



For Innovation

The Patent Office Corporate Plan 2005





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.

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1. Chief Executive's Introduction

- 1.1 I am pleased to present the Patent Office's Corporate Plan 2005. This sets out the framework within which we will work in managing and shaping an Intellectual Property (IP) system that encourages innovation and creativity, balances the needs of rights holders and the public, promotes strong and competitive markets, and provides a firm foundation for a knowledge-based economy.
- 1.2 The Patent Office is the Executive Agency of the Department of Trade and Industry (DTI) responsible for the national framework of IP Rights, covering patents, trade marks, designs and copyright. We are part of the Innovation Group (IG) and contribute to two DTI operational objectives (Annex A), these are:
 - Knowledge Transfer and Innovation
 - Extending Competitive Markets
- 1.3 These DTI operational objectives are part of a package including the Public Service Agreement (PSA) Targets agreed with the Treasury (see Annex A), and alignment between these is key to our success. Our work plays a full part in contributing to these targets which are central to the Government's strategy for delivering high quality public services. We contribute directly to PSA 2 and 3 which relate to increasing the performance of the UK economy and the promotion of fair competitive markets.
- 1.4 The DTI Five Year Programme "Creating Wealth From Knowledge", published in November 2004, sets out the DTI's commitment to championing innovation, leading pro-enterprise and innovation policies across government, and taking forward the procurement reform agenda. The Patent Office has a key role to play in the DTI's agenda and we are ready to take up the challenges. Productivity growth is central to long-term economic performance and rising living standards. Increasing the productivity of the economy is a key objective for HM Treasury and innovation is a key catalyst for productivity growth.
- 1.5 In today's society, wherever we look, we see manifestations of IP. Whether in relation to the role of brands and trade marks, recording and copyright, new products and design rights, or research and patents, we see a lively debate and increased government and public interest. A modern economy depends on innovation, and innovation requires not only creativity but also a means of bringing creativity to the market place as a new product, process, or service. This is where the IP system plays a key role.

1.6 We all want new products and services, but we also want open, fair and competitive markets in order to provide choice at reasonable prices. We want successful, i.e. innovative, companies to ensure the future of our families and communities. These increasingly depend on European and wider international markets. For this reason the IP agenda has an international, social as well as an economic dimension.

1.7 We in the Patent Office engage in this debate and must ensure that our knowledge and expertise are fully available to all who need them and that we continue to develop both to meet the changing working environment and the changing requirements of our stakeholders. Traditionally we have deliberately based everything on our core skills, the delivery of IP services, and provided other activities as extras; important, but still not part of our core. These activities have included the Office in a role of driving forward innovation by providing IP training and commercial services through the Search and Advisory Service (SAS), and not only providing a statutory service. The time has come to reassess that and to redefine ourselves. Last year's corporate plan (2004) was called a transitional plan. A transition to what? We can now see that more clearly. We must take a different perspective and redefine our whole organisation as having five business streams, each of major importance and legitimacy. These streams are:

- To ensure business, researchers, and the public in general understand the IP system and how to use it effectively and appropriately;
- To deliver quality IP rights efficiently and cost effectively;
- To design and provide commercial services assisting business use of the IP system;
- To facilitate the appropriate protection and use of rights;
- To create a domestic and international legal and political framework balancing the interests of rights holders with the need for open competition and free markets.

1.8 There is much detail to be worked through to embed this business model within the organisation and its governance arrangements. During 2005/2006 we will:

- ensure wider understanding and acceptance of this new model and fine-tune to meet government and user needs;
- further develop our efficiency programme and specify the most appropriate means of measuring our efficiency in the light of this wider model;
- amend the trading fund structure to deal with all our activities in the new model in an open and transparent manner;

- look to the organisational structure to deliver efficiency and effectiveness gains;
- make fee change proposals which provide a stable financial platform for carrying through the activities within the new model.

1.9 The coming year will see considerable discussion on the cooperation between the European Patent Office (EPO) and the national offices of Europe. The UK will be active and inclusive in making proposals to provide an effective synergy which will give European business a good market platform which matches that of our competitors in the United States of America (USA) and Japan. We will work with Alison Brimelow as President-elect of the EPO and Vice-Chair of the European Patent Organisation and with Alain Pompidou, President of the EPO to develop a model of co-operation which meets the needs of all.

1.10 The plan also requires us to focus closely on efficiency in providing our whole range of services. The efficiency targets will not be easy to meet, especially taking account of the efficiency we have delivered over the past six years. Nonetheless, efficiency will need to be a core consideration in how we manage.

1.11 Our Agency Targets and Customer Service standards are our public barometer. We will meet them.

1.12 This corporate plan is realistic, but challenging. Its effective delivery is dependent on the experience, skills and professionalism of our staff. I have no doubt that we will rise to this challenge. Once again this year we adopted a highly inclusive approach in the development of this plan, with our Steering Board, Management Board and staff contributing to its compilation. We have used a 10:3:1 planning approach, which sets clear 10 year goals, 3 year objectives and one year actions. We will meet the challenges ahead and I would like to record my thanks to staff in the Office and to our non-executive Steering Board members for their contribution and continued support and commitment.

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2. Our Strategic Context and Goals

2.1 The Patent Office is a highly successful organisation which, over its 152 year history, has adapted its approach and services radically to meet changing demands. Our core business and products deliver high quality, highly cost effective IP rights to our customers, but our success in these core areas is tied to a much wider range of activities. Our customers operate within the UK economy and increasingly within wider global economies. We have a responsibility to ensure that the IP systems that we manage or influence meet customer needs and help underpin their future development – for both current and potential future customers. To achieve this we must look beyond the current year, beyond the UK and beyond the day-to-day operation of the Patent Office, as we plan the future of the business. Our strategic context can be considered within the framework of the five proposed business streams and the Gershon Independent Review of Public Sector Efficiency¹ and the 2004 Spending Review²:-

Understanding

2.2 The DTI's Five Year Programme has placed innovation at the heart of Government policy for creating wealth and prosperity. A successful IP system is essential to support the knowledge transfer which provides the bridge between creativity and the market. The resources of the Patent Office, people, knowledge and information, place it in a unique position to help in the knowledge transfer and innovation process. Our continuing strategy is to increase the **understanding** of the benefits of IP among a wide group of stakeholders. This strategy embraces:-

- Increasing awareness of IP amongst business and amongst Small and Medium Enterprises (SMEs) in particular.
- Developing an understanding of IP and its key role in innovation amongst young people at school through the development of high quality materials and working partnerships with other agencies.
- Developing and taking systematic and frequent advantage of opportunities to raise the profile and awareness of IP in the press and other media channels.
- Improving our own understanding of the use successful businesses legitimately make of their IP and the IP of others and promoting this use more widely.
- Increasing awareness amongst universities and public research bodies as to how their work may be taken to market through effective IP management.

¹ http://www.hm-treasury.gov.uk./media/B2C/11/efficiency_review120704.pdf

² http://www.hm-treasury.gov.uk/spending_review/spend_sr04/report/spend_sr04_repindex.cfm

- Developing and encouraging others to develop new services for businesses to enable business to make more effective use of their own IP and the IP of others.

2.3 The **challenge** is that this is a never-ending task, awareness once raised, needs continual re-enforcement with new, refreshed materials and campaigns. It is also challenging to measure success in this area - as one amongst many providing support, it is often difficult to identify and measure the Patent Office role in an innovation success story.

Delivery of statutory services

2.4 Levels of customer demand and other patterns of the use of our services are constantly changing within year and from year to year. Our approach to **delivery** has to reflect this. Details of current anticipated changes in demand and our response to these are included in the operational plan (page 23). Strategically our response is to:

- Improve the quality of our services to ensure that customers always have a high quality UK Office service option to chose. We do this through training, actively spreading knowledge and best practice within the Office, benchmarking with other high achieving offices, seeking formal quality accreditation of processes where appropriate, and making increasing use of electronic delivery to extend and improve the flexibility of services.
- Improve the relevance of our services to our customers needs by developing a better understanding of what service our customers want, with the addition of new information-gathering techniques to our customer visits and surveys a key part of the business process.
- Anticipate and plan for different levels of demand. This is achieved by keeping staffing options flexible wherever possible, by keeping well informed about developments in other IP offices and legislation worldwide, and by maintaining good management information and intelligence about customer demand.

2.5 The **challenges** in this area are mainly those of anticipation – some changes in demand are predictable others not. In improving quality it is often necessary to anticipate customer wants and to understand

the implications of our customer-base's characteristics rather than waiting for them to ask.

Delivery of commercial services

2.6 The importance to business of high quality, reliable patent searches is greater than ever, particularly where business critical decisions are to be made. This is driven to some extent by a greater awareness of the value of patent information amongst the R&D community and SMEs. Innovation is high on the Government's agenda and is likely to generate additional demand for patent data and searches. The Patents and Trade Marks SAS are well positioned to respond to this additional demand. Our aims will be to:

- Expand our services in a sustainable fashion commensurate with the resources available providing additional support to DTI and its Innovation Group where appropriate, and being mindful of the role of the private sector.
- Be more responsive to our customers, improve our service delivery and enhance our product range.
- Develop productive and mutually beneficial partnerships with other Government organisations, National Patent Offices and the private sector whilst strengthening our existing relationships.

2.7 The challenge will not only be in assessing demand for new services but in ensuring that our activities have impact and are effectively resourced to maximise the benefit to our customers and the economy as a whole.

2.8 We are reviewing the way we provide our Search and Advisory Service to ensure we are doing all we can to meet our customer needs in an effective and efficient manner.

Protection

2.9 One key element of encouraging use of an IP framework is developing the confidence of users that their IP rights are enforceable and have sufficient **protection**. In this area developments are progressing in two key strands:

- Through the Government's IP Crime Strategy. This was published in summer 2004 and set out the Office's plans to facilitate co-operation between a large number of enforcement agencies and described our strategy for developing the exchange of intelligence and information to inform and increase the effectiveness of this partnership.
- Through a strategy of considering opportunities for developing alternatives to, and new procedures and frameworks to reduce the cost and complexity of, litigation for our customers.

2.10 The **challenges** for us lie in the sheer scale of the task involved in addressing IP Crime, and in the complexity and delicate balance of the litigation system.

Framework

2.11 The Patent Office must ensure that the UK and international **framework** of legislation, guidance, agreements and institutions develops in a way that is most likely to support the success of UK innovators and the priorities of the UK Government. We work continually in different groups and with different organisations to achieve this including:

- Engaging with Other Government Departments (OGDs) with an interest in aspects of the IP system to ensure that the framework meets joint policy needs.
- Making changes to UK legislation to deliver a more streamlined IP system and IP services.
- Implementing European Union (EU) legislation within the UK effectively and with the needs of UK business and the UK public in mind.
- Influencing the development of EU and international legislation, agreements, frameworks and partnerships e.g. Community Patent (COMPAT), Trade Related Aspects of Intellectual Property (TRIPs), Patent Co-operation Treaty (PCT) quality framework.
- Working to shape the agenda relating to the role of IP and development issues. Following the Government's response to the Commission on Intellectual Property Rights (CIPR) report "Integrating Intellectual Property Rights and Development Policy", the UK is well placed to facilitate progress in this area.

- 2.12** This area is very **challenging** – ensuring that the burden of new regulations is minimised and that the UK interest is given sufficient attention.

Efficiency

- 2.13** The Patent Office has an excellent track record of innovation in the delivery of services. We relocated to Newport in the early 1990s, using the opportunity presented by the move to transform the organisation and the services it provided. The Office was one of the first Government Agencies to gain Investor in People and Charter Mark status. Scoring consistently highly with our customers and against our Agency Targets we have made impressive efficiency gains since becoming a trading fund. Over the six years from 1998/99 to 2003/04 we made cumulative efficiency gains in excess of 20%, against Ministerial targets over the same period of 12%.
- 2.14** Many of the principles set out in the Gershon Independent Review of Public Sector Efficiency and the Lyons Independent Review of Public Sector Relocation³ that underpinned the 2004 Spending Review are a fact of life for those of us working within the agency. Indeed our relocation success story and our advice and experience have recently been in demand by many of those involved in planned relocations.
- 2.15** Our relocation to Newport was completed more than 10 years ago and has been verified by the National Audit Office (NAO) as reducing our running costs by £6M per annum. But of course the Government-wide efficiency agenda also applies to the Patent Office. In common with many Government bodies, we have accepted a more stringent efficiency target of 2.5% for each of the years covered by this corporate plan. The target is demanding. Our strategy for achieving efficiency over the corporate plan period will include making more use of electronic service delivery options and looking carefully at every opportunity for aligning our common support services with others, in some cases with the DTI centre, but in others through partnership with other more locally based organisations – if these offer better value for money.
- 2.16** The **challenge** for us is, perhaps unsurprisingly, our past success. We are already an efficient organisation, with a UK headquarters located outside London. We must also ensure that, as we broaden our range of activities, we are effective in our measurement of the outcomes and achievements to ensure that our efficiency measure takes full account of all that we do.

³ http://www.hm-treasury.gov.uk./consultations_and_legislation/lyons/consult_lyons_index.cfm#final

Planning

- 2.17** Our planning for the coming year has taken account of the strategic context and the Gershon and 2004 Spending Reviews. We have included our Steering Board, Management Board, staff and other stakeholders in our discussions of our plans using an approach which worked very effectively for us last year. The Boards agree 10 year goals for the Patent Office, to outline our strategic direction. Within the 10 year goals we plan for progress against linked 3 year objectives underpinned by one year actions, put together after discussion in open workshops led by our Senior Management Team and involving front-line staff and managers.

- Our 10 year goals are:**
- To be a centre of excellence supporting innovation and creativity, known worldwide for our knowledge-based services and policy making
 - To be a great place to work, where staff are flexible and developed, and everyone's contribution and diversity is valued
 - To meet the needs for new and established services

As steps towards achieving these 10 goals, within three years we will:

- Embed quality in all our processes
- Achieve continuous improvement in our service delivery
- Improve public access to IP information
- Review the IP framework to optimise the support it provides for innovation and creativity
- Always consult fully when making policy
- Improve public understanding of IP through education and awareness
- Create an environment in which a diverse and flexible workforce can thrive
- Develop and use skills within and beyond the needs of the immediate work area
- Improve internal communications so that they are timely, consistent and relevant
- Work together through mutual respect and support
- Develop a mechanism for analysing and anticipating customer needs
- Establish new services and income
- Provide support for the enforcement of IP rights
- Develop more affordable means of resolving IP disputes
- Provide effective and attractive e-business services
- Have electronic systems that improve the running of our business
- Make better use of the knowledge within the organisation
- Identify skills shortages and solve them

3. Retrospective

- 3.1 Before setting out our operational plans in detail, this section lists some highlights of the past year and includes areas of our work which are ongoing. Those items showing a ✓ signify our delivery of outcomes of the DTI Innovation Report, published in December 2003. Those items showing ✓✓ show our delivery on a commitment from last year's one year action list.

3.2 Understanding

- Highlights**
- **Creative Industries Forum on IP** – this innovative Department of Culture, Media and Sport/DTI joint initiative brings together Ministers, creative industry and other representatives. Three subgroups are considering education and communications, new business models, and piracy and file-sharing. ✓✓
 - **Lambert Review** – stakeholders representing universities and businesses have worked together effectively to produce model collaborative research agreements for use by industry and universities. The Lambert Model IP Agreement Toolkit, consisting of model agreements and associated supporting materials, has now been launched. ✓✓
 - **Metrics for IP awareness** – our What is the Key? campaign included a survey to ascertain the baseline level of awareness amongst those participants. A study in association with the Intellectual Property Institute is underway with the results of a pilot expected in Spring 2005. The main survey will take place shortly after and will take full account of findings from the pilot study. ✓
 - **Training for Business Advisors** – we commenced a programme of training for IP business advisors on all aspects of IP in partnership with the Small Business Service. The first phase is now complete and national Advisor Training Days were held in London, Coventry and Bolton. ✓ ✓✓
 - **Business Awareness Days** – these were delivered to various sectors of the business community and were well received. ✓ ✓✓
 - **Awareness Raising – What is The Key** – activities have included workshop events and free IP audits. These have proved very successful and we have committed to continuing for a further six months. ✓ ✓✓
 - **Education – THINK kit version 2** – Building on the very successful 1st version of THINK kit, version 2 was launched in November 2004 with over 40% of secondary schools requesting the new education pack by April 2005. ✓ ✓✓

- Current Areas of Work**
- **PD Customer visit programme** – this built on the successful programme begun in 2003 and has increased steadily during the year. ✓✓
 - **Consultations with users** – we are working to develop more innovative ways of involving users and other stakeholders in consultations. ✓✓
 - **Web site accessibility** – we are compliant with web content accessibility guidelines and we aim to further improve accessibility as part of a review of our website. This work is planned for completion by the end of 2005. ✓✓
 - **Work with Companies House** - on raising the IP awareness of new and existing companies. This work will raise awareness on the differences between registering a company with Companies House to registering a trade mark with the Patent Office. ✓✓
 - **Customer Satisfaction Survey** – we have begun work on a customer survey for issue in 2005. We will survey a sample of our customers to gain feedback on levels of customer satisfaction to inform the future development of new or improved customer services. ✓✓

3.3 Delivery

- Highlights**
- **Working with other National Offices** – contracts with the Danish Patent and Trade Mark Office and the Netherlands Intellectual Property Office (NIPO) for the processing of patent search and examination work have continued. We have also worked with the EPO and IP Australia on systems to exchange search results on equivalent applications. Exchanges have also been carried out with the Japanese Patent Office, the Deutsches Patent- und Markenamt, the State Intellectual Property Office of China and the Canadian Intellectual Property Office (CIPO). We visited CIPO to look at their work processes and give advice in managing workflows. Contact was also maintained with the United States Patent and Trade Mark Office (USPTO) to exchange information and learn about their legal processes. In Trade Marks, the Benchmarking Club (UK, Office for Harmonisation in the Internal Market (OHIM), Denmark, Sweden, Germany and Austria) met to discuss the quality of processes and best practice. ✓✓
 - **Regulatory Reform Order (RRO)** – We successfully implemented the RRO which deregulated the filing and formalities requirements associated with patent applications and implemented the requirements of the Patent Law Treaty (PLT). We also introduced new processes and computer systems to support this change.

- **Credit/Debit card settlement** – we implemented a system to allow payment of statutory fees by credit or debit card. To date payments of over £1M have been made by this method. √√
- **Patents e-filing** – new e-filing software was developed and e-filing activities formally launched. √√
- **OHIM and Madrid case enquiries** – Improved searching facilities on the website has enabled us to offer our customers the ability to conduct OHIM and Madrid case searches on-line. √√
- **Electronic Trade Mark Renewals** – a facility to file trade mark renewals was introduced. √√
- **Patent and Trade Mark IT Application System (PaTrAS)** – a new version of PaTrAS was launched which makes on-line filing of trade mark applications easier and quicker. √√
- **ISO 9001:2000** – following the ISO 9001:2000 accreditation of our patent pre-grant process in February 2003, we have successfully passed four of our six interim “healthchecks” to ensure we will continue to meet the ISO standard and remain on course to achieve re-certification in February 2006. √√

Current Areas of Work

- **New fee structure** – development of a new fee structure is underway and will be concluded by April 2006. √√
- **Other electronic filing options** – work continues to develop new and enhanced electronic filing options including e-renewals and a web-based form option for trade mark applications. √√

3.4 Protection

Highlights

- **IP Crime Strategy** - was launched in the summer 2004 with significant press coverage. This strategy sets out our approach to facilitating co-operation and exchange of intelligence information between a large number of enforcement agencies. √ √√

Current Areas of Work

- **Enforcement** – the setting up of a multi agency IP Crime Group to work on the basis of a national intelligence model that has been developed to deal with other organised crime threats. A key task will be to balance a strong assessment mechanism with an effective information gathering structure allowing us to collect and analyse information so that national enforcement resources can be prioritised and focused to best effect. Publication of the first Annual Enforcement Report, which will draw together the enforcement work carried out by public and private sector stakeholders to establish the state of play and a better strategic picture. Exploring with insurance industry

feasibility of Patent Enforcement Project (PEP) report recommendations. We are also working with colleagues in the French Patent Office to develop a tool for customs officers dealing with counterfeit goods. √√

3.5 Framework

- Highlights**
- **New Trade Mark Rules** – implemented the new Trade Mark Rules which introduced a streamlined opposition procedure and technical changes. The new rules enabled us to offer a more streamlined and simplified service to our customers.
 - **Patents Act 2004** – successfully completed passage through Parliament in July 2004 and we have produced guidance on the effects of the Act and awareness seminars for users to give them a full understanding of the new Act and its implications. √√
 - **Risk Management** – we took steps to further embed risk management into the organisation, through the design and delivery of a site on our internal web pages, the publication of a booklet for staff, and inclusion of the topic in our induction and management training courses. √√
 - **Enforcement** – the Office received an award from the Anti-Counterfeiting Group (ACG) for work on enforcing trade mark rights. √√
 - **Improvements to our literature** – we have re-designed several of our most requested publications including the Guide to Managing Intellectual Property and the Basic Facts: Copyright leaflet. Work will continue to revise our literature throughout the coming year to ensure it meets the needs of customers. √√

- Current Areas of Work**
- **Prime Minister's Strategy Unit/DTI joint project on Wealth Creation in the Knowledge Economy** which included a workstrand on the role of IP in the modern economy. We are now working with others across Government to take forward this work.
 - **Intellectual Property Advisory Committee (IPAC)** - the advisory non-departmental public body (NDPB) established to advise Ministers and the Office on strategic issues in the field of IP. Work has begun on a review and we will, over the course of this plan, consider its conclusions and recommendations. √√
 - **Presidency of the EU** – the UK will hold Presidency of the EU in the second half of 2005 and we are working to ensure that the UK delivers a successful coherent presidency, in practical and IP policy terms.

- **Working with other Offices** to share best practice and make the most of opportunities for collaboration. √√
- **Technical Assistance to other countries** – we are developing a technical assistance programme that helps developing countries to create effective IP systems that are appropriate to their needs. √√
- **Enforcement** – the EC Directive on the enforcement of IP rights raises the enforcement standard across the EU taking account of current best practice. We have largely completed a detailed analysis of the Directive’s implications for the UK and a consultation will be launched once this analysis has been finalised with other government interests. √√
- **Risk Management** – we will continue our work to embed risk management into the culture of the organisation, ensuring that we have the correct processes in place for identifying and prioritising the principal risks faced by the Office. Key aspects of work will involve reviewing our processes for reporting key risks, setting objectives for the year ahead and reviewing levels of risk appetite within the organisation. √√

3.6 Organisational and Efficiency

Highlights

- **Accommodation Moves** – following our strategy to move staff out of Government Buildings into Concept House, the first phase of the relocation programme was successfully completed. Over 300 staff have now moved into Concept House. √√
- **Communications Strategy** – a project to consider how to improve internal communications was run by a cross-Office group of staff and their recommendations were presented to and accepted by the Patent Office Board in January 2005. √√
- **Homeworking policy** – we have implemented homeworking in a staged way across the Office. √√
- **Internet and E-mail guidance** – revised guidance for both internet and e-mail use was produced and issued to staff.
- **Objective Setting** – we provided training for all staff to enable them to better develop their own work and developmental objectives. √√
- **Infrastructure changes** – provision of a new cabling and power supply infrastructure for the Office was completed.
- **Work with Other Government Departments** – we have benchmarked and shared resources and courses with Companies House, Office for National Statistics (ONS) and the National Assembly for Wales (NAW).

- **Moves Guidance System** – we consulted staff on our internal process for the movement and promotion of staff. √√
- **Staff training** – we have re-scheduled the majority of training courses so that they commence within our core hours. Wherever this proves impossible, due to the nature of the course, every effort is made to help staff, for example an agreed later individual start time or paid childcare provision. √√

Current Areas of Work

- **Accommodation Moves** – phase 2 of our accommodation strategy is being progressed and we are on track to vacate accommodation in Government Buildings on schedule. √√
- **Communications Strategy** – work has commenced to implement recommendations made by a cross-office group of staff. √√
- **New self-development programme** – we have begun development of the “Working Together for Success” self-development programme for staff.
- **London Office Review** - interim recommendations arising out of the review of our London Office are being considered.
- **Work with Other Government Departments** – we will continue to develop our links with other Agencies and Departments with a view to sharing best practice and benchmarking.
- **Manpower planning and HR Strategy** – we are developing a structured HR strategy and reviewing our manpower strategy.
- **Management of IT enabled change programmes** – a new approach to the management of IT enabled change programmes is being developed.
- **Staff Attitude Survey** – work has commenced on devising a survey that will allow us to benchmark progress against the 2002/03 survey. A corporate action plan was compiled to address areas of concern arising out of the 2002/03 survey and we will pursue these as areas to address. √√
- **Equal Pay Review** – we are in the process of conducting an equal pay review which will compare the pay of women and men doing equal work, investigate the cause of any gender gaps and close any gaps. This work will inform our pay settlement for the Office for 2005. √√
- **Moves Guidance System** - we will be monitoring the practical effects of changes to our internal process for the movement and promotion of staff. √√

4. Performance Against Agency Targets 2003 - 2004 and 2004 - 2005

	AGENCY TARGET	April 2003 - March 2004		April 2004- March 2005	
		Target(%)	Outturn(%)	Target(%)	Year to date(%)
1	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%	75	86.79 (ie exceeded 2004/05 milestone)	80	97.93
1a	To be issuing 90% of patent search reports within 5 months of request by the end of the year (ie in February or March).	n/a	n/a	90	83.3
2	To grant 90% of patents within 3 years of request.	90	91	90	96
3	Register 90% of processed trade mark class applications, to which no substantive objections are raised or oppositions filed, within 8 months of application.	n/a	n/a	90	96.4
4	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	97.5	90	99.5
5	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.	100 (average of 26 weeks)	100 (achieved 26 weeks)	100	100
6	To publish details of progress towards key milestones in the UK and International policy development in the Annual Report and on our website.	100	100	n/a	n/a
7	Ensure that the proportion of bad acceptances published in the Trade Marks Journal is less than 1%.	n/a	n/a	100	100

	AGENCY TARGET	April 2003 - March 2004		April 2004- March 2005	
		Target(%)	Outturn(%)	Target(%)	Year to Date (%)
8	Establish a baseline and metrics for IP awareness and a target for 2005/06.	N/A	N/A	This is shown in the 2005/06 targets	97.93
9	To increase output in relation to current expenditure by an average of at least 2% per annum over a rolling 3 year period.	2	2	2	1.4 *
In addition to these key targets for 2003/04 & 2004/05					
	To meet our Customer Service Standards as reported in the Annual Report and on our website www.patent.gov.uk	100	97.72	100	97.7
	The Office will pay 100% of bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later.	100	98.6	100	99.6
	The Chief Executive will reply within 10 working days to all letters from members of Parliament delegated for his/her reply.	100	100	100	100

* This figure is calculated over a rolling three year period

5. OPERATIONAL PLAN - SETTING THE SCENE

Patent Demand

- 5.1** The demand for patents in 2004/05 has fallen slightly against the underlying stable trend over recent years and in the years ahead could be affected by various factors. A significant factor could be a further reduction in our pendency times for search, examination and grants and the pattern of similar action on patent applications filed with the EPO. Mutual exploitation of the results of searches made in other countries could reduce the resources needed to meet demand. This could mean an increase in demand, as could greater innovative activity resulting from the Government's increased focus on innovation and its importance to the UK economy.
- 5.2** The sharing of search results between patent offices may stimulate different filing strategies among applicants, for example favouring first filing in countries, such as the UK, where the search takes place relatively early or where search results are considered to be particularly effective. However, such mutual exploitation will depend on bilateral agreements, based on mutual confidence between patent offices of one another's search and examination processes, and is likely to develop only slowly.
- 5.3** Demand for non-statutory patent searches is currently in some flux, affected by the availability of free patent databases on the Internet and a greater awareness of the value of patent information amongst the R & D community and SMEs. We plan to encourage additional demand in a sustainable fashion which is commensurate with our resources.
- 5.4** Taking all this into account, our forecast for input of search and examination requests is:

	04/05	05/06	06/07	07/08	08/09	09/10
Patent Search	16,800	16,800	16,800	16,800	16,800	16,800
Patent Exam	11,500	11,500	11,500	11,500	11,500	11,500

Trade Marks Demand

- 5.5** Overall demand for trade marks in the United Kingdom over the period of this Corporate Plan will be affected by 1) OHIM accession to the Madrid Protocol¹ on 1 October 2004, and 2) the likelihood that OHIM will reduce its fees for Community Trade Marks (CTM).
- 5.6** A Madrid “application” for protection can now be diverted away from all EU National Offices to the OHIM. Whilst at the present time the number of applications to OHIM is very low we are working on the basis that 50% of our Madrid Designations will be diverted over the period 2005-2007. Other National Offices with whom we have benchmarked are predicting a similar scenario. As the current uptake at OHIM is low, we expect a loss of 30% during the first year of the plan period.
- 5.7** Applications for registration by UK applicants have risen since last year. The number of applicants who are unrepresented by a Trade Mark Attorney or Agent continues to be high and is a mitigating factor in compensating for the migration of those larger companies who now prefer to file at OHIM. However, holders of CTMs will be able to renew their registrations at OHIM from late 2005 onwards. As a result, other things being equal OHIM would have a significant cash surplus. The Commission has recently proposed significant reduction of around 30% in OHIM’s major fees including the application and renewal fee. The date of any OHIM fee reductions is still to be decided, but it may be as early as November 2005.
- 5.8** Although a CTM would still be significantly more expensive than a national UK registration, a major fee reduction will increase the attractiveness of a Community application as an alternative to a national application. Because of this uncertainty it is difficult to predict the eventual effect on UK filings but undoubtedly lower OHIM fees could have an appreciable impact on national demand.

	04/05	05/06	06/07	07/08	08/09	09/10
Domestic	27,020	28,000	28,000	28,000	28,000	28,000
Madrid	7,600	5,000	4,000	4,000	4,000	4,000
Total	34,620	33,000	32,000	32,000	32,000	32,000

¹ The Madrid Protocol is the International agreement whereby via an application in one member of the Protocol, a trade mark owner can seek protection from 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.

Designs Demand

5.9

Since the coming into force of the Community Designs System in April 2003, demand has dropped by 50% for national registrations.

	04/05	05/06	06/07	07/08	08/09	09/10
Domestic	4,000	3,600	4,000	4,000	4,000	4,000

6. Operational Plan - 10:3:1

This section lists our 10 year goals, 3 year objectives and sets out some of our 1 year actions. Others which are specific to small groups of staff or of limited impact on our customers are included in the section level planning documents, but not in this plan.

10 Year Goal: To be a Centre of Excellence Supporting Innovation and Creativity, known Worldwide for our Knowledge-Based Services and Policy Making.

- 3 Year Objectives:**
1. Embed quality in all our processes
 2. Achieve continuous improvement in our service delivery
 3. Improve public access to IP information
 4. Review the IP framework to optimise the support it provides for innovation and creativity
 5. Always consult fully when making policy
 6. Improve public understanding of IP through education and awareness

- 1 Year Actions**
- To meet our Agency Targets and Customer Service standards
 - To achieve ISO 9001:2000 accreditation of Patents SAS
 - Achieve information security management standard (BS7799)
 - To take the lead in the development of an appropriate Innovation Support Strategy
 - Put in place new banking arrangements
 - Introduce a telephone hotline for renewals
 - Develop a new business model and consult on and implement fee review proposals
 - Review and revise our Agency Targets in the light of developments
 - To issue 75% of patent decisions within 2 months of the hearing
 - To develop with OHIM a common Nice Agreement classification database
 - Ensure our policy team is equipped to handle EU Presidency
 - To develop and implement an Environmental Management System (EMS) for the Office
 - Improve accessibility of information on website and to web-based services and implement routine procedures for updating the external website and IP Portal in context of website redevelopment
 - To implement the recommendations of the IPAC review
 - To carry out a review of the level of inventive step

- Review our consultation procedures to ensure they are carried out consistently and effectively
- Develop our work with media to raise the profile of IP
- Work with our partners within DTI Innovation Group to identify common goals
- Develop a Case Management System to measure success or otherwise of new trade marks opposition arrangements

Actions for 2005/06 *Embed quality in all our processes*

- 6.1** We will build upon our reputation as being an organisation that delivers high quality operational performance and the best possible service to customers. We became the first Patent Office in the world to gain ISO 9001:2000 and it confirms our commitment to quality and excellence. In addition to maintaining ISO 9001:2000 accreditation of the patent pre-grant process, through interim healthchecks, *we will seek to achieve the same quality standard for our Patents SAS. We will also seek to obtain the standard relating to information security, BS7799.*

Achieve continuous improvement in our service delivery

- 6.2** We will develop an *Innovation Support Strategy* which will form the foundation of our work with customers.
- 6.3** By the end of 2005 *we will have procured and put in place new banking arrangements.* The move by our current supplier to close the retail element of their service will give us the opportunity to consider other services that are on offer and choose the most suitable for our business needs.
- 6.4** Feedback from customers has confirmed that they would like the option to *renew their rights by telephone.* We will therefore introduce a hotline to enable customers to obtain advice on the renewal of their patent, trade mark or design as well as giving them the opportunity to purchase their renewal at the same time.
- 6.5** We will *develop a new business model and consult on and implement fee review proposals.* During 2004/05 we began to review our overall fee structure. This structure is dependant on the business model used by the Office. Following approval of the new business model we will complete the review of our fee structure, and implement any necessary revisions from the beginning of April 2006.

- 6.6** In line with our commitment to continuous improvement, we have **reviewed and revised our agency targets** and aim to grant 90% of patents within 2½ years of request. Within 5 months of request, we aim to issue 90% of patent search reports and we will give good customer service in patent search and examination in 95% of quality assured cases. In trade marks we have committed to make the correct decision on registrability in at least 98.5% of cases, and we have reduced the timescale from an average of 26 weeks to 23 weeks for issuing decisions in trade marks *inter partes* cases once the case is ready. We will aim to register 90% of processed trade mark applications, to which no substantive objections are raised or oppositions filed, within 8 months of application. A further significant change is that we are committed to increase the sum of our outputs in relation to current expenditure by an average of at least 2.5% per annum over a rolling period. We will closely monitor progress over the year. Although not part of our Agency Targets, we are committed to issuing 75% of patent decisions within 2 months of the hearing.
- 6.7** In partnership with international colleagues, we will develop procedures that are mutually beneficial. In collaboration with OHIM **we will develop a common Nice Agreement classification database**. This will allow users wishing to apply for a CTM to obtain information from a single source.
- 6.8** **We will ensure our policy team is equipped to handle the EU Presidency**. The UK will take on the Presidency of the EU for the second half of 2005. This means that the Patent Office will need to chair Brussels working groups, working closely with the Commission and keeping in close contact with other Member States to produce agreement. This will involve a considerable amount of work both in planning meetings, drafting agreed texts and ensuring that the legislative agenda runs smoothly. We will ensure our policy team has the necessary skills and resources to meet this challenge. We will work through WIPO to modernise the international IP system, meeting the needs of business and taking account of the needs of developing countries.
- 6.9** **We will work to develop and implement an EMS for the Office** in line with the International Standard ISO 14001. This will allow us to look at environmental issues and how we can best support them. We will also seek to establish what initiatives are available within the UK, for example, the Green Dragon standard which is an initiative supported by the Welsh Assembly Government.

Improve public access to IP information

- 6.10 In line with our e-business strategy we will improve accessibility of information on our website and to web-based services.

Review the IP framework to optimise the support it provides for innovation and creativity

- 6.11 Amongst the several strands already identified in this section, the outcome of the IPAC Review in the early part of 2005 will clarify the role of IPAC in relation to IP and future issues. Our strong and growing links with the IP Institute will allow us wherever possible to influence the development of a systematic programme of research which will provide better evidence and underpin our work. Finally we will build into the programme, research wishes that have already been expressed by Other Government Departments (eg Department for International Development (DFID)).
- 6.12 In view of observations from a number of commentators around the world about international patenting standards, we shall conduct a review of the level of inventive step required for the grant of a UK patent.

Always consult fully when making policy

- 6.13 We are undertaking a review of our consultation procedures. We expect outcomes to include recommendations for more consistent and effective consultation methods for both internal and external customers.

Improve public understanding of IP through education and awareness

- 6.14 In order to maintain and improve the levels of understanding of IP amongst business, education and researchers, we will work with our contacts in the media to ensure that the profile of IP continues to rise. We will also work closely with colleagues in IG and DTI to identify common goals, for example, ensuring our marketing and media campaigns are as effective as possible and embrace best practice and current thinking.
- 6.15 We will develop a Case Management System for our new Trade Mark Opposition arrangements, allowing us to measure the success of the new changes.

What Does Success Look Like?

Expected outcomes for 2005/06

By the end of March 2006, we will have:

- Met our Agency Targets and Customer Service standards
- Increased media attention on IP and developed strategies for converting potential customers to actual customers
- Increased our accreditation under the range of quality standard options available to organisations
- Improved the availability of information on our website, developed more electronic document management systems and options for customers
- Developed and introduced more options for customers including renewing rights by telephone and the production of receipts which include a greater level of detail
- Developed partnerships with international colleagues to deliver benefits to our customers
- Improved our consultation procedures

10 Year Goal: To be a great place to work, where staff are flexible and developed, and everyone's contribution and diversity is valued.

- 3 Year Objectives:**
1. Create an environment in which a diverse and flexible workforce can thrive
 2. Develop and use skills within and beyond the needs of the immediate work area
 3. Improve internal communications so that they are timely, consistent and relevant
 4. Work together through mutual respect and support

- 1 Year Actions**
- To develop a structured Human Resources (HR) Strategy
 - To review our staff appraisal reporting process
 - To review the effectiveness of our special bonus scheme
 - Manage the consequences of the London review for staff and the Office with the involvement of all affected
 - Implement changes to our internal Moves process and review them
 - To make the funding of training and development more transparent and appropriate
 - To develop project working skills, in particular relating to managing business change, by training and experience
 - Review our internal Communications Strategy and ensure that staff in our satellite offices are not disadvantaged due to their location
 - In consultation with internal colleagues, we will work together to ensure the remaining Trade Mark staff in Government Buildings are moved to Concept House within 2005/06
 - Initiate a monitoring pack of key management information for the Patent Office Board, Senior Management Team and Steering Board
 - Launch a "Working together for Success" site on our intranet
 - Work with our site neighbours to agree a strategy on car parking
 - Introduce a corporate mentoring scheme

Actions for 2005/06 *Create an environment in which a diverse and flexible workforce can thrive*

- 6.16** We will develop and begin to implement a Human Resources (HR) Strategy. The strategy will identify the key areas where HR policies and processes impact on the business. It will define a picture of what the Patent Office does now, what it will look like over the next 10 years and what policies need to be in place to move towards that. We will work with HR customers and stakeholders to test, fill out and target the strategy and to develop some of the key tools which will support the strategy e.g a manpower model, increasingly automated and e-enabled HR processes. In developing this, we will review the effectiveness of our Staff Appraisal process and Special Bonus Scheme.
- 6.17** In light of recent changes in patterns of use and expected future changes, we are undertaking a review of our London Front Office. We will seek comments from those in the Institutes and the information gathered will inform a series of options for us to consider. We will do this through open consultation with staff.
- 6.18** A review of our internal processes for the movement and promotion of staff, the "Moves System" has been undertaken. We will implement changes to our Moves process, which are the result of a consultation exercise with staff and discussion at Management Board level. These changes will encourage staff movement across Directorates.

Develop and use skills within and beyond the needs of the immediate work area

- 6.19** To support the development of our staff, we will ensure that skills match those required to meet our business objectives. We will ensure that decisions relating to the availability and funding of training and development are understood by all.
- 6.20** We will introduce a new change management approach within the organisation. We will do this by developing project working skills, in particular, relating to managing business change.

Improve internal communications so that they are timely, consistent and relevant

- 6.21** We will review our internal Communications Strategy and will also consider individual communication strategies for projects which have a major impact on the organisation.

6.22 In line with our Communications Strategy, we will actively manage communications so that [staff in our satellite offices are not disadvantaged due to their location](#). We will do this, by for example, holding weekly team meetings and making better use of our video conferencing facilities.

Work together through mutual respect and support

6.23 In consultation with internal colleagues, we will work together to ensure the remaining Trade Mark staff in Government Buildings are moved to [Concept House within 2005/06](#). Phase 1 of the move of staff in our Trade Mark Directorate was completed in December 2004. We will take steps to move the remaining staff into Concept House over the period of this plan.

6.24 [We are developing a monitoring information pack](#) which will contain key strategic information about the Office. It will be used by the management board to support them in their strategic decision making and contain information relating to trends of patent and trade mark applications, headcount details and information relating to efficiency etc.

6.25 [We are launching a Working Together for Success site on our intranet](#). This site is the first step of our new leadership development programme and will pull together a wide range of development opportunities which staff and managers will be able to use to help plan their training and development for future success. A more structured programme will follow.

6.26 [We are working together with the Office for National Statistics \(ONS\) on the development of a strategy for site car parking](#). Following the announcement by ONS to relocate an additional 600 posts to the site, we will maintain dialogue with colleagues in the ONS, with a view to agreeing a future strategy.

6.27 [We will introduce a corporate mentoring scheme](#).

What Does Success Look Like?

Expected outcomes for 2005/06

By the end of March 2006, we will have:

- Implemented a Human Resources Strategy
- Reviewed and implemented changes to our performance management systems
- Developed our staff to meet the needs of the business, in particular, in change and project management skills
- Reviewed our internal Communications Strategy and implemented changes to support strong channels of communication within the Office
- Implemented phase 2 of our Accommodation Strategy

10 Year Goal: To meet the needs for new and established services

- 3 Year Objectives:**
1. Develop a mechanism for analysing and anticipating customer needs
 2. Establish new services and income
 3. Provide support for the enforcement of IP rights
 4. Develop more affordable means of resolving IP disputes
 5. Provide effective and attractive e-business services
 6. Have electronic systems that improve the running of our business
 7. Make better use of the knowledge within the organisation
 8. Identify skills shortages and solve them

- 1 Year Actions**
- To consult with stakeholders on proposals for modernising changes to the designs registration system and prepare the procedural and legislative framework to implement change.
 - To conduct a re-consultation exercise on the future of trade marks relative grounds examination
 - Progress the development of electronic processing and document management systems
 - Introduce non-binding opinions on patent validity and infringement
 - Fully establish infrastructure for IP Crime group, including IT needs
 - Implement the EC Directive on the enforcement of intellectual property rights (IPR) by the end of April 2006
 - Provide training for business advisors
 - Target awareness raising activities at SMEs and innovators of the future
 - Facilitate Alternative Dispute Resolution (ADR) and mediation for IP rights
 - Conduct feasibility study of mutual IP insurance model
 - Develop staff according to our needs and implement robust succession plans
 - Provide convenient e-business options for customers
 - Introduce an e-filing solution for trade mark oppositions (TM7), defence filing (TM8) and requests for extensions of time (TM9)
 - To review the electronic publication of the Patent and Designs Journal (PDJ)
 - To complete a Gateway Review of PECS and implement any recommendations made by the review
 - Continue the redevelopment of IT legacy systems

Actions for 2005/06 *Develop a mechanism for analysing and anticipating customer needs*

- 6.28** We will consult on proposals for modernising the national designs registration system, and on the future of the trade marks relative grounds examination.

To make better use of the knowledge within the organisation

- 6.29** In line with our e-business strategy, we will look at options for storing more information electronically and progress the development of electronic processing and document management systems.

Establish new services and income

- 6.30** We will introduce non-binding opinions on Patent validity and Patent infringement to give parties to a dispute or potential dispute more options in resolving it.

Provide support for the enforcement of IP rights

- 6.31** We will develop our work on the enforcement of IP rights, by fully establishing a structure for the IP Crime Group. We will also implement the EC Directive on the enforcement of IPR by the end of April 2006.
- 6.32** The IP system balances the gain for the innovator with access to the technology developed. On the basis that IP applies to all, we will target our awareness raising activities at SMEs and innovators of the future. We will work with business advisors to develop a training package for them, allowing them to effectively relay key messages about IP to potential customers.

Develop more affordable means of resolving IP disputes

- 6.33** We will work to facilitate alternative dispute resolution and mediation options for all IP rights.
- 6.34** We will also conduct a feasibility study of a mutual IP insurance model.

Identify skills shortages and solve them

- 6.35** We will identify skills shortages and take steps to solve them. We will also implement clear succession plans to retain knowledge and maintain consistency within the organisation. In the wider sense we

will continue to support enforcers by providing training programmes and best practice tools.

To provide effective and attractive e-business services

- 6.36** We will provide convenient e-business options for our customers. We will introduce effective e-filing solutions, including our trade mark oppositions (TM7), defence filing (TM8) and requests for extensions of time (TM9). We will review and implement changes to the electronic publication of our Patents Journal.

To have electronic systems that improve the running of our business

- 6.37** We will continue to sustain responsive maintenance and support services and upgrade our technical platforms where necessary. We will apply the Office of Government Commerce (OGC) Gateway Process to our programmes and projects, as it provides assurance of their progress. We will complete a Gateway Review of our PECS and implement any resulting recommendations.

What does success look like?

Expected outcomes for 2005/06

By the end of March 2006, we will have:

- Reviewed and implemented changes to our consultation methods
- Delivered improvements to our document management systems
- Developed our work on the enforcement of IP rights
- Developed more affordable means of resolving IP disputes
- Developed our staff better to meet the business needs
- Delivered on our commitment to provide more effective e-filing solutions

7. The Numbers

Agency Targets 2005/06
1. Issue 90% of patent search reports within 5 months of request.
2. Grant 90% of patents within 2½ years of request.
3. Give good customer service in patent search and examination in 95% of quality assured cases.
4. Register 90% of processed trade mark class applications, to which no substantive objections are raised or oppositions filed, within 8 months of application.
5. Achieve an average of 23 weeks to issue a decision in trade marks <i>inter partes</i> cases once the case is ready.
6. Make the correct decision on registrability for at least 98.5% of trade mark applications*.
7. Register 95% of correctly filed design applications, to which no substantive objections have been raised, within 3 months of the date of application.
8. Increase output in relation to current expenditure by an average of at least 2.5% per annum over a rolling 3 year period.
9. Encourage 80% of UK secondary schools to adopt our educational resource, THINK kit version II.
In addition to these key targets:
10. Meet our Customer Service Standards as reported in the Annual Report and on our website www.patent.gov.uk .
11. Pay 100% of bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later.
12. Reply within 10 working days to all letters from members of Parliament delegated for Chief Executive's reply.

*This target, which relates to the final examination side decision on the application, refers to bad refusals on relative or absolute grounds, and bad acceptances on absolute grounds only.

**Customer Service Standards
for 2005/06**

Customer Service Standards 2005/06	
We will:	
1.	See visitors within 10 minutes of any pre-arranged appointment.
2.	Answer letters and faxes of general enquiry 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 90% of telephone calls within 20 seconds 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.

8. RESOURCES

HR Strategy

- 8.1 We will implement a HR Strategy that identifies the key areas where HR policies and processes impact on the business. In doing this we will work with HR customers and stakeholders to test, fill out and target the strategy. We will also develop some of the key tools to support the strategy and HR policies, including a manpower model and more automated and e-enabled HR processes.

Accommodation Strategy

- 8.2 We will conduct further reviews of our search files to inform the next phase of our Accommodation Strategy. Properly planned disposal of our paper search files will free up valuable office space without impairing search quality and allow us to continue the relocation of TMD staff into Concept House.

Information Technology

- 8.3 In line with our vision for an electronic office, we will offer all our customers effective and attractive electronic service options and electronic systems that improve the running of our business. We see the e-Patent Office having a large proportion of electronic input from our customers, electronic processing within the Office, on-line customer services and full electronic output for our customers. These options include e-renewals, e-correspondence, e-payments, on-line search, dynamic and comprehensive web services, electronic filing receipts and certificates.

Environmental Issues

- 8.4 We will work to develop and implement an EMS for the Office in line with the ISO 14001. We will also seek to establish what initiatives are available within the UK, for example, the Green Dragon standard which is an initiative supported by the National Assembly for Wales.

Business Continuity Planning

- 8.5 We will revise our Business Continuity Plan and will also look at options for realistically testing its effectiveness.

Financial Resources

Major Factors Determining Our Income

- 8.6** 2005/06 will be the first year since 2000/01 that we have not suffered from the trade mark trench – the temporary loss of trade mark renewal income due to harmonisation of the renewal period from the old UK standard of 7 years to the new international standard of 10 years brought about by the 1994 Trade Mark Act.
- 8.7** We have planned for a significant reduction in international trade mark applications, and hence income, from February 2005. The accession of OHIM to the Madrid Protocol in October 2004 is likely to divert applications away from all EU National Offices to OHIM. On the basis of a reduction in demand at the time of finalising this plan, we expect a loss of 30% during the first year of the plan period, rising to 50% by the end of 2006/07. Other national offices are planning for similar reductions in international demand. We are planning for steady domestic demand.
- 8.8** We are experiencing a small reduction in patent applications compared with 2003/04. We plan for the current level of demand to continue through the plan period, though awareness activities and the ability to deliver early searches may result in higher demand.
- 8.9** 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.
- 8.10** We are in the process of reviewing our financial model and fee structure. We plan to agree a new financial model and implement a revised fee structure from 6 April 2006, complying with Government policy on common commencement dates to reduce the regulatory burden on industry.
- 8.11** 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 provide a useful background for our fee review.

- 8.12** We expected and have experienced a reduction in our domestic design applications in 2003/04, reflecting the implementation of the Community Design from April 2003. Demand, and hence our income, has broadly remained at this lower level throughout 2004/05 and we plan for this to continue.

Major Factors Determining Our Expenditure

- 8.13** 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 £1.5m 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. We are reviewing our planned needs for space and facilities in our London Office. A report on this is due at the beginning of 2005/06 and no associated changes have been included in this plan. Finally, latest forecasts of expenditure on known computer system developments are included.
- 8.14** Additional pressure on our existing car park will be produced when the Office for National Statistics increases its number of staff on our joint site in Newport. We will also have a reduced share of the overall car park when we fully vacate Government Buildings. No costs have been included for construction of additional car parking spaces, because various funding models are under consideration.

Other Known Factors

- 8.15** The financial plan includes a special dividend payment to the DTI in 2005/06 that forms the third and final tranche 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 to 2008/09 to reduce the reserves held by the Patent Office and to assist innovation activities. These payments will depend on results achieved for the plan period, changes to our investment plans (in particular to our IT developments), and changes resulting from our fee review.

Return on Capital Employed

- 8.16** HM Treasury sets our principal financial target in terms of return on capital employed. From 1 April 2004 HM Treasury required 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. In line with our current Treasury Minute we plan to continue with a target return of 4% for the Corporate Plan period.

Efficiency

- 8.17** The Patent Office has an excellent track record of delivering against Ministerial efficiency improvement targets. Over the six years ending 2003/04 the Office delivered 20.4% improvement in efficiency, an annual average of 3.4%. Throughout, the Office has measured its efficiency by comparing the increase or decrease in its measurable outputs to customers with the increase or decrease in its total running costs.
- 8.18** Government policy on releasing resources to front-line services and the Gershon Efficiency Review has led to cross-government efficiency targets over the three years of the spending review beginning 2005/06. These targets have been generally translated to average efficiency targets of 2.5% for each year of the spending review period. We recognise that our record of efficiency delivery makes further efficiency improvements more difficult. We also recognise that our services are primarily front-line and hence are those that Government is seeking to enhance. However, we must continue to seek to improve our service to all our customers while at the same time improving our efficiency. We will strive to achieve the target of 2.5% efficiency improvement on average for each year of the spending review period. The DTI has published its efficiency plan, incorporating this target for the Patent Office and translating this into average annual financial values.

Spending Review Year	Financial Value of Efficiency Target £M	Cumulative Financial Value £M
2005/06	1.3	1.3
2006/07	1.0	2.3
2007/08	0.4	2.7

- 8.19** We plan to deliver these efficiency improvements through a combination of reduced running costs and increased outputs. We plan more use of electronic service delivery options, and will be looking carefully at any opportunity to improve value for money in support services, perhaps through joint working with other organisations. We will manage the delivery of improvements appropriately, either through operational or project management.
- 8.20** Our current experience of flat or reducing customer demand for the traditional outputs of our overall efficiency measure will hinder efficiency improvements in the short term. However, the redefinition of our business described in paragraphs 1.7 and 1.8 recognises the need for us to increase our delivery in areas we have not previously seen as core, albeit where measurement may be inherently less precise. We will continue to develop measures in these areas that will enable us to monitor our overall efficiency and track delivery against our target. We must ensure our efficiency target drives us to deliver the whole spectrum of Government IP policy efficiently.

£ million	2005/06	2006/07	2007/08	2008/09	2009/10
Income	55.8	54.4	56.4	58.5	60.2
Expenditure	(49.9)	(52.0)	(53.9)	(55.7)	(57.5)
Depreciation	(1.4)	(1.9)	(1.9)	(2.2)	(2.1)
Interest receivable	2.2	1.7	1.3	1.0	1.0
Operating profit (loss) pre interest payable and dividend	6.7	2.2	1.9	1.6	1.6
Return on capital	10.1%*	4.0%	4.0%	4.0%	4.0%
Interest payable	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Dividend	(2.5)	(2.0)	(1.7)	(1.5)	(1.5)
Retained profit (loss)	(4.0)	-	-	-	-
Special dividend	(40.0)	(10.0)	(8.0)	(7.0)	-
Capital expenditure	(2.7)	(2.9)	(2.4)	(2.4)	(2.3)
Net cash inflow (outflow)	(39.1)	(11.3)	(8.6)	(7.4)	(0.1)

*This excess return on capital reflects our need to gain agreement on our new business model (see chapter 1, para 1.7) before proposing a net reduction in our fees. We plan to introduce new fees from the common commencement date of 6 April 2006.

Annex A - DTI Objectives and PSA Objectives

DTI Business Plan Objectives for 2005/08

Objective 1 Science and Engineering

Objective 2 Knowledge Transfer and Innovation

Objective 3 Extending Competitive Markets

Objective 4 Security of Energy Supply

Objective 5 Sustainability

Objective 6 Enterprise and Business Investment

Objective 7 Regional Economies

Objective 8 Trade and Investment

Objective 9 Maximising Potential

Objective 10 Corporate and Insolvency Activity

Objective 11 Assets and Liabilities

Objective 12 Nuclear Security and Export Control

**DTI Public Service
Agreement Targets 2005-08**

- PSA Target 1** Demonstrate further progress by 2008 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. (Joint target with HM Treasury)
- PSA Target 2** Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.
- PSA Target 3** Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by international comparisons, supported by a broader evidence base.
- PSA Target 4** Lead work to deliver the goals of energy policy:
- To reduce greenhouse gas emissions by 12.5% from 1990 levels in line with our Kyoto commitment and to move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with the Department for the Environment Food and Rural Affairs and Department for Transport.
 - Maintain the reliability of energy supplies.
 - Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objective. Joint with the Department for the Environment Food and Rural Affairs.
 - Ensure the UK remains in the top three most competitive energy markets in the EU and G7.
- PSA Target 5** Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe. (Joint with the Department for International Development)
- PSA Target 6** 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 the English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. (Joint with HM Treasury and the Office of the Deputy Prime Minister)
- PSA Target 8** By 2008 deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. (Joint with the Foreign and Commonwealth Office)
- PSA Target 9** By 2008, working with other 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** By 2008, promote ethnic diversity, cooperative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market.
- PSA Target 11** Reduce the civil nuclear liability by 10% by 2010, and establish a safe, innovative and dynamic market for nuclear cleanup by delivering annual 2% efficiency gains from 2006/07; and ensuring successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.

Glossary

ADR	Alternative Dispute Resolution
AGC	Anti-Counterfeiting Group
CIPO	Canadian Intellectual Property Office
CIPR	Commission on Intellectual Property Rights
COMPAT	Community Patent
CTM	Community Trade Mark
DFID	Department for International Development
DTI	Department of Trade and Industry
EC	European Commission
EMS	Environmental Management System
EPO	European Patent Office
EU	European Union
HM Treasury	Her Majesty's Treasury
HR	Human Resources
IG	Innovation Group
IP	Intellectual Property
IPAC	Intellectual Property Advisory Committee
ISO	International Organisation for Standardisation
IT	Information Technology
NAW	National Assembly for Wales
NDPB	Non-Departmental Public Body
OGC	Office of Government Commerce
OGD	Other Government Department
OHIM	Office for Harmonisation in the Internal Market
ONS	Office for National Statistics
PaTrAS	Patent and Trade Mark IT Applications System
PCT	Patent Co-operation Treaty

PD	Patents Directorate
PDJ	Patent and Designs Journal
PECS	Patent Electronic Case System
PEP	Patent Enforcement Project
PLT	Patent Law Treaty
PSA	Public Service Agreement
R&D	Research & Development
RRO	Regulatory Reform Order
SAS	Search and Advisory Service
SMEs	Small and Medium Enterprises
TMD	Trade Marks and Designs Directorate
TRIPs	Trade Related Aspects of Intellectual Property
USA	United States of America
USPTO	United States Patent and Trade Mark Office

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