

UK Intellectual Property Office Corporate Plan 2007





UK INTELLECTUAL PROPERTY OFFICE

A DTI SERVICE

Corporate Plan 2007

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1. Chief Executive's Introduction

- 1.1 The 2006 Corporate Plan was built around the creation of a new Business Model “A Patent Office for the 21st Century” to reflect the increasing significance of intellectual property (IP) in the global economy.
- 1.2 Events during 2006-2007 and likely developments in 2007-2008 confirm the wisdom of this approach. For example:
- the explosive and continuing growth of businesses based on telecommunications, software, and biotechnology and the use of cyberinfrastructure for collaborative innovation;
 - the headline cases where share values have been significantly affected by the success or failure of IP protection;
 - the continuing importance – for the UK in particular – of the creative industries (creative industries grew by an average of 5% p.a. between 1997 and 2004 compared with 3% for the economy as a whole, and accounted for 7.3% gross value added (GVA) in 2004);
 - the massive economic growth of both China and India with the accompanying increased attention on, and development of, their IP systems;
 - the planned response of developed nations, particularly Japan and Singapore, but also the USA, where reforms and modernisation of the IP system and their IP offices are being discussed and formulated at the highest levels of Government;
 - the independent Gowers Review into the IP Framework and its recommendations aimed to ensure that both the IP system and the UK Patent Office (or more properly “Intellectual Property” Office) remain fit for purpose in a global knowledge economy and digital age;
 - the continued attention to, and support for, the work of the Office by our then Minister, Lord Sainsbury and by the keen interest shown by our new Minister, Malcolm Wicks;
 - the fact that Lord Sainsbury has been asked to prepare a Treasury report on Science and Innovation Policy, including the role and impact of IP, indicating the increasing importance attached to innovation and due to report in summer 2007;
 - the inexorable growth in the demand for IP rights and hence in the workload of intellectual property offices around the world.

1.3 The project work we outlined in last year's plan under a "Patent Office for the 21st Century" (PO21C) Programme Team, led by Eileen Tottle as Programme Manager, has delivered, decisions have been made and changes implemented. This 2007 Plan is that of an office working in the mode of the new Business Model.

1.4 We have not been working only on our change programme. We have continued to deliver a wide range of services in a timely fashion and of high quality. In consequence, I believe we are at the leading edge of high performing IP Offices in terms of customer service, efficiency and flexibility. The credit for this goes to our staff, all of whom have contributed in various ways. I am very proud of them and their performance is recognised by all our colleagues around the world. We are truly a benchmark organisation.

1.5 Successes in the year include:

- continued improvement in the rapid delivery of high quality patent, trade mark and design rights. Performance levels that stand us apart and above most of the world's IP offices;
- the introduction of e-document management by Patent Electronic Case System (PECS), a result of good co-operation and teamwork between us and the European Patent Office (EPO);
- the introduction of credit card payments for web-based filing of trade mark applications;
- the widely acclaimed introduction of our opinions and mediation services;
- the continued effectiveness of our work against counterfeiting and piracy both at a national and international level;
- the expansion of our awareness campaigns and work with Small and Medium Enterprises (SMEs) and educationalists with THINK kit[®] going from strength to strength;
- the recognition of the leadership and contribution we make to the development of the global IP system.

- 1.6** We have not done this alone, nor will we do so in the future. That is neither possible or desirable. Across the Office our people work with colleagues in other Government Departments to ensure that we develop our IP framework in a way that benefits all, society as well as the innovator. We work closely with the European Union (EU), the EPO, and the Office for Harmonisation in the Internal Market (OHIM) to improve the effectiveness of the system of rights in Europe. Internationally we work with a large number of IP Offices to learn from one another and reach agreements on better ways of working and applying IP. We are very active in World Intellectual Property Organisation (WIPO) to seek improvements to the global regime with success in the agreement of the Trade Mark Law Treaty (TLT). The message is clear; we are at our strongest when we form partnerships and support others as necessary, rather than attempting to take on responsibility for everything.
- 1.7** We are playing a key role in the creation and development of the new Office of Science and Innovation (OSI), being a core part of the Science and Innovation Group under the leadership of Sir Keith O’Nions, Director General. Our contribution to the Department of Trade and Industry (DTI) objectives (i) Knowledge Transfer and Innovation and ii) Extending Competitive Markets and the OSI objective (Promoting effective transfer of knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies) is recognised as core to the Department’s mission. We have maintained, and indeed increased our links with Sir Brian Bender, Permanent Secretary, DTI and Sir Keith O’Nions visiting us in Newport during the year.
- 1.8** This plan now puts the new Model into operation to implement the Gowers recommendations. We have again used the practical planning method 10-3-1, involving staff and our Steering Board in drawing up a 10 year goal, 3 year objectives and 1 year actions for 2007/08. These cover the whole spectrum of our business, delivery through e-business services, enforcement, improving further the global and European IP systems, developing our staff for new tasks and increasing our flexibility to deal with change. To increase the transparency of, and accountability for, our progress in delivering these services and increasing our efficiency, we are introducing a balanced scorecard approach which will define the new Agency Targets in a way tied clearly to our overall plan.

- 1.9** Discussions on the implementation of the Gowers recommendations leave me in no doubt that the Office will be at the heart of innovation policy and activity in the UK. Indeed we are well on the way. Intellectual Property is going to be more and more important – not only in the detail of itself but rather in the workings of the systems and its impact on innovators, the economy, society, and world trade and collaboration. That is why the new name “The UK Intellectual Property Office” is much more than a token. It is a substantial change in what our core role is to be. Reading this plan will leave you in no doubt of the importance of what we do and will be doing in the future.
- 1.10** This is my last Corporate Plan and I present it with pride and confidence. This organisation is well equipped to tackle the future. Our staff, our customers and stakeholders will find the foundation of this Plan an important aid in overcoming the big challenges that those in the world of IP face and will continue to face. Failure is not an option. Our economic future, the welfare of our society and the future depends on our success. We will all need to change. We have proved that we can change.
- 1.11** On a personal level, I have enjoyed working with such a wonderful bunch of people both inside and outside the Office, and to have been part of something special.

A handwritten signature in black ink, appearing to read 'Ron Marchant', with a long horizontal flourish extending to the right.

RON MARCHANT

2. Key Achievements in 2006/07

The Highlights of our Year

- 2.1** This section gives us the opportunity to showcase some of the highlights of our year and sets the context for the 2007 plan. In addition to the highlights it includes a focus on our change programme “A Patent Office for the 21st Century” (PO21C) which has delivered many benefits to the Office from establishing a new directorate focussed on our customer relations, to the development of a new business model and reporting process. The end of 2006 also saw the publication of the Gowers Review of the Intellectual Property Framework and the Plan incorporates actions to implement those recommendations where appropriate.

Mediation Service

- 2.2** On 3 April 2006 we launched our Mediation Service. This move is a reflection of our continuous drive to evolve our services to meet customer needs by providing choice and flexibility, and its purpose is to improve rights holders’ options for enforcing their IP effectively and economically. It follows the introduction of our Patents Opinions service on 1 October 2005. Our mediation strategy included a range of planned events, beginning with awareness raising of mediation through our website, a range of new literature and a procedure which allows our Hearing Officers to assess requests for Hearings and suggest whether the case is best dealt with through mediation. Our experienced Hearing Officers have received training at the Centre for Effective Dispute Resolution (CEDR) and gained accreditation as mediators. The service has received the support of senior law practitioners and was awarded first prize in the public sector category of the CEDR Awards in Excellence in ADR 2006.

Website redesign

- 2.3** Our newly designed website was launched on 28 September 2006. The new site provides a one-stop information highway that takes our customers on a journey through all matters IP and reflects their diverse needs. Our objective in designing the site was to offer a better service to our customers and better satisfy their needs. The redesign project began with an extensive consultation of our users in July/August 2005 and we followed this with external usability workshops and testing sessions. In designing the site we took account of new website standards and accessibility legislation, and the Plain English campaign. We also balanced the needs of our varied user groups. The new site reflects the dynamic nature

of Intellectual Property and reinforces our strong business and customer focus. The new approach is quite different from the original and there was initial criticism from those who had become familiar users of the original. This has settled and the greater overall accessibility is recognised. We will improve our website further and are committed to a number of significant additions to it during 2007. This includes the implementation of a new search engine solution and the expansion of e-services for Patents and Trade Marks.

HR Strategy

- 2.4** During 2006, as part of the PO21C programme, we looked at our internal functions and considered what more we need to do to best foster talent and performance amongst our staff, whilst delivering a quality service to our customers. We focussed on eight areas from rewarding success in the Office to promoting a healthy workforce. The result of this work has been the formation of an Human Resources (HR) Strategy which is flexible enough to incorporate change as the business evolves; and robust enough to use as a guide to keep us heading in the right direction towards our goals. In formulating the strategy, we consulted widely with staff across the Office at all levels and looked at what other HR sections were doing, both inside and outside of government, and at emerging best practice. We introduced several initiatives in 2006 and outputs have included a new Leadership Development Programme and new Performance Management System. Throughout 2007 we will continue to develop our HR operation to improve the way we work with the business areas in the Office and to help support them in delivering a quality service to our customers.

CSR and the Community

- 2.5** Our commitment to Corporate Social Responsibility (CSR) and supporting our local community is unquestionable. We encourage staff to participate in a wide range of community events and fundraising activities, and of particular success during 2006 has been our Patent Office School Support (POSS) scheme, which was awarded the “Science Award for Industry” by the Mid Glamorgan Education Business Partnership (EBP). We have offered help and assistance to primary and secondary schools in the South Wales region for many years. Our POSS team aims to stimulate and develop pupils’ interests in science, engineering and IP. Peripheral activities include those that help to prepare students for the workplace and university. The ten-strong team are also members of the DTI and DfE established Science and Engineering Ambassadors scheme. The Office has been described locally as the organisation that provides the highest level of support and greatest number of facilitators for

events. The locality of the POSS boundary is to be extended to include Swansea, Bristol and Bath. This will provide both greater support for the local community and an excellent development opportunity for staff.

Developing Customer Relations

2.6 Efforts during 2006 to improve our customer relations as part of the PO21C programme have seen us centralise our customer intelligence in a new Customer Relationship Unit, get feedback on our performance via a customer research report, and develop an integrated strategy for supporting innovation with a programme of new awareness raising activities for 2007. Customer relations have been at the forefront of our activities and our overall objective has been to deliver the IP rights that customers want, in the timescales they want and via the channels they want. In 2006, we consulted externally on how, in addition to our core functions, we can support innovation. We analysed our Office structure to see if it best reflects how we deliver to customers and created a whole new customer and innovation support directorate as a result. We have also carried out in-depth research into our customer base which yielded very useful results. In 2007 we will implement a new support strategy and continue to explore how else we can use our wealth of knowledge, expertise and resources to contribute to the Government's innovation agenda.

Charter Mark

2.7 We achieved Charter Mark status for the 5th time in November 2005, and at the time of achieving it, we were one of only 17 public sector bodies to be awarded this challenging standard 5 times. We received commendations under several of the criteria:

- our partnership working with Surrey University students on the design of our Annual Report;
- the innovative way we worked with customers to review and improve our external website; and
- our work in improving our environmental performance through our Environmental Management System.

2.8 On 14 December 2006 we received confirmation from our Charter Mark assessor that we continue to be accredited as achieving the standard. We were praised for our take up of new technology and the consolidation of our register maintenance facilities. The assessor

also identified areas for development. These included ensuring our Customer Service Standards meet the smart principles for setting such standards, and noted that work to develop the process for recording customer compliments and complaints will be taken forward by the newly created Customer Relations Management Unit.

PECS

- 2.9** On 26 June 2006 we launched our Patents Electronic Case System (PECS). The new system is one of the most far reaching changes to the processing of patents in the UK for over 100 years. PECS is based around the European Patent Office's PHOENIX system and complements the Office's existing electronic filing provision, which uses the epoline® system, and various electronic search and document-production tools. The aim of the PECS programme is to provide a quicker, more efficient service for customers and to streamline internal operations through the introduction of an electronic patents case handling system and is in line with the government targets for delivery of electronic services. A post implementation review has highlighted how the good relationships within the Office and the EPO, and the well-planned training, has helped us to deliver on our plans. In order to achieve the expected benefits, we have delivered the programme as a series of tranches. The first tranche is now complete and delivers an electronic platform from which new UK patent applications can be processed electronically. This marks an innovative step as we are one of the few national Patent Offices able to process patents as such without using parallel paper files. The second tranche began in September 2006 and focuses upon the digitisation of existing paper files and enhanced electronic customer services. We plan to have delivered this second tranche by April 2007.

Review of Copyright Tribunal

- 2.10** In March 2006 we began a review of the United Kingdom Copyright Tribunal. The purpose of the review is to consider if improvements could be made to the way in which the Tribunal works. In particular, we are interested in the Copyright Tribunal Rules 1989 (as amended), the statutory instruments governing the workings of the Tribunal, the 1995 Practice Direction (as amended) and the general administration of the Tribunal by the Patent Office. The review will determine whether these require amendments, consolidation or revision as appropriate. The process we are following has so far involved an assessment of the case files and decisions of the

Tribunal from 2000 to date. We have also sought the views of users and next steps include benchmarking our Tribunal and legislation with others across the globe. So far the review process has revealed two key points that we will address: the costs involved in using the Tribunal; and the delays associated with processing cases. The review will be completed in the Spring of 2007.

Annual Enforcement Report

- 2.11** As part of our IP Crime Strategy, co-ordinating anti-piracy and counterfeiting activity in the UK, our Annual Enforcement report, launched in June 2006, is a key tool. Businesses with creative, technical and intellectual products, processes and services place increasing emphasis on the value of IP. Unfortunately we are not the only ones to have recognised the increased value of IP in today's world. Criminals have followed this trend and see counterfeiting and piracy as an easy way to make money. The Government is determined to put in place effective protection measures so that UK businesses can operate in fair and equitable markets. The role of our Annual Enforcement Report is threefold: it provides a framework for collating evidence to determine the scale of IP crime in the UK; it sets out what action is currently being taken; and it sets out plans for stepping up the fight against counterfeiting and piracy. In launching the report Lord Sainsbury of Turville warned that international IP crime is an increasingly serious problem with seizures at EU external borders rising dramatically. The report includes contributions from Government, enforcement agencies and industry, setting out the scope and scale of the IP crime scene. Our report also illustrates the range of activities that are being undertaken by enforcement agencies and provides a clear picture of emerging trends in illegal activities. The aim is to give an indication of what has been effective and what further needs to be done.

Review of the Patent Office Opinions Service

- 2.12** Our Patents Opinion service was introduced on 1 October 2005. It was a ground-breaking initiative aimed at helping parties avoid patent litigation, or at least reduce its cost. The service is intended to be quick, whilst offering a high-quality independent view, which would carry weight with the parties. It covers both patent validity and patent infringement. In just over a year some thirty requests have been filed, a very encouraging number given the understandable caution of users to be the first to try a new legal service. Our service is open to everyone to use and this is reflected in the nature of the requests so far. Users have ranged from large companies to small

and medium-sized enterprises, meeting our expectation that the service would appeal to a wide cross section of the market. Moreover the straightforward procedures have given eight unrepresented litigants the confidence to use the service. Requests for opinions on infringement were slightly more popular than requests on validity; with one in four requesters asking for both. It is also notable that in most cases third parties have been submitting observations rather than staying silent. That is important, because an opinion based on the views of both sides carries more weight. In Autumn 2006, we started a review to find out what effect the service has had from a business perspective. The review will be completed in 2007.

A Patent Office for the 21st Century

2.13 Our Corporate Plan for 2006 was focussed on a change programme for the creation of a new business model to meet the changing landscape within which we work. The vision for this programme, “A Patent Office for the 21st Century” (PO21C), was specified following discussions held by the Management Board and Steering Board. We appointed a programme manager in early 2006 and the result has been the delivery of a number of outcomes, from establishing a new directorate focussed on our customer relations, to the development of a new business monitoring and assessment process. The Government’s independent report into intellectual property “The Gowers Review of the Intellectual Property Framework” was published on 6 December, 2006. We were pleased that the recommendations made take account of and endorse our programme and its objectives, and that the programme provides a sound foundation for the office to implement those recommendations. Chapter 4 of this Plan contains specific detail on how we will use outcomes of PO21C to meet the challenges we face.

What were our commitments for 2006/07 and did we meet them?

2.14 In this section we have listed our committed actions for 2006/07 and our progress against them. For 2006/07 we used the 10-3-1 planning process and each 3 year objective was supported by one or more 1 year action. Where we have not met an action, we have indicated in the comments box why.

3 Year Objective:		
Patent Office delivers the IP rights that customers want, in the shorter timescales through a wider range of channels.		
1 Year Actions:		
One Year Action For 2006/07	Did we meet it? √ = yes x = no	Comment
Implement an effective scheme for real time working for Patents search and examination.	√	Our Patents Electronic Case File System (PECS) provides the foundations for “real-time” working.
Decide the future of examination of Trade Marks on relative grounds.	√	A consultation with proposals for implementing a new system including new draft rules commenced in December 2006. The project board has agreed high level internal changes to the organisation of the Trade Marks Directorate in order that it is best placed to provide a quality search and handle an expected increase in opposition work. The detail will be worked up during 2007.
Introduce the modernisation of the Designs registration system.	√	Achieved. The legal and IT changes have been implemented.

Implement extended business hours.	×	The Government has a general policy of extending hours of business for Government services and we are exploring options to embed a corporate and customer-focussed approach to our business hours in law.
Implement the results of the Forms Review providing delivered electronic forms where appropriate.	√	All Designs forms and many Patent and Trade Mark forms have been made available in Microsoft® Word format. Amendments to the existing forms and delivery of key electronic forms will be implemented on agreed dates. The merged Address for Service form will be published externally for comment before finalisation.
Implement on-line credit/debit card payment.	√	The first implementation was on the TM3 form. Since its launch, take up has been in excess of 40%.

3 Year Objective:		
Improve our organisational structure and IT framework to better serve the needs of customers and staff.		
1 Year Actions:		
Deliver a structure which best supports the business of the "Patent Office for the 21st Century".	√	Achieved. Changes have already been made to the structure of the organisation, including the establishment of a new Customer Relationship Management Unit.
Develop and deliver an Information Systems Strategy to enable the Office to transform the way it does business and to support its e-business strategy.	√	We have an agreed way forward for the IS Strategy based on an Enterprise Architecture that will in turn drive out our requirements for IT platforms.

3 Year Objective:		
To raise awareness of IP in British business and to improve the effective use of IP rights and IP information.		
1 Year Actions:		
Produce an Innovation Support Strategy.	√	Achieved. Innovation Support Strategy was launched in January 2007.
Issue new guidance on how to exploit IP rights.	√	Achieved.
A refreshed awareness campaign.	√	Achieved. Awareness campaign has been refreshed.
Establish a baseline and metrics for IP awareness.	√	A preliminary report has been produced by Professor Robert Pitkethley who is analysing the results of the survey. He is preparing a more comprehensive report, which will also analyse the types of businesses which have responded, and weight these numbers in relation to the percentage across the UK.
Provide new innovation support services.	√	Achieved. New services have been implemented in line with the Innovation Support Strategy.
A re-designed website.	√	Achieved. The new website was launched on 25 September 2006.
Develop the framework of domestic and international law and policy to support innovation and creativity.	√	Achieved. Action is tied into activities in the Innovation Support Strategy.

3 Year Objective:		
Establish the UK Patent Office as core provider of IP policy fitted to the 21st Century.		
1 Year Actions:		
Be integral and front-line contributors to the Gowers Review of the IP framework.	√	Achieved. The Gowers Review was published on 6 December 2006.
Be an integral and influential contributor to the EC's study on the recasting of the Copyright for the knowledge economy.	√	The EC study continues and the Commission continues to seek out our views on a wide range of Copyright issues on an informal but regular basis. The Commission is due to report in 2007.
3 Year Objective:		
Creating the situation and putting in place opportunities for those who want to provide the best service to customers and to those who are ambitious for challenge and success.		
1 Year Actions:		
Deliver an HR function to support and resource the "Patent Office for the 21st Century".	√	The new HR team structure is in place and work to transform the way HR interacts with the business well underway. This will continue throughout 2007.
Define the workforce and skills culture we need, including a management and leadership culture, establish where we are now and produce a plan to cover any gap between the two.	√	An analysis of skills has been completed as has the leadership and management culture survey. Work has begun to address gaps.

Agree and implement a policy relating to our responsibility to the community and environment.	√	The Management Board and SMT have agreed the policy.
Conduct a Staff Attitude Survey, the time-frame being 18 months from our previous one.	√	Completed. The survey closed on 1 December 2006. Results will be analysed in early part of 2007.
3 Year Objective:		
Make enforcement of IP rights easier.		
1 Year Actions:		
Develop intelligence-based analysis and provide analysis of hotspots in goods and locations to enforcers via the IP Crime Group.	√	It is anticipated that security improvements and penetration test approval will be completed in February 2007.
Cut red tape in patent litigation to speed up justice.	×	New rules were drafted and the consultation document prepared but were put on hold pending the outcome of the Gowers Review.
Increase the use of Alternative Dispute Resolution (ADR) in IP disputes.	√	Achieved. The team of mediators has delivered presentations and awareness sessions on the service and the team has continued to assist at CEDR sponsored mediations. The mediation service was awarded first prize in the public sector category of the CEDR Awards for Excellence in 2006.

3 Year Objective:		
Develop a more robust Business Model including a full range of activities and assessing overall performance and efficiency in the services we deliver.		
1 Year Actions:		
Implement a new financial structure for the Office supported by a commensurate Ministerial efficiency target and fee structure.	×	The new financial structure will become effective on 1 April 2007. The fee review was postponed pending the outcome of the Gowers Review of IP. We expect to consult on proposed new fees in the Spring and to implement changes in April 2008.
Use a recognised quality model to improve the Office.	√	The Designs Search and Advisory Unit is to be a pilot for the extension of ISO in the Office.
Arrange a full test of the Business Continuity Plan and scenario training for Incident Control/ Crisis Handling Team and other relevant personnel.	×	Though not completed in full, a real incident tested our BCP during 2006. A measured approach is being taken with regard to the development of the plan - a “communication cascade” will be conducted by March 2007 and a full test of the BCP is scheduled for Summer 2007.

3. Future Challenges Facing The UK Intellectual Property Office

Globalisation – the International/European dimension and its impact on the UK Intellectual Property Office and UK economy

- 3.1** Intellectual Property Rights (IPRs) are historically, territorial. That remains essentially the case today. What has changed is the idea of territorial. The world today has a global trading and investment character; the free movement of capital and business identified under the word “globalisation”. The context of that globalisation is increasingly based on innovation and creativity, and hence the increase in the importance of IPRs implicit in the description of the “global knowledge economy”. The consequences are two-fold; first, the extent to which regional rather than national definitions of territory apply; and second, the fact that IPRs initially sought in one national context are used as the basis for the same rights around the world.
- 3.2** The DTI aims to “work to create the conditions for business success and help the UK respond to the challenge of globalisation”. For us, as the national Intellectual Property Office, we must ensure that the IPR regime facilitates this. This plan, building on issues identified in the Gowers report, addresses the needs of business within that objective. Those needs redefine the role of a national intellectual property office in the global environment.
- 3.3** These needs can be grouped within two categories;
- Europe
- 3.3.1** The European project has replaced purely national markets with European ones. It is our prime objective to ensure that this European IP regime both meets the needs of UK business and that we help UK business to understand and use that regime. In other words, it is our task to encourage and facilitate the expansion of British business into European markets rather than purely national ones. This means that:
- the current EU institution (OHIM) must provide effective and accessible services to UK business and that UK business knows how to use it;
 - the EPO must provide effective and simple access to European patents and business must know how to use it;

- the European patent system needs to develop further to reduce the costs of translations, to improve Europe-wide litigation and enforcement, and to introduce a single community patent which works to the benefit of Europe as a home market for UK and European business.

Global

3.3.2 In the global context the plan addresses the need to :

- ensure that UK business knows how best to use overseas IP systems;
- make access to international IP simpler and less costly, and to increase predictability of the effects of international IP systems;
- ensure that all, especially developing countries, can benefit from joining international IP regimes and thus expanding a balanced and fair global market.

The Gowers Review of the Intellectual Property Framework

3.4 The Gowers Report published on 6 December 2006 confirmed the crucial importance of IP to the success of the UK in the global knowledge economy. The report recognises the important role played by the Patent Office and supports our own programme “A Patent Office for the 21st Century”, identifying the programme as an appropriate vehicle for some of the recommendations.

3.5 The Report made proposals on a wide range of policy issues surrounding copyright, patents, enforcement and the fight against IP crime. The Government will take forward the recommendations addressed to it. Most fall to us to deliver in consultation with Whitehall colleagues and other stakeholders; some will fall to others to deliver. These are complex issues and as the Report makes clear, require judgements to be made on the appropriate balance between rewards for innovators and creators and the interests of society and the consumer.

Maintaining Our Delivery of A First Class Service

- 3.6** The Office prides itself on its ability to adapt its approach and services to meet the ever changing demands of Government, customers and stakeholders. Evidence of this was seen in our contribution to, and handling of, the Gowers Review, our drive and determination to deliver our own change programme PO21C and, amongst this, delivery of our statutory services to an exceptionally high standard. We have a track record of meeting and achieving our agency targets; our performance against Agency Targets for 2006/07 is at Annex A.

Further Expanding Areas Recognised for Excellence in Customer Service and Quality Systems

- 3.7** ISO 9001:2000 is the international standard for quality management systems. We achieved ISO 9001:2000 certification for our pre-grant patenting process in 2003 and re-certification in 2006. The award was also extended to cover our commercial patent search services operation. Customers will expect that level of quality recognition from more areas of the Office.

- 3.8** The Charter Mark provides us with a framework to constantly improve and maintain our services to the highest standard. The standard helps develop better public services by improving standards of service and putting customers first. We achieved Charter Mark status for the 5th time in November 2005 and in December 2006 we received a “healthcheck”. As a result we retained the standard. We must continue to do so.

Contributing to the Science and Innovation Agenda within the Department of Trade & Industry

- 3.9** We are an executive agency of the Department of Trade and Industry and became a Trading Fund in 1991. Within the DTI we are part of the Office of Science and Innovation, formed on 1 April 2006. We contribute to two existing DTI operational objectives:

- i) Knowledge Transfer and Innovation;
- ii) Extending Competitive Markets.

- 3.10** We contribute to the OSI objective “Promoting effective transfer of knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies”. In addition we contribute to two DTI Public Service Agreement (PSA) targets, PSA 2 and PSA 3, though it is noted that DTI has commenced a review of its PSA Targets and Departmental Strategic Objectives (DSOs) with outcomes expected in the Summer 2007.
- 3.11** We have been asked to contribute to a review that is being undertaken by Lord Sainsbury of policies relating to science and innovation across government. The outcome of the review is expected in Summer 2007, and our contribution has so far included an analysis of performance of IP on a national and international level, our current position in terms of our response to the Gowers Review and our work on Lambert and Crest, as well as our future plans, including patent mapping and our education strategy. This plan needs to address the likely outcomes of that review and be flexible to change in the light of the review if necessary.

Continuing to Deliver Efficiencies

- 3.12** Modern and efficient public services are at the heart of the Government’s vision of a society in which economic prosperity is underpinned by social justice, providing stability, security and opportunity for all. In November 2005, the Government announced a new drive to deliver efficiencies for tax payers by merging back office functions in public services. The aim was to merge functions such as Call Centres and Human Resources functions so that they could be delivered more efficiently on a larger scale. The resulting benefits would include the capacity to make savings that could be redirected to the frontline, and to consider how the channels through which services are delivered, can be made more efficient and responsive to the needs of users. With consumers’ expectations of public services rising as they become more accustomed to greater choice and control over their lives, it has become necessary for departments to include, in their preparations for the Corporate Spending Review 2007, exploration of the scope for transforming services and working across departmental boundaries.

3.13 We realise that in many instances moving to a shared services model can generate significant savings. The scale of the Patent Office is such that we are most likely to be a buyer of shared services rather than a provider. To do otherwise would involve a significant change in our objectives. Therefore our aim is to collaborate with potential partners rather than develop our own shared service facility. In 2006 we took part in a scoping study on the potential for sharing services across the DTI. Six Arms Length Bodies were included in the study and the emerging recommendations were that our Finance and IT functions remain unchanged (decision based on cost) and with regard to our HR function, it was recommended that consideration be given to following our parent department in relation to the replacement of our HR system.

People Focus

3.14 Our Human Resources (HR) Strategy must be aligned to our business strategy; incorporate change as the business evolves; and be robust enough to use as a guide to keep us heading in the right direction towards our goals. In 2006 we introduced several initiatives as a result of the Strategy such as a new Leadership Development Programme, Performance Management System, a Skills Audit and Management and Culture Survey.

Meeting Demand

3.15 We must continue to satisfy the demand for our statutory and other services on which our business is founded. We must do this in a way which meets our evolving customer base, as larger numbers of small businesses seek national registered rights, often without professional representation. Our forecast for 2007/08 and the subsequent four years is set out in the following tables:

Statutory Services

Patent Demand

	07/08	08/09	09/10	10/11	11/12
Patent Search	16,700	16,700	16,700	16,700	16,700
Patent Examiner	10,900	10,700	10,400	10,200	10,000

- 3.16** The demand for patents has been fairly steady over the last couple of years, with levels of search requests remaining unchanged and of examination requests declining slightly. We interpret this trend as reflecting continuing customer appreciation of our fast high-quality search, which is then used to prepare European patent (and other) filings. We continue to recognise that businesses are more careful than ever to focus their patenting strategies and not treat sheer numbers as indicators of value.
- 3.17** We have no firm evidence to suggest a significant departure from the current position, although there are factors on the horizon which may have an impact. Our own fees review may result in changes which modify applicant behaviour. Also, the implementation of a fast-track to grant and co-operation arrangements with other patent offices, both as recommended by the Gowers Review, may have an effect although it is impossible to quantify that at this time. Accordingly, we believe our forecasts for search and examination demand are prudent extrapolations from current data. Clearly we shall monitor the position closely for deviations from these forecasts.

Trade Marks Demand

	07/08	08/09	09/10	10/11	11/12
Domestic	32,000	32,500	32,500	32,500	32,500
Madrid	7,000	6,000	5,500	5,000	5,000
Total	39,000	38,500	38,000	37,500	37,500

- 3.18** Demand for trade marks in 2006/07 has again increased, running at around 14% above the 2006 Corporate Plan projection. Continuing growth in numbers of unrepresented applicants, apparently further stimulated by the introduction of a credit card payment facility for those filing online, has been the primary driver. Contrary to our expectations the reduction in OHIM fees in November 2005 has not prompted any reduction in UK filings. In addition, Madrid input has run well above the 'trend' level of UK designations because of backlog clearance at WIPO in the second half of the period. On current projections this should be completed in the spring and input should then fall. Our forecasts for input in 2007/08 and beyond have been revised upwards to take account of the rising numbers of unrepresented applicants, and the way UK designations under the Madrid system have not fallen to the extent expected when OHIM joined the Protocol.

Designs Demand

	07/08	08/09	09/10	10/11	11/12
Domestic	4,000	4,000	4,200	4,200	4,200

- 3.19** Demand for Designs has fallen by 6% in 2006/07. The fall was largely before the introduction of the modernised Designs regime on 1 October 2006 which, among other things, allows filing of more than one design per application and permits deferral of publication. The evidence to date thus tends to support our expectation that these changes would lead to a stabilization of demand for national design registration, and this is reflected in our forecast for 2007/08 and after.

Non-Statutory Services

- 3.20** The Gowers review identifies other areas where work might be done on a commercial basis and we will need to position ourselves to meet additional demand. Demand for our non-statutory patent searches has grown significantly though non-statutory trade mark searches have declined slightly. The signs are that the patent side of the business will continue to grow. This is in addition to new services we provide including our recently launched mediation service. We will need to position ourselves to meet these demands while maintaining the high quality of service we currently deliver. The Gowers review and our own Innovation Support Strategy have identified new services we can offer designed to help support innovation, notably IP analytical and auditing services. We need to assess our ability to provide these services and how they can be tailored to help those in business make informed decisions. This will include ensuring our staff have the right resources and receive appropriate training and support. It will also be necessary to develop a clear understanding of the demands facing business, how we can best apply our knowledge, expertise and resources to help address those challenges and who we can work in partnership with in delivering non statutory services.

4. How We Will Meet The Challenges

The Broad Strategy

- 4.1 To remodel the organisation to support business in the acquisition, use and enforcement of rights within a policy framework relevant to the global economy.
- 4.2 Our change programme, “A Patent Office for the 21st Century” (PO21C) has given us the platform to realise our vision of an on office that would enable creators to extract economic value from their creativity and be more than a regulator of IP rights.
- 4.3 Building on the PO21C programme, the following outcomes will enable us to meet future challenges:
 - we established a new Customer & Innovation Support Services Directorate. This has brought together all of our customer and innovation related work and includes a new Customer Relationship Management Unit and will allow us to better engage with our customers and develop our services to meet their specific needs;
 - we conducted a skills analysis which has identified our strengths, and indicated gaps in our skills which need to be filled to enable us to operate the new model effectively;
 - we consulted on our current and potential innovation support services and as a result have identified both activities and potential partners. We have prioritised these activities in the light of the recommendations in the Gowers report;
 - we identified a range of education and advisory activities to small businesses, and research and education institutions. In doing this, we aim to increase their chance of business success by ensuring that they have a sufficient understanding of IP. Our activities will include training, advice to specific firms and individuals, providing audits for organisations to help identify the IP they hold and guidance on licensing agreements for technology transfer;
 - we developed a business monitoring process that augments our 10-3-1 approach and incorporates a balanced scorecard approach to measure progress in a transparent and accountable manner. This will allow us to measure our efficiency in all areas of the work we do;

- we conducted a major rethink on our Information Systems Strategy and commissioned a short project to make recommendations on scope for common platforms and what is known as an “Enterprise Architecture”. The outcomes will allow us to take decisions on an architecture that best fits the organisation;
- we produced a Policy Business Plan which has been adjusted in the light of the recommendations from the Gowers Review. The Business Plan will allow us to identify priorities and the best use of our resources;
- in particular the programme has produced a new business model that gives a more robust and comprehensive picture of our activities, their costs and the results. This will give us better transparency in terms of our financial reporting.

What we will do to achieve our strategic aims

- 4.4** Building on the recommendations of the Gowers Report and the outcomes of the PO21C Programme our activities will be grouped on the basis of the new business model. This Plan does not repeat the full list of recommendations in Gowers but identifies some in general terms.

Raising the awareness and understanding of British business and society about how to make the best use of the IP system:

- we will establish formal collaboration with Business Link, Regional Development Agencies and the appropriate bodies in the Devolved Administrations to create and deliver an integrated package of support and advisory services for SMEs to enable them to incorporate their IP into their business planning. In so doing we will identify and promote best practice in the use of the various support schemes currently provided;
- we will complete and assess a pilot of the so-called “IP Genesis” scheme used in France to introduce SMEs to the value of, and opportunities created by, their intellectual property;
- we will expand our educational programme with schools and colleges, including a programme for primary schools built around the Wallace and Gromit® characters;
- we will establish channels of advice assisting companies in the use of their IP in overseas markets;

- we will create and promote a guide for business to business IP licensing and further promote the research to business licensing agreements identified by the earlier Lambert Review (launched in February 2005) and the CREST Report (published in September 2006).

Delivering commercial services that business and government want to buy because they add real value:

- we will run a trial of analytical software tools to assess the feasibility of the Office offering IP mapping services which help business make informed decisions;
- we will meet the growing demand for sophisticated and complex technical advice and investigate the use of patent information in assisting business to overcome technical problems.

Delivering world class services in the granting and management of IP rights in real time and an e-business platform:

- we will introduce fast track trade mark registration and patent granting services;
- we will align the UK regime for resolving relative grounds objections to trade mark applications with the European one, by moving to notification of any earlier rights-holders rather than refusing the application;
- we will pilot a process for an expanded and accessible third party intervention in the patent granting process based on the principles of the USA “Community Patent Review”;
- we will increase the technical training of patent examiners engaged in areas of high and rapidly advancing technology;
- we will expand our range of services available over the internet;
- we will build a new IS Strategy, which joins up our processes, where doing so makes access and use easier for customers and where this delivers benefits in maintenance and development;
- we will continue to deliver against projected demand in a timely and quality fashion.

Providing an accessible and effective enforcement regime which enables rights holders to reap the just rewards for their inventions:

- we will develop the existing opinions services to enable rights holders and others to judge whether the costs of litigation are justified on the basis of the facts;
- we will expand the mediation service in the light of demand in those areas where mediation is becoming recognised as an alternative to immediate litigation;
- we will consult the Judicial Studies Board on the need for further training in IP matters for judges or magistrates and develop training in the light of the outcome;
- we will improve the structure and process of the IP Crime Group to maximise the effectiveness of the anti-counterfeiting and piracy activities in the UK;
- we will develop the use of the intelligence database held by the Office as a tool to assist enforcement agencies;
- we will work with colleagues in Europe and elsewhere to develop more effective enforcement regimes in those places where IP Crime is common and to better control the distribution chains;
- we will create a better understanding in the public eye as to the economic and social consequences of the fakes market and encourage the public not to support the market.

Reshaping the policy framework so that it remains relevant to the changing world of the 21st Century, domestically and internationally and is adaptive to change:

- we will produce the legislative changes necessary to implement the Gowers recommendations relating to private copying, educational use, and other copyright matters within the CDP Act;
- we will establish the new Strategic Advisory Board for Intellectual Property, creating a secretariat to assist the initial formation of the Board;
- we will clarify the research exception in the Patents Act 1977 to facilitate research and education;

- we will enable the enactment of Section 107A of the CDP Act to increase the powers of Trading Standards Officers in fighting copyright infringement;
- we will pursue changes to the European Patent System to reduce translation costs and improve litigation across Europe;
- we will seek to advance the progress towards a Community Patent that meets the needs of European industry;
- we will use our position within the European Patent Organisation and the OHIM to encourage improvements in the services they provide. In this respect we will promote the development of both uniform quality regimes and greater efficiency and timeliness;
- we will develop an Action Plan for joint working with Africa to enable African countries to benefit from and develop their IP regimes to add value to their creativity;
- we will engage in both WTO and WIPO to ensure that the needs of developing countries are met in a balanced manner between the legitimate needs of rights holders and the social needs of those countries.

Resource and Organisational Implications

4.5 The above activities will be supported by the following changes:

- the recruitment of staff with the skills required, including additions to our patent examiner capacity;
- the development of existing staff with new skills;
- the creation of a new Customer and Innovation Support Directorate bringing together all aspects of customer relations and education and training;
- the creation of the new Strategy Office under the Chief Executive to proactively monitor and assess both internal and external changes and develop strategic plans to meet these;

- the creation of a Secretariat for the Strategic Advisory Board to be based in London together with the provision of £500,000 for research work;
- the creation of a Corporate Information and Business Transformation Directorate under the Chief Information Officer;
- the implementation of a new fees regime to better match income to costs. The proposals will be subject to consultation during the year;
- the implementation of a new system of management accounts to transparently indicate sources of income and expenditure against the items of the new business model.

The financial implications of the above are reflected in the Financial Aspects (Chapter 6).

5. How We Will Measure Our Progress

Strategic Planning & Balanced Scorecard

- 5.1** For 2007/08 we have again adopted the 10-3-1 planning process to bring together our planned activities. This involves the setting of a long term goal (10 years), medium term objectives (3 years) and immediate actions for the year ahead (1 year). 1 year specific actions have been identified at a Directorate level and form the basis of Directorate Business Plans. The actions are not detailed in this Corporate Plan, instead we have recorded the measures we have adopted to enable us achieve our 3 year objectives. These measures take the form of a Balanced Scorecard.

Our 10 year goal is:

“To be at the heart of innovation and creativity providing policies and services helping the UK to succeed in the modern world”.

Our 3 year objectives are recorded below as are the measures to achieve them, in the form of a Balanced Scorecard. The measures are also our Agency Targets for 2007/08, and are listed for ease of reference in the table at Annex B. Annex C shows a diagrammatic representation of our Balanced Scorecard.

Awareness - This includes awareness raising, innovation support and customer activities

3 Year Objectives

- Creating an IP literate business community and society which understands the role of IP in wealth creation and innovation.
- Support services which enable business success through innovation.
- Pleasing customers by understanding and engaging with them.

<p>Customers and Stakeholders Perspective</p> <p>The number of businesses taking action to improve the management of their IP will increase by 20% above baseline in targeted groups.</p> <p>Generate a 10% increase in demand for non-statutory innovation support services.</p> <p>To receive an overall “good” or “satisfactory” rating in at least 80% of responses in customer and Ministerial surveys.</p>	<p>Finance Perspective</p> <p><i>Achieve the target of 4% on Return on Capital Employed.</i></p>
<p>Internal Processes Perspective</p> <p><i>Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.</i></p> <p><i>Reduce number of days sick absence per person to:</i></p> <p><i>9 days by March 2008; 8.5 days by March 2009; 8 days by March 2010.</i></p> <p><i>Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008: 95% by 31 May 2007; 100% by 31 May 2008.</i></p>	<p>Change and Development Perspective</p> <p><i>Achieve a minimum of 75% “No Actions Required” recommendations in follow up Internal Audit reports where initial recommendations were “Necessary Actions Required” or “Urgent Actions Required”.</i></p> <p><i>80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.</i></p>

Delivery - The granting of IP rights under legislation, i.e. searches, examination, renewals and associated activities

3 Year Objectives

- Customers have access to high quality, cost effective rights granting and register services, accessible through an e-business environment.
- Delivering modern IT applications which support the way we are changing our business.

<p>Customers and Stakeholders Perspective</p> <p><i>Issue 90% of patent search reports within 4 months of request</i></p> <p><i>Grant 90% of patents within 2½ years of request.</i></p> <p><i>To register 90% of processed Trade Mark applications, to which no substantive objections have been raised or oppositions filed, within 8 months of application.</i></p> <p><i>To examine 95% of all Design applications within 3 months.</i></p>	<p>Finance Perspective</p> <p><i>Achieve the target of 4% on Return on Capital Employed</i></p>
<p>Internal Processes Perspective</p> <p><i>To achieve 95% or more of the agreed monthly service levels for key IT systems.</i></p> <p><i>Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.</i></p> <p><i>Reduce number of days sick absence per person to:</i></p> <p><i>9 days by March 2008;</i> <i>8.5 days by March 2009;</i> <i>8 days by March 2010.</i></p> <p><i>Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008:</i> <i>95% by 31 May 2007;</i> <i>100% by 31 May 2008.</i></p>	<p>Change and Development Perspective</p> <p><i>To achieve 80% or more of agreed milestones for key projects within the reporting year.</i></p> <p><i>Achieve a minimum of 75% “No Actions Required” recommendations in follow up Internal Audit reports where initial recommendations were “Necessary Actions Required” or “Urgent Actions Required”.</i></p> <p><i>80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.</i></p>

Protection - This covers enforcement and protection of IP rights

3 Year Objectives

- Providing accessible and cost effective options for the resolution of IP disputes.
- Providing the weapons to fight IP crime

<p>Customers and Stakeholders Perspective</p> <p><i>To resolve 55% of Trade Mark disputes in one year.</i></p> <p><i>Develop 6 Target profiles, using Telpat intelligence.</i></p>	<p>Finance Perspective</p> <p><i>Achieve the target of 4% on Return on Capital Employed.</i></p>
<p>Internal Processes Perspective</p> <p><i>Make the correct decision on registerability in at least 98.5% of Trade Mark applications.</i></p> <p><i>Give good customer service in patent search and examination in 95% of quality assured cases.</i></p> <p><i>Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.</i></p> <p><i>Reduce number of days sick absence per person to:</i></p> <p><i>9 days by March 2008; 8.5 days by March 2009; 8 days by March 2010.</i></p> <p><i>Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008: 95% by 31 May 2007; 100% by 31 May 2008.</i></p>	<p>Change and Development Perspective</p> <p><i>Achieve a minimum of 75% "No Actions Required" recommendations in follow up Internal Audit reports where initial recommendations were "Necessary Actions Required" or "Urgent Actions Required".</i></p> <p><i>80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.</i></p>

Framework - This covers most policy areas, including most liaison work with the EPO, OHIM and WIPO; as well as seconded national experts to these institutions and international harmonisation work on classification.

3 Year Objectives

- Being at the heart of Government Innovation and Economic Policy making.
- Helping create an international IP system which gives business the confidence to invest abroad and provides a support for local economic development.
- Working with EPO, OHIM and EU to provide cost effective and efficient delivery of IP rights in Europe.

<p>Customers and Stakeholders Perspective</p> <p><i>Meet 80% of agreed milestones in development of policy initiatives.</i></p>	<p>Finance Perspective</p> <p><i>Achieve the target of 4% on Return on Capital Employed.</i></p>
<p>Internal Processes Perspective</p> <p><i>Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.</i></p> <p><i>Reduce number of days sick absence per person to:</i></p> <p><i>9 days by March 2008; 8.5 days by March 2009; 8 days by March 2010.</i></p> <p><i>Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008: 95% by 31 May 2007; 100% by 31 May 2008.</i></p>	<p>Change and Development Perspective</p> <p><i>Achieve a minimum of 75% "No Actions Required" recommendations in follow up Internal Audit reports where initial recommendations were "Necessary Actions Required" or "Urgent Actions Required".</i></p> <p><i>80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.</i></p>

People - This covers the development and performance of our staff.

3 Year Objectives

- Creating a culture which nurtures talent, drives up performance, and rewards achievement.
- Maximising efficient use of resources and monitor results against priority actions.

<p>Customers and Stakeholders Perspective</p> <p><i>To receive an overall “good” or “satisfactory” rating in at least 80% of responses in customer and Ministerial surveys.</i></p>	<p>Finance Perspective</p> <p><i>Achieve the target of 4% on Return on Capital Employed.</i></p> <p><i>Reduce total current expenditure on the operations of the trading fund compared with the baseline of the Corporate Plan 2004/05, in line with the DTI’s published Efficiency Technical Note. Cumulative savings target for 2005/06, 2006/07 and 2007/08 is £2.7m.</i></p>
<p>Internal Processes Perspective</p> <p><i>Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.</i></p> <p><i>Reduce number of days sick absence per person to:</i></p> <p><i>9 days by March 2008; 8.5 days by March 2009; 8 days by March 2010.</i></p> <p><i>Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008: 95% by 31 May 2007; 100% by 31 May 2008.</i></p> <p><i>Apply for initial assessment of our Environmental Management System by the ISO Accreditation body by the end of March 2008.</i></p>	<p>Change and Development Perspective</p> <p><i>Achieve a minimum of 75% “No Actions Required” recommendations in follow up Internal Audit reports where initial recommendations were “Necessary Actions Required” or “Urgent Actions Required”.</i></p> <p><i>80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.</i></p> <p><i>Ensure that applications from black and minority ethnic people are running at 5% of applications for A-B1 level posts by end March 2008.</i></p>

Our Financial and Efficiency Plans

Summary

- 6.1** We expect some changes in demand for individual rights but that overall, with continued cost restraint, we could increase our already large return on capital. Instead, we will consult on, and implement, an overall reduction in our fees in the year, and propose to rebalance our income that is now heavily dependent on renewal income. A reduction in our overall fee income will lighten the already modest burden that our fees represent to IP rights holders. At the same time, we will spend more on increasing our activity in some areas, as recommended by the Gowers' Review, and plan to change our financial reporting to increase its transparency. We will continue to deliver on our HM Treasury target to achieve a 4% rate of Return on Capital Employed.

Income

Statutory income

- 6.2** With the exception of domestic trade mark applications we expect income from pre-grant fees to remain roughly constant, or to decline a little, over the plan period. For patent searches we expect activity, and hence income, to remain constant over the period. For patent application and examination income we expect a slightly declining trend. Trade mark applications and income under the Madrid Protocol may also decline through to 2009/10. In contrast domestic trade mark income is on an upward trend that we expect to continue through to 2008/09. Design income is a relatively small part of our pre-grant income and we plan for this to remain constant over the period.
- 6.3** We expect domestic patent renewals to decline slightly over the plan period, while EP(UK) renewals should continue their current buoyant trend with significant increases each year. We expect domestic trade mark renewals to decline, with Madrid renewals climbing to a constant level by 2008/09. We expect no significant change in designs renewals.

Commercial services

- 6.4** We forecast a small increase in our commercial services income in 2006/07 that, with active management, we expect to continue over the coming years due both to continued recovery of patent searches and to the introduction of new services.

Fee review

- 6.5** During the Gowers Review we placed our own review of our fees on hold so as not to pre-empt, or appear to pre-empt, Gowers' findings and recommendations. The Gowers' Review found that "Domestic patents are currently subsidised by European patents designating [in] the UK. The Office currently retains half of the renewal fees from European patents designating the UK. However, the EPO Administrative Council could change this division at any time and as such, this stream of revenue is unpredictable." The Review recommended that HM Government "Realign UK Patent Office administrative fees more closely on Patent Office administrative operations (e.g. granting patents)." These findings are consistent with proposals on which we consulted informally in 2006. We plan to launch a formal consultation prior to the end of 2006/07 with implementation of fee changes in April 2008.

Expenditure

- 6.6** The Gowers Review also found that "Patent Office income is used to fund policy, awareness, and enforcement, and the Patent Office's tribunal functions. It is important that the use and allocation of such resources for both its statutory and non-statutory work is clear and transparent." It made a recommendation to "Increase the transparency of Patent Office financial reporting." We aim to do this by changing the financial model on which we report. We currently report our expenditure by five business areas: Patents, Trade Marks, Designs, Publications and Commercial Services. We will consider the most appropriate reporting regime for the Office during 2007/08. We currently believe that a regime disclosing our income and expenditure in the areas of raising awareness of the IP system and how best to use it, delivering statutory IP rights, the systems for enforcement and Protection of IP rights, and on establishing and maintaining the IP policy framework, all separate to the delivery of commercial services, would provide the greatest transparency. We plan to implement this new financial reporting regime for 2007/08.

- 6.7** Some other recommendations of the Gowers Review will require the Office to increase its resources or its expenditure in certain areas of activity. We estimate that the largest impact is caused by the recommendations to “Establish a new Strategic Advisory Board for IP policy” (SABIP), and the subsequent recommendation to “Provide an annual strategic analysis fund of £500,000 managed by the Policy Advisory Board in consultation with the IP Policy Directorate.” As well as the research fund, we will need to provide a dedicated secretariat for the board and to fund its operations. We estimate the annual costs of these recommendations to be as much as £1m, depending on the details of their implementation. We also plan for additional skilled resources to strengthen our ability to deliver government priorities in enforcement of IP rights, in national policy initiatives and in international policy commitments. Our financial plan allows us to accommodate this increase in expenditure while still planning to reduce our overall income.

Efficiency

- 6.8** The Office has a very good record of successful delivery of efficiency improvements extending through its history as an executive agency. In recent years the Office’s efficiency targets have been set out in the DTI’s Efficiency Technical Note available through the DTI’s website. The first year of this Corporate Plan is the last year of the Office’s current efficiency target. This target is for the Office to achieve cumulative savings of £2.7m over the three years 2005/06 – 2007/08 compared with its 2004 Corporate Plan baseline. The Office is well on track to achieve this cumulative saving, having achieved a saving of £2m in 2005/06 after allowing for a new burden of additional employer’s superannuation costs, due to a change in government pension policy after publication of the 2004 Corporate Plan.
- 6.9** The Office will demonstrate its efficiency through its ability to reduce its fees and so reduce its burden on its customers, as well as increasing its expenditure on additional activities e.g. SABIP, without recovery of these costs through additional charges to customers.

6.10 Our major areas of expenditure continue to be on staff, accommodation and computer systems. Current plans to enable efficiency improvements and hence fee reductions include:

1. direct Board control of recruitment to ensure close matching of staff numbers with need;
2. the first full-year effect of the relocation of some of our staff into our freehold property, Concept House on our Newport site, from the adjacent property Government Buildings, the space previously being rented from the Office of National Statistics;
3. the first full-year effect of sub-letting of some of our small office space in London, reducing our net expenditure to a minimum prior to a review of our long term requirements after the end of the lease period in 2009;
4. improvements to e-transactions with customers, reducing our need to receive, record and manage paper, and reducing our need to issue paper correspondence to those customers;
5. improvements to e-business processes internally, reducing the resources we need to perform our operational functions;
6. improvements to our performance monitoring systems, incorporating the introduction of a balanced scorecard with measured targets requiring Ministerial approval.

Return on Capital Employed

6.11 HM Treasury sets our principal financial target as a rate of Return on Capital Employed. From 1 April 2004, HM Treasury required most agencies to make a 3.5% return on statutory, intra- and inter-departmental services, and between 5.5% and 15% on commercial services. Recognising that we offer a small commercial service as well as our statutory functions, HM Treasury has set the Patent Office a target rate of return of 4% that will continue through the Corporate Plan period. We will need to ensure we continue to achieve this rate of return after we have reduced our overall fee income.

£ million	2007/08	2008/09	2009/10	2010/11	2011/12
Income	57.5	57.8	59.9	60.1	62.4
Expenditure	(52.1)	(54.2)	(55.4)	(55.9)	(57.9)
Depreciation	(2.6)	(2.7)	(3.6)	(3.3)	(3.7)
Interest receivable	2.4	2.3	2.2	2.2	2.3
Operating profit (loss) pre interest payable and dividend	5.3	3.2	3.1	3.1	3.1
Return on capital	6.8%*	4.0%	4.0%	4.0%	4.0%
Interest payable	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Dividend	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Retained profit(loss)	2.1	-	-	-	-
Capital expenditure	(5.0)	(6.1)	(4.9)	(1.8)	(2.0)
Net cash inflow(outflow)	(0.8)	(3.3)	(1.0)	1.8	2.1

Annex A

Performance Against Agency Targets 1 April 2006 to 31 March 2007 (NB: Year to date figures)

Agency Target		Year to date			
1.	Issue 90% of patent search reports within 4 months of request.	Target (%)	90%		
		Outturn (%)	84%		
2.	Grant 90% of patents within 2½ years of request.	Target (%)	90%		
		Outturn (%)	94%		
3.	Give good customer service in patent search and examination in 95% of quality assured cases.	Target (%)	95%		
		Outturn (%)	96.5%		
4.	Register 90% of processed trade mark class applications, to which no substantive objections are raised or oppositions filed, within 8 months of application.	Target (%)	90%		
		Outturn (%)	96.5%		
5.	Make the correct decision on registrability for at least 98.5% of trade mark applications.*	Target (%)	98.5%		
		Outturn (%)	99.4%		
6.	To examine 95% of all Design Applications within 3 months.**	Target (%)	95%		
		Outturn (%)	98.6%		
7.	To dispose of all trade marks <i>inter partes</i> cases within 3 years achieving at least 30% within one year and at least 70% in two years.***	Target (%)	30%	70%	100%
		Outturn (%)	58.2%	n/a	n/a
8.	Reduce total current expenditure on the operations of the trading fund compared with the baseline of the Corporate Plan 2004/05, in line with the DTI's published Efficiency Technical Note. Cumulative savings target for 2005/06 and 2006/07 is £2.3m.	Target	£2.3m		
9.	Adoption of our educational resource, THINK kit version II. In UK secondary schools - with not less than 80% penetration.	Target (%)	80%		
		Outturn (%)	82%		
	Meet our Customer Service Standards as reported in the Annual Report and on our website www.ipo.gov.uk	Target (%)	100%		
		Outturn (%)	98.51%		
	Pay 100% of bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later	Target (%)	100%		
		Outturn (%)	98.44%		
	Reply within 10 working days to all letters from members of Parliament delegated for Chief Executive's reply.	Target (%)	100%		
		Outturn (%)	100%		

*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.

**This target came into effect on 1 October 2006, to co-incide with the implementation of the Designs Modernisation legislation.

***Still in year 1 of this new Agency Target, and so at this stage reporting year 1 only.

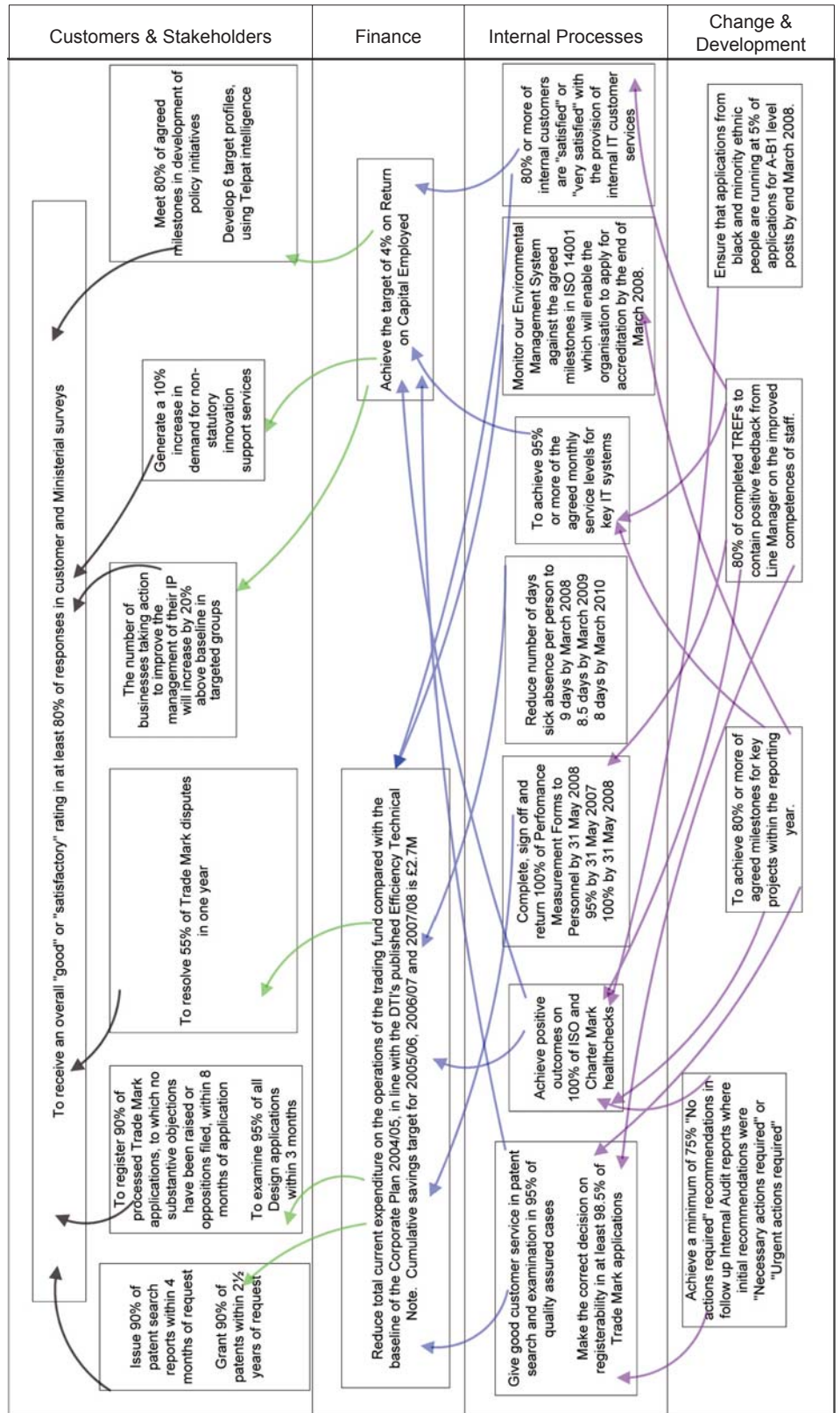
Annex B

The Office's Agency Targets 2007/08

	Agency Target	Balanced Scorecard Perspective
1	Issue 90% of patent search reports within 4 months of request.	Customers and Stakeholder
2	Grant 90% of patents within 2½ years of request.	
3	To register 90% of processed Trade Mark applications, to which no substantive objections have been raised or oppositions filed, within 8 months of application.	
4	To examine 95% of all Design applications within 3 months.	
5	To resolve 55% of Trade Mark disputes in one year*.	
6	To receive an overall "good" or "satisfactory" rating in at least 80% of responses in customer and Ministerial surveys.	
7	The number of businesses taking action to improve the management of their IP will increase by 20% above baseline in targeted groups.	
8	Generate a 10% increase in demand for non-statutory innovation support services.	
9	Meet 80% of agreed milestones in development of policy initiatives.	
10	Develop 6 Target profiles, using Telpat intelligence.	
11	Achieve the target of 4% on Return on Capital Employed.	Finance
12	Reduce total current expenditure on the operations of the trading fund compared with the baseline of the Corporate Plan 2004/05, in line with the DTI's published Efficiency Technical Note. Cumulative savings target for 2005/06, 2006/07 and 2007/08 is £2.7m.	Internal Processes
13	Achieve positive outcomes on 100% of ISO and Charter Mark healthchecks.	
14	Make the correct decision on registerability in at least 98.5% of Trade Mark applications.	
15	Give good customer service in patent search and examination in 95% of quality assured cases.	
16	Reduce number of days sick absence per person to: 9 days by March 2008; 8.5 days by March 2009; 8 days by March 2010.	
17	Complete, sign off and return 100% of Performance Measurement Forms to Personnel by 31 May 2008: 95% by 31 May 2007; 100% by 31 May 2008.	
18	To achieve 99% or more of the agreed monthly service levels for key IT systems.	
19	80% or more of internal customers are "satisfied" or "very satisfied" with the provision of internal IT customer services.	
20	Apply for initial assessment of our Environmental Management System by the ISO Accreditation body by the end of March 2008.	
21	Achieve a minimum of 75% "No Actions Required" recommendations in follow up Internal Audit reports where initial recommendations were "Necessary Actions Required" or "Urgent Actions Required".	
22	80% of completed TREFs to contain positive feedback from Line Manager on the improved competences of staff.	
23	To achieve 80% or more of agreed milestones for key projects within the reporting year.	
24	Ensure that applications from black and minority ethnic people are running at 5% of applications for A-B1 level posts by end March 2008.	

* This target is intended to have a second element, "to have disposed of at least 98% of disputes within 3 years, from the third year of this target, ie 2008/09".

Patent Office Board Balanced Scorecard



ADR	Alternative Dispute Resolution
BCP	Business Continuity Plan
CDP	Copyright, Designs and Patents
CEDR	Centre for Effective Dispute Resolution
CISS	Customer and Innovation Support Services
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
DfE	Department for Education
DTI	Department of Trade and Industry
EBP	Education Business Partnership
EC	European Commission
EMS	Environmental Management System
EPO	European Patent Office
ETN	Efficiency Technical Note
EU	European Union
GVA	Gross Added Value
HM Treasury	Her Majesty's Treasury
HR	Human Resources
IG	Innovation Group
IP	Intellectual Property
IPR	Intellectual Property Rights
IS	Information Systems
ISO	International Organisation for Standardisation
IT	Information Technology

Glossary

OHIM	Office for Harmonisation in the Internal Market
ONS	Office for National Statistics
OSI	Office for Science and Innovation
PECS	Patent Electronic Case System
PO21C	Patent Office for the 21st Century
POSS	Patent Office School Support
PSA	Public Service Agreement
SABIP	Strategic Advisory Board for IP policy
SAS	Search and Advisory Service
SMEs	Small and Medium Enterprises
SMT	Senior Management Team
TLT	Trade Mark Law Treaty
TREF	Training Evaluation Form
UK	United Kingdom
USA	United States of America
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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CUSTOMER SERVICE EXCELLENCE

Revised: April 07



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