) makes clear that the onus continues to be on the person bringing the claim to show that the patent is invalid, once the infringing acts have been established. It also makes clear that the onus is on the defendant (e.g. the patent proprietor) to show that such infringing acts were taking place, and that he did not know, and had no reason to suspect, that the patent was invalid.
70. **Subsection (3)** substitutes a new section 70(4) which extends the protection against claims for groundless threats which is available under the existing section 70(4). Firstly, the provisions of the current section 70(4) are retained in the form of new section 70(4) (a). Thus it remains the case that a person (e.g. the patent proprietor) is protected from a claim under section 70 as long as he threatens someone with infringement proceedings only in respect of an act which is alleged to consist of making or importing the patented product for disposal or of using the patented process (sometimes called acts of “primary” as opposed to “secondary” infringement). However, under the new section 70(4)(b) the protection is now extended to threats to bring proceedings in respect of any other act of infringement – such as selling or stocking the patented product or offering the patented process for use – provided that the person being threatened has made or imported that product for disposal (or used that process).
71. Thus where the proprietor is unsure whether the person he has found is manufacturing or importing the product, or using the process, under dispute he can (as before) safely make threats only in respect of alleged acts of primary infringement. However, if the proprietor has found the person who is manufacturing or importing the product for disposal (or using the process) he is now free to raise with that person any alleged infringement (whether primary or secondary). In neither case is it necessary to establish that the behaviour in question actually infringes the patent.

72. *Subsection (4)* substitutes a new section 70(5), thereby enlarging the definition of acts which cannot be construed as a threat to bring proceedings. These now include (a) providing any purely factual information about the patent (and not as before merely the notification of its existence); (b) making enquiries to find out if there has been a primary infringement and, if so, by whom; and (c) making assertions about the patent for the purpose of making such enquiries. Thus it is envisaged that an enquirer will be able to make assertions regarding an alleged primary infringement, as part of his attempt to trace the primary infringer; but assertions regarding an alleged secondary infringement would not necessarily be excluded from the definition of “threat”. Whether an assertion does in fact amount to a threat can of course be decided only by considering all the relevant circumstances.
73. *Subsection (5)* inserts a new section 70(6) which provides a defence to a claim under section 70 in certain limited circumstances, even where a threat is made against an alleged secondary infringer. Thus it may be that someone has already made his best endeavours to discover the identity of the alleged primary infringer, but has not met with success. In those circumstances, it will be possible for the proprietor to approach, for example, a retailer or stockist, in order to get the infringement dispute resolved (and in doing so threaten the latter with infringement proceedings). However, to enjoy such a defence, the person making the threat must have notified the person he threatens of the efforts he has made to trace the alleged primary infringer.

### ***Section 13 – Opinions by Patent Office as to validity or infringement***

74. The 1977 Act makes available a number of ways in which disputes regarding patents may be resolved in proceedings brought either before the courts or before the comptroller. For instance, the rights granted by a patent may be enforced in infringement proceedings brought under section 61. The validity of the patent may be challenged either as a defence in such proceedings, or in proceedings for the revocation of the patent under section 72; and issues of both infringement and validity may be decided in the context of proceedings for groundless threats, brought under section 70. Furthermore, the question whether an act or a proposed act constitutes an infringement of a patent may be decided in proceedings brought under section 71 (and questions of validity may also be raised in such proceedings).
75. In relation to validity, among the points most frequently litigated are the issues of novelty and inventiveness (section 1(1)(a) and (b)), which often involve the assessment of complex and difficult questions of fact. Resolving such issues can be very costly for the parties concerned.
76. This section accordingly makes available a new procedure for exploring issues of infringement and validity, which (while not leading to their final determination) is intended to be of value in resolving actual or potential disputes. The new procedure enables the comptroller to issue, on request, non-binding opinions on questions of validity relating to novelty or inventive step, and on questions of infringement. The ability to request such opinions from a neutral body should be helpful to parties who wish to settle disputes without launching full proceedings. However, it is also possible to seek such opinions where there is no actual current dispute. For example, a person might want an opinion about whether a certain activity would infringe a patent, before investing resources in that activity; and a patent proprietor might want an opinion about whether “prior art” of which he has just become aware is relevant to his patented invention, before he decides whether to amend the scope of his patent. It is envisaged that a fee will be charged for providing an opinion.
77. *Subsection (1)* inserts new sections 74A and 74B into the 1977 Act providing for such a procedure to be put in place. Much of the detail, however, is left to be laid down in rules made under the existing powers to regulate procedural matters given by section 123. It is envisaged that a simple, quick procedure will be prescribed, involving in most cases only the exchange of written submissions. It is intended that a request for an opinion

will be notified to the patent proprietor (where he has not himself made the request) and may also be notified to other persons. If the request is granted, notice of that fact will be entered on the register of patents (as will notice of the opinion itself when it is delivered). Any interested person will then be able to submit observations on the issues raised in the request. It is envisaged that the full text of the opinion, once it is delivered, will be open for inspection on the public file. If the findings contained in the opinion are superseded by subsequent litigation (or by a subsequent opinion), appropriate details will be entered on the register.

78. New section 74A(1) and (2) defines the scope of the new procedure. An opinion may be requested as to whether any act constitutes or would constitute an infringement of a patent, and as to whether (or to what extent) the patent is invalid. However, opinions on validity are limited to the question whether or not the invention is patentable, either because it is not new or because it does not involve an inventive step (within the meaning of section 1(1)(a) or (b)). An opinion may be requested in relation to any patent under the 1977 Act, except one which has been revoked. Accordingly, an opinion on infringement can be given even in relation to an act that has not taken place, and an opinion on infringement or validity can be given even in relation to a patent which has expired. Thus an opinion can be requested which will help someone decide whether it is safe to engage in a particular activity, or which concerns activity that might have taken place before a patent has expired. An opinion on validity may also be requested where the patent has been surrendered (for instance if a licensee wishes to argue that licence fees should be repaid).
79. New section 74A(3) requires a request for an opinion to be granted, except in prescribed circumstances or where the comptroller considers that it would be inappropriate to do so; in those cases an opinion may not be issued. It is envisaged, for instance, that a request will not be able to be granted while the issue in question is being litigated in other proceedings, or where the request is considered to be frivolous or vexatious.
80. New section 74A(4) ensures that an opinion does not have binding legal effect for any purposes. As noted above, it is intended that the procedure for delivering opinions will be as simple and quick as possible. This is intended to increase the likelihood of an opinion being helpful in assisting the early settlement of disputes; but an opinion based on such an abbreviated procedure will not be permitted to make final binding determination of the issues concerned. However, that would not prevent the fact that an opinion had been given from being referred to in subsequent proceedings.
81. New section 74A(5) requires an opinion to be prepared by an officer of the Patent Office holding the position of examiner. These are the officers who carry out the search and examination of patent applications under sections 17 and 18.
82. By virtue of the new section 74A(6)(a), when read with section 101, the requester of an opinion has the right to be heard before the request is refused; but no other person has the right to be heard on the question whether the request should be granted. Similarly, under new section 74A(6)(b), no person other than the requestor has the right to appeal to the court against that decision (under the general right of appeal given by section 97). This is intended to prevent unnecessary delays in a procedure which is designed to be simple and rapid.
83. New section 74B(1) enables provision to be made for the review of an opinion in proceedings before the comptroller. It is envisaged that a review will enable a full hearing to be obtained on the merits of the issues raised by an opinion. Such a review may be requested only by the proprietor or exclusive licensee of the patent. The details of the procedure will be laid down in rules, and new section 74B(2) makes clear that certain matters, in particular, may be prescribed in those rules. Under new section 74B(2)(a), such matters include the circumstances and time period in which an application for a review may be made.

84. New section 74B(2)(b) and (c) enables provision to be made concerning the relationship between such proceedings for review and other proceedings relating to the same issues. In most cases, the existing procedures under the Act will provide a sufficient means of reviewing the conclusions reached in an opinion. Thus where a person disagreed with an opinion that a patent is valid, they would be able to seek revocation of the patent under section 72. Where a person disagreed with an opinion that a certain activity infringes a patent, they would be able to seek a declaration of non-infringement under section 71. A patent proprietor who disagreed with an opinion that certain activity does not infringe a patent would still be able to bring proceedings under section 61, if there is evidence of such activity; and an opinion that a patent is not valid could also be addressed in the proceedings for infringement. In contrast, where there is no such existing or apprehended activity, the proprietor would have available no existing mechanism for seeking a reconsideration of an opinion that the patent is invalid or that a particular act does not infringe the patent. In any event, there is likely to be a substantial overlap between the matters which will be addressed in proceedings for the review of an opinion, and matters which can be addressed in the existing procedures under the Act, or (in the case of a European Patent designating the UK) in proceedings before the European Patent Office.
85. Accordingly, new section 74B(2)(b) makes it clear that rules may lay down the circumstances in which relevant issues are to be decided in proceedings other than those for the review of an opinion (for instance, in proceedings which have been brought under existing provisions of the Act – such as sections 61, 71 or 72). Where no such proceedings have been brought, so that the relevant issues are to be decided in review proceedings, new section 74B(2)(c) will enable the latter to be treated, in appropriate cases, as proceedings brought under existing provisions of the Act. This will, for instance, enable provision to be made for treating proceedings for a review as revocation proceedings brought under section 72 for the purposes of giving relief under that section.
86. Except in the cases specified in section 97(1), there is a right of appeal under that section to the Patents Court (or as the case may be to the Court of Session), from any decision of the comptroller under the Act. A decision consequent upon the review of an opinion may accordingly be so appealed. In certain cases such an appeal may be inappropriate (for instance where the result of the review was merely to set aside the opinion). The new section 74B(2)(d) therefore enables the right of appeal to be excluded in appropriate cases.
87. *Subsection (2)* amends section 74 to make it clear that proceedings for an opinion or for the review of an opinion are not, as such, to be regarded as proceedings in which the validity of a patent is put in issue. Accordingly, questions of validity may be considered in the context of such proceedings, notwithstanding the exclusive list of proceedings in which the validity of a patent may be put in issue which is laid down by section 74(1) and (2). However, that would not prevent the validity of the patent from being regarded as put in issue where (by virtue of rules made under section 74B(2)(c)) proceedings on a review were treated as proceedings under section 61, 71 or 72.
88. *Subsection (3)* amends section 32(2) to ensure that rules can provide for relevant matters relating to opinions to be entered on the register of patents. By virtue of section 32(2) (e), rules can then also make provision for the publication and advertisement of such matters.

#### ***Section 14 – Costs and expenses in infringement proceedings etc***

89. **Section 106** requires the court, when making an award of costs (or in Scotland expenses) in certain proceedings under the 1977 Act, to have regard to all the relevant circumstances, including the financial position of the parties. In the existing section 106, that requirement is imposed only in relation to proceedings under section 40 (compensation of employees for certain inventions: see paragraphs 61 – 65 above).

90. *Section 14* amends section 106 to extend the range of proceedings in which the courts are required to take into account the financial position of the parties, as a relevant factor in deciding on an award of costs.
91. *Subsections (2) and (3)* amend the existing section 106(1), and insert a new section 106(1A) setting out the range of proceedings to which section 106 applies. In addition to proceedings under section 40, section 106 now extends to all patent disputes in which infringement is at issue. These are, namely: infringement proceedings (under section 61 or 69); proceedings for a declaration or declarator of non-infringement under section 71; and proceedings for groundless threats under section 70. It is to be noted that the validity of the patent may be put in issue in such proceedings (for instance as a defence to a claim for infringement under section 61). In such a case, section 106 applies also to any award of costs relating to the issue of validity raised in those proceedings. In contrast, it does not extend to any proceedings, such as those under section 72, which do not involve any issue of infringement (but only involve an issue of validity).
92. *Section 106* does not, of course, prevent any other relevant circumstances from being taken into account by the court in exercising its discretion as to costs. This is consistent with the general duty to have regard to all the circumstances of the case (including, for example, the conduct of the parties) in awarding costs in civil proceedings which arises, in England and Wales, under rule 44.3 of the Civil Procedure Rules. However, in the case of proceedings covered by section 106, the financial position of the parties is deemed to be one of those relevant circumstances.
93. *Subsection (4)* is a transitional provision which ensures that these amendments to section 106 apply only to proceedings which are launched on or after the date on which the amendments come into effect.

### ***Section 15 – Security for costs***

94. This section substitutes a new section 107(4) of the 1977 Act which makes new provision in respect of the comptroller's power to award security for costs (or expenses in Scotland). Although the new power is expressed in more general terms than the existing one, it is made subject to "prescribed conditions" being met. In prescribing those conditions, it is intended to impose similar conditions to those applicable to the courts, in England and Wales, under rule 25.13 of the Civil Procedure Rules. In particular this will mean that due account can be taken of the ability to enforce judgments in other jurisdictions under the Brussels and Lugano Conventions, and under Council Regulation (EC) No.44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. The condition related to residing or carrying on business in the United Kingdom is removed from section 107(4), as is the specific list of proceedings in which security for costs can be sought.

### ***Section 16 – Amendments, repeals and revocations***

#### ***Schedule 2 paragraph 6***

95. *Paragraph 6* amends section 16 of the 1977 Act. This section requires the comptroller to publish a patent application, and (in conjunction with section 118) allows the public to see all the relevant papers on the file of a patent application. The amendment made by *paragraph 6* enables rules to be made setting out the circumstances in which an inventor's name and address can be withheld from the publicly-available patent application file. Rules may also be made setting out the circumstances in which an inventor's name may be withheld from the front page of the specification of a published patent application (the 'A-specification').

#### ***Schedule 2 paragraphs 7 and 23***

96. The RRO will insert new provisions into the 1977 Act to provide for the reinstatement (section 20B) or resuscitation (section 117A) of patent applications in certain

circumstances. The provisions protect third parties from being sued for infringement if they have, in good faith, started to use the invention between termination or withdrawal of the patent application and its subsequent reinstatement or resuscitation. *Paragraphs 7 and 23* ensure that the Crown is not liable for payment to the patent proprietor if the Crown has, in good faith, started to use the invention between the patent application being terminated and reinstated (under section 20B) or between the patent application being withdrawn and resuscitated (under section 117A).

### ***Schedule 2paragraph 8***

97. The effect of *paragraph 8* is to update some terminology in section 22 of the 1977 Act, and to address an anomaly caused by removal of duties from the United Kingdom Atomic Energy Authority. Section 22 concerns information in patent applications which might be prejudicial to the defence of the realm or the safety of the public.
98. *Sub-paragraphs (2) and (3)* substitute the words “national security” for “defence of the realm” in the existing heading of section 22, in section 22(1) and in paragraphs (a), (c) and (d) of existing section 22(5). This update of the terminology ensures that the comptroller can make directions in any circumstance where there is a need to protect the national security interests of the United Kingdom.
99. *Sub-paragraph (4)* amends existing section 22(6), essentially to maintain the existing requirements, but to remove references to the United Kingdom Atomic Energy Authority (UKAEA), which no longer has particular responsibility regarding patent applications relating to atomic energy. The existing provision permits the Secretary of State to seek a report from the UKAEA in order to decide whether publication or communication restrictions should continue to apply to sensitive information. *Sub-paragraph (4)* replaces references to the UKAEA in section 22(6) with references to a government body with responsibility for the production or use of atomic energy or research.

### ***Schedule 2paragraph 9***

100. This paragraph adds a new subsection (4) to section 24. When a patent is granted, existing section 24(3) requires the comptroller to publish the patent as granted, and (amongst other things) also to publish the inventor’s name. The new section 24(4) makes clear that the comptroller will no longer be required to publish the inventor’s name, where the inventor has waived his right to be mentioned.

### ***Schedule 2paragraph 11***

101. This paragraph makes a minor amendment to section 41(10), which concerns the enforcement in Scotland of an order, made under section 40, for compensation for an employee-inventor. The wording of section 41(10) is thereby brought into conformity with the existing wording in sections 93(b) and 107(3). It is also made consistent with the wording of new section 61(7)(b), as provided in *section 11*.

### ***Schedule 2paragraphs 14, 16, 17 and 28***

102. *Paragraphs 14, 16 and 17* replace the obsolete word “plaintiff”, which appears in the existing sections 61, 63 and 70, with the modern term “claimant” now used in civil proceedings in England and Wales. The new section 70(2) and (2A), provided by *section 12*, introduces the term “claimant” into the 1977 Act for the first time, and these paragraphs make corresponding amendments to ensure consistency. The Scottish term “pursuer” is left unchanged. *Paragraph 28* takes account of the fact that, in Northern Ireland, the term “plaintiff” is still current. It amends section 131 (which deals with the interpretation of the 1977 Act in Northern Ireland) in order to make clear that “claimant” includes “plaintiff” when the Act is applied in Northern Ireland.

### ***Schedule 2 paragraph 15***

103. This paragraph makes a minor amendment in order to correct the reference in section 62(2) to the period which is specified in section 25(4).

### ***Schedule 2 paragraph 18***

104. This paragraph clarifies the position in relation to revocation of a patent by the patent proprietor. It makes explicit that the reference to “any person” applying for revocation in section 72(1) does include the proprietor of the patent in question. The proprietor would have to show that the patent should be revoked on one or more of the grounds set out in section 72(1). The amended provision operates in conjunction with the amendment to section 36(3) made by *section 9*, which makes clear that, unless co-owners agree that it should be possible, one co-owner may not seek revocation of the patent against the wishes of the others.

### ***Schedule 2 paragraph 19***

105. This paragraph amends section 75 in order to allow a patent proprietor to propose amendments during the course of any proceedings in which it is possible for the validity of his patent to be put in issue. Therefore it is no longer necessary for validity actually to have been put in issue before the proprietor can apply to amend under section 75.
106. This paragraph removes uncertainty in the situation, which arose in *Norling v Eez-Away* [1997] RPC 160, where a proprietor who is involved in proceedings in which validity could be, but has not actually been, put in issue seeks to amend his patent under either section 75 or section 27. The proceedings in which validity may be put in issue are set out in section 74(1): infringement proceedings, proceedings concerning groundless threats, proceedings to obtain a declaration of non-infringement, revocation proceedings and disputes over Crown use.

### ***Schedule 2 paragraph 24 and paragraph 26, sub-paragraph (3)***

107. *Paragraph 24* amends section 120 in order to give the comptroller the power to give directions regarding certain procedural matters. In consequence of the amendments made by *paragraph 24*, the Patent Office’s hours of business and excluded days (in relation to patents matters) are no longer prescribed by rules made by the Secretary of State. Instead, the comptroller can specify these matters in directions. This includes the ability to give different directions for different classes of business; for example, varying the hours of business which apply to the filing of patent applications. However, the manner in which such directions are to be published will be prescribed by rules. It is the intention that such directions will be published by means of electronic notices, in official journals, and on the Patent Office website.
108. *Paragraph 26(3)* inserts a new subsection (2A) in section 123. This enables the comptroller to specify in directions the content and layout of the Patents Forms, so that the forms need no longer be prescribed by rules. Again, it is intended that the comptroller will be required by rules to publish such directions by means of electronic notices, in official journals and on the Office’s website. Rules will continue to require the use of forms when prosecuting a patent application, and when dealing with the Office in other matters.

### ***Schedule 2 paragraphs 25(a) and 25(b)***

109. These paragraphs amend section 121 in order to clarify the position with regard to the laying before Parliament of the comptroller’s annual report. The effect of article 6 of the *Patent Office Trading Fund Order 1991 (SI 1991 No.1796)* is that the requirement of section 121 is satisfied if a report for each financial year is laid on or before 30th November of the following financial year. This requirement is now on the face of the 1977 Act, and article 6 is revoked by *section 16(3)*.

***Schedule 2 paragraph 26, sub-paragraph (2)***

110. This sub-paragraph modifies one of the existing powers to make rules in section 123(2) of the 1977 Act. Section 123(2)(i), as amended by *paragraph 26(2)*, allows rules to set out the way in which an inventor may be identified in respect of a patent or patent application. The new section 123(2)(i) also enables rules to be made subjecting the waiver of the inventor's rights to be mentioned (in section 13(1) of the 1977 Act) to acceptance by the comptroller.

***Schedule 2 paragraph 26, sub-paragraph (4)***

111. *Paragraph 26(4)* repeals section 123(4) and (5) of the 1977 Act. The effect is that the Treasury's consent is no longer required for the making by the Secretary of State of rules prescribing Patent Office fees or for the determination by the Secretary of State of the remuneration of advisers appointed to assist the comptroller in proceedings under the 1977 Act. Rules prescribing fees will continue to be made by the Secretary of State and be subject to annulment in accordance with a resolution of either House of Parliament.

***Section 17 – Commencement etc***

112. *Subsection (1)* of this section allows the provisions of the Act to be brought into force by commencement orders. However, *subsection (2)* ensures that the provisions in Schedule 2 which relate to the RRO come into force automatically on the commencement of the RRO itself.
113. *Subsection (3)* allows a commencement order to bring a provision into force on different days for different purposes, and *subsection (4)* permits an order to make (a) supplementary, incidental or consequential provision, or (b) transitory, transitional or saving provision.
114. *Subsection (5)* ensures that an order which contains any supplementary, incidental or consequential provision is subject to the negative procedure – but an order which contains only transitory, transitional or saving provision is not subject to such a procedure. *Subsection (6)* makes clear that the provision made under *subsection (4)* may amend or repeal any existing primary or secondary legislation. However, *subsection (7)* ensures that an order which adds to, replaces or omits any part of an Act must be subject to the affirmative procedure.

***Section 18 – Short title and extent***

115. This section ensures that the Patents Act 2004 has the same territorial extent as the Patents Act 1977. As made clear in paragraph 14 above, this means that the 2004 Act extends to the whole of the United Kingdom and, subject to any modifications made by Order in Council, it will also extend to the Isle of Man.