



## Corporate Plan 2004

# INNOVATION



## PATENT OFFICE

### A DTI SERVICE

The Patent Office is an Executive Agency of DTI and is responsible for the national framework of Intellectual Property rights, comprising patents, designs, trade marks and copyright.

We manage an intellectual property system that stimulates innovation and creativity, balances the needs of consumers and users, promotes strong and competitive markets and is the foundation of the knowledge based economy.

The DTI drives our ambition of “prosperity for all” by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

# **CORPORATE PLAN 2004**

## **INDEX**

<b>CHIEF EXECUTIVE'S INTRODUCTION</b>	<b>5</b>
<b>RETROSPECTIVE</b>	<b>7</b>
<b>PERFORMANCE AGAINST AGENCY TARGETS 2002/03 &amp; 2003/04</b>	<b>11</b>
<b>OUR STRATEGIC CONTEXT</b>	<b>13</b>
<b>OPERATIONAL PLAN</b>	<b>23</b>
<b>THE NUMBERS</b>	<b>43</b>
<b>RESOURCES</b>	<b>44</b>
<b>FINANCIAL ENVELOPE</b>	<b>45</b>
<b>ANNEX A</b>	<b>49</b>
<b>DTI OBJECTIVES</b>	<b>49</b>
<b>PSA OBJECTIVES</b>	<b>51</b>
<b>GLOSSARY</b>	<b>53</b>



## CHIEF EXECUTIVE'S INTRODUCTION

Two consistent themes have run through our Corporate Planning to date; improving customer service and efficient delivery. To achieve success we have put in place large scale IT investment and high quality training programmes and have adopted up to date customer care practices. This investment has produced good returns and we are now widely viewed as one of the most successful Patent Offices in the world. However, this does not mean we can be complacent. Towards the end of 2003 events took place which mean we need to strike out in a new direction. I refer, of course, to the publication of the Department of Trade and Industry's (DTI) Strategy mapping "a route to prosperity for all" and the Innovation Report produced by the Department's Innovation Group of which we are a member.

Our shared goal is a highly successful UK economy based on modern, competitive, and innovative business using advances in technology and knowledge to increase productivity and prosperity. For us the significant thing is the role of Intellectual Property (IP), which is crucial to enable business to achieve this goal. We have an exciting opportunity to build on our core skills and develop new products and services which can be used by business and others to lever the maximum of added value out of their activities.

We have begun the process with this Corporate Plan (my first as Chief Executive). As well as being an opportunity, this is also a challenge to us, and we have therefore approached the plan in a different way to the past. We have adopted a highly inclusive approach which has allowed many more people to contribute. The plan has 10 year goals which outline our general strategic intent, **to become a centre of excellence for supporting innovation and creativity, to develop new services beyond our traditional role and to develop ourselves into a flexible and diverse workforce committed to delivering the strategy.** Within that 10 year strategy we will measure our progress against 3 year objectives underpinned by one year actions. These actions have been put together on the basis of the views of those who know the day-to-day actions required, those at the front-line and their line managers. We have, therefore, combined the leadership of the senior management and Patent Office Board, with the expertise of the staff and the advice of the Steering Board to create the strategy and underpinning practical actions. This is a powerful approach which strengthens our efforts.

We will review the plan in the light of progress and changing circumstances. This will be the case every year, but especially in this first year of our new approach. The precise activities to implement the

Innovation Report are being planned in detail as I write. We will assess how they succeed and how they impact on our use of resources and skills, as they clearly will, and refine our planning for next year in the light of what we learn of customer and stakeholder needs. Success will have many ramifications including on the financial management of the Office which will require a new model for the future. This is a year of transition in which we modify existing systems and develop new systems. We need to be imaginative and daring, and open to working with others. I am confident we will meet the challenge. I thank you all for your contribution to last year's achievements. I pledge my commitment to proving the framework in which you can meet the future.

**RON MARCHANT**

---

## **RETROSPECTIVE**

2003-2004 was a successful year with improved delivery and customer service. This section covers some of the highlights of the year and identifies areas we want to build on. All of these are covered in more detail in the plan.

## **DELIVERY**

### **Highlights**

- Patent Search Target – achieved 85% of patent searches within 6 months against a target of 75%.
- Trade Mark inter partes<sup>1</sup> cases – achieved our stretching target performance for this year.
- Expanded the work of Patent and Trade Mark private applicants services.

### **Areas to build on**

- The role of the Designs Registry after reduction in demand following the introduction of the Community Design.

## **MARKETING**

### **Highlights**

- THINK kit education resource adopted by over 50% of UK secondary schools, with over 113,000 key stage 4 participants.
- Attended 14 business advice open days, in total attended by representatives from over 30,000 Small and Medium Enterprises (SMEs), with IP seminars run at each event.
- Launched a web-based media centre to assist with the effective management of increasing numbers of press enquiries, currently exceeding 500 per year.
- Developed and launched new patents literature, with enhanced advice for applicants, which was awarded a “crystal mark” by the Plain English Campaign.

### **Areas to build on**

- Extend THINK kit with new material and develop as a resource for business and schools.

---

<sup>1</sup> Trade Mark Inter Partes cases involve disputes between two parties over a Trade Mark application or Registration.

- Implement plans for providing IP training for business advisors.
- Manage a national programme to significantly enhance IP awareness amongst fast-growing SMEs.

## **POLICY**

### **Highlights**

- Introduced the Patents Bill to amend the Patents Act 1977 to ensure compatibility with the revised version of the European Patent Convention and to encourage resolution of disputes over patent rights without recourse to the courts.
- UK Legislative changes relating to the Implementation of the European Commission (EC) Directive on Copyright and related rights came into force at the end of October 2003.
- Expanded our enforcement work to develop a training package for enforcers; to include IP in the Diploma for Consumer Affairs and to develop a database of IP cases.

### **Areas to build on**

- Raising awareness of IP in response to the Innovation Report and taking forward work on enforcement and tackling IP Crime.
- Discussions on the acceptance of software patents continues and will return to the European Parliament during 2004.

## **IT**

### **Highlights**

- Development of e-filing options for trade marks and patents.
- Introduction of electronic trade marks journal with plans in development for an electronic designs journal.
- Progress on Electronic Document Management – Patents Electronic Case System (PECS) and Madrid Automation.

### **Areas to build on**

- Work to encourage further take up of e-filing options by our customers.
- Work towards long-term aim of a move to a common system for handling Madrid and domestic applications.

## **INTERNATIONAL**

### **Highlights**

- Community Patent (COMPAT) – intense activity to work to turn the agreement on a common political approach (March 2003) into practical measures.
- Contracted out a small number of patent searches and examinations to the Danish Patent and Trade Mark Office and the Netherlands Industrial Property Office under separate 2 year contracts.
- Worked with other IP offices to share information on searches and examinations (mutual exploitation).
- Contact between patent examiners working on same subject matter.
- Work to develop a quality framework to achieve consistency in the quality of searches and examinations undertaken in the International phase of the Patent Co-Operation Treaty (PCT).
- Developed exchange programmes for staff with other National Offices.
- Joined an International Benchmarking Club to share best practice.

### **Areas to build on**

- To achieve a EU Regulation on COMPAT which reflects the needs of users, in particular that it be as user-friendly and cost effective as possible.

## **ORGANISATIONAL**

### **Highlights**

- International Organisation for Standardisation (ISO) work – maintenance of 9001:2000.
- Rationalisation of accommodation used to make savings.
- Developed a risk management strategy providing staff with direction to drive current and future risk management activity.
- Review and delivery changes in Trade Mark Law Section to provide better service for customers.
- Increased training options for staff.
- Development of a Homeworking policy.
- New Chief Executive appointed and former Chief Executive appointed to EPO as President commencing 2007.
- New Director Patents and Director Trade Marks and Designs appointed.

### **Areas to build on**

- The changes which have been made at Board level will be closely monitored over the coming year.
- A consultation on the Moves Review process will be held to garner staff's view on the proposed changes.

## Our Performance Against Agency Targets

	AGENCY TARGET	April 2002 to March 2003		April 2003 to March 2004	
		Target (%)	Outturn (%)	Target (%)	Forecast (%)
1a	To increase performance year on year so that 90% of search reports are issued within six months of request by 2005/06	90%	69.1%	n/a	n/a
1b	To increase performance year on year so that 90% of search reports are issued within six months of request by 2005/06. The milestones towards achievement of this target are:  by 2003/04 – 75% by 2004/05 – 80% by 2005/06 – 90% *	n/a	n/a	75%	85%
2	To grant 90% of patents within 3 years of request	90%	89.5%	90%	91%
3	To register 90% of correctly filed design applications, to which no substantive objections have been raised, within 3 months of the date of application	90%	95.5%	90%	97%
4	To register 90% of processed Trade Mark class applications, to which no substantive objections are raised or oppositions filed, within 9 months of application	90%	97.7%	n/a	n/a
5a	To reduce to an average of 39 weeks the time taken to issue a decision in Trade Marks <i>inter partes</i> cases once the decision is ready	100% (average of 39 weeks)	100% (achieved 31 weeks)	n/a	n/a

	AGENCY TARGET	April 2002 to March 2003		April 2003 to March 2004	
		Target (%)	Outturn (%)	Target (%)	Forecast (%)
5b	To reduce to an average of 26 weeks the time taken to issue a decision in trade marks <i>inter partes</i> cases once the case is ready. *	n/a	n/a	<b>100%</b> (average of 26 weeks)	100% (achieved 26 weeks)
6	To publish details of progress towards key milestones in the UK and International policy development in the Annual Report and on our website	<b>100%</b>	100%	<b>100%</b>	100%
7a	To increase output in relation to current expenditure by an average of at least 2% per annum over the period 1998/99 to 2002/03.	<b>2%</b>	4.0%	n/a	n/a
7b	To increase output in relation to current expenditure by an average of at least 2% per annum over a rolling 3 year period. *	n/a	n/a	<b>2%</b>	2.4%
In addition to these key targets for 2002/03 & 2003/04					
	To meet our Customer Service Standards as reported in the Annual Report and on our website <a href="http://www.patent.gov.uk">www.patent.gov.uk</a>	<b>100%</b>	94.8%	<b>100%</b>	98%
	The Office will pay 100% of bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later.	<b>100%</b>	98.8%	<b>100%</b>	99%
	The Chief Executive will reply within 10 working days to all letters from members of Parliament delegated for his/her reply	<b>100%</b>	100%	<b>100%</b>	100%

\*A number of Agency Targets were changed during 2003/04


## OUR STRATEGIC CONTEXT

1. The Patent Office is the Executive Agency of the DTI responsible for the national framework of IP Rights, covering patents, trade marks, designs and copyright.
2. We manage an IP system that encourages innovation and creativity, balances the needs of consumers and users, promotes strong and competitive markets and is the foundation of the knowledge-based economy. We operate in a national and international context as do our customers and we need to influence the international agenda to ensure that they can operate effectively across national boundaries.
3. We are part of the Innovation Group of the DTI and we contribute to the DTI strategy launched in 2003. This strategy set out the five key challenges for the DTI:
  - Transferring knowledge
  - Maximising potential in the workplace
  - Extending competitive markets
  - Strengthening regional economies
  - Forging closer partnerships
4. This strategy aims to create “prosperity for all” by building on the environment where businesses can turn good ideas into high volume products and services – transferring knowledge. Although the UK has an excellent scientific record, our innovation performance which involves turning ideas into profitable business opportunities is weaker. IP is a central part of that transfer.
5. The analysis which supports the DTI Strategy identifies innovation as one of the “Five Drivers” of productivity. We believe a modern, strong, well regulated IP system will stimulate innovation and help to achieve prosperity for all.
  - IP gives business the confidence to develop ideas into business opportunities, through investment in R&D, design and marketing.
  - IP encourages sharing of knowledge between universities, research establishments and businesses.
  - IP helps consumers make informed choices in the marketplace.

6. The DTI Strategy sharpens the focus of a Department that is changing. The recently published Innovation Report is the springboard for actions that will enable British business to use innovation to drive up competitiveness and productivity. We will make a major contribution to this strategy and that means we must change too. We will continue with our aim of moving from regulator to enabler to allow IP to facilitate the growth of successful innovation performance. The Innovation Report has identified three key areas where we can influence UK innovation. These are:
  - Awareness
  - Enforcement
  - IP crime
7. Key to the success of the DTI strategy and consequent business plans is their alignment with the Public Service Agreement (PSA) targets as agreed with the Treasury (See Annex). We will play a full part in contributing to both these and the DTI objectives.
8. We contribute to two DTI operational objectives, these are:
  - To promote effective transfer of knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.
  - Place empowered and protected consumers at the heart of an effective competition regime.
9. Playing a full part in driving through the changes needed to make the Strategy and the Innovation Report work requires the commitment of us all. To help us achieve this and continue to deliver excellent core services, we have taken a new approach to our business planning this year. After full consultation with our staff we have set ourselves challenging 10 year goals to provide a strong direction for the Patent Office. These are supported by 3 year objectives developed by our senior managers in workshops with staff, who went on to identify the one year actions which underpin their individual areas of work. This inclusive approach has been used successfully in our Patents Directorate for the past two years and it will focus our activity on the three principles identified as guiding delivery within the DTI Strategy - strong customer focus, value for money and an ethos of continuous improvement.

10. We will monitor progress against our objectives on a quarterly basis and report back to our Steering Board. At the end of the year we will conduct a full review which will inform our planning process for following years.

**Our ten year goals are:**

- 
- **To be a centre of excellence supporting innovation and creativity, known worldwide for our knowledge-based services and responsive, joined-up policy making.**
  - **To meet customer needs for new and established services and to diversify beyond traditional IP.**
  - **To be recognised as a great place to work, where staff are diverse, flexible and developed, and everyone's contribution is valued.**

### **As steps towards achieving these, within three years we will**

- Quality assure all service processes that impact on our external customers.
- Regularly test customer satisfaction and relevance of our services.
- Seek annual improvements in customer satisfaction rating.
- Improve access to IP information.
- Improve customer perception of IP legal framework.
- Make policy in active partnership with stakeholders.
- Have in place an electronic data/records management system.
  
- Implement recommendations of the Innovation Report.
- Identify needs of existing and potential customers.
- Identify scope for providing new services and revenue streams.
- Identify skills shortages and solve them.
  
- Promote the benefits of a diverse and flexible workforce.
- Work with staff in developing skills beyond the needs of the immediate work area.
- Improve internal communications so that they are valued by staff as being timely, consistent and relevant.
- Live the four Cs (corporate, candid, constructive and courteous).

11. At the same time we must continue to provide high quality IP Rights in an effective and efficient manner, seeking year on year improvement. This combination of existing activities and the new ones emerging from the DTI strategy and the Innovation Report will result in a different balance of activities and resources. The final shape of the Office in this new context will become clearer over the year. The plan is directed at the transition from the existing to the future.
12. The remainder of this strategic overview examines the context in which we work and how our approach will contribute to the Innovation Report recommendations, the DTI Strategy and the wider government agenda. We will review the plan at the end of the year after assessing how the first year has contributed to the new direction and what changes need to be made.

### **What are the challenges?**

13. The change of direction presents a number of challenges and these and the associated risks need to be central to our planning. In order to maintain success, we must consider and manage the full impact of change on our business. Key to our success is our ability to deliver our core business and we must plan carefully to maintain this as we make the necessary changes and introduce new activities. Our rigorous risk management process will continue to help us manage and mitigate any risk to our business as we take forward these challenges.
14. We will make sure we have assessed and allocated our resources in a way which allows us to deliver the outcomes of the Innovation Report whilst maintaining our core business and continuing to meet our agency targets in relation to this. Clearly each activity will need to be assessed and weighed against the overall strategy and new context.
15. We are currently developing electronic document management systems for both our patents and trade marks functions. We need to ensure that these are fit for purpose and are accessible and easy to use for our customers. Developing IT systems need to be robust as we are heavily reliant on IT to deliver our business.
16. We have a new Chief Executive, Director of Trade Marks and Designs and Director of Patents. We will take steps to develop a management team which is rigorous and equipped to take forward the changes.

17. We will give careful thought to succession planning as we lose a large number of key staff over the next five years due to retirement. A hiatus in our recruitment strategy during the 1980s means we have some gaps in our skill base which we need to overcome through identifying and bringing on talent and through good quality training and development.
18. We need to work with other IP Offices to measure the effectiveness of multi-national IP protection and to adapt our business accordingly. In Europe, we must continue to influence the international IP agenda to ensure that we get the best deal we can for UK business and consumers.

## **Setting the Scene**

### **Patent Demand**

19. The demand for patents has tended to fluctuate a little from year to year, but the underlying trend over the last few years has been modestly upwards. Looking ahead, there are a number of factors that could affect demand, for example COMPAT, the impact of the actions taken in response to the Innovation Report and DTI Strategy, mutual exploitation of search results with other countries, improvements in our own service. COMPAT will not have a great effect before 2010 and will have little hard impact within the period of this plan. Innovative activity is likely to affect demand.
20. Mutual exploitation of patent search reports is likely to develop slowly as it depends on bilateral agreements with other countries and is based on establishing mutual confidence in one another's search/examination systems. In the medium term it could reduce the resources needed to search and examine some applications, but it could also make the UK a more attractive place to file patent applications given our rapid search response. Thus the decrease in resources needed to examine the average application is likely to be counterbalanced by the increase in resources needed to deal with extra demand. For resource and budget planning purposes, assuming mutual exploitation will have no net effect seems a sensible approach whilst recognising that is a slight simplification of what is actually likely to happen.
21. The efforts we have been making to cut processing delay times are now paying off, and in the next year or two we will have the quickest turn-round times in the world. That could well increase demand, particularly for searches. We are also planning to

expand our non-statutory services and so demand for those must be built in.

22. Taking all this into account, our forecast for input of search and examination requests is:

	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>
<b>Patent Search</b>	18,000	18,300	18,600	19,000	19,000
<b>Patent Exam</b>	12,000	12,000	12,200	12,400	12,400

### **Trade Marks Demand**

23. The overall demand for trade marks in the United Kingdom over the period of this Corporate Plan will be affected by two major factors – the ratification of the Madrid Protocol<sup>2</sup> by the USA and Office for Harmonisation in the Internal Market (OHIM). However, in terms of applications for registration from UK applicants we are predicting a steady state throughout the period. It is now clear that since OHIM has become established, large companies are using OHIM to secure their registrations. However, the number of private applicants filing trade mark applications in the United Kingdom continues to rise. Hence our predictions of a steady state domestically.
24. The United States ratified the Madrid Protocol in November 2003 and has now joined this international trade mark registration system. By one application through the World Intellectual Property Organisation (WIPO) an application/registration can be extended to any other contacting party, who examine it under their own national criteria. This is likely to result in a small increase in our demand because traditionally, the number of designations from a Madrid country is larger than the number of applications because of the single tick box simplicity of the system.
25. However, in October 2004 OHIM also joins the Madrid Protocol. This is likely to divert applications away from all EU National Offices to OHIM. We are working on the basis that 50% of our

---

<sup>2</sup> The Madrid Protocol is the International agreement whereby via an application in one member of the Protocol, a trade mark owner can seek protection in others. US accession creates a new source of 'Madrid designations' coming to the Office. OHIM accession is likely significantly to reduce Madrid designations as applicants designate OHIM instead.

Madrid Designations will be diverted over the three year period 2004-07. Initially we predict that there will be a 30% reduction in volume from 2004/05, with further reductions to a total of 50% by the end of 2006/07. Although it is difficult to assess the position with certainty, our recent benchmarking activities confirm that other National Offices are working on very similar expected reductions in demand.

26. Our forecast figures which take the above factors into consideration look like this:

	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>
<b>Domestic</b>	26,500	26,500	26,500	26,500	26,500
<b>Madrid</b>	7,100	5,000	4,050	4,050	4,050
<b>Total</b>	33,600	31,500	30,550	30,550	30,550

27. We have envisaged a series of best and worst case scenarios to aid our resource planning, but the above base scenario reflects our best estimates on the situation.

### **Trade Marks Customer Base**

28. Since OHIM opened in April 1996, there has been a slow, but steady migration of the larger UK trade mark filers to OHIM. As well as leading to our anticipated down-turn in UK filings, this is also reflected in the make-up of our customer population of UK filers. Traditionally the percentage of SMEs and Private Applicants (PAs) filing in the UK was quite small. Ten years ago, below 10%. There has been a steady but significant rise in this figure over recent years to about 25% in 2001, to 28% in 2002 and currently standing at 34% in 2003/4.
29. While the OHIM factor can account for a significant proportion of that rise, other factors, such as increasing marketing activities, customer awareness of the importance of IP and the development of the Patent Office website, are clearly also responsible. This leaves us with new challenges and opportunities in the improvement and development of our services and the way in which we liaise with and cater for this changing customer base. Clearly we must and will continue to consult, support and offer an ever-improving service to our larger and regular users, but we are very aware of the need to change our focus towards providing the same excellent service to this shifting customer population. The needs of SMEs and PAs are quite different in terms of the

protection they seek, the business and technical environment they operate in and the support they need in filing and maintaining registrations. We expect that the work done following the Innovation Report will increase the number of customers in this area and are planning ways to meet these differing needs.

### **Designs Demand**

30. Since the coming into force of the Community Design system in April of 2003, demand has dropped 50% for domestic registrations. Most of the large Designs filers have gone to OHIM, dramatically reducing domestic filings. However, demand now appears to have flattened out at around 5,000 applications per year, and this is the basis on which we have planned over the period of the Plan.

31. Taking all this into account, base scenario (by application):

	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>
<b>Domestic</b>	5,000	5,000	5,000	5,000	5,000

### **Designs Customer Base**

32. Traditionally UK Designs applications have always been made up of a larger percentage of SMEs and PAs than in the trade mark environment. Now we have seen this figure rise to about 70% of UK filings. However, activity in Design protection has been considerably lower in the UK than in many other countries in Europe and elsewhere. There is an increased focus on the role of Design in Innovation and we will work to ensure that the Design sector is made aware of the use it can make of Design protection to grow successful business.

**OPERATIONAL PLAN**

**WHAT ARE WE GOING TO DO?**

<p><b>To be a Centre of Excellence Supporting Innovation and Creativity, Known Worldwide for our Knowledge-Based Services and Responsive, Joined-up Policy Making</b></p>	<p><b>10 Year Goal</b></p>
<ul style="list-style-type: none"> <li>• <b>Quality assure all service processes that impact on our external customers.</b></li> <li>• <b>Regularly test customer satisfaction and relevance of our services.</b></li> <li>• <b>Seek annual improvements in customer satisfaction rating.</b></li> <li>• <b>Improve access to IP information.</b></li> <li>• <b>Improve customer perception of IP legal framework.</b></li> <li>• <b>Make policy in active partnership with stakeholders.</b></li> <li>• <b>Have in place an electronic data/records management system.</b></li> </ul>	
<ul style="list-style-type: none"> <li>• Provide assurance to customers that we deliver high quality products and services.</li> <li>• Have an effective risk management system in place throughout the whole Office.</li> <li>• Upgrade the platform for the Office’s financial systems.</li> <li>• Assess customer satisfaction levels regularly.</li> <li>• Improve accessibility of information available on website and to web-based services.</li> <li>• Store more information electronically and increase availability.</li> <li>• Improve literature to provide easier access to IP information.</li> <li>• Provide more enforcement options for users.</li> <li>• Develop our work with media to raise profile of IP.</li> <li>• Ensure policy meets the needs of customers and can be successfully implemented.</li> <li>• Work with stakeholders including international organisations where appropriate, when developing policy.</li> <li>• Devise new fee structure in close consultation with all parts of the IP community.</li> <li>• Develop more electronic processing and document management systems.</li> </ul>	<p><b>1 Year Actions</b></p>

## ACTIONS FOR 2004/05

### Quality Assure All Service Processes that Impact on our External Customers

33. We will maintain and extend our public accreditation for quality achieved for patent processing to keep us globally competitive and maintain/increase demand; to maintain our reputation with customers and other national offices; to reinforce our role and negotiating position on the international IP stage; to give independent assurance to customers that we deliver high quality products and services. We will be seeking to maintain our ISO 9001:2000 accreditation through interim “healthchecks” and re-certification in 2006.
34. We will continue with our programme of trade mark customer visits and use these to quality assure all aspects of our service delivery.
35. We will extend our trade mark customer visit programme to include SMEs and unrepresented parties. We will extend our use of European Foundation for Quality Management (EFQM) techniques to cover more elements of our service delivery functions.
36. We will embed the process of risk management into the organisation, through awareness seminars, distribution of a personal guide to all staff and induction training for new entrants. Risk Management is a central part of our strategic management; it demonstrates true corporate governance. We produce a Statement of Internal Control each year, which confirms that we have an effective risk management system in place to ensure proper accountability, propriety and honesty throughout the organisation. Through this we will ensure we are an efficient organisation giving better service delivery; reduced waste; and better value for money.
37. We will upgrade the financial system to Oracle 11i, an improved and more reliable platform for the Office's financial services, redesigned to cater for the planned future needs of the Office. This will modernise and future-proof the system, and enhance performance. At the same time the opportunity will be taken to review the key features of the system and identify changes required to meet user and Office needs.

## Regularly test customer satisfaction and relevance of our services

38. We will plan and conduct a customer marketing exercise to assess customer satisfaction levels. This will let us know what our customers think of our service and help us identify areas for development and improvement. In 2001 we set up a private applicants unit for patents. We will conduct a survey to test, in particular, private applicant satisfaction with the services provided.

## Seek annual improvements in customer satisfaction rating

39. We will seek improvements in our service delivery and aim within 3 years to issue 90% of search reports within 4 months of request and 80% of first examination reports within 30 months of priority date, and be granting 95% of patents within 3 years of request. As a step towards this our target for this year is to “To be issuing 90% of search reports within 5 months by the end of the year”. We will concentrate on improving our performance in this area before seeking to make further improvements in the speed with which we grant patents. This is an important step on the way to meeting our long term aim of real time processing, i.e any delays are not down to us.
40. We will enhance e-searching to improve quality and efficiency, disposing of 80% of the remaining paper search files. This will help us to exploit electronic search tools (online and Internet) to facilitate access to wider document collections and a greater number of databases for effective information and documentation retrieval by examiners. The outcome will be to focus and target skilled examiner resources using the best available search tools; retaining only those paper search files that are valuable search tools in their own right; removing the unnecessary duplication of searching paper search files; exploiting examiner knowledge and search strategy to the benefit of our customers; improving search comparison results with other searching authorities.

## Improve access to IP information

41. Our publications need to be exemplars of communication and provide relevant information which is fit for the intended audience if we are to improve access to IP information. We will:
  - continue work on redesigning publications (Guide to IP; brochures on Trade Marks, Designs and Copyright).

- revise and reissue the Guide to Managing Intellectual Property.
  - continue to work as expert contributors with partners on 'Directors Briefings'.
  - develop an IP guide for company directors in partnership with the Institute of Directors.
  - develop an IP guide for designers in partnership with the Design Council.
42. It is also vital that we make full use of developments in **electronic methods of information dissemination**.
43. In order to provide our customers with comprehensive information on all trade marks in force in the UK we will improve access to the web Register by introducing on-line register enquiries for Madrid trade marks designating the UK and Community trade marks. This will be a new free service available on the Patent Office website. We will also:
- Introduce an Internet e-filing solution for trade mark applications.
  - Introduce an on-line version of Designs in View.
  - Improve Internet search facilities for trade mark applications.

### **Improve customer perception of IP legal framework**

44. We will work to **improve the coordination and effectiveness of efforts to enforce IP** to improve business confidence in the IP system and encourage appropriate, cost effective use of it. We will do this by working with the judiciary to develop and share expertise on Alternative Dispute Resolution (ADR). We will contribute to Clementi Review announced by Lord Falconer to open up the provision of legal services. We will improve the speed and costs of resolving IP disputes, by improving litigation procedures (e.g. extending the jurisdiction of the Patents County Court as a lower cost alternative to the High Court).
45. We will pursue **development of the international IP framework** to ensure that the impact on our customers of different legal frameworks is limited. We will do this by completing secondary legislation to improve the consistency between the UK and Community registered designs systems. We will also complete a regulatory reform order deregulating certain aspects of patent law.
46. We will pursue fine-tuning of copyright law by commencing work on a regulatory reform order to deregulate certain provisions.

Following implementation of EC Directive 2001/29, we will continue work on reviewing UK copyright exceptions to improve clarity and applicability. We will assess the potential effect of introducing Artists' Resale Rights into the UK.

### **Make policy in active partnership with stakeholders**

47. To improve business confidence in the IP system and encourage appropriate, cost effective use of it we will work to improve the coordination and effectiveness of efforts to enforce IP. We will do this by taking forward the work of the re-launched Counterfeiting and Piracy (CAP) forum to define and coordinate national IP crime strategies
48. We will **support Ministers in developing and delivering policy**. We will review the function and membership of the Intellectual Property Advisory Committee (IPAC) to ensure this continues to provide an effective and independent view. We will also continue to work with our stakeholders through a variety of means including focus groups, meetings, formal and informal consultations. We will do this in relation to ongoing issues such as access to copyright material by people with disabilities, e-commerce related copyright issues, international harmonisation of patent laws and Artists' Resale Rights; and in relation to new issues, such as potential secondary legislation arising from the Patents Bill. We will also review the way we consult on IP issues and centralise our current e-notice service.
49. We will continue to work with stakeholders, including industry, government and international contacts to build UK consensus on, and successfully influence international development of such issues as COMPAT, software patents, the Enforcement Directive, the legal protection of databases, WIPO, PCT and Trade Related Aspects of Intellectual Property (TRIPs).
50. We will also work to develop a **new fee structure**. We will do this taking account of business needs and forecasts, best practice, user consultation and Treasury requirements.

### **Have in place an electronic data/records management system**

51. If we are to achieve all that we have set out to we must ensure that our work is underpinned by the electronic systems which will make it easier for our users to deal with us and make the operation of our systems more efficient and cost effective. We are committed to meet the Modernising Government targets for

full electronic delivery by 2005 and see this as vital to the success of our business.

52. We will complete the pilot for PECS using the EPO's Phoenix technology, finalise the business case and reach agreement on whether to proceed to full implementation of Phoenix.
53. We will complete the business requirements for electronic processing and document management for trade mark Madrid applications and proceed to developing a required system specification. The long-term aim is to move to a common system for handling both Madrid and domestic applications and to migrate from paper based to electronic working. Business benefits are expected from the common approach and the move to electronic case files.
54. We will also complete the business requirements and business case for a system to manage corporate documents and records other than the application case files.

## WHAT DOES SUCCESS LOOK LIKE?

### EXPECTED OUTCOMES FOR 2004/05

By the end of March 2005, we will have:

- Completed a customer marketing exercise and used the information gained to improve our services and establish baseline metrics etc.
- Designed a financial services system to meet the future needs of the Office
- Extended use of the ISO quality accreditation system to other areas of the Office
- Increased interaction with international partners on policy
- Made more IP information available electronically and on the website
- Produced more useful literature to advise our customers
- Improved speed and lowered costs of resolving IP disputes
- Increased media attention on IP
- Improved interaction with stakeholders and customers across all parts of the business
- Adopted a new fee structure
- Developed more electronic document management systems and case files
- Completed the business analysis and considered the technical options for a new IT system for processing Madrid Trade Marks



## WHAT ARE WE GOING TO DO?

### **To Meet Customer Needs for New and Established Services and to Diversify Beyond Traditional IP**

- **Implement recommendations of the Innovation Report.**
- **Identify needs of existing and potential customers.**
- **Establish new services and revenue streams.**
- **Identify skills shortages and solve them.**

- Improve the available metrics on IP use and awareness.
- Target our awareness raising activities at SMEs and “innovators of the future” in particular.
- Improve the speed and costs of resolving IP disputes.
- Conduct a feasibility study of new institutional arrangements to help SMEs protect their IP.
- Develop new national strategy for dealing with “IP crime”.
- Develop our systems and procedures to fully meet our customers’ needs.
- Work with partners to identify potential customer IP needs.
- Assess customer satisfaction levels.
- Expand work to improve the quality of our services.
- Offer training, awareness and support programmes based on our expertise.
- Improve our range of electronically available services.
- Provide more convenient options for customers to use e-business solutions.
- Expand and develop our critical core skills.
- Ensure all staff are fully trained to meet customer needs.

**10 Year  
Goal**

**3 Year  
Objectives**

**1 Year  
Actions**

## **ACTIONS FOR 2004/05**

### **Implement recommendations of the Innovation Report**

55. We will develop a major **awareness raising** programme in order to help businesses make well informed decisions on how to manage their IP.
56. We have introduced an Agency Target that by the end of the year we will have established a baseline and metrics for IP awareness. This is a vital piece of work which will underpin our awareness raising activity and enable us to evaluate our success.
57. We will target SMEs through our participation in Business Advice Open Days. We will also provide training to business advisors and develop, with IP professionals, a project to provide national free IP advice. We will also target “innovators of the future” such as business studies, design and technology students and young entrepreneurs to raise awareness of IP. We will do this through producing a revised version of the successful “THINK kit” which is due to be launched at the end of the year.
58. We will **improve confidence in protection** by reducing the time and costs associated with resolving IP disputes. For example, the forthcoming Patents Bill will include measures which facilitate the early settlement of patent disputes, by allowing the Patent Office to provide non-binding assessments of patent validity and infringement, and by amending the law in relation to unjustified threats of patent infringement. During 2004 we will work with the Department of Constitutional Affairs to extend the jurisdiction of the Patents County Court as a lower cost alternative to the High Court.
59. We will conduct a feasibility study of new institutional arrangements to **help SMEs protect their IP**.
60. We will also, in conjunction with rights holders and enforcement bodies develop a new national strategy for **dealing with IP crime**. This will be launched by Summer 2004 and will involve removing administrative overlap, improving the evidence base and setting out agreed priorities.

### **Identify Needs of Existing and Potential Customers**

61. To achieve our 10 year goal of meeting customer needs for new and established services and diversifying beyond traditional IP,

we will [expand our customer intelligence and our use of it](#). We will plan and complete a customer marketing exercise which as well as assessing customer satisfaction ensures that the information we gain provides us with the information we need about our customer base and helps identify the services, systems and procedures we should develop and improve in order to meet their needs. We hope that this will result in a greater level of customer satisfaction and an evolving IP system which is relevant to the needs of the economy and will help support UK economic growth.

62. We will review how we consult on IP matters to ensure that we are able to gather the views of all interested parties and use this information to develop evidence based policy to support our IP system.

### **Identify Scope for Providing New Services and Revenue Streams**

63. We will [work in partnership with others](#) to develop new services.
64. We will work to:
- create innovation support partnerships to help inventors obtain wide ranging innovation support more easily.
  - promote the development of a code of conduct for Invention Promoters.
  - educate brand owners on investigation and prosecution techniques and procedures.
  - create a searchable, online database of international stakeholders dealing with IP crime.
  - expand our commercial search and advisory service into new areas of market demand.
  - identify and deliver new training packages for those wishing to access technical information.
65. As part of our progress on [extending the range of services which are available electronically](#), we will work to extend take up of electronic patent, trade mark and design renewals. This will enable users to take advantage of the more efficient and cost effective service available, reduce the Office's processing costs pass these on to users and improve take up against the Office's e-business targets. We will also introduce an Internet e-filing solution for trade mark applications which will provide our customers with an efficient and effective alternative to paper filing. To ease the transition, we will establish an e-business User Group to include Private Applicants.

66. We will introduce credit and debit card settlement for statutory fees. We see this as an essential step in the development of our e-business options such as web forms and e-filing generally. It is being introduced in response to customer demand and will enable the Office to stay abreast of current business practices. It will also provide a platform for other developments such as a telephone hotline for renewals.
67. We will introduce on-line secure submission of UK, European Patent (EP) and PCT patent applications to the Office using the epoline software developed by the European Patent Office (EPO). This will enable the Office to maintain the competitive advantage of UK based patent attorneys and to meet the Government targets for electronic delivery of key services.

### **Identify Skills Shortages and Solve Them**

68. Historic recruitment practices have resulted in an age profile in the Office which needs to be addressed in order to maintain the skills and experience required to continue to deliver our services to a high standard. We will prevent the loss of critical business skills and develop new ones to become a more efficient and innovative organisation and to pass those skills on to our customers. We will do this through careful succession planning, structured and targeted training.

## WHAT DOES SUCCESS LOOK LIKE?

### EXPECTED OUTCOMES FOR 2004/05

By the end of March 2005, we will have:

- Improved IP awareness and understanding
- Improved confidence in IP protection
- Improved coordination between IP enforcement bodies including agreed priorities.
- Completed a customer marketing exercise, with the information gained used to baseline and identify improvements to our services
- Expanded work on quality to provide better services to customers
- Created partnerships to support innovation and identify potential customer needs
- Extended and expanded our range of web-based services; eg
  - more on-line filing capabilities
  - electronic renewals
- Enabled credit and debit card payments to be accepted
- Improved customer advisory services using our knowledge and expertise of IP
- Trained and developed staff to provide the best customer service possible.



## WHAT ARE WE GOING TO DO?

**To be Recognised as a Great Place to Work, where Staff are Diverse, Flexible and Developed, and Everyone's Contribution is valued**

- **Promote the benefits of a diverse and flexible workforce.**
- **Work with staff in developing skills beyond the needs of the immediate work area.**
- **Improve internal communications so that they are valued by staff as being timely, consistent and relevant.**
- **Live the four Cs (corporate, candid, constructive and courteous).**

- Value staff and manage inclusion for all staff.
- Encourage movement of staff within the Office.
- Develop and implement our homeworking policy.
- Assess the infrastructure needed to support homeworking policy.
- Conduct an equal pay review to address the needs of the Office.
- Ensure performance appraisal procedures support diversity and equal opportunities.
- Encourage development of ideas for new services and ways of working.
- Provide training and self-development opportunities for all staff including shadowing and mentoring.
- Improve awareness of other Directorates for staff to increase flexibility and deployability.
- Develop a communications strategy which meets the needs of the Office.
- Ensure training courses are delivered within core hours.
- Test progress through a staff attitude survey.

**10 Year  
Goal**

**3 Year  
Objectives**

**1 Year  
Actions**

## ACTIONS FOR 2004/05

### Promote the benefits of a diverse and flexible workforce

69. As an organisation, we are **firmly committed to equal opportunities** and to **celebrating the diversity of our staff**. As part of this commitment, we will be promoting the benefits of this approach by developing our diversity strategy and raising awareness of it.
70. We will value the differences that exist between staff and recognise the contributions all can make to help us achieve our common goals. This will help us to **maximise the potential of all staff** and help them realise that their diverse contributions are necessary and valued.
71. The Office already has a range of family friendly policies to help staff but to help them to take full advantage of the Flexible Working Regulations which enable parents of children under 6 (18 if disabled) to request flexible working patterns, we are also devising a homeworking policy. Although this will require a significant investment to develop a new IT infrastructure to make our key systems available remotely, this is an important element of our diversity strategy and the business case indicates return in the long term.
72. We will identify new ways of flexible working which will optimise the talents of all our staff in an increasingly electronic environment. We will ensure that existing talents are put to best use, and new skills developed to match developments in electronic tools. This will be measured by the successful implementation and use of new electronic tools such as PECS.
73. It is our aim to **create an innovative culture in the Office**. This will encourage the development of new services and ways of working which will meet the needs of our customers. The initiative and enthusiasm of our staff will lead to a more creative way of working. We hope too that they will feel more positive about challenging existing procedures and putting ideas forward.
74. Work based skills will be provided through a variety of recognised qualifications such as Diploma for Business Administration (DBA); National Vocational Qualification (NVQs) in Administration, Call Handling, Customer Service and IT; Modern Apprenticeships; Pitman's IT Foundation and the European Computer Driving Licence; Pitman's English for Business Communications and the Certificate and/or Diploma in Law and Intellectual Property. We

believe it is important to have a workforce fully trained to enable us to meet our business objectives and internal and external targets.

75. Management skills for new and experienced managers and for administrative staff who wish to progress into management will be provided through block, modular and college led courses.
76. Managers will be provided with the skills and tools needed to develop their own staff, ensuring the Office has teams which are productive, pro-active and responsive in all situations. This will be measured by the evaluation of formal course by participants and their managers and through use of the 360° feedback process.
77. An electronic 360° feedback programme is open to all managers to be used as a development tool. We have identified a need to improve staff's satisfaction with their managers' performance and this confidential process will provide constructive feedback for managers. It will also present managers with actions for their own personal achievement plans.
78. We will build on the work already done as part of the New Deal initiative which aims to get unemployed people back into work. It provides the opportunity to those in the community without either qualifications or experience to join us and enables the Office to broaden the diversity of its workforce.
79. During this year we will be reviewing our performance and appraisal management systems to ensure that our procedures support our policy on diversity and equal opportunities. This will ensure that consistent reporting standards are in place throughout the whole Office.
80. We will be negotiating a pay settlement for the Office which will be informed by the latest equal pay review, our business needs and affordability issues.

### **Work with staff in developing skills beyond the needs of the immediate work area**

81. As part of our ongoing training, we will provide **targeted personal development opportunities** for all staff using such programmes as Springboard, Navigator, Prince's Trust Volunteers and Business in the Community. We will also ensure that all staff are kept fully informed of other developmental opportunities such as shadowing

and mentoring. This will provide staff with a variety of skills beyond the needs of their immediate work area.

82. We will review all training guidance to ensure that it is current, useful and relevant to both staff and customers as well as developing a team of internal user representatives to assist with IT developments. We will increase awareness of interchange opportunities and benefits and embed this as an integral part of staff development which will help to **increase staff flexibility and deployability**.
83. We will begin a programme to ensure that staff manage risk in their day to day work and are not unnecessarily risk averse. To do this, we will build on the work we have already done to embed risk management into the organisation and will during this year deliver an introduction to risk to all new entrants, present awareness seminars to existing staff, issue a personal handbook to all staff and include the topic in key training events, for example First Time Managers Course.

### **Improve internal communications so that they are valued by staff as being timely, consistent and relevant**

84. We are **developing an internal communications strategy** which will consider the methods currently used, the types of messages transmitted and work needed to highlight what more can be done to ensure a consistent approach across the organisation. The 2002/03 Staff Attitude Survey highlighted a need to ensure consistency in the way we communicate. We believe that this approach will equip staff with the information needed to make decision-making more informed by supplying them with additional context and understanding to allow them to make informed decisions.
85. We will make it usual practice to consult with staff when introducing new, or revising existing, human resource policies. This increased involvement will help identify any potential problems and help to improve acceptance. We will measure the success of this initiative by the numbers of staff responding to our consultations and low level of queries after implementation.

### **Live the four Cs (corporate, candid, constructive and courteous)**

86. We will **encourage all staff to treat each other in a corporate, candid, constructive and courteous manner**. By doing this, staff

will demonstrate respect for each other and feel able to voice opinions and be listened to.

87. We plan to hold our next **Staff Attitude Survey** in the Autumn 2004. We carried out our last survey in 2002/03 and a cross-Directorate group has been taking forward the arising issues. A corporate action plan has been compiled to address areas of concern and we will pursue these areas when formulating the 2004 survey.

## WHAT DOES SUCCESS LOOK LIKE?

### EXPECTED OUTCOMES FOR 2004/05

By the end of March 2005, we will have:

- Identified new ways of flexible working
- Created an innovative culture leading to a more creative way of working
- Put strategies into place to maximise the potential of staff
- Provided more bespoke training for staff within core hours as far as possible
- Devised and implemented a Diversity strategy
- Conducted an Equal Pay review
- Revised the Moves guidance system
- Reviewed our performance management systems
- Organised mentoring and buddying systems
- Increased awareness of interchange opportunities
- Conducted a staff attitude survey

## THE NUMBERS

### MEASURING PERFORMANCE

#### Agency Targets for 2004/05

AGENCY TARGETS 2004/05	
1.	To be issuing 90% of search reports within 5 months of request by the end of the year.
2.	Grant 90% of patents within 3 years of request.
3.	Register 90% of processed trade mark class applications, to which no substantive objections are raised or oppositions filed, within 8 months of application.
4.	Register 90% of correctly filed design applications, to which no substantive objections have been raised, within 3 months of the date of application.
5.	Reduce to an average of 26 weeks the time taken to issue a decision in trade marks <i>inter partes</i> cases once the case is ready.
6.	Increase output in relation to current expenditure by an average of at least 2% per annum over a rolling 3 year period.
7.	Ensure that the proportion of bad acceptances published in the Trade Marks Journal is less than 1%.
8.	Establish a baseline and metrics for IP awareness and a target for 2005/06.
In addition to these key targets:	
9.	Meet our Customer Service Standards as reported in the Annual Report and on our website <a href="http://www.patent.gov.uk">www.patent.gov.uk</a> .
10.	Pay 100% of bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later.
11.	Reply within 10 working days to all letters from members of Parliament delegated for Chief Executive's reply.

## Customer Service Standards for 2004/05

<b>Customer Service Standards 2004/05</b>	
We will:	
1.	See that visitors are met from reception and taken to their meeting within 10 minutes of the time of their appointment.
2.	Answer letters and faxes of general enquiry clearly within 5 working days of receipt or explain why not.
3.	Answer emails of general enquiry within 1 day of receipt or explain why not.
4.	Answer telephone calls promptly and ensure enquiries are dealt with courteously and professionally.
5.	Provide clear information about our services.
6.	Do all we can to make our services available to everyone, including those with special needs.
7.	Listen to your comments about our services and if problems occur ensure that steps are taken to prevent them happening again.

## RESOURCES

### Infrastructure

### Accommodation

88. We will review our file storage requirements within Concept House with a view to rationalising our accommodation, and continue the relocation of TMD staff into Concept House. As part of our ongoing accommodation strategy, we will also negotiate a new rent review for Nine Mile Point.

### Security

89. Estates will work to promote best practice in all areas of security. To help us do this, we will have a management system in place to comply with the requirements of ISO 17799.

90. We will also be undertaking an exercise to tender for the provision of a security contract at our Nine Mile Point site.

## **Business Continuity Planning**

91. A review of our disaster recovery planning has led us to develop a new business continuity plan for the Office. We will undertake a programme of continuous monitoring and testing to ensure that it is kept constantly updated and relevant. This will ensure that the plan meets our needs and enables the Office to function in the event of a disaster. The aim of the plan is to ensure that we are able to achieve our operational capability, maintain our reputation and image along with our customer base, market share and profitability.

## **Sustainable Development**

92. Environmental impact and risk implications should be routinely managed as part of the business. Our aim is to have an Environmental Management system in place and work towards ISO 14001 as formal accreditation.

## **FINANCIAL ENVELOPE**

### **Major Factors Determining Our Income**

93. During the first half of 2004/05 we continue to suffer the temporary loss of Trade Mark renewal income due to the harmonisation of the renewal period to 10 years in the 1994 Trade Mark Act. First renewal payments were previously due after 7 years. No first renewals will therefore fall due in the 3 year period ending November 2004.
94. We have planned for a significant reduction in international Trade Mark applications, and hence income, from October 2004. We anticipate this reduction to reach 50% by the end of 2006/07 (see paragraph 25).
95. Patent renewal income has been forecast from known UK grants and from information on EP/UK grants. Income predictions have taken into account the best available information on, for example, patents granted but not likely to be renewed.
96. HM Treasury has announced a change to the return on capital employed that trading funds are required to achieve. In our case this has reduced from 6% to 4% with effect from 1 April 2004. We will ensure that the recently initiated review and restructuring of our fees and charges meets this new financial target. We plan to implement the revised fee structure from 1 April 2005. The

current plan indicates further changes to fees and charges will be necessary to balance our budget from 2008/09.

97. Some major stakeholders have expressed concern at the balance between patent pre-grant fees and the fees charged for renewals. There may also be a change in the pattern of demand for search as against patents renewed, as shared usage of search results becomes more common and the UK maintains its ability to provide an early high quality search. These considerations will provide a useful background for our fee review.
98. We had planned for, and have experienced, a reduction in our domestic Design applications during 2003/04, reflecting the implementation of the Community Design from April 2003. We have planned for income remaining at this lower level.

### **Major Factors Determining Our Expenditure**

99. The financial summary reflects the planned resources required to meet the Office's needs over the next five years, and the best information available on future resource costs. The major categories of resources are our staff, accommodation and computer systems. The plan incorporates changes that will be made to the employer's contributions to the civil service pension scheme from 1 April 2005. These changes will cost the Patent Office in excess of £1m per annum. Accommodation changes include the relocation of staff from rented space in Government Buildings into space that we will make available in Concept House. Finally, latest forecasts of expenditure on known computer system developments are included.
100. No costs have been included for construction of additional car parking spaces (indications are of a loss of 184 spaces when Government Buildings is fully vacated).

### **Other Known Factors**

101. The financial plan includes special dividend payments to the DTI in 2004/05 and 2005/06 that form the second and third tranches of the £100m total agreed as part of Spending Review 2002. The money will be used to fund innovation related expenditure, in particular the Department's investment in the infrastructure that supports knowledge transfer and the exploitation of new ideas. Further special dividends are proposed for 2006/07 and 2007/08 to reduce the reserves held by the Patent Office. These

payments will depend on results achieved for the plan period, and changes resulting from our fee review.

102. In the light of the requirements of the Innovation Report and other business changes we are reviewing our efficiency measure in liaison with the DTI.

### Return on Capital Employed

103. HM Treasury sets our principal financial target in terms of return on capital employed. From 1 April 2004 HM Treasury requires agencies to make a 3.5% return on statutory, intra- and inter-departmental services, and between 5.5% and 15% on commercial services. We currently provide only a small amount of commercial services, but plan that this will increase reflecting our actions to implement the Innovation Report. Following HM Treasury guidance, we have rounded our target up to 4% for the Corporate Plan period.

£ million	2004/05	2005/06	2006/07	2007/08	2008/09
Income	53.2	56.8	57.7	60.0	61.7
Expenditure	(51.0)	(54.6)	(55.3)	(57.4)	(58.9)
Depreciation	(1.4)	(1.6)	(1.8)	(2.0)	(2.2)
Interest receivable	3.0	1.6	1.1	0.8	0.8
Operating profit (loss) pre interest payable and dividend	3.8	2.2	1.7	1.4	1.4
<b>Return on capital</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
Interest payable	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)
Dividend	(3.1)	(1.7)	(1.3)	(1.1)	(1.1)
Special dividend	(30.0)	(40.0)	(10.0)	(7.0)	
<b>Retained profit(loss)</b>	<b>(29.5)</b>	<b>(39.7)</b>	<b>(9.8)</b>	<b>(6.9)</b>	<b>0.2</b>
<b>Capital expenditure</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(2.4)</b>
<b>Net cash inflow(outflow)</b>	<b>(34.5)</b>	<b>(41.1)</b>	<b>(10.6)</b>	<b>(7.5)</b>	<b>(0.1)</b>



**DTI BUSINESS PLAN OBJECTIVES FOR 2004/05**

**Objective 1**

Improving business performance to raise competitiveness at home and abroad.

**Objective 2**

To promote effective transfer of knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.

**Objective 3**

Place empowered and protected consumers at the heart of an effective competition regime.

**Objective 4**

To ensure the continuity and security of energy supply at affordable prices through competitive markets, whilst minimising environmental impacts and delivering social objectives.

**Objective 5**

To extend competitive markets across Europe and throughout the world.

**Objective 6**

Build an enterprise society, embracing all communities and groups of people.

**Objective 7**

Strengthen regional economies through sustainable improvements in the economic performance of all English regions and closing the gap in growth rates between the regions.

## **Objective 8**

Improve the relative performance of UK science and engineering and its use by Government and society.

## **Objective 9**

To maximise potential in the workplace by raising the level of and demand for skills, developing a diverse and flexible labour market, and increasing the take-up of ways of working that foster high performance workplaces. Additionally, outside the workplace, to promote gender equality and diversity across government and internationally.

## **Objective 10**

Improve access to finance for investment in business and innovation to support enterprise and productivity growth.

## **Objective 11**

Promote sustainability, through the delivery of the low carbon aims of the Energy White Paper and improving the contribution of business to sustainable development.

## **Objective 12**

Promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.

## **Objective 13**

Safe, economic, efficient and effective management of energy and other Departmental assets and liabilities.

## **Objective 14**

Ensure nuclear security and safety and effective and efficient DTI contribution to preventing proliferation of arms and other strategic goods.

## **DTI PUBLIC SERVICE AGREEMENT TARGETS 2003-2006**

### **PSA Target 1**

Demonstrate progress by 2006 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. (Joint target with HM Treasury)

### **PSA Target 2**

Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy.

### **PSA Target 3**

Place empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006, measuring the effectiveness of the regime by peer review and other evidence, to ensure a fair deal for consumers and business working in collaboration with the relevant regulatory agencies.

### **PSA Target 4**

Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (Joint target with DEFRA) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help to reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.

### **PSA Target 5**

Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. (Joint target with DFID and Foreign Office)

### **PSA Target 6**

Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities.

**PSA Target 7**

Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. (Joint target with ODPM and HM Treasury)

**PSA Target 8**

Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques.

**PSA Target 9**

By 2006, working with all departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.

**PSA Target 10**

In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities. (Joint target with Department of Work and Pensions (DWP))

**PSA Target 11**

Deliver a measurable improvement in the business performance of Trade Partners UK's customers; and maintain the UK as the prime location in the EU for foreign direct investment. (Joint target with Foreign Office)

**PSA Target 12**

Achieve value for money improvements of 2.5% a year across the Department as measured by a basket of indicators.

## **GLOSSARY**

ADR	Alternative Dispute Resolution
CAP	Counterfeiting and Piracy
COMPAT	Community Patent
DBA	Diploma in Business Administration
DTI	Department of Trade and Industry
EC	European Commission
EFQM	European Foundation for Quality Management
EP	European Patent
EPO	European Patent Office
IP	Intellectual Property
IPAC	Intellectual Property Advisory Committee
ISO	International Organisation for Standardisation
NVQ	National Vocational Qualification
OHIM	Office for Harmonisation in the Internal Market
PAs	Private Applicants
PCT	Patent Co-operation Treaty
PECS	Patent Electronic Case System
PSA	Public Service Agreement
SMEs	Small and Medium Enterprises
TRIPs	Trade Related Aspects of Intellectual Property
WIPO	World Intellectual Property Organisation