



Consultation Paper on the Proposed Patents Act (Amendment) Bill

Consultation Response: UK Patent Office, February 2003

NESTA
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NESTA – the National Endowment for Science, Technology and the Arts - was established by the National Lottery Act in 1998, as the UK's first National Endowment. The legislation set us 3 tasks:

- To provide support for talented individuals in Science, Technology and the Arts to allow them to develop their abilities to the full;
- To support invention and innovation in Science, Technology and the Arts in order to enable more good ideas to become viable products or services the rights to which, critically, should be capable of adequate protection ; and
- To raise public awareness of, and participation in, science, technology and the arts.

We were initially funded by the income from a £200m endowment of lottery funds, which yielded around £9m p.a. This endowment was increased to £295m in February 2003.

In responding to the current consultation paper, we do not intend to respond to every issue raised. Not all of these are relevant to the work of NESTA, and would be better answered by other individuals and organisations. However, intellectual property protection is, as indicated above, central to the fulfilment of one of NESTA's statutory objects. There are four issues which we feel we should respond to briefly.

Employer-inventor compensation (pars 73-82)

Part of NESTA's statutory remit is to provide support for talented individuals in Science, Technology and the Arts. As such, we agree that it is an important principle that employee-inventors should receive reasonable reward for the exploitation of exceptional ideas by employers. It must be of concern that there have been no successful applications for compensation under section 40(1) and we therefore support any analysis of the reasons for this. We would, in any event, favour in principle some of the possibilities outlined in the consultation paper, in particular:

- the idea that "outstanding benefit" should be analysed when appropriate in relation to the relevant division or sector of the employee's business;
- the idea that an employee-inventor should be compensated whenever his invention is of outstanding benefit to a proprietor, even if it has been assigned by the employer (as is the case, we understand, under German law).

Infringement proceedings in the Patent Office (pars 85-88)

This is the area of the consultation paper which is of most direct interest to NESTA and our work. The cost to an inventor of taking infringement proceedings against a substantially larger organisation is a very real one to the inventors which NESTA supports. We therefore fully support the idea that Infringement Proceedings should be able to be taken through the Patent Office without the agreement of the alleged infringer, as a way of allowing inventors access to remedies relatively cheaply and efficiently. We acknowledge that the Patents County Court was set up in order to achieve many of the same aims, but it has not necessarily achieved them. While the costs involved in Patent County Court proceedings have been recently criticised (in *Warheit v Olympia Tools* 2003 FSR 6), the very fact that such criticism needed to be made is an indication of the problem.

However, If this proposal is to be effective, we believe that it is important that Infringement Proceedings in the Patent Office should deliver remedies effectively

in a significant proportion of cases. It must not merely become an additional step in a process which almost always then leads to the courts.

While the right of veto from the alleged infringer is the primary reason why so few proceedings are brought before the comptroller, we believe that the range of remedies available also has an effect. We believe that it is desirable for the Comptroller to have access to a wider range of remedies, including injunctions, if this initiative is to be effective. At present, in the majority of cases where injunctions are obtained the case goes no further. It is therefore perhaps unlikely that much greater use would be made of proceedings before the Comptroller unless his jurisdiction was enlarged to grant injunctions.

Threats (pars 89-95)

At present, we believe that the provisions may well serve as a disincentive to less well-funded patentees who are faced with a possible infringement by a larger and better-resourced defendant. The suggestions in the consultation paper are therefore welcome. We would certainly support any clarification to the effect that genuine attempts at settlement should not fall foul of section 70, which should facilitate the enforcement of patents by individuals and small businesses – the people NESTA was set up to help.

Post-Grant Re-Examination (pars 105 – 113)

In NESTA's view, allowing post-grant re-examination of patents could well provide another way of disposing of doubts over validity and thus offer an alternative to full-blown litigation. While there can be no guarantee of this, it at least provides an option to deal with issues of validity quickly and efficiently. As such, NESTA fully supports this principle.