6th January 2023

Potential legislative changes for IPO digital transformation - Response from the Chartered Institute of Patent Attorneys (CIPA)

About the Chartered Institute of Patent Attorneys (CIPA)
The Chartered Institute of Patent Attorneys is the UK's largest intellectual property organisation. We are the professional and examining body for patent attorneys in the UK, representing virtually all the 2,400 registered patent attorneys in the UK, whether employed in industry or private practice. Total membership is over 4,000 and includes trainee patent attorneys, judges, barristers and other professionals with an interest in protecting innovation through the use of intellectual property rights (patents, trade marks, designs and copyright). We represent members' interests to government and a wide range of stakeholders at home and abroad. The profession is one of the UK's most export intensive technical / legal services, generating around £1 billion for the economy in gross value added, and approaching £750 million in exports.

PART A

Question 1. What are your views on the approach the government wishes to take to support the potential future use of automation in IPO systems and processes?

CIPA is generally supportive of the IPO's approach to implementing automation tools especially in areas where a direct benefit will be seen by the IPO's customers, such as pre-apply checks. Further benefits to customers could be seen in reduced time to produce search reports on priority-founding applications through automation-assisted prior art searching, allowing customers more time to consider international filing strategies.

CIPA considers that the legislative implementation to enable automated processing should be made through specific amendments to relevant sections of the Patents Act 1977 and the Patent Rules 2007, rather than a general enabling provision. This would ensure the clarity of the legislation. Futureproofing is not prevented by individual amendments as long as the selection of provisions to update is made with due consideration.

We believe that Example 1 of the consultation document illustrates the correct approach to automation: errors should be flagged, and an opportunity given to correct them. However, if this is done in real time during the filing process, it is important that the applicant should be able continue despite the warning. If information is unavailable on filing, for example, an experienced patent attorney may wish to continue in order to obtain the filing date, and then argue later about whether the missing information is problematic. We would not wish to find that the system refused to continue until the error was corrected.

Regarding how specific changes to legislation may be made, Example 2 in the consultation documents suggests that Section 64(4) of the Trade Marks Act 1994 could be amended such that a change of name or address can be entered in the register, without saying how this could be done. However, individual amendments to legislation to remove explicit obligations for a person, such as the registrar, to do a particular task should not be made in the passive voice because completely removing responsibility for actions leads to a lack of clarity as to where the responsibility lies.

Instead, an approach to updating legislation to allow computer-assisted decisions could be to replace the person, such as the examiner or registrar, with “the Patent Office”. For example, in section 15A(2) Patents Act 1977: *“On a preliminary examination of an application the ~~examiner~~ Patent Office shall”*. Similarly, the provision cited in Example 2 in the consultation regarding Section 64(4) of the Trade Marks Act 1994 could be amended to recite *“The ~~registrar~~ Patent Office may, on request...enter any change in his name or address as recorded in the register”* (n.b. this suggestion refers to the Patent Office rather than the operating name, Intellectual Property Office, even in respect of trade mark legislation).

CIPA hopes that automation tools will be implemented with a view to upskilling staff at the IPO who would previously have been manually carrying out tasks such as validating and entering changes to customer addresses.

Question 2. Would allowing other types of media to be included in a patent provide any benefits or cause any issues when applying? Would it have an effect on the ability to understand the patent with respect to follow-on innovation?

We believe that a wide range of illustrations in various media should in principle be permitted. These could include any of the examples given in the consultation document, if they facilitate a clear description of the invention. These should be provided in a generally available digital format in such a way that any interested party can establish easily and accurately what was filed.

However, the consultation document rightly cautions that a broad enabling provision would not lead to immediate acceptance of all possible forms of illustration. We particularly foresee problems in cases where parallel patent applications are filed in other jurisdictions, claiming priority from a UK application (or vice versa). Common standards should be developed in tandem with other major patent offices, and we would encourage the IPO and other offices to work together.

If other media are to be allowed, then the IPO will need to stay abreast of technology updates and ensure that information filed in a format which is no longer supported is converted to a newer format, or the information will be lost to future generations.

Question 3. What are your views about moving to digital certified office copies (COCs)?

CIPA is in favour of the IPO offering digital certified office copies, as long as paper certified office copies continue to remain available e.g. for filing with foreign patent offices which may require them. A price difference between digital and paper certified office copies would appear to be justifiable.

Question 4. In what situations might you would still require a paper COC, even if we offered a digital version?

Paper certified office copies would still be required from the IPO if (a) a foreign patent office with which a priority-claiming application is filed does not accept WIPO DAS or digital certified office copies, or (b) the foreign patent office accepts digital certified office copies but not WIPO DAS nor the specific digital certificate used by the IPO. CIPA envisages that these situations will become increasingly rare but not impossible.

Question 5. What are your views on the UK extending its participation in WIPO DAS? Would doing so reduce the situations where a paper COC would be required?

CIPA welcomes the IPO's desire to extend its participation in WIPO DAS for trade marks and designs. This would reduce, for example, the need to request a paper certified office copy of a registered design application when filing foreign design applications which claim priority to the registered design application at offices that accept WIPO DAS, such as the EUIPO.

Question 6. What are your views on providing the comptroller with more powers to make directions, in particular on the form and content of patent applications? Are there other areas where government could consider seeking the power to make directions, and why?

We support deregulation of the formatting of patent applications. Changes introduced at short notice would not be a problem if the previous format was still permitted.

Greater flexibility in extending time periods would also be beneficial, but any proposal to reduce the length or availability of extensions would need consultation and plenty of advance publicity.

Question 7. What would the impact be if the IPO extended its hours of business to seven days a week to match when services are available?

The possibility to file a new application which claims no priority at any time on any day (24/7, including weekends and public holidays) is valuable. It permits an emergency filing to obtain a priority date in cases where publication of an invention is imminent.

However, while applicants may sometimes reasonably **wish** to file other documents on weekends and public holidays, we do not support any change which would **require** them to do so.

There are good reasons why the principle of "excluded days" is widely recognised internationally. It is not just about days when the local patent office is closed, although that may have been the original driver (e.g. under the Paris Convention, Article 4C(3)).

For example, suppose a deadline falls due on a Sunday, when the patent attorney's office is closed. She arrives in the office on Monday morning, to find that her overseas client has emailed last-minute instructions which arrived over the weekend. Currently, since Sunday is an excluded day, the deadline is extended to the Monday, and can be met. Under the IPO's proposed change, it cannot.

A reasonable compromise would be to retain the current principle of excluded days (perhaps under a different name), so that deadlines can still be met in such circumstances. However, if documents are nevertheless filed on such an excluded day, the actual day of receipt may be accorded.

Question 8. Which of the options presented, if any, would you prefer government to take forward? Please explain why.

CIPA considers that Option 1, applicants to self-declare, presents a pragmatic approach considering that only around 0.25% of applications have security directions applied. Additionally, the existing provisions which enable UK residents to file foreign priority-founding applications without first obtaining permission from the Comptroller are, in effect, already a form of self-declaration. Therefore, CIPA supports Option 1.

CIPA lauds the IPO's proposals to introduce an automated screening tool in Options 2 and 3. Two overarching types of automated screening tool are envisaged in the consultation. The first is that the screening tool could perform keyword searching to flag applications to a Security Section examiner. However, keyword searching at best forms a filter to assist the examiner, and examiner resource would still be required to review applications for potentially sensitive material. This does not present a step change in current practice and so the screening tool may not significantly reduce examiner resource required to perform security reviews on applications. Manual review by examiners, even as a secondary check, is not scalable.

The second type of automated screening tool envisaged employs machine learning which, in theory, could eventually remove the need for a manual secondary check by a Security Section examiner. However, the relatively low number of applications that have security directions applied would present a small training dataset on which to train a machine learning model, leading to low confidence results from the model. Further, unlike training a model to recognise unchanging objects such as vehicles or animals, inventions always aim to be novel by their very nature. Therefore, training a model on past applications that have been identified as containing sensitive material may not catch new inventions that contain sensitive material.

Therefore, automated screening tools required for Options 2 and 3 do not appear to be practical to implement and would likely require significant up-front investment to develop, as well as many years to hone, which would not be justified considering the around 50 applications per year that have security directions applied. Furthermore, if the screening tool were set to err on the side of caution, it would inconvenience and disadvantage applicants unnecessarily.

Question 9. What are your views on providing more flexibility in legislation over removing fees?

The question envisages the easy removal of fees that are no longer appropriate, or in cases of emergency, and of course we support that. If the basis of fees is to be changed in a way which imposes a charge in a situation where none previously existed, we urge full consultation with users.

Question 10. What are your views on harmonising the period for paying a renewal fee across the rights? Would this have an impact on how you (or your clients) deal with renewals?

There are effectively two questions.

First, how far in advance can a renewal fee be paid? Here, there may be some advantage in harmonisation across all registered rights, with no period being shorter than at present.

Second, should the due date itself, and its six month late payment period, be harmonised for all rights? Here, we note that the deadlines for patents are currently harmonised with the EPO and many other European countries.

We see that European patent harmonisation as far more valuable than any harmonisation with trade marks or designs. It means that a UK patent has the same renewal deadline as its sister patents in other European jurisdictions. Clients regularly give instructions for the renewal of all corresponding patents in the same family at the same time. It would be a backwards step to change that.

Indeed, the current end-of-month harmonisation was implemented in the first place because the difference in dates for renewing EP granted cases was causing customers difficulties. For example if a case was filed on the 2nd of a month, then the attorney's renewal reminder for the UK case would naturally be sent to the client a month earlier than for the rest of the family, where the due date was say the 30th of the month. The client, instructing renewal on the basis of the later reminder, might then fail to instruct renewal on the UK case. We urge the IPO not change this back to the old system.

In contrast, patents are not linked in families with trade marks or designs. There is no corresponding benefit to harmonising their renewal deadline with trade marks or designs.

Question 11. What are your views on the idea of aligning the period for requesting restoration?

For restoration of a patent, the deadline was originally 19 months from the unextended anniversary of the filing date. We suspect this was changed to 13 months from the extended renewal deadline when that deadline itself became based on the end of the month rather than the anniversary of filing. (We are not sure this specific length of deadline is set by international treaty.)

We believe the logic behind this odd number of months was, at the time, based on the way in which a patentee typically discovers that a patent has lapsed unintentionally. It happens when the following year's fee is paid, perhaps at the end of the extended deadline, and the IPO refunds the fee because the patent lapsed the previous year.

13 months then allows for the payment at the end of the extended deadline, plus a month for the error to be discovered and acted upon.

It will be noted that this logic does not apply to designs or trade marks, since their renewal periods are much longer. We therefore do not see a strong case for harmonisation across the different rights.

Question 12. Have you experienced any problems with the current system such as someone fraudulently claiming IP rights?

There is at least one historic (and very public) complaint, where this has been alleged, but as far as we are aware it is not common. However, with increasing on-line fraud, it is not inconceivable that this might increase if there is perceived to be advantage to fraudsters and insufficient checks in the system. There are already considerable problems arising with trade mark applications being filed for other people's trade marks.

Question 13. What sort of evidence do you think should be required by the IPO before a transaction is registered?

There are alternative opinions.

Some would say that, for patent transactions, the current practice in the UKIPO provides an appropriate compromise between certainty and efficiency/convenience. In certain other jurisdictions, evidence requirements can be unduly burdensome. This is especially so when the instruction to record a transaction may be received long after the date of signing, and the signing parties/entities are no longer active.

Others point to experiences where problems have arisen because of confusion e.g. in cases where intra-group transfers have taken place, with company name changes making it appear (incorrectly) that the rights owner is the same entity as previously. Here it is necessary to register both an assignment and a change of name, even though externally there would appear to have been no change. In such cases it is important to third parties that the correct chain of title is registered. The current simple practice, where no copies of assignments or name change certificates are required, may then be disadvantageous.

Question 14. Which of the options presented would you prefer us to take forward? Please explain why.

Option 1 would appear to be a good starting point. However, it is not specified what is meant by "signature". The practice should be flexible as to the type of signature required. For example, a variety of digital signatures applied using commercial solutions (Docusign, Adobe etc) may be acceptable, as well as facsimiles of hand signatures. The EPO currently accepts digital signatures only of a specific type, which is less practical in a global market.

If there is to be a transition to "self-service" and automated recording without evidence, then additional safeguards against abuse/error are clearly justified. Option 2 becomes necessary as a minimum, but it is not clear whether this is sufficient to avoid an increase in abuse and (more likely) error. It would need to be ensured that "verified" users are restricted to those who are truly identifiable and accountable for their actions in a meaningful way. For example a registered patent attorney may be trusted to make a correct judgement that a transfer is legally effective, but this is not because such persons never make errors. It is because, if they fail, there are consequences and safeguards in place. The same cannot be said of everyone, especially if they are abroad. Therefore Option 2 may be a step too far, depending on the definition of 'verified user'.

We also believe that errors become more likely if there is no check by IPO staff. Even for the case of a qualified and responsible individual, the current system of checking by UKIPO provides a really valuable check against errors. More pragmatically, we find that an official ‘no’ can be more effective than attorney advice, when a client insists on trying to register what is really a defective chain of title. It must be avoided that an easy recordal is allowed to mask whether there has been a proper legal transfer.

Question 15. If you are a represented customer, what administrative tasks do you typically delegate to your representative? If you are a representative, what administrative tasks do you typically perform on behalf of your clients?

Please see question 17.

Question 16. Are these administrative tasks ones which could be performed as effectively, or that would provide a benefit in terms of time and/or cost, if carried out through self-service?

Please see question 17.

Question 17. Do you have a preference as to which option we should take forward? Please explain why.

Different solutions may be appropriate for different types of client, but in general it is important that any sharing of responsibility between client and representative is well understood and agreed between them, and each knows what the other is doing.

For example, a large corporate client may have an in-house patent department which delegates work to several external attorney firms. Registration of assignments or licences may affect several of the external firms, and be best done by the in-house team, if they are experienced enough and will keep the external firms advised of progress in a timely manner.

However, if an inexperienced client is able to take actions without reference to the appointed attorney, there is likely to be huge confusion, with the attorney unaware of what has been done. It may only be appropriate for such a client to be able to monitor progress. If simple tasks are nevertheless to be permitted, there needs to be communication with the attorney. An inexperienced business person may think they have simply changed their company name, when in fact their accountant or other adviser has registered a new limited company. This could lead to avoidable errors being introduced to the Patent Office’s records.

The IPO should notify the representative when any changes are made to the record by a new representative or by the rights owner. It is too easy for a solicitor to record a transaction without thinking about how the right is maintained and without intending to become a new address for service. If a patent assignment is recorded, the old patent attorney may remain on the register, as they have not been replaced, but not know that there is now a different owner with whom they have no relationship. Whilst those changes might become apparent within a year, if the current attorney is responsible for renewal fee payments, for other rights it may take a long time for the representative to realise that it has no relationship with the current owner of the right. The representative must be given the opportunity to withdraw as address for service or seek a new engagement with the new owner. The lack of clarity around duty of care to ensure renewal or to pass on details of legal proceedings served on the address for service following a transaction which the representative does not know about must be addressed.

PART B

Question 18. Apart from the ones discussed below, are there any changes to the legislation relating to the IPO's tribunal function we should consider?

Whilst not strictly a matter for the IPO's Tribunal Function, the IPO should seek to change CPR Part 63.2 and the underpinning legislation to enable registered design cases to be heard in the small claims track of the IPEC. These are less complicated than design right cases and should not be reserved to the IPEC and the High Court.

Question 19. What are your views on providing the ability to request expedition in legislation, and which of the options would you prefer us to take forward? Please explain why.

The IPO walks a tightrope between being a more friendly and informal forum than the courts and having proceedings which take too long and are open to abuse. Whilst some time has to be allowed to get instructions from overseas clients, it is way too easy to drag out proceedings in the IPO Tribunal and not get to a result. An option to expedite should be allowed. Controls on granting extensions of time should also have some measure of control. There is no point being able to object to an application for an extension of time, only for the matter to be decided after that extended period has expired.

The question as to whether this can only be dealt with after both sides have filed pleadings does beg the question over the quality of those pleadings – see Question 20. Case management powers offered at an early stage is likely to be the best option for dealing with any disagreements between the parties as to how the case should be run or whether their pleadings are sufficient for proceedings to be expedited.

Question 20. What are your views on replacing some checks on pleadings with a process for making a request for clarification?

Whilst we have some sympathy with checks being carried out unnecessarily on pleadings, it is also the case that attorneys file vague and non-particularised pleadings, particularly in trade mark oppositions where they are not able to get full instructions and are preserving the client's position. Those pleadings are unlikely to be questioned by the IPO.

We would welcome an opportunity for a party to have the other side's statement of case clarified before they are put to the expense of responding to it and having to guess the case which is being made.

However, that should not stop the IPO from offering help to unrepresented parties in how to plead their case. Guidance and example pleadings might help.

Question 21. What are your views on creating a statutory obligation to copy the other party into correspondence? Has this caused you issues in the past, and what impact has that had?

This begs the question of the IPO dealing first with the address on the IPO register for the other party. If the only address is overseas, a PO box or a registered office address which is actually care of one of the company formation agents or addresses where there is no one actually dealing with the post, then any obligation to copy the other party is pointless. However, where a real address in the UK is given for the party or a recognised representative, or where an email address is given by the other party, then there can be no excuse for not copying IPO correspondence to the other side. Another option is to use a system, similar to the EUIPO or UPC, where there will be a website area for documents and correspondence relating to a dispute which both sides can access and so see what is on the file – even routine or admin correspondence. Then it should be easy for the IPO automatically to notify parties when a new document or letter is added.

It is noted that there are obligations on parties to court proceedings to copy documents to the IPO and that does not always happen either!

Question 22. Have you or your clients been awarded costs in an IPO tribunal case which have then gone unpaid?

This will happen from time to time. The amount awarded, coupled with the cost of court enforcement means that it may not be worthwhile to seek payment which is not immediately forthcoming at the first request. Even writing several more letters may cost more than the costs awarded.

Question 23. Were you successful in enforcing the costs order through the civil courts? What issues did you encounter? Please provide any information on how much it did or would have cost to enforce the order.

Question 24. What are your views on whether IPO costs orders for costs and damages should be registered like CCJs?

It would be helpful if other means could be used to persuade those who are due to pay cost orders to do so. It should be borne in mind that some of those not paying cost orders are overseas and steps taken in the UK alone may have no effect.

Has the IPO considered preventing a party from being involved in further proceedings until previous orders are paid?

Question 25. What are your views on putting cross-appeals on a statutory basis and how they should work in practice?

Clarity is required, however this is set out. Just as the parties should be able to clarify the statements of case, clarity over what is being appealed and by whom should be properly set out and appropriate fees paid.

The APs should have the right to extend time.

Question 26. What are your views on the detail in which the hearing officer's powers should be set out? Which option for the changes to the Rules do you prefer? Please explain why.

The law has developed over the years, additionally in terms of the duties of the IPO to follow basic litigation principles and how complete evidence must be in IPO proceedings.

Option 2 may be the better route to take. This would be particularly helpful to lay litigants who do not need to chase through different statutes for the relevant rules. Also, this means that when government makes changes to say the "official referees", the IPO does not find that its procedure is not out of date.

Question 27. What are your views on applying the permission requirement to interim decisions on patents and designs cases?

We don't have an issue with requiring permission to appeal. That exists for High Court and IPEC cases. However, the IPO should not exclude the right to apply to the appeal jurisdiction for leave to appeal.

Question 28. What are your views on providing an express power to strike out or issue summary judgment across all the registered rights, and allowing hearing officers to raise the issue themselves?

We support providing an express power to strike out or issue summary judgment across all the registered rights, and allowing hearing officers to raise the issue themselves. Furthermore, we would urge the IPO to treat such applications as urgent. To take a specific example, the existence of a national entitlement action can delay grant of a European patent application. We understand that it is becoming more common for a party to bring a spurious entitlement action in order to delay grant. To thwart that abuse, the IPO should hear strike-out actions as a matter of urgency. An early strike-out would also obviate the need for a party to incur high costs preparing to defend the action.