

INTELLECTUAL PROPERTY ACT 2014

EXPLANATORY NOTES

COMMENTARY

Part 2: Patents

57. This Part of the Act makes provisions relating to the Patents Act 1977 (as amended) which are explained further below.
58. The Patents Act 1977 (“the 1977 Act”) is the principal statute governing the patents system in the UK and it gives the Comptroller-General of Patents Designs and Trade Marks and the Patent Office (operating as the IPO) certain powers and duties in relation to the running of the patents system. This includes the examination of patent applications, the granting of patents and acting as a quasi-judicial body with jurisdiction over certain legal proceedings concerning patents.
59. The following sections have five main purposes. The first is to introduce an easier way for patent owners to provide public notice of their patent rights. The second is to expand the circumstances in which the IPO may issue an opinion in relation to patents. The third is to provide for the Agreement establishing a Unified Patent Court to be brought into effect in the UK. The fourth is to allow the IPO to share information on unpublished patent applications with international partners to help reduce international patent backlogs and speed up patent processing. The fifth is to correct minor aspects of the patents legislation to provide clarity and legal certainty to users of the patents system.

Section 15: Infringement: marking products with an internet link

60. This section amends section 62 of the 1977 Act, which concerns restrictions on the recovery of damages for infringement. Under section 62 the court or the Comptroller-General of Patents Designs and Trade Marks cannot award damages or make an order for an account of profits against an innocent infringer. The onus is generally on the infringer to prove his innocence and show that, at the date of the infringing act, he was not aware, and had no reasonable grounds to suppose, that the patent or published application existed. The 1977 Act makes it clear that applying the word “patent” or “patented” to a product without also including a reference to the specific patent number(s) is not a sufficient way to make people aware of the existence of a patent. Patent proprietors therefore have to mark their products with the specific patent number(s) as a way of providing public notice of their patent rights.
61. This section amends the 1977 Act to provide patent proprietors with an alternative way of providing this notice of their patent rights. Patent proprietors will now have the ability to mark their products with either the specific patent number(s) or the web address of a webpage which clearly associates the product with the relevant patent number(s). For example it may be appropriate for the webpage to identify the exact product concerned by including any relevant model numbers and variants that exist.

Section 16: Opinions service

62. Section 74A of the 1977 Act specifies the limited matters on which the IPO is able to give an opinion. *Subsection (1)* of this section amends section 74A to replace the specified matters on which an opinion can be issued with a broader power to set out those matters in rules. Prescribing the matters in rules will enable these to be amended more easily in response to the demands of the users of the service.
63. *Subsection (2)* removes a power in section 74B(2) of the 1977 Act that has not been used and for which no future use can be foreseen. Amendment of this power would have been necessary if it had been retained.
64. *Subsection (3)* amends Schedule 4A to the 1977 Act to allow opinions to be requested on the validity or infringement of a Supplementary Protection Certificate (“SPC”). An SPC provides an extension to the term of monopoly provided by a patent to account for the delay in bringing certain products to market arising from regulatory and clinical trials requirements. Schedule 4A to the 1977 Act sets out those provisions of the 1977 Act that apply to SPCs.
65. *Subsection (4)* extends the powers of the Comptroller-General of Patents Designs and Trade Marks to revoke a patent on his own initiative. He will be able to do so if an opinion concludes that a patent is invalid because the invention covered by the patent was either known (not novel) or was obvious (lacks an inventive step). This additional power will only be exercised where the patented invention clearly lacks novelty or an inventive step. The patent holder will have the opportunity to apply for a review of the opinion, and also to make observations or amend his patent before any revocation action is taken.

Section 17: Unified Patent Court

66. On 19 February 2013 the UK Government signed an intergovernmental Agreement to provide for a Unified Patent Court within participating European countries. There are two related European Regulations (Regulation (EU) No 1257/2012 for the creation of unitary patent protection and Regulation 1260/2012 applicable to translation arrangements). The Agreement and Regulations mean that it will be possible to apply to the European Patent Office once for a single patent which will have effect across all participating countries and, for some issues, be litigated in a new Unified Patent Court. This will be an optional route for business to protect their inventions but could save businesses money by reducing the need to file documents and fees, and to litigate in multiple jurisdictions.
67. This section inserts a new section 88A into the 1977 Act which enables the Agreement establishing a Unified Patent Court to be brought into effect in the UK by order of the Secretary of State, and lists the main areas which may be included in such an order, including for example provisions relating to jurisdiction of the Unified Patent Court and for the payment of fees. The IPO is a trading fund and therefore fees set by it will be based upon cost recovery. Subsections (3) and (4) of the new section 88A allow for alignment of certain provisions of the 1977 Act with equivalent provisions in the Agreement on a Unified Patent Court and for different provision to be made for different cases.
68. Subsection (6) of the new section 88A provides that any secondary legislation made under new section 88A is to be subject to approval by resolution of each House of Parliament.
69. This section also inserts a new section 88B into the 1977 Act which provides that the Unified Patent Court will be treated as an organisation to which section 1 of the International Organisations Act 1968 (the "1968 Act") applies. Section 1 of the 1968 Act enables an Order in Council to be made granting privileges and immunities

to international organisations and their staff, where the UK is a member of the organisation.

Section 18: Sharing information with overseas patent offices

70. Applying for a patent can be a lengthy and complex process. UK patents only give protection in the UK so businesses seeking global protection have to file patent applications for the same invention in many different countries. As a result, major national patent offices have built up significant backlogs of patent applications waiting to be processed. In 2012 the World Intellectual Property Organisation estimated the global patent backlog stood at approximately 5 million. This represents several years of work for offices, judging from the rate at which they currently process applications. This can impact on the economic benefits businesses can derive from their patents.
71. Sharing information on patent applications between major national patent offices can reduce the duplication of work undertaken by patent examiners in each of these offices, thereby speeding up the patenting process and helping reduce the backlog of patent applications waiting to be examined. The IPO can share information on published patent applications (section 118(2) of the 1977 Act), and very limited bibliographic data on unpublished patent applications (section 118(3) of the 1977 Act). However, it is more effective if substantive patent information, in particular relating to the search results, can be shared with other offices earlier in the patenting process, before the patent application has been published.
72. *Subsection (1)* of this section amends section 118 to allow the IPO to share information on unpublished patent applications with other national and regional patent offices. *Subsection (3)* of this section amends section 118 to define these other patent offices as being those which carry out the same functions relating to patents as are carried out by the IPO. However, the amendments made to section 118 by *subsection (2)* require a working arrangement (such as a working agreement or memorandum of understanding) to be in place between the IPO and the other patent office; information on unpublished patent applications may only be sent in accordance with that working arrangement. The working arrangement will have to include provision for ensuring confidential treatment of the information. This will mean that pre-publication patent information is not disclosed by the other patent office in circumstances when that information remains confidential in the UK.
73. The IPO will only share information with other offices in circumstances where doing so is likely to lead to a reduction in duplication of work. Information will therefore not be shared where no work has yet been conducted by the IPO in relation to the UK patent application. It is envisaged that work sharing is likely to be of most benefit when the other office is dealing with an application which claims priority from a UK patent application. Consequently, the other office will be required to specify what information is required and in relation to which patent application, identified by the application number. This is in line with the approach taken when the IPO provides information to the European Patent Office in accordance with section 118(3)(a) of the 1977 Act and the European Patent Convention.
 - a) Guidance on the IPO website will set out:
 - b) what information is being shared,
 - c) from what date onwards,
 - d) from what point in the patent application process onwards,
 - e) with which other offices, and
 - f) what restrictions are in place on the use of that information.

Section 19: Minor amendments to the Patents Act 1977

74. This section gives effect to the Schedule to the Act, which makes minor amendments to the 1977 Act.

Schedule: minor amendments to the Patents Act 1977

Paragraph 1: Patent applications in or for WTO members

75. This provision removes uncertainty created when the 1977 Act was amended in 1999. It does not affect substantive patent law.
76. Section 5 of the 1977 Act concerns the international system for establishing a “priority date” of an invention for which patent protection is sought. The date that a patent application is filed in a first country establishes that invention’s “priority date”, and later patent applications (for the same invention) filed in other countries can then be treated as having been filed on that same priority date. Generally speaking, those later applications must be filed within 12 months of the first filing. This system was established by the Paris Convention of 1883, and each country to which it applies is called a “convention country” in section 5 of the 1977 Act.
77. The amendment made in 1999 (by [SI 1999/1899](#)) was intended to allow a country who joined the World Trade Organisation (“WTO”) to be treated automatically as a convention country for the purposes of section 5. However, this objective was not achieved by the insertion of section 5(6) of the 1977 Act, and it has remained necessary for an Order in Council to be made when a country joins the WTO. To remove this necessity, new section 5(5)(aa) provides that a patent application filed in a WTO country is of the same status, for priority purposes, as a patent application filed in the UK or any other convention country.

Paragraph 2: Assertion of third party rights where application terminated

78. In the event that a patent application is terminated and then subsequently reinstated, the 1977 Act makes it clear that, if a third party started to exploit the invention covered by the patent application in good faith in the period between termination and reinstatement, they may continue to exploit that invention without infringing the provisional rights which are conferred on the patent applicant once a patent application has been published. This is commonly referred to as having “third party rights”.
79. There appear to be two conflicting positions in the 1977 Act on the starting point for these third party rights. Under section 20B(3) of the 1977 Act, someone would be infringing the provisional rights of the patent applicant if they started to work the invention in the period after an application is terminated when it was possible for the patent applicant to request an extension of time to the period the applicant had failed to meet. However, section 20B(4) of the 1977 Act provides third party rights to anyone who started to work the invention in good faith in the period between the patent application being terminated and the reinstatement request being published.
80. This has resulted in an overlap in the period when third party rights are available and the period when working the invention would be considered to infringe the provisional rights of the applicant. A party could be simultaneously liable to infringement under one part of the Act (section 20B(3)) and at the same time entitled to work the invention under another (section 20B(4)), if they started to work the invention in the period when an extension of time was possible.
81. [Paragraph 2](#) clarifies that third party rights do not begin until the end of the period during which the patent applicant can request under the 1977 Act or under the Patents Rules ([S.I. 2007/3291](#)) an extension of time to the period the applicant had failed to meet.

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

82. Parties who feel that they are entitled to an interest in a patent can ask the IPO to consider the matter. A successful claim may result in remedies such as the ownership of the patent being transferred, an additional patent owner being added or the patent being partially or fully revoked and the rightful owner being given permission to file a new patent application in their name.
83. The 1977 Act provides a period of two years “beginning with” the date of grant for parties to file an entitlement action with the IPO and benefit from the remedies discussed above. Under standard formulations used for calculating time periods in legislation, this would not be considered to include the second anniversary of the date on which the patent was granted. For example, if a patent was granted on 2 October 2012, the time period for filing an entitlement action and benefitting from the remedies discussed above would end on 1 October 2014.
84. This paragraph extends the time period in which a party can apply to the IPO to initiate such a challenge to the ownership of a granted patent and benefit from these remedies. The paragraph adjusts the time period available so that it continues to run from (and include) the date of grant of the patent but finishes on (and includes) the corresponding second anniversary date at the end of the two year period. For example, for a patent granted on 2 October 2012, the time period for filing an entitlement action and benefitting from the remedies discussed above will end on 2 October 2014.

Paragraph 4: References to “counsel”

85. This paragraph removes the requirement for the Attorney General to be represented only by counsel in proceedings before the courts in appeals relating to compulsory licences relating to granted patents, and allows representation by a person who has a right of audience. The paragraph also removes the requirement for counsel for a party involved in a dispute relating to the Crown use of patented inventions to be the recipient of certain confidential disclosures, and allows such disclosures to be made to that party’s legal representative.
86. Previous legislative changes under the CDPA, the Courts and Legal Services Act 1990 and the Legal Services Act 2007 have introduced general rights of audience in proceedings and appeals before the IPO and the courts to include solicitors and patent attorneys. This amendment will allow wider rights of audience for solicitors and registered patent attorneys in the two specific types of disputes before the courts detailed above. This gives consistency with the general rights of audience now in operation before the IPO and the courts for other types of disputes and appeals.

Paragraph 6: European patent (UK): payment of renewal fee following restoration

87. Annual renewal fees must be paid over the lifetime of a granted patent to keep the patent in force. When a patent is revoked, the payment of these renewal fees is unnecessary. For a European (UK) patent granted by the European Patent Office (“EPO”) which is then revoked during proceedings before the EPO Board of Appeal, it is possible to restore the patent following an appeal to the Enlarged Board of Appeal. However, while the appeal is considered, the patent remains revoked and annual renewal fees are not payable. If the appeal is successful and the patent is restored, the payment of annual renewal fees resumes but there has been legal uncertainty as to whether it is necessary to pay the outstanding renewal fees that would have been due while the appeal was being considered and the patent was considered as being revoked.
88. This paragraph clarifies the position by inserting a requirement for the payment of any such outstanding renewal fees where a European (UK) patent which has been revoked by the Board of Appeal is subsequently restored after a successful appeal to the Enlarged Board of Appeal.