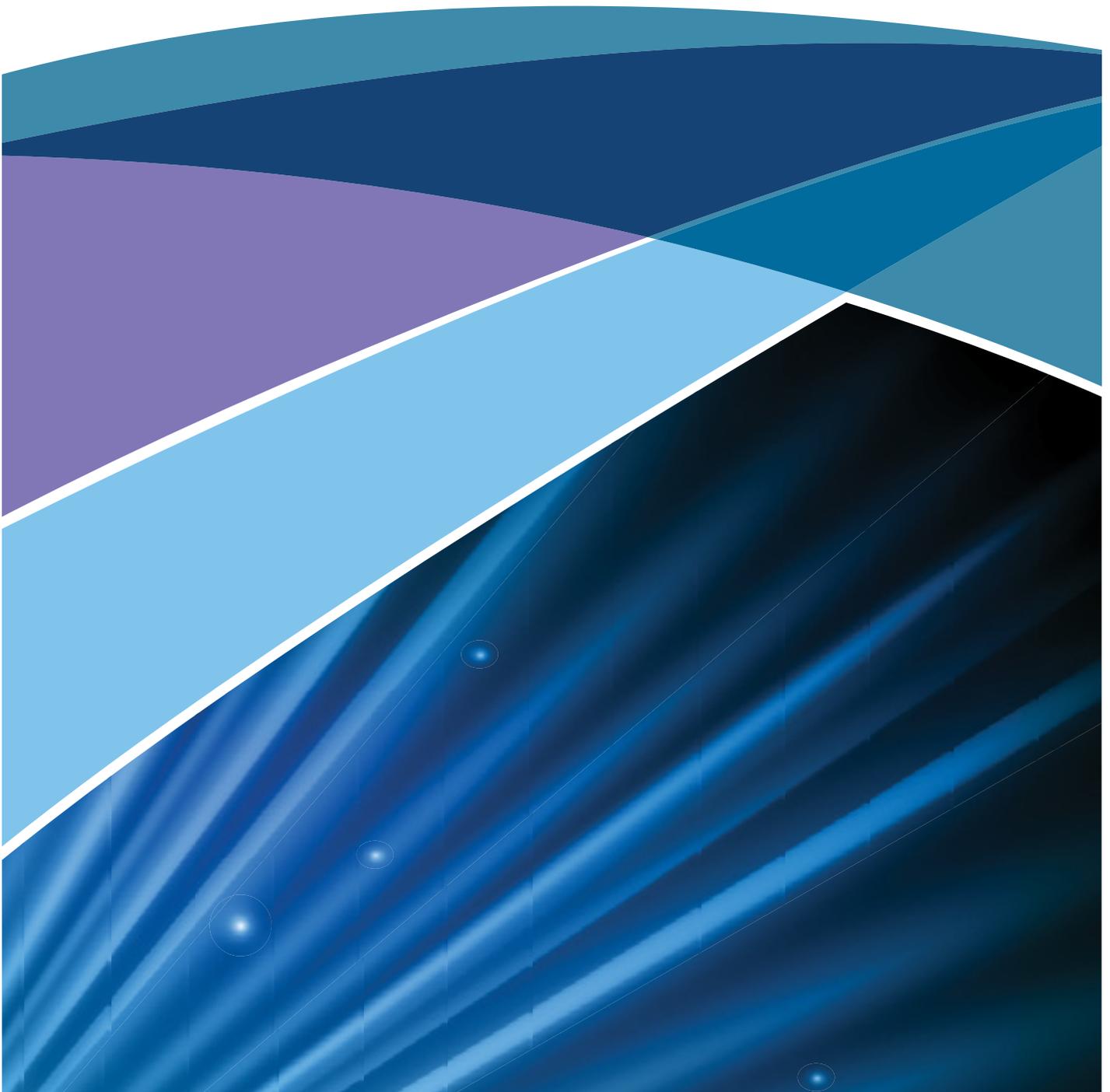




Intellectual
Property
Office

Corporate Plan

2014-2017



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Minister's Introduction



When this Government came to office in 2010, it faced a clear challenge to turn the UK economy around by building robust and sustainable growth and enterprise that would create jobs across the country and deliver prosperity for all. It recognised that to deliver that goal, a top priority must be to ensure that our nation's talented innovators, our inspiring creators, and our hard-working entrepreneurs had an internationally competitive business environment which would allow them to translate their ideas into value for the economy and society.

All parts of Government have a part to play in delivering that environment, but the work of the Intellectual Property Office is central to ensuring that British businesses have the confidence to invest in new ideas that will help to capture new markets and generate income. At a time when those businesses invest more in intangible assets, like intellectual property, than they do in physical assets, the IPO has a vital role. This role is to deliver a strong and intelligible framework that supports businesses – both in the UK and abroad – and helps them to understand, protect and manage their intellectual property (IP) effectively, with the backing of a world class rights granting service and accessible enforcement mechanisms. At the same time we need to strike the right balance between the creators and users of IP which will best support innovation and creativity in the UK.

In my first year as Minister for Intellectual Property, the IPO has continued its work to ensure that the UK's intellectual property regime fits the needs of businesses across all sectors. Against a backdrop of significant demand increases for its core rights granting services, it has delivered major improvements to its digital infrastructure making it easier for customers to interact with its services; it has continued its work to bring the legislative environment for IP into step with 21st century technologies and pushed forward the development of the global IP framework; it has improved the tools of IP enforcement to ensure that our businesses can protect their IP effectively; and it has done much to ensure that businesses can access the help and support they need to manage their IP assets effectively. It was no surprise to me when, towards the end of 2013, the UK was judged to have the best IP regime in the world in the annual Global IP Index produced by Taylor Wessing.

I look forward to continuing my work with the IPO as it seeks to build on the foundations laid in the past 12 months and works to ensure that the UK's excellent IP assets are harnessed to drive continuing growth. This Corporate Plan signals the priorities I have agreed with the Office. I have every confidence in the ability of the IPO to deliver.

Lord Younger
Business Minister

Ministerial Targets

As an Executive Agency and Trading Fund of the Department for Business, Innovation and Skills, we set targets which are agreed by Ministers and laid before Parliament. For 2014 – 2015 our targets are:

- Deliver the infrastructure and supporting regulations required for the UK's Orphan Works and Extended Collective Licensing Schemes by the end of the year
- Offer faster handling of patent applications, by providing an examination report with a search report when both are requested at the application date, and meeting at least 90% of requests for an accelerated two-month turnaround for search, publication and examination
- Publish 80% of acceptable applications for National Trade Marks for opposition within 90 days of filing
- Ensure customer satisfaction is at least 80%
- With our partners, OHIM and the European Commission, deliver an International Enforcement Summit that provides an effective forum for the discussion and debate of IP enforcement globally, and attracts an international audience, by summer 2014
- Reach an audience of 5 million people with messages to build respect for IP by the end of March 2015
- Reach an audience of 10,000 businesses through our online tool "IP for Business" by the end of March 2015
- Ensure 95% of our managers have completed a management development activity by the end of March 2015
- Achieve a 4% Return on Capital Employed (ROCE)
- Deliver an efficiency gain of 3.5%

Chief Executive's Summary



This is a plan for growth.

That is a bold, but accurate, claim to make for the Corporate Plan of the Intellectual Property Office (IPO). When people and businesses with great new innovative ideas are given the tools to turn them into economic and social value, growth thrives. There is a growing realisation that the intellectual property (IP) system is a critical part of the economic toolbox, and the numbers bear this out.

UK business investment in intangible assets has outstripped spending on fixed assets since 2000, and now stands at around £137 billion a year. Intellectual Property Rights have played an important role in this economic shift. UK spending on 'Knowledge Capital' covered by patents, trademarks, copyright and design rights has grown from £24 billion in 1990 to £65 billion by 2011, and continued to grow during the recession while fixed capital investment fell. Global trade in IP licenses is worth £600 billion a year and within the UK, patent licensing between businesses is worth around £7 billion, involving many more firms than those which own patents. There is strong evidence that firms

which use IP to bring new ideas to market grow faster and are more resilient when they manage their IP well.

Just as the IP system is a tool for creative and innovative businesses to build value, it's the IPO's job to make sure it's the right shape (the policy framework), keep it sharp (so it delivers good rights) and convenient to use (understood, respected and enforceable). This Plan says how we are going to do that.

It is not as though we have been doing a bad job so far – quite the reverse, and not just by our own measures. We can be proud that the Taylor Wessing Global IP Index 2013 found the UK was the best place to obtain, exploit and enforce IP. Our service customers give us an 8/10 rating, and focus groups tell us they like our quality, price and speed, including the new fast-track trade mark opposition we introduced last October. We have also had a hefty programme of activity geared to bringing the UK's IP environment into line with the needs of 21st century businesses driven, in part, by the Hargreaves report on IP and Growth commissioned by the Prime Minister. We have now implemented the majority of Hargreaves' recommendations, including legislative change within the Enterprise and Regulatory Reform Act and the Intellectual Property Bill, and secondary legislation modernising specific aspects of copyright rules.

These achievements, and many others, form a good basis for the three years of this ambitious Plan. So, where are we going now?

We still have some more to do on the UK's IP framework to ensure that it is up to date for the 21st century, especially the digital revolution which is changing the way we produce and consume music, film and the written word. Copyright needs to give our creative industries the ability to monetise their IP whilst also encouraging new online business models and services. Streamlined licensing is essential, and we'll be helping by launching orphan works and extended collective licensing schemes by the end of 2014. We'll also give renewed support to the creative industries in their work to make the

UK the centre of online digital exchanges for the simple licensing of copyright material.

Having invested so much thought and energy in the domestic copyright agenda, we'll be working with EU partners to ensure the European framework also evolves to the benefit of UK creators and users of copyright content. Another priority in Europe will be to progress the Unitary Patent and Unified Patent Court. These will offer patent protection across wider markets with lower cost and bureaucracy, and we will be working hard to get them right for UK innovators.

UK businesses invested £15.5bn in design in 2009, representing 1.1% of GDP and accounting for around 2% of UK exports. But because design rights law is messy, complex and confusing, small businesses, which don't have the time or resources to disentangle it, can lose out. That's why a major part of the Intellectual Property Bill is devoted to making design law simpler, clearer and more robust. But that's only the start. In the coming year, we shall be bringing forward secondary legislation to give designers more clarity and choice in how they protect their designs, and stronger sanctions against intentional copying of their work. We shall also be developing a new opinions service to help defuse potential design disputes, and be transforming our design registration services using modern processes supported by new IT. When complete, this will be a comprehensive modernisation of the design rights system in the UK, and a shot in the arm for the UK design industry.

Improving business confidence and the advent of tax incentives like the patent box, coupled to high levels of customer satisfaction, mean that we are facing growing pressure for our patent services. The demand for patent searches and examinations at the IPO is up by about 15% over the last three years, and December 2103 was the busiest month for patent searches for some 10 years. The result is that, while we are giving fast turnarounds within 2 months for applicants who need it, our standard service is slowing up. That's why we are embarking on a major recruitment to increase our compliment

of patent specialists by 60% over the next three years. In addition, we will be taking other steps to target our patent examining capacity better, for example by focusing on economic growth potential when handling applications from individuals without professional advisors.

The pattern is echoed in our trade mark operations. While most other trade mark registries around Europe have been experiencing relatively static demand levels, we have seen rapid annual increases – 17% in the last year alone. The new electronic trade mark system (known as TM10) which we implemented last year has given us efficiency improvements of 17-20%, enabling us to examine applications within only 15 days. But we will still need to recruit more examiners and hearing officers to keep pace with increasing applications and oppositions.

Perhaps our greatest operational challenge though, in our customers' eyes as well as our own, lies in seizing the opportunities of the digital revolution. 82% of people in the UK are online, and 98% of our trade mark filings and 87% of our patent filings are made online – yet our wider electronic communication and service delivery is underdeveloped. We have begun to address that, for example through our recently launched e-patents renewal service, a Government Digital Service and BIS exemplar project. This Plan envisages a genuine agile business transformation programme to develop wide-scale digital services fully aligned with improved business processes. In particular this will mean a secure online service where customers will be able to access the rights they maintain, streamlined patent (and of course design) processes, and modernised technical infrastructure - a truly "Digital by Default" environment.

But the best IP framework, and the smoothest digital services, will be economic bystanders if UK businesses, especially the many smaller ones and start-ups, don't understand what IP they have and how to exploit the good opportunities it creates. Last year we launched a suite of new guides and online tools to help businesses and their advisers see how knowing and using their IP properly can really make their business fly. This year, we'll be taking these to 10,000 more businesses. But we

also want to build the IP message into university curricula for the 40% of students who say their awareness of IP is not good enough for them to build their futures. So we'll be working with university lecturers to bring IP alive for the new generation of innovators and entrepreneurs.

We are also looking at how we can help IP rich companies turn their intellectual capital more easily into growth. One of our major projects is working with accountants and bankers in particular to understand the issues that face SMEs in accessing finance for investment using the value of their IP as collateral. On the basis of our findings, we'll be helping IP-rich SMEs present smarter applications for funding and finance providers make better informed decisions on them.

Having rights is worthless if they are not respected, or if flouted and can't be enforced. Building on innovations such as Music Inc, a brand new free app designed to give young music fans an insight into the challenges encountered by artists in the digital age, we intend to reach an audience of 5 million people with the IP-respect message. As far as enforcement is concerned, our Intelligence Hub enjoys a much respected reputation, holding over 100,000 pieces of national and international intelligence on our Intellectual Property Intelligence Database, and works closely with Trading Standards, HM Revenue & Customs, the National Crime Agency and the newly formed Police Intellectual Property Crime Unit. We will be investing heavily in this recently established joint venture to pursue online IP crime with the City of London Police, and preparing it for full industry funding from 2015/16.

Because IP infringement doesn't respect national boundaries and requires concerted international action, our Minister for IP, Lord Younger, will be hosting an International IP Enforcement Summit in June 2014. This flagship event, which we are developing in partnership with OHIM and the European Commission, will bring together high level strategic and operational representatives from governments, enforcement agencies and businesses across

the world, to discuss IP enforcement and share international best practice, and showcasing the UK as a centre of excellence for IP-rich companies.

We can only deliver these ambitious plans if we have the best people. That means keeping and valuing the great people we have, and, as we have said, recruiting new people where we need them, including highly skilled scientists, engineers and IT specialists. Critically, in order to target areas where we need to offer a more competitive reward package, we will be implementing a new cutting-edge pay scheme as part of a three-year HM Treasury pilot for managing pay in the public sector. This will give us additional flexibilities to attract key skills within a sustainable new pay framework designed with all our people in mind.

We expect that our improved pay scheme will also reinforce the engagement our people feel with the organisation and our aims. In the Civil Service People Survey 2013, which covers 98 organisations, our engagement score was 2 percentage points above the Civil Service median, and in the majority of the organisation was above the High Performance benchmark. In some areas, such as our commitment to developing our people, we scored significantly higher than the High Performance mark, but our people were less positive about our ability to lead and manage that. We'll be working hard on improving that, giving our all managers new opportunities to build their skills and confidence in leading and implementing changes positively.



Our application of Lean thinking has also enabled our people to develop, by encouraging teams to analyse and simplify the business processes they deliver. This has also brought us efficiency gains and improvements to customer service, such as a reduction in the turnaround of patents forms from 56 to 14 days. We shall be continuing to expand our use of Lean to streamline how we work, particularly in the rights-granting areas, while in 2014 completing our programme to create a modern open-working environment will promote more flexible and collaborative working. Our commitment to taking advantage of economies of scale as part of the government's shared services strategy will see us moving our finance and supplier payments systems to the Government's Shared Services platform, following the success we have already had making a similar transition of our HR services. These steps, and others, will see us delivering efficiency improvements of 3.5% in every year of the life of this Plan.

I began this summary by saying this is a plan for growth. We expect to be held to account on that, and will be doing so ourselves. One of the innovations in the IP Bill is a statutory duty for the Secretary of State to report annually to Parliament on our activities and how they have contributed to the promotion of innovation and economic growth in the UK. We intend to have a good story to tell – one you will want to read – about how, though this Plan, we have made a real and positive difference for business, innovation and growth.

John Alty
Chief Executive

About Us

About this plan

Our five year corporate strategy was agreed in 2010, and is available on our website at www.ipo.gov.uk/ipostrategy.pdf. This strategy sets out our strategic framework to support the Department for Business, Innovation and Skills' (BIS) role as the "Department for Growth", and overarches the goals we are seeking to achieve.

This plan covers our key objectives for the next three years, and specifically our priorities for the forthcoming year. These priorities are the key activities we will undertake to help achieve the outcomes described in our corporate strategy. Throughout this document, we outline the corporate strategy outcomes that we are working to deliver under that goal.

Last year we refreshed our strategic goals to reflect recent developments such as our greater focus on work to encourage respect for IP rights. Over the coming year we will be reviewing progress against our strategic outcomes and working to refresh them and develop the strategy we will have in place following this five year period.

Many of our priorities will deliver benefits over the medium term. We also set out a number of nearer term delivery targets agreed with Ministers which are the top priorities for delivery or completion by the IPO in 2014/15.



About BIS

We are an Executive Agency of the Department for Business, Innovation and Skills (BIS).

BIS's vision is to achieve strong, sustainable and balanced growth, evenly shared across the country and between industries.

We are supporting BIS's objective to help the translation of knowledge and ideas into successful commercial and public service outcomes, increasing productivity, growth and quality of life.

About us

We are responsible for UK IP policy, granting UK patents, Trade Marks and design rights, IP awareness and education, and supporting effective IP enforcement. We have a strong international reputation for the quality of the services we deliver and the contribution we make to international thinking on global and European IP policy challenges.

We are a self-funding agency (Trading Fund), with income flowing from fees from our customers for patent and trade mark registration and renewal. Our operation is overseen by a Steering Board of non-executives.

We employ around 1000 people, mainly based in Newport with a small London office and a storage facility at Nine Mile Point, South Wales. Our skill base includes specialists in rights granting, IP policy, IT, HR and Finance.

Our Governance

Our Executive Board:

John Alty, Chief Executive Officer
Sean Dennehey, Deputy Chief Executive Officer
Tim Knighton, Chief Operating Officer
Ros Lynch, Director of Copyright & Enforcement
Rosa Wilkinson, Director of Innovation
Neil Feinson, Director of International Policy
Louise Smyth, Director of People, Places & Services

Our Non-Executive Board:

Bob Gilbert (Chair)
Gary Austin
Iain Maclean
Ralph Ecclestone
Tim Suter
Nora Nanayakkara
Amanda Brooks (BIS)

Vision, Purpose,

Vision

The full potential of ideas, knowledge and creativity is

Purpose

We promote innovation by providing a clear,

Goals

Promoting UK growth
through IP policy

Delivering high quality
rights granting services

Enabling businesses to
understand, use and
protect their IP and
consumers' interests
and others' IP

Values

Delivering for our customers

Valuing our people

Goals and Values

on:

is realised for the benefit of the economy and society

ose:

accessible and widely understood IP system

als:

Business to
use and protect
educating
to respect
IP rights

Improving the skills and
capability of our people

Increasing efficiency and
delivering value for
money

ies:

ur people

Innovating for success

Our Achievements

2013-14

In developing our plan for the coming year, we spent some time reflecting on the year just ended, to see whether we achieved what we set out to in our Corporate Plan 2013 – 2014.

During the year we achieved most of our priorities. Some of our key achievements were:

Promoting UK growth through IP policy

- Taking forward modernisation of our copyright framework through **secondary legislation**, such as the copyright exceptions
- Continuing successful delivery of our **economics research programme**
- Making further progress in delivering global patent reform by extending our **fast-track patent examination process** to enable innovators to secure international patent protection more quickly
- Reaching agreement on the **EU Collective Rights Management** Directive which we strongly supported
- Concluding **international negotiations** on a treaty to harmonise the process and requirements involved in getting a design registration so that it is now ready to go to a Diplomatic Conference (DC)
- **Engaging with branded companies** on the issue of lookalike products and working with colleagues in our parent department on a focussed review exploring whether business should be afforded a private right of action under the Consumer Protection Regulations (CPRs) – a key ask from brands

Delivering high quality rights granting services

- Maintaining our patents and Trade Marks **processing and service quality performance** despite an extremely high level of demand
- Implementing a **new and improved in-house electronic case management system** for patents
- Introducing a new **Trade Marks fast track opposition procedure**
- Delivering an on-line patents renewal service as a first step in our “digital by default” strategy and continued working with our customers to progress of our strategy to modernise our IP rights delivery
- Delivering a **new electronic trade mark process system** (TM10)
- Continuing to deliver against our **customer satisfaction target**

Enabling business to understand, use and protect their IP rights and educating consumers to respect others' IP rights

- Achieving a significant increase in our **outreach** activities, meeting our Ministerial Targets for this year
- Launching **IP Engage** to support local business partners when taking the IP message to their local community
- Delivering a complete refresh of our **business guides** and new on-line tools, including 'IP Equip' for business advisors
- Improving our engagement with and extending our training programmes for **business advisors**
- Launching a suite of **tools to support UK businesses** doing business in complicated international markets
- Financing and supporting the introduction of a **new IP on-line crime unit** in conjunction with the City of London Police
- Our **IP attachés** based in China, India, Brazil and most recently in SE Asia giving direct business support to over 300 businesses dealing with current IP issues worth in excess of £270m. They have helped a further 3,500 UK businesses through their outreach and education work.
- Continuing to build the **UK's international reputation** as partner of choice through signing a formal Memorandum of Understanding with Taiwan, working with India and S Korea on Lambert style toolkits, signing of a Patent Prosecution Highway (PPH) Agreement with China, working with Brazil on the handover for the next Olympics' to improve brand protection and securing agreement for a further China / UK IP Symposium.

Improving the skills and capability of our people

- Implementing a **simpler performance process** for the purpose of helping our people to manage performance better.
- **Improving internal communications** through the launch of a new intranet site, the use of communications screens in high traffic areas and the introduction of "meeting in a minute" which provides people with real time feedback on discussions and decisions from Executive Board meetings
- Providing a real **focus on Learning & Development** so that our people could easily identify, undertake and evaluate training.
- Continuing our work to **embed our Values** across the organisation by sharing real life examples of where people have made a difference through our Excellence Awards and our Rewarding our Values scheme.

Increasing efficiency and delivering value for money

- Continuing to deliver a **modern working environment** that facilitates more flexible and effective ways of working
- Moving our **HR transactional service** to UKSBS in line with the Government's commitment to sharing back office functions in order to realise financial benefits.
- Achieving our annual savings target of 8% of influenciable supplier expenditure through our **better buying programme**
- Achieving savings of £162,000 through our **Lean strategy**
- Introducing a **new electronic trade mark process system** (TM10) which has lowered transaction costs and facilitated an increase in examiner productivity of around 20%.

Promoting UK growth through IP policy

Introduction

A robust intellectual property regime is critical to supporting investments, exports and innovation that will drive the strong, sustainable and balanced growth which remains this Government's top priority. Our 5 Year Corporate Strategy published in 2011 set out how we will target our efforts to ensure that the benefits of the IP system were maximised and shared more widely to support economic growth and enrich the whole of society (see below).

We are making good progress. The UK's IP regime is highly respected around the world, and is fundamental to the continuing success of some of the UK's world-class industries including the creative industries, pharmaceutical and consumer goods sectors. In 2013, the Taylor Wessing Global IP Index judged the UK to be the best place in the world to obtain, exploit and enforce intellectual property rights. We now want to build on this strong foundation to ensure that the UK's IP environment reflects the needs and technologies of 21st century businesses and creators. Our work will include a strong focus on completing our implementation of recommendations within the Hargreaves Review of Intellectual Property and Growth published in 2011 and on ensuring that the international IP environment encourages the global success of British businesses.

IPO 5 YEAR CORPORATE STRATEGY:
DRIVING UK COMPETITIVENESS AND GROWTH

OUR COMMITMENTS:

- The IPO will have a reputation in the UK and globally for high quality, informed and influential IP policy
- The UK will be a more attractive place for creators and users of IP, including businesses and consumers
- The European IP system will support innovation and creativity and allow the single market to work better as a home market for UK business
- IP systems around the world will be accessible to and supportive of UK businesses that create and use IP, and developing countries will be able to use IP more effectively
- Our ability to segment our customer markets, recognise changing trends, and focus our stakeholder engagement will be improved because we will better understand how different groups of customers and stakeholders use and are affected by IP rights
- Our policy making will be better informed by a deeper understanding of the economic impacts of intellectual property rights on creators and users of IP, and how this translates to wider benefits in the economy
- Our excellence in IP research will enhance our reputation as a respected authority on intellectual property

Our work on the Hargreaves Review of Intellectual Property and Growth

During 2010, Professor Ian Hargreaves led an independent review of how well the UK's intellectual property framework supports growth and innovation. His report "Digital Opportunity: A Review of Intellectual Property & Growth" in May 2011 made ten recommendations designed to ensure that the UK has an IP framework which supports innovation and promotes economic growth in the digital age. The Government's response to the review accepted these ten recommendations and set out a significant programme of implementation. The text box opposite summarises the progress we have made.

In completing the implementation of Professor Hargreaves' recommendations, in 2014/15 we will concentrate our attention on improving the framework in which creators and rights holders can licence their work to other users and ensuring that the UK's legal framework for design operates effectively.

Improving Licensing

Licensing is an important means for creators and rights holders to earn revenue from copyright works. Many businesses and other organisations require these licences to operate in particular ways. Making licensing more efficient – that is, reducing the transaction cost of licensing for a given level of return to rights holders – creates benefits for licensors and licensees.

In support of the work done by rights owners to make licensing more efficient, and to improve the availability and value of licences to businesses and other organisations, we will:

- Introduce licensing schemes for Orphan Works¹ and Extended Collective Licensing by the end of 2014, as recommended by the Hargreaves Review of IP and Growth, and have outlined this as a Ministerial Target for this year:

Delivery of the infrastructure and supporting regulations required for the UK's Orphan Works and Extended Collective Licensing Schemes by the end of the year

- Continue to engage with the industry to secure delivery of a Digital Copyright Hub
- Support the adoption and use of Codes of Practice by Collective Management Organisations and the introduction of the Collective Rights Management Directive
- Engage with other bodies working to develop copyright licensing domestically and internationally.

Our Corporate Priority: Improving licensing by delivering the Orphan Works and Extended Collective Licensing Schemes by the end of the year

We will introduce licensing schemes for Orphan Works and Extended Collective Licensing by the end of 2014, and continue to engage with industry to ensure delivery of the Digital Copyright Hub. Delivery of this is also a Ministerial Target for us this year.

“Digital Opportunity: A Review of Intellectual Property & Growth” – Implementing the Recommendations

In August 2012 the Government responded to Professor Hargreaves review of IP and growth by substantially accepting his recommendations. Since then, as part of its implementation programme, we have:

IP attachés

Deployed four specialist IP attachés based in the world most challenging and fastest growing markets; China, India, Brazil and South East Asia. So far they have provided practical help and support to 293 UK businesses experiencing IP issues, these have an estimated value at risk of well over £270m. They have also helped a further 3,444 UK businesses through their outreach and education work.

Small claims track in the IP Enterprise Court

Introduced a small claims track in the IP Enterprise Court which gives SMEs the option of pursuing basic IP disputes through an informal hearing, without legal representation. It aims to significantly reduce the cost of pursuing IP infringement cases.

The Digital Copyright Hub

Supported the creative industries in their work to create a Digital Copyright Hub, including providing financial support of £150,000 kick start funding. Fully realised, this project will mean small companies who wish to license the works of others should find it easier to find the right people to approach, and in time to obtain simple licences through an automated transaction. This will mean a reduction in admin costs and legal fees.

Helping SMEs get value from their IP

Introduced new services and improved a range of existing services for business, including expansion of our funded IP audit scheme providing high growth SMEs with the ability to manage their own IP, develop a management plan or strategy to make their IP work for them and grow their business.

Orphan Works and Extended Collective Licensing

The Enterprise and Regulatory Reform Act made it possible to introduce schemes for dealing with ‘orphan works’ (unlocking value of copyright works which cannot currently be used because the owner is unknown), and for extended collective licensing (allowing the clearance of multiple rights quickly and cheaply). Following secondary legislation, these schemes should be operational by the end of 2014.

Codes of Practice for Collecting Societies

Introduced minimum standards for collecting societies (organisations which collectively manage copyrights on behalf of rights holders to the tune of £1bn per annum) and worked with them on codes of conduct, reducing substantially the number of complaints the Government receives about them.

Research and evidence

Investigated the scale and prevalence of issues around patent thickets, and looked at whether they’re a barrier to SMEs entering tech sector and accelerated work on building the evidence base about online infringement in the UK. The research was managed by OfCom, produced by Kantar Media, funded by us and provides a benchmark study of online copyright infringement. Future studies are due to be funded by the industry under the Digital Economy Act.

Intellectual Property Bill

Introduced the IP Bill into Parliament (May 2013) with three broad aims: to simplify and improve design and patent protection to help businesses (particularly SMEs); to clarify the IP legal framework; to ensure the international IP system supports UK businesses effectively. The Bill is currently going through its final stages in the House of Commons. <http://services.parliament.uk/bills/2013-14/intellectualproperty.html>

Exceptions to copyright

After a long period of consultation, the Government published its plans to modernise copyright exceptions last December <http://www.ipo.gov.uk/response-2011-copyright-final.pdf> and is now preparing regulations with the aim of the changes coming into force in April 2014. These measures should benefit innovation, competition, research, education and respect for the law.

Promoting UK growth through IP policy

Developing the designs framework

Since the conclusion of Professor Hargreaves' review, we have been working to deliver legislative change through the Intellectual Property Bill. This work is intended improve the way the designs legal framework operates and make it easier for business to navigate through its complexities. Subject to Royal Assent, we will be working to commence the provisions included in the Bill as soon as possible. These include changes to the way unregistered design rights arise, are defined and owned; measures to simplify the way designs are treated, by introducing consistency, for example, in the way exceptions are applied across the various design rights; and improving the ability of designers to protect their work by introducing criminal sanctions for the intentional copying of registered designs.

Other provisions will be brought into effect once work to underpin them has been completed. These include;

- Changes to the route for appealing against decisions on designs. The new appeal routes will be consistent with those for Trade Marks decisions, allowing users to choose between the low cost Appointed Person, and the High Court which allows for further appeals.
- The introduction of a new designs opinion service. This is aimed at giving those involved in potential disputes, such as infringement actions, an idea of the strength of their case before they engage in full legal proceedings.
- Enabling the UK to join the international designs registration system, The Hague Agreement, in its own right so that UK designs owners can be more selective about which countries for which they seek international registration.
- Introducing inspection of documents on design IP registrations by electronic means.

These subsequent improvements will be supported by, and in some cases, reliant on, the provision of new IT systems.

The work arising from the IP Bill and the IT systems will be accompanied by a third strand of work which will also support our aim of modernising the designs service we provide. This will focus on administrative processes, improvements to the associated forms, and improvements in the services available to designers.

Our Corporate Priority:

Modernising the designs framework

We will work to deliver improvements to the way the designs legal framework operates through the introduction of legislation.

Shaping the International Environment

In the Corporate Strategy we set out in 2011 we highlighted two key goals vital to our growth ambitions. They included a European IP system that would support innovation and creativity and IP systems around the world that were both more accessible to and more supportive of British businesses. Our vision for a well functioning global IP regime which gives British businesses the confidence they need to trade internationally and develop global partnerships is a top priority for us in 2014/15. In particular we will be working to push forward European developments around the Unitary Patent and Unified Patent Court and the development of the framework for both Trade Marks and copyright. We will also continue our work to drive improvements in the global environment including around global patent reform.

Our Work in Europe

The Unitary Patent and Unified Patent Court Agreement (UPC)

After 40 years of negotiation to simplify the European Patent process the Unified Patent Court Agreement was signed in February 2013. This will provide, alongside a Unitary Patent, a simplified European Patent system including a single jurisdiction for litigation. This should afford simpler access to European markets, reduced bureaucracy and costs and greater legal certainty. The UK will host part of the central division of the court which will further enhance London's reputation as a global centre of excellence for dispute resolution.

The Preparatory Committee, made up of Signatory States, is tasked with designing and agreeing all the necessary processes for the court to come into being. Key to this will be to balance the need for a high quality court that is accessible to all, including small and medium sized enterprises and which is sustainable in the long term. Steady progress is being made but the scale of work to be done means that the timescale remains challenging.

Domestic preparations are well underway. The IP Bill (in the 2013/14 legislative programme) includes the provision for a power to align the Patents Act 1977 with the UPC Agreement and we are preparing the laying of secondary legislation under that power by the end of 2014. Preparations for the London central (and any local or regional) division are progressing well.

Our Corporate Priority:

Pursuing preparations for ratification and implementation of the Unitary Patent and Unified Patent Court Agreement (UPC)
We will secure agreement to procure appropriate IT software for the case management system for the Unified Patent Court, and lay secondary legislation for ratification of the Unitary Patent Agreement before the end of this Parliament.

Shaping EU Trade Mark Law

We continue to work to influence the direction of travel of the European Trade Mark system through the current proposals for reform. The UK supports the EU Trade Mark regime which consists of national rights in all 28 Member States alongside the pan-EU Community Trade Mark.

The system is being reformed as a package, at domestic level through a recast of the Trade Marks Directive, and at EU level through a new Community Trade Mark Regulation. The objective of these reforms is to foster innovation and economic growth by making trade mark registration systems across the EU more accessible and efficient for businesses. Although the existing system is working well, business practices have evolved and there are areas where improvement can be made: as such the proposed reforms are welcome.

Our objective in the negotiations is to secure a set of reforms that work for businesses by preserving the flexibility of the system and increasing legal certainty. At the heart of this will be the preservation of the dual and complementary system of national and EU wide Trade Marks.

Promoting UK growth through IP policy

Work on the reforms has progressed well, with final agreement expected in the first half of 2015. Our focus will then move to implementation of the new directive to ensure UK's rules relating to Trade Marks are compliant. We expect the implementation deadline to be two years after agreement, so the second quarter of 2017 at the earliest.

Our Corporate Priority:

Reforming EU Trade Mark law

We will work to secure a set of reforms that improve the national and Community Trade Marks systems for the benefit of UK businesses.

The future copyright framework for Europe

The broad framework of UK copyright law is increasingly set by European legislation, and Europe is a major market for creative content of UK origin. A copyright regime that supports both creation and use of copyright works is therefore important for the UK's economic and cultural future. Debate on how the copyright framework might evolve at European level is a near-constant, but firmly on the immediate EU agenda with the European Commission's consultation on Copyright in Europe (December 2013-March 2014) which may result in proposals for change.

We aim to influence this continuing debate in the UK interest by:

- Ensuring copyright continues to provide appropriate incentives for creation and use of copyright works; and
- Ensuring the debate on any potential future change is focused on areas where evidence shows a genuine opportunity for innovation and growth.

Our Corporate Priority:

Influencing continuing EU debate on the future copyright framework for Europe in line with UK interests

We will work to ensure the future EU copyright framework supports UK interests and the creation and use of copyrighted works through influencing the EU debate

Reforming the global IP environment

As the global marketplace develops and as UK firms and creators look increasingly beyond Europe to find new suppliers, partners and customers, it is increasingly important that we influence the emergence of global IP systems which ensure they can tap into new opportunities and larger markets with confidence.

The work of the Tegernsee Group² of offices gathering evidence on four aspects of patent law, including Grace period, will conclude in April 2014 and an appropriate forum for taking this work forward will be identified. As part of a core group, we will report to Group B+³ in September on how to improve consistency of provisions on client-attorney privilege in different jurisdictions.

We will build on recent progress to seek agreement for further improvements to the Patent Co-operation Treaty (PCT) system which is the primary mechanism for innovators to seek international patent protection.

We will work with other participating offices to review, improve and extend the Global Patent Prosecution Highway (PPH) system launched in 2014 thus helping innovators secure international patent protection more quickly. We will also implement a bi-lateral PPH agreement with China in July.

We will enhance the quality and efficiency of the examination process by encouraging increased coverage and take-up of the work sharing platform developed by the World Intellectual Property Organisation (“WIPO-CASE”) and its linkage with the One Portal Dossier system of the Big 5 IP Offices (“IP5”), thus allowing examiners to access examination results from other offices more conveniently.

We will continue to seek a better understanding of the way in which high-performing organisations similar in nature to us operate, and to identify ways in which we can improve the efficiency and quality of our rights granting operations. We will undertake further exchanges with our partners in the Canadian, Australian, German and Chinese IP offices to improve our quality and productivity and understanding of each other’s practice.

Our Corporate Priority:

Delivering Global Patent Reform

We will continue to work with other IP offices to improve the global patent system for the benefit of UK businesses

Focussing our Policy Activity

In addition to defining our strategic policy objectives, a key enabling commitment within our Corporate Strategy was that our policy making would be better informed by a deeper understanding of the economic impacts of intellectual property rights on the creators and users of IP and how this translates to wider benefits in our economy. The need is to ensure that development of the IP system is driven, as far as possible, by objective evidence, with policy conclusions balancing measurable economic objectives against social goals and the potential benefits for rights holders against impacts on consumers and other interests.

We have earlier highlighted some of the work we have done to ensure that, in responding to Professor Hargreaves’ recommendations, we have developed approaches which reflect an objective analysis of the IP environment, but the philosophy that our policy should flow from a sound evidence base affects everything we do.

Our Economics, Research and Evidence (ERE) team works with policy teams internally and across stakeholder industries, leading academics and across government to gain agreement on the best approaches for evidence based policy and to produce a policy relevant annual research programme. The results from the programme are made public and used in the development of policy.

In 2013/14, the ERE team published 12 independent research reports which findings underpinned and informed the delivery of impact assessments for implementation of our legislative programme, which cuts across our policy responsibilities. To ensure our research outputs are well informed and accessible, the ERE team has worked with a range of third parties to deliver stakeholder events to peer review the findings. The events have been well attended and the debate has influenced the research teams and stakeholder views in advance of publication.

Our rolling programme of economic analysis continues. To support our corporate priorities for 2014, our primary focus will be to develop projects around IP enabled finance, IP enforcement, EU patent and copyright issues. The team are also developing an evaluation programme to assess the impact of its policy interventions and inform our future approach. An updated comprehensive research and evaluation programme will be published in Spring 2014.

Promoting UK Growth through IP Policy

Summary of our priorities and Ministerial Targets for 2014 – 2015:

1

Improving licensing by delivering the Orphan Works and Extended Collective Licensing Schemes by the end of the year

We will introduce licensing schemes for Orphan Works and Extended Collective Licensing by the end of 2014, and continue to engage with industry to ensure delivery of the Digital Copyright Hub. **Delivery of this is also a Ministerial Target for us this year.**

2

Modernising the designs framework

We will work to deliver improvements to the way the designs legal framework operates through the introduction of legislation.

3

Pursuing preparations for ratification and implementation of the Unitary Patent and Unified Patent Court Agreement (UPC)

We will secure agreement to procure appropriate IT software for the case management system for the Unified Patent Court, and lay secondary legislation for ratification of the Unitary Patent Agreement before the end of this Parliament.

4

Reforming EU Trade Mark law

We will work to secure a set of reforms that improve the national and Community Trade Marks systems for the benefit of UK businesses.

5

Influencing continuing EU debate on the future copyright framework for Europe in line with UK interests

We will work to ensure the future EU copyright framework supports UK interests and the creation and use of copyrighted works through influencing the EU debate

6

Delivering Global Patent Reform

We will continue to work with other offices to improve the global patent system for the benefit of UK businesses

Delivering high quality rights granting services

Introduction

Intellectual property rights support economic growth by encouraging investment in new technologies, in the development of brands, and in creativity. We know that the use of patents, Trade Marks and registered designs is associated with better creation, transfer and use of knowledge and higher firm productivity. Our delivery of high quality rights granting services is therefore key to promoting UK growth.

Granting rights with a high presumption of validity is central to business confidence in the system. As noted in the previous chapter, a recent report found the UK was the best place in the world to obtain, exploit and enforce IP. Overall, we were ranked top for Trade Marks, second for patents and fifth for designs. We were specifically praised for the quality of our services, especially for small businesses.

The goals we set for our rights granting activity when we published our Corporate Strategy in 2011 are recalled below. We have made excellent progress around the goal of delivering world class IP rights, with a reputation for expertise, customer focus and innovation in rights delivery, but there is further to go.

In 2014/15 we will build on the strong foundations we have already developed to ensure that our rights granting services reflect modern business practices and meet our customers' needs. That will include continuing our work to modernise the patents service, further enhancements to our digital service offering and work to update our technological infrastructure. Against the challenging backdrop of increasing demand for our services, we will deliver faster patent services where our customers need them, maintain the pace of our Trade Mark service delivery and ensure that our customer satisfaction remains high.

IPO 5 YEAR CORPORATE STRATEGY: DELIVERING WORLD CLASS IP RIGHTS

- All patents, Trade Marks and registered designs will be processed in a fully electronic environment
- Businesses will be able to innovate with greater certainty due to the high quality of our patents, Trade Marks and registered designs, which will rank amongst best in our class
- Our patent, Trade Mark and registered design processing will be engineered for optimum efficiency, putting us at the forefront of efficient and responsive rights delivery
- IT systems will be cheaper to run, greener and have the flexibility to adapt quickly to changing business requirements and customer needs
- IPO customers and stakeholders will use our information systems with confidence and trust
- Our customers will benefit from new and innovative ways to access the UK IP system, tailored to meet the needs of their business and the markets in which they operate
- Businesses will benefit from being able to access, use and enhance our data and information, including new value-added information services that build on the IPO's expertise and authority



Rights Granting Services: Demand and Delivery

During 2013/14, increases in demand for our services continued and this trend has been mirrored around the world. We are working hard to improve our ability to forecast demand and understand the relationship between demand for IP rights and economic variables, although there are always uncertainties around any forecasting. Based on the available data we expect demand for new IP rights to be at least sustained while demand for other services, such as renewals, to continue to rise.

Our customers place a high priority in receiving an early idea of how innovative their inventions are. We know that this will inform their future business plans and, for some, help secure funds for further development and manufacture. Equally, we know that early grant of a patent is important to some customers especially those wishing to enforce their IP rights. Meeting customer needs is important to us, which is why we have a Ministerial target:

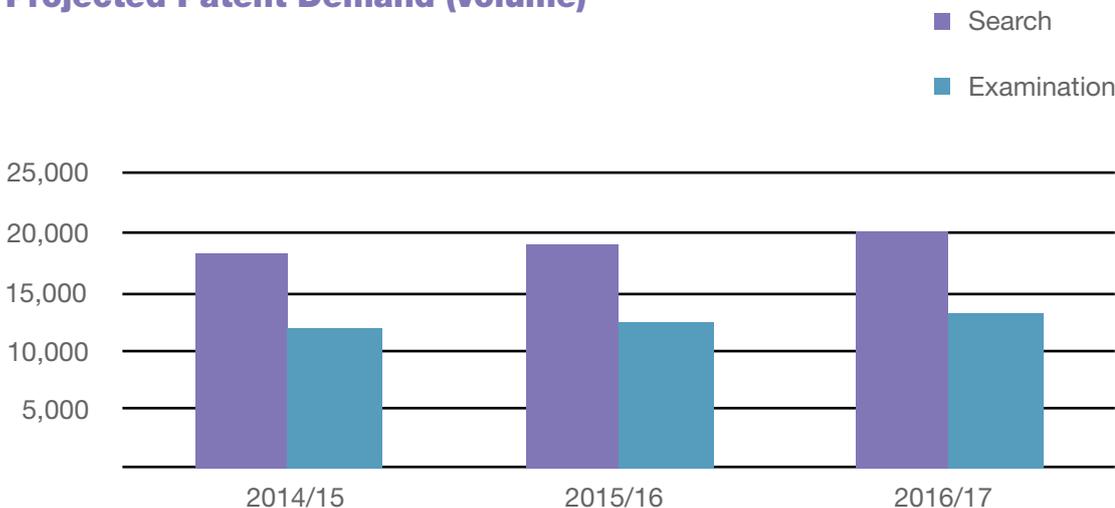
Ensure customer satisfaction is at least 80%

This target looks at the satisfaction levels of customers who have used one of our transactional services, and is measured through a statistically significant survey conducted in line with industry best practice. The survey is run twice a year, and 200 customers are telephoned and invited to rate their overall satisfaction of dealing with us on a 10 point numerical scale.

Patents

The graph below shows the forecast demand for patent searches and examinations in the next three years of our strategy:

Projected Patent Demand (volume)



We believe the increases in patent demand will continue in the short to medium term, and increased take-up of our “fast track” routes to grant will be maintained. We expect the level of increase to be uneven across technologies, with greater concentration in the ICT sector.

We aim to maintain our efforts to deliver a timely service at all stages of the granting process to meet the competing needs of customers. We will strive to offer initial search reports in a timescale that is world class. We expect a modest improvement in the timeliness of examination reports in the medium term as the benefits of our recruitment programme kick in. We will then make strong progress towards reducing the time-to-grant to 42 months which is our long term goal.

At present we have insufficient patent examiner capacity to deliver services as quickly as we and our customers would like. We have therefore decided to embark on a series of measures to build on examiner capacity.

Recruitment of a significant number of new examiners will enable us to improve delivery in the medium term and we plan to recruit 50 new specialists over each of the next three years, equating to an increase in examining capacity of 60%. However, to deliver improvements in the short term, we need to make the most of the capacity we currently have.

To do this, we will manage demand to take account of the impact on innovation and economic growth when allocating high value examiner resources. We will prioritise our work so that applications from unrepresented applicants – of which only a small minority are granted and exploited – are handled by specially trained staff in a dedicated unit. We will focus our efforts on improving the quality of these applications to reduce the amount of processing time needed. We will also be proactive in managing expectations where a granted patent is highly unlikely. To provide greater choice, in the early part of the 2014/15 financial year we will launch a formal consultation on introducing

Delivering high quality rights granting services



a new Publication Service as an alternative to a patent. We will also pilot collaborative working to investigate the feasibility of transferring some essential non-technical work from Patent examiners to administrative staff. We will, however, have a continuing need for overtime working.

We will aim to continue to deliver search reports in about six months, as our customers tell us this is generally when they need them. We will also continue to provide a fast examination report with a search report under our combined search and examination service. At the same time, we will maintain our focus on delivering our accelerated services efficiently and reliably to ensure that those customers, who want it, can get a patent in a year or less. We have agreed a Ministerial target:

Offer faster handling of patent applications, by providing an examination report with a search report when both are requested at the application date, and meeting at least 90% of requests for an accelerated two-month turnaround for search, publication and examination in case of need

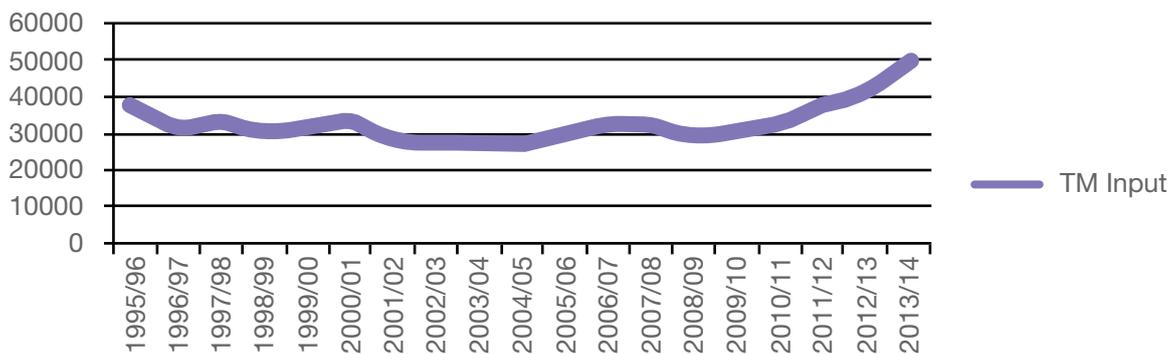
Quality will remain at the heart of what we do: an inadequate search or an invalid patent is bad for applicants and the economy, no matter how quickly it might be provided. Our patents granting process has been certified as meeting ISO 9001:2008 (Quality Management Systems) and we will seek ISO re-certification in early 2015. To underpin our efforts, we have agreed a delivery target of providing good service for patent customers in 95% of quality assured actions

Trade Marks

The level of demand for domestic trade mark continues to rise – up 17% in 2013/14. Applications to the UK via the international route have remained static.

The graph below shows the level of demand in for domestic Trade Marks since 1995.

Trade Mark Input



Whilst demand is difficult to forecast, it has risen continuously over the last 3 years, therefore we have planned for similar trends in demand for the next three years. The increase in Trade Mark applications has resulted in more cases being referred to hearing at the ex parte (pre registration) stage and we have experienced a similar increase of around 20% in oppositions. Since introducing our fast track opposition in October 2013 we have seen a steady increase in the number of opponents choosing this route.

Our new Trade Mark IT system, which replaced 16 separate legacy systems ranging from a mainframe computer, to various PC based processing systems, was successfully implemented.

This new system (TM10) includes an electronic case file enabling our examiners to process applications (98% of which are now electronically filed) without paper files. It also includes workflow tools to speed up case processing and facilitated an increase in examiner productivity of around 20%. There are also benefits for external users, including

an extended range of Trade Mark data available on-line, a new state-of-the-art Trade Mark search system (which is hosted on our website), an improved electronic application form with features that make it even easier for SMEs to apply without professional assistance, and a new e-form which made Trade Mark renewals quicker, easier and more cost effective.

Overall the implementation has gone very well: there have been few teething problems and internal and external Trade Mark users seem very satisfied with the system and the improvements it has enabled.

Internally, this represented a significant change in working methods for our Trade Mark examiners and Trade Mark Clerks. The change was well managed, with strong communications and intensive pre training of users. This is evidenced by the very positive feedback in the 2013 staff survey.

Delivering high quality rights granting services



Although the introduction of TM10 has resulted in efficiencies and staff savings, we need to recruit additional resources in the examination teams to meet the increase in demand. In February 2014 we recruited 10 new Trade Mark examiners and they are undergoing an intensive training programme. During this period of training we will continue to need some overtime to keep the period for first examination of applications at around 10-20 days. We also plan to recruit further examiners if demand continues to rise. We have also taken steps to ensure that our people have the necessary skills to undertake both ex parte and inter partes hearings and to provide sufficient resources in those key areas. In the light of all these developments we have reviewed our targets for next year and expanded them to measure our performance against a wider range of our outputs. These will give a better indication of our speed and efficiency in dealing with applications and disputes. We have agreed a Ministerial target:

Publish 80% of acceptable applications for National Trade Marks for opposition within 90 days of filing

In 2014/15, we will review the existing quality management system in light of the changes made in 2013/14. We will also consider the benefits to the Trade Marks and designs directorates of gaining ISO accreditation.

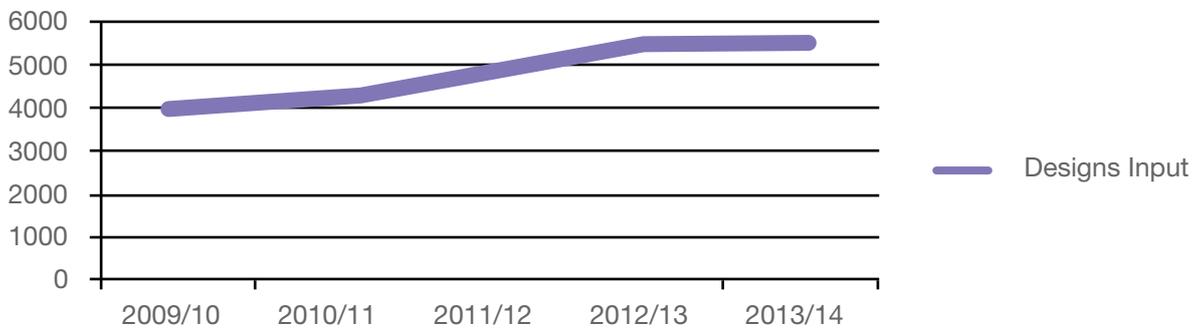
In recent years we have also focussed on speeding up the resolution of disputes before the Trade Marks Tribunal. We have made good progress in this area and this year we will aim to issue 75% of Trade Mark tribunal decisions within 15 months of the counter-statement being filed.

This is a challenging target because of the continuing increase in Trade Mark applications and consequential increases in oppositions. It is expected that most fast track oppositions will be resolved within 2 months of the applicant filing a defence to the opposition. The opposition fast track procedure introduced in October 2013 will therefore play an important part in achieving the planned acceleration of proceedings, and achieving the further accelerations planned for future years.

Designs

Designs demand continues to be relatively static. The graph below shows demand for registered design from 2009/10 to 2013/14

Designs Input



Reviewing our Fees

We are about to embark on a major transformational change for both design law and processing. The IP Bill currently before Parliament will introduce criminal sanctions and allow us to introduce revised procedures for processing domestic applications for designs. It will also allow us to join the international designs system known as The Hague System. In addition, we plan to embark on a major IT project to replace the existing IT system used by the designs team. We will look to use this opportunity to modernise the current process and to make it fully electronic and so improve the efficiency and offering for our customers.

We have used this to set what we believe to be more realistic delivery targets to meet customer needs. We will continue to process design applications as quickly as possible and will aim to register 95% of design applications, on which we have not raised any issues, within 1 month of filing.

We are funded through the fees we charge for the provision of our services, the vast majority of which relate to our rights granting activities on patents and Trade Marks. We also receive funds from the European Patent Office (EPO) for the services we provide in respect of the renewal of UK patents granted through the EPO. We operate as a trading fund which requires that we set fees to recover our costs plus a small return on equity.

During 2014/15 we will undertake one of our regular fee reviews to ensure that the cost of each of our services is being sufficiently recovered through the fees we charge. As part of this we will be considering the balance of our fee structure in relation to up front charges on application against those we charge for renewal of the rights, patents, Trade Marks and designs that we grant. We will also consider to what extent, if any, we should have differential fees for the various types of applications we receive.

Delivering high quality rights granting services

Modernising our service offering

As the business environment and business technologies change, so our customer needs change, prompting requests for new or changed service offerings and delivery mechanisms. Our rights granting teams will continue their work to shape a service that responds to today's business practices and concerns.

Modernising the patents service

Our Corporate Priority:

Modernising our patents service

We will continue our work to modernise the way we process patent applications by streamlining our internal processes.

Ideas, ideas, ideas ...

1,100 from staff

1,000 from customers

"Ability to link to data"

"Varied and challenging work"

"Electronic communication"

"Flexible, adaptive IT systems"

"Consistent, predictable timelines"

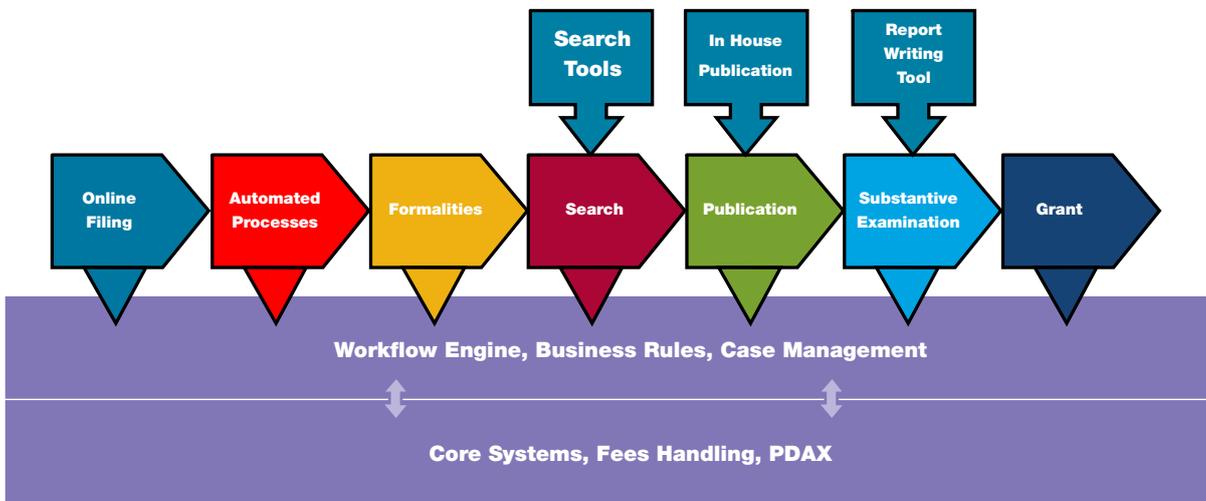
"Efficient processes with improved workflow"

"Speed, cost, quality"

"Multimedia in applications"

...resulting in 142 initiatives for improvement

...and helping to shape future processes and system...



We will continue to modernise our internal processes for handling patent applications by developing new IT capabilities to replace our current IT infrastructure. Much of our IT infrastructure that supports our patents and designs rights granting operations, both applications and hardware, is based on technology that is over twenty years old. Many of the applications, although amended with improved functionality over time, were designed and written in a similar timeframe. Overall, the technology estate that supports patents rights granting and renewal is costly to maintain, difficult and complex to change and requires skills that are in decreasing supply, as organisations across the public and private sectors continue their programmes of legacy infrastructure replacement.

During 2014/15 we will continue the work to replace our old database technologies by extracting and converting the data into modern data formats as an intermediary step to implementing a database service. This is part of our service orientated approach to providing IT services that facilitates simpler access to new and more cost effective technologies as they

emerge without whole scale re-implementation of end to end services. Delivery of this will be part of the Office's main transformational change project which will look at all aspects of the patent process from filing to post-grant actions. This work strongly supports the outcomes in our strategic plan of being at the forefront of efficient and responsive rights delivery.

Our Corporate Priority:

Modernising our technological infrastructure

We will reduce patents and designs infrastructure costs and improve our capability to support future change, ensuring the focus is on replacing old Mainframe based IT applications, through a combination of smarter procurement and technical refresh.

Delivering high quality rights granting services

As part of this project we will develop a new service based architecture which will allow us to manage our work more efficiently and provide better service for our customers. We aim to provide a new integrated business system for patents by delivering new capabilities to the business incrementally using the agile development methods set out in Government Digital Service guidelines. As part of this incremental delivery we will introduce a new work management system and start developing a new report writing capability in the current year. Next year we will deliver the report writing capability, integrate existing IT capabilities into the system and start to develop automated processing tools.

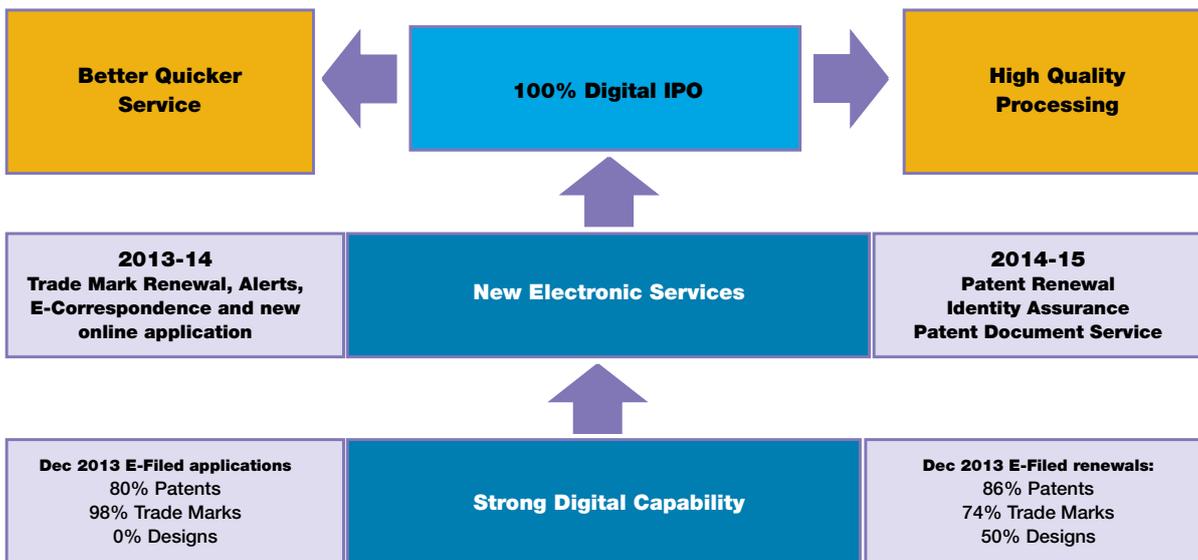
We will also continue to pursue short term opportunities to reduce the cost of our legacy IT estate by smarter and more collaborative procurement with partners from across other government departments and agencies.

Our “Patents Roadmap”



Enhancing our Digital Services

Our Journey to a 100% Digital IPO



Feedback indicates that the ability to be able to do more online is a priority to our customers. We are part of the government's 'digital by default' strategy which is designed to make all transactions that citizens and organisations undertake with government or its agencies available 'on line'. These services must be easy to access, simple to use, with the needs of customers at the heart of their design. They are also subject to ongoing review and continuous improvement. This is part of a three year programme for us as we seek to significantly enhance both the volume and quality of our web services for our customers, the ultimate objective of which is to enable all customers to register, manage and maintain their registered rights digitally. This is in line with the outcomes in our strategic plan that all patents, Trade Marks and registered designs will be processed in a fully electronic environment and our customers and stakeholders will use our information systems with confidence and trust.

During 2013/14 we introduced an 'on line' Patents Renewal service, one of the 25 exemplar digital projects across government. In 2014/15 we will build on this by completing the migration of our current web site onto the new Gov.uk platform which is bringing together all content and transactions from across government and its agencies under one 'umbrella'. This is enabling all services to be accessed with a common look and feel, whilst leaving the ownership of content and transactions with the relevant department or agency. In transitioning this service we are taking the opportunity to review our content to ensure its continued relevance and usability for our customers, and speaking to them as we develop the design and hierarchy of content.

Delivering high quality rights granting services

Our Corporate Priority:

Digital by Default – Enhancing our Digital Service

We will continue to develop our digital service by creating a secure on-line service for our patents rights customers to be able to view and access the rights they maintain, and transitioning the content and transactional service access from our existing website to the new Gov.uk platform.

During the coming year we will further develop our digital services to allow our professional patent rights customers to view and access the rights they manage. In building these services we will continue to work closely with the Government Digital Service to ensure the design standards and approach we are taking meet the criteria now set for all digital services across government. This will include ensuring we have appropriate identity assurance and authentication in place.



Delivering high quality rights granting services

Summary of our priorities and Ministerial Targets for 2014 – 2015:

1

Modernising our patents service

We will continue our work to modernise the way we process patent applications by streamlining our internal processes.

2

Modernising our technological infrastructure

We will reduce patents and designs infrastructure costs and improve our capability to support future change, ensuring the focus is on replacing old Mainframe based IT applications, through a combination of smarter procurement and technical refresh.

3

Digital by Default – Enhancing our Digital Service

We will continue to develop our digital service by creating a secure on-line service for our patents rights customers to be able to view and access the rights they maintain, and transitioning the content and transactional service access from our existing website to the new Gov.uk platform.

Our Ministerial targets in line with this goal are:

- Offer faster handling of patent applications, by providing an examination report with a search report when both are requested at the application date, and meeting at least 90% of requests for an accelerated two-month turnaround for search, publication and examination in case of need
- 80% of acceptable applications for National Trade Marks will be published for opposition within 90 days of filing
- Ensure customer satisfaction is at least 80%



Enabling business to understand, use and protect their IP and educating consumers to respect others' IP rights

Introduction

Intellectual property matters. Whereas, in the not too distant past, the majority of business investment was in people or physical things like premises and machinery, today the majority of business investment is in intangible goods, in ideas and in creativity.

We play a central role in creating an environment which helps businesses translate this investment in IP into growth. The work we are doing to improve our rights granting operations and to reform the legislative environment to fit modern businesses needs will help to ensure that the UK sustains its position as the best IP regime in the world. But unless businesses, creators and other users understand how best to navigate that environment and unless they can enforce their rights where others infringe them, we will fail to reap the full benefits for our economy. This challenge was reflected strongly in our 5 Year Corporate Strategy published in 2011 (see below)

Although more and more firms are waking up to the importance of IP, it is a sad truth that too many ignore the value of IP in their business plans, missing opportunities which might otherwise make a strong contribution to their long term success. In 2013/14, we introduced a new suite of 'IP for Business' tools designed to ensure that creators and businesses could translate their good ideas into success by managing their IP more effectively.

These tools include refreshed business guides and new on-line tools and diagnostics, including an updated on-line IP Healthcheck. They complement existing services, like our IP Audits which we have expanded to incorporate pro bono advice from IP specialists on implementing Audit recommendations and our strengthened programme of outreach which encourage businesses and others to think about how best to manage their IP.

IPO 5 YEAR CORPORATE STRATEGY: SUPPORTING BUSINESS GROWTH

OUR COMMITMENTS:

- Businesses that could be more successful through better use of IP will be able to access informed advice and support that enables them to use, manage, and enforce their IP to its fullest potential
- Innovators and entrepreneurs of the future will understand how IP can help them create value from their ideas
- It will be easier to tackle counterfeiting and piracy in the UK due to a better informed and coordinated response by law enforcement agencies and businesses

We can see that these measures are having an impact. Early feedback is positive, with accountants and other commercial advisors confirming that an increasing proportion of their clients recognise both the risks and opportunities linked to their IP and are asking the right questions about how to manage them. However, we must continue our work to build a better informed appreciation of IP across the business community. For 2014/15 we have agreed a stretching Ministerial target to reach an audience of 10,000 businesses with our IP for Business tools. This work supports delivery of our strategic plan outcome of ensuring businesses that could be more successful through better use of IP will be able to access informed advice and support that enables them to use, manage, and enforce their IP to its fullest potential.

We will reach an audience of 10,000 businesses through its online “IP for Business” tools by end March 2015

Building understanding of intellectual property will help businesses generate better value through their IP assets, but we recognise that there is more we can do to support their efforts today and into the future. In 2014, we will therefore turn our attention to address some of the key challenges businesses face in exploiting their IP: protecting IP assets when they trade internationally or build global supply chains; enforcing rights at home and in the global marketplace; and ensuring banks and other financial institutions give proper weight to IP in lending or investment decisions. We will also begin work to ensure that future generations of entrepreneurs, business leaders and innovators come to the workforce with a stronger understanding of the IP issues in their chosen field and an improved ability to spot and act on the risks and opportunities they may encounter.



Customer Insight

The Customer Insight team tracks and champions the customer experience with our products and services. Most importantly it generates customer evidence to steer and shape our service improvement and development work.

The team, which came together in 2012, gathers and analyses information relating to customer contact, satisfaction, feedback, complaints and online activity. Their work has deepened our understanding of our customers and teams across the organisation draw on its expertise and information resources to support their work.

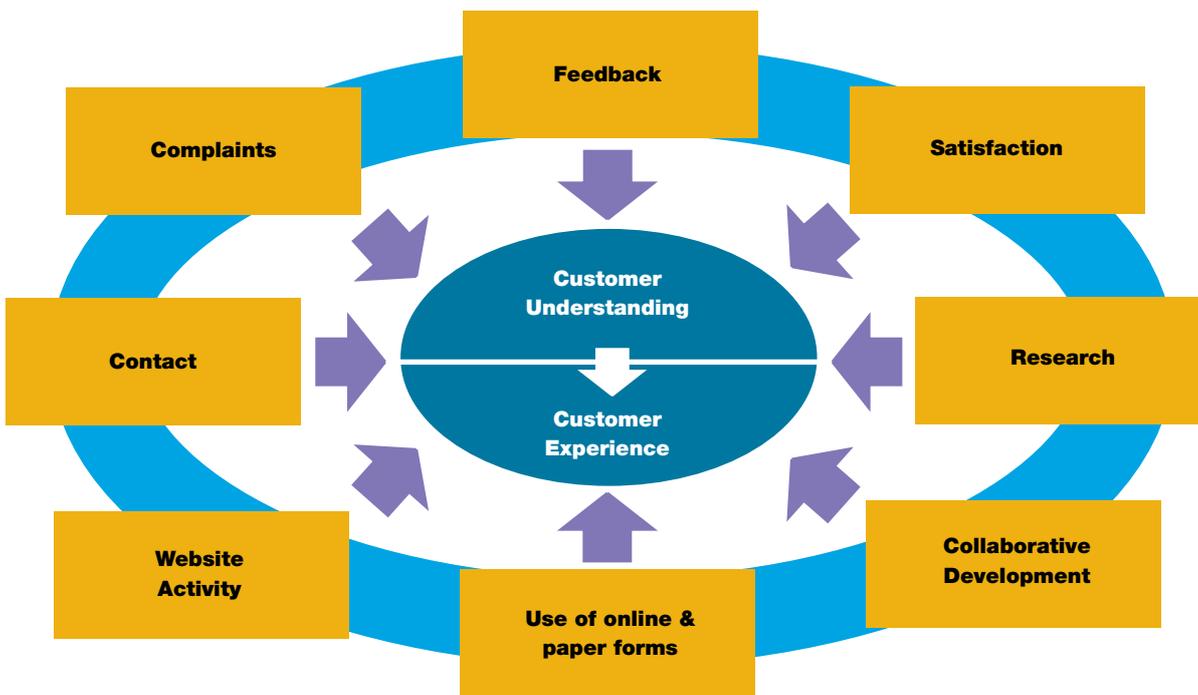
Successes in 2013/14 include:

- An expanded and minable customer feedback database that now contains over 11,000 customer comments and suggestions.
- Improvements to online and paper forms that have reduced the proportion that customers complete with errors or omissions.
- Improvements to letters, website guidance and forms that have enabled us to cut the proportion of phone calls to our Information Centre for 'avoidable' reasons (e.g. customers with an enquiry that our website, a form or a letter should have already made clear).
- Customer involvement throughout our development of an online patent renewal service and in the definition of a secure Patent Document Service.

Highlights in our plan for 2014/15 include:

- Full Customer Journey Mapping of our designs and Trade Mark application and registration processes. This will complement the Patent customer journey mapping work we completed in 2013,
- Engaging customers in the collaborative development and testing of a secure patent document service.
- Development of usability testing facilities to further deepen customer engagement in wider website and service development work.

Enabling business to understand,
use and protect their IP and educating
consumers to respect others' IP rights



Supporting IP rich businesses overseas

Ensuring that UK companies can benefit from global trade requires them to be confident that they are able to enter and invest in markets and protect their IP assets when they do so. In today's global marketplace we must support the growth of British businesses overseas and we will do so through our team of specialist IP attachés (China, India, Brazil and South East Asia). The attachés' role will remain focused on:

- Policy interaction and influence with host Governments, sharing best practices and promoting strong IP protection
- Supporting UK businesses that face IP issues within the overseas markets
- Undertaking outreach and education work to help UK businesses identify and then avoid potential expensive IP litigation and enforcement issues overseas.

This support will continue alongside programmes and services provided by UK Trade and Investment and some trade associations.

In those markets without an attaché we will continue to work through the local British Embassy and support exporters through our dedicated web pages, on-line tools and IP guide. We will continue to scan markets for emerging IP issues and, where appropriate, provide additional support or resources to tackle IP issues. Additionally, we will continue to use free trade negotiations led by the EU to drive improvements in IP regimes across the world.

On a multilateral front we will continue to work to improve the global framework of IP rules, both to strengthen protection where necessary and to reduce the costs and bureaucracy experienced by businesses trading internationally. To this end we will continue to maximise our influence in key international institutions such as the World Intellectual Property Organisation (WIPO), World Trade

Organisation, European Patent Office and Office of Harmonisation in the International Market (European Community Trade Mark Office). We will also continue our work to contribute to the IP debate in the EU, noting the formation of both the new European Commission and European Parliament in 2014.

Our Corporate Priority:

Helping UK companies which are IP rich trade more internationally

We will continue to support UK businesses abroad directly through our IP attachés and more widely through British embassies overseas.

IP Enforcement

The value of intellectual property rights to individual creators, to growing businesses and to the wider economy, will be limited if those rights are disregarded or cannot be enforced. We have significantly strengthened our activity to build respect for intellectual property rights and to ensure an effective, affordable enforcement framework within the UK since our Corporate Strategy was published in 2011.

Our Enforcement Hub has built a strong reputation, and works closely with partners from Trading Standards, HR Revenue & Customers, the National Crime Agency, and the newly formed Police Intellectual Property Crime Unit, which we financed and supported the introduction of. We also launched a new campaign to build greater respect for IP rights, which we will continue in 2014/15.

Reach an audience of 5 million people with messages to build respect for IP by end March 2015

In 2014/15 we will continue our focus on enforcement in collaboration with partners at home and abroad. In particular we will continue to tackle the challenge of piracy and of counterfeit goods flowing into the UK market. We will also strengthen alliances with partner nations through a high profile global IP Enforcement Summit.

Reducing the flow of counterfeit goods into the UK

Evidence shows that the majority of counterfeit and pirated goods entering the EU come from China – over 72% of goods detained by EU customs in 2012 came from China and Hong Kong. These goods damage the economy by reducing the number of sales of genuine goods by legitimate retailers, and items such as fake electronic goods can cause harm to the consumer.

In 2013/14 we worked with China to exchange knowledge and understanding of IP enforcement, through judicial exchanges covering interim injunctions and more operational workshops and meetings with Chinese law enforcement agencies. In 2014/15 we will work with UK law enforcement agencies to tackle the flow into the UK of counterfeit and pirated goods, which harm the UK economy.

Under the National Crime Agency umbrella and working with large source countries, we will take action at all points of the life cycle of counterfeit and pirated products to reduce the ability of criminals to trade in such products. We will also continue to take a leading role in multinational responses to IP crime, such as the EUROPOL/ INTERPOL Operation Opson, targeting fake and substandard food and drink.

We will also continue to support UK businesses operating overseas through the IP attaché network by sharing best practise both in the civil enforcement of IPRs and in the response to IP crime. This will support our strategic plan outcome of making it easier to tackle counterfeiting and piracy in the UK due to a better informed and coordinated response by law enforcement agencies and business.

Enabling business to understand, use and protect their IP and educating consumers to respect others' IP rights

Our Corporate Priority:

Working with UK and international enforcement agencies to help reduce the flow of counterfeit goods into the UK

We will continue to work with UK and international enforcement agencies to take action to reduce the flow into the UK of counterfeit and pirated goods which harm the UK economy.

Supporting IP enforcement operations

Tackling the online environment remains a priority for Government. In 2013 we funded research to improve understanding of consumers' behaviour and attitudes towards lawful and unlawful access of copyright material using the internet.

Throughout 2013/14 we saw an increase in the number of injunctions taken out by rights holders under section 97A of the Copyright, Designs and Patents Act, to block access by ISPs to infringing websites. By the end of 2013 nearly 40 such websites had been blocked. Looking towards future technological challenges, we funded projects which will help new technology assist the growth in legitimate markets, whilst reducing markedly the accessibility of infringing products on line.

Last year we financed the creation of a specialist police IP crime unit within City of London Police, capable of tackling copyright infringement and counterfeiting on the internet. Through 2014/15 we will build on our work with City of London Police in tackling piracy and the sale of counterfeit goods online. We envisage, if the unit is successful, that funding will fall to industry from 2015/16.

Our Corporate Priority:

Supporting operational IP enforcement activities alongside our partners, including the Police Intellectual Property Crime Unit (PIPCU) and Trading Standards

We will continue to work with the City of London Police and others to tackle piracy and the sale of counterfeit goods online, developing the PIPCU to a place where it is industry funded in future.

The international enforcement challenge

IP infringement does not respect national boundaries. Tackling the problem requires a concerted effort at an international level. With the growth of the internet and online shopping, the issue has become a global one. Therefore in June this year, in partnership with OHIM and the European Commission, we will host an international enforcement summit.

This summit will provide an effective forum for discussion and debate on IP enforcement globally and will highlight best practice from across a wide range of countries. In addition the summit will showcase the UK as a centre of excellence for IP rich companies, with an effective enforcement regime. It will be followed by a detailed event report which will highlight key discussions, outcomes and best practises in IP enforcement. This latest thinking will contribute to UK and international IP enforcement related agendas. Moreover, we will discuss, with partners, the possibility of building a cycle of successive summits in countries across the world. We have agreed that delivery of the summit will be a Ministerial Target in 2014/15:

With our partners, OHIM and the European Commission, the IPO will deliver an International Enforcement Summit that provides an effective forum for the discussion and debate of IP enforcement globally, and attracts an international audience, by summer 2014

Support for Business: Facilitating the use of IP as a Financial Asset

Making sure that the UK's entrepreneurs, innovators and creators can translate the investment they make in the creation of intellectual property assets into value is key to the UK's long term growth prospects. Often their ability to do so will depend on their ability to gain access to the finances needed to move their business forward. In 2013 we commissioned Inngot and Valuation Consulting Limited to undertake in-depth research into the difficulties faced by IP-rich SMEs in accessing finance. The research findings, published in November 2013, showed that knowledge assets were not appreciated in mainstream UK lending and that innovative businesses often struggled to leverage their most valuable assets.

The report made two overarching recommendations. First, that we should sponsor development of a resource toolkit, backed by financial service providers, which would help SMEs to make more effective use of their IP assets. Second, we should work to ensure that policy measures across government – from the Patent Box to the Business Bank – joined up effectively to help raise awareness of IP and put IP assets to practical use for business and Growth.

At the start of 2014, we convened a series of roundtables with SMEs, IP professionals, high street banks and professional bodies, to develop an action plan for the coming year. On 31 March 2014 we published an action plan as part of our response to the research report. It includes our commitment to action to build both business and financial sector understanding of

the business value of IP, to the development of a toolkit which will help foster a more productive dialogue between lenders and businesses. We will also work to stimulate actions that will support improved lender confidence.

Our Corporate Priority:

Delivering a suite of tools to encourage university lecturers to bring IP into course material and to build students understanding of IP

We will develop and introduce toolkits for use by university lecturers designed to improve students' knowledge of IP.

Equipping the future workforce

As intellectual property assets become an increasingly important success factor for UK businesses, it matters that employers have access to a workforce which understands and can apply basic IP principles. We, along with the Intellectual Property Awareness Network (IPAN), commissioned research on students which was conducted by National Union for Students (NUS), and suggested that whilst '80% felt that knowing about IP was important'; only '40% of students said they considered their awareness and understanding of IP to be enough to support them in their future career'⁴.

The research also indicated that the majority of students obtain their IP knowledge from their lecturers. For this reason, it is important that lecturers have a good knowledge of IP. However, the recent NUS survey revealed that just over 50% of students believe that their lecturers were sufficiently informed about IP. This highlights a perceived disparity in the level of IP understanding amongst lecturers. To try to improve this, in 2014/15 we will work to develop toolkits which will build on the materials created for our 'IP Equip' toolkit and the forthcoming 'Online Master Class'.

Enabling business to understand, use and protect their IP and educating consumers to respect others' IP rights

As we build on our ongoing work to increase the amount of higher education courses incorporating IP, we recognise the importance of supporting academics teaching this material. Feedback from these end users will be incorporated in development of electronic tools which help them to understand IP and to gain access to best practice. Web tools to help students develop better awareness and understanding of IP and its relevance to their future careers will also be a key part of preparing graduates for future employment or entrepreneurial roles. Their views on the best way to achieve this will ensure development of tools which they will find engaging and useful.

These toolkits will be evaluated by end users throughout their development through working groups, to ensure the tools created are fit for purpose. Key stakeholders will be involved during the end stages of product development to assist us with dissemination, promotion and evaluation of the toolkits. We will also encourage users to provide feedback on the toolkit via a survey, to enable us to evaluate its effectiveness and further tailor the product to suit the audience.

Our Corporate Priority:

Delivering a suite of tools to encourage university lecturers to bring IP into course material and to build students understanding of IP

We will develop and introduce toolkits for use by university lecturers designed to improve students' knowledge of IP.

Other Ministerial targets which relate to this goal are:

- Reach an audience of 5 million people with messages to build respect for IP by end March 2015
- Reach an audience of 10,000 businesses through our online tool "IP for Business" by end March 2015



Enabling business to understand, use and protect their IP and educating consumers to respect others' IP rights

Summary of our priorities and Ministerial Targets for 2014 – 2015:

1

Helping UK companies which are IP rich trade more internationally

We will continue to support UK businesses abroad directly through our IP attachés and more widely through British embassies overseas.

2

Working with UK and international enforcement agencies to help reduce the flow of counterfeit goods into the UK

We will continue to work with UK and international enforcement agencies to take action to reduce the flow into the UK of counterfeit and pirated goods which harm the UK economy.

3

Supporting operational IP enforcement activities alongside our partners, including the Police Intellectual Property Crime Unit (PIPCU) and Trading Standards

We will continue to work with the City of London Police and others to tackle piracy and the sale of counterfeit goods online, developing the PIPCU to a place where it is industry funded in future.

4

Delivering an international enforcement summit

We will work with partners to deliver an international enforcement summit, in line with our Ministerial Target:

- With our partners, OHIM and the European Commission, deliver an International Enforcement Summit that provides an effective forum for the discussion and debate of IP enforcement globally, and attracts an international audience, by summer 2014

5

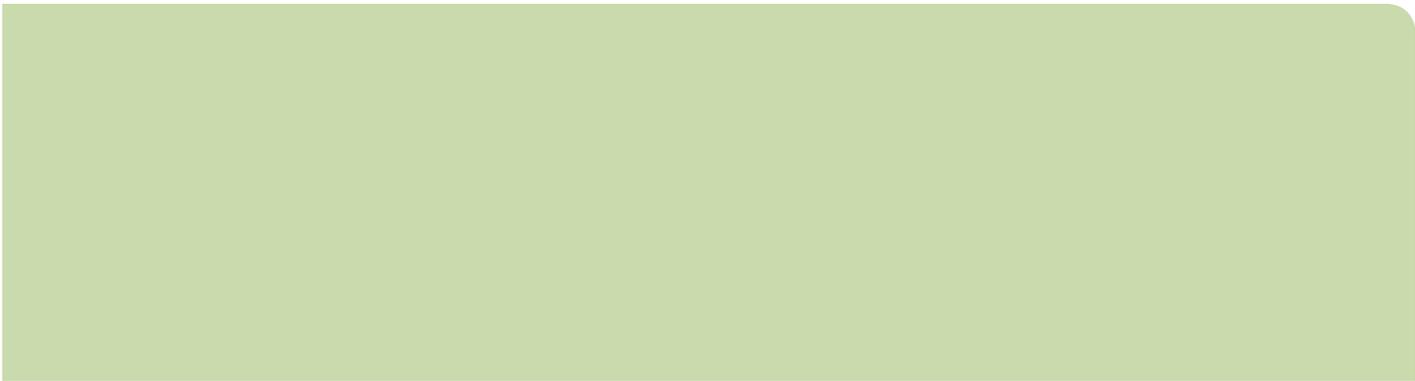
Facilitating the use of IP as a Financial Asset

We will begin work to deliver the actions set out in the Government's response to the Inngot and Valuation Consulting Limited Report 'Banking on IP' as set out in our response published on 31 March 2014: 'Banking on IP – An Active Response.'

6

Delivering a suite of tools to encourage university lecturers to bring IP into course material and to build students understanding of IP

We will develop and introduce toolkits for use by university lecturers designed to improve students' knowledge of IP.



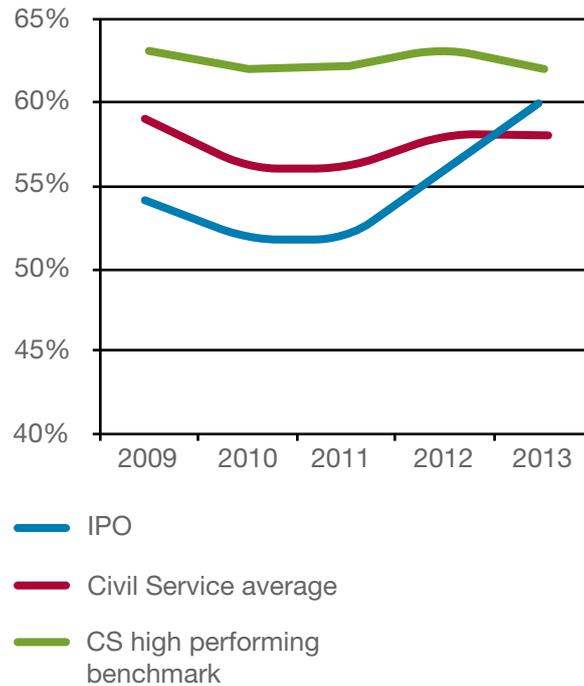
Improving the skills and capability of our people

Introduction

The priorities and targets we set out in this Corporate Plan are stretching. Every one of our people has a part to play in achieving these and maintaining our positive reputation for service delivery excellence and policy leadership.

In 2011, when we set out our 5 Year Corporate Strategy (see below), we highlighted the importance of developing effective leaders throughout the organisation. That focus on leadership continues through this corporate planning period, but we will also refresh our People Strategy to provide clarity on our priorities now, picking up on feedback from our 2013 People Survey responses. The survey gives a good indication of how our people feel about working here. The engagement index it measures indicates how people feel about us as their employer, their emotional commitment to us and how well they are motivated to do the best for us (see below). Here we have seen strong progress since 2011. From a position below the Civil Service Average for engagement, we are now just 2% below the benchmark for Civil Service High Performers.

IPO People Survey Engagement Score



IPO 5 YEAR CORPORATE STRATEGY: SUCCESS THROUGH PEOPLE

OUR COMMITMENTS:

- We will have leaders at Board level and throughout the organisation who set and communicate a clear sense of purpose and who demonstrate our values and inspire them in others
- We will have an agile, capable workforce, able to response to the changing demands of our customers and stakeholders, that sets itself a high standard of performance and is valued and recognised
- Our people will say that the IPO is a good place to work. They will be able to explain the organisation's priorities and purpose and will want to contribute to achieving its goals

We are determined to continue this progress. To thrive in an environment of increasing demand for our services, we need to attract and retain talented people, help them develop the right skills and provide them with the right tools, including effective leadership, so that we improve our business agility and resilience. To that end our People Strategy will focus attention on developing our profile as an employer of choice, improving the capability and skills of our people and ever better performance management. It will complement the priorities we identify within this corporate plan to develop effective leaders through the organisation, to ensure that we offer a competitive reward package and, through application of Lean thinking, empower our people to play a full role in improving our performance.

Enhancing the Capability of our Managers

The need to enhance the capability of our managers has been a recurring theme from People Survey results, our Values work and many other focus and feedback groups. Having managers who are more self-sufficient and confident in handling people issues is also a pre-requisite for the changes we need to make to our back-office functions: with fewer HR staff we need to focus on activity that adds real value, move away from handholding reluctant managers and spend less time on transactional work.

Last year we invested in building an infrastructure to facilitate management development: we refined our Manager's Toolkit; produced one page learning plans for managers at different levels to highlight the areas that we wanted them to focus on and to help them navigate the offerings available through Civil Service Learning and other providers; we reinstated the first time manager's course; and we offered a suite of in-house management development training.

In 2014/15 we will sharpen the focus on developing effective managers. The ministerial target set of 95% of managers being required to undertake appropriate development will be

a clear signal that we are serious about getting this right and will ensure that the management aspects of peoples' roles are as important as their business objectives. We will develop a core set of management skills training and where it makes sense, we will make this mandatory - for example all managers will attend training on managing attendance as we roll out a new policy.

Ensure 95% of our managers have completed a management development activity by end March 2015

We have similarly been refining our approach to leadership and managing change, focusing on reviewing and developing our approach to empowerment and accountability, initially at the senior leadership level, and considering our different Boards and Committees, our governance and the impact on decision-making.

Our Corporate Priority:

Developing effective leaders, managers and change managers

We will continue our work to develop effective leaders, managers and change managers. We have a Ministerial Target to support our delivery of this.

Implementing a new total reward package

Providing a competitive total reward package is a key priority for us, particularly given our recruitment plans over the next 3 years and the need to motivate and retain our people as demand for our services continues to rise. To help us achieve this, we are pleased to participate in a pilot with HM Treasury (HMT) that will test an alternative mechanism for managing pay in the public sector. In January 2014 we agreed a set of proposals with HMT which we believe will provide us with a more sustainable future pay system, commencing

1 August 2014. Our plans include proposals to restructure our pay system, refocusing our approach on pay so that we can compete in the market place for new recruits as well as the introduction of a new mechanism to provide our people with movement up the pay span.

We will also continue to use our other mechanisms for recognising and rewarding our people, for example, our 'Rewarding our Values' scheme which allows us to reward positive behaviours and performance which is above and beyond, while also demonstrating commitment to our Values.

Our Corporate Priority:

Continuing to embed Lean into our culture

We will continue to coach and up-skill our people to enable them to fully utilise Lean to continuously improve our services

Our Corporate Priority:

Implementing a new total reward package

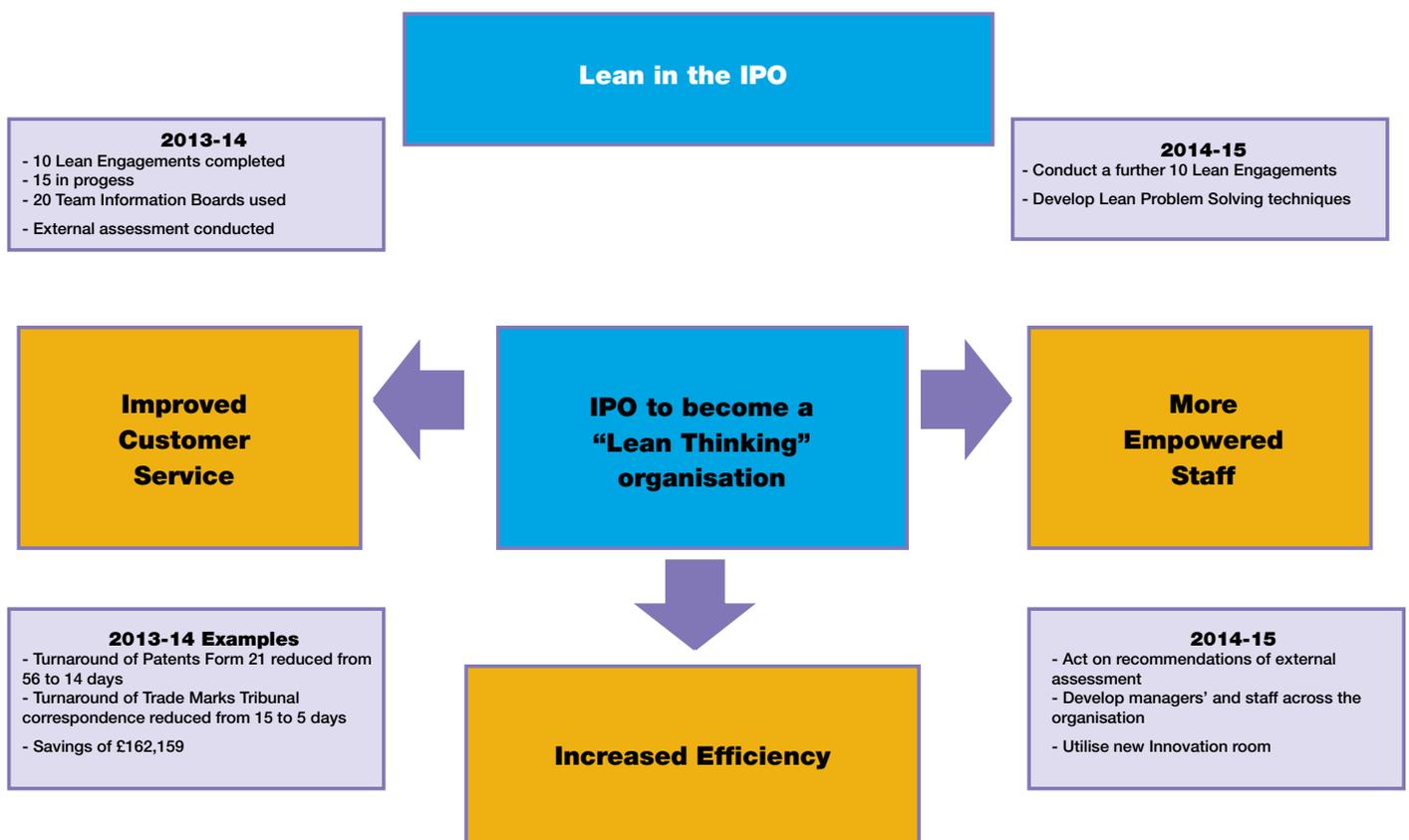
We will run a three year pilot approach to managing pay in the public sector from 01 August 2014.



Improving the skills and capability of our people

Driving up the capability of our people in relation to Lean methodology

As demand for our services increases and as interest in intellectual property issues intensifies, it will be important to ensure that our people have the skills and tools needed to sustain and improve business agility and resilience. In the Corporate Plan for 2013/14 we outlined the work we would do to embed 'Lean thinking' across the organisation. We remain fully committed to driving up the capability of our people in relation to Lean as a proven continuous improvement methodology underpinned by empowering those best placed to bring about change. To ensure that we maximise existing and new services for our customers and further engage our people we will make Lean an integral part of our activities and culture. This will also bring about greater efficiency.



Improving the skills and capability of our people

Summary of our priorities and Ministerial Targets for 2014 – 2015:

1

Developing effective leaders, managers and change managers

We will continue our work to develop effective leaders, managers and change managers. We have a Ministerial Target to support our delivery of this of:

- Ensure 95% of our managers have completed a management development activity by end March 2015

2

Implementing a new total reward package

We will run a three year pilot approach to managing pay in the public sector from 01 August 2014.

3

Continuing to embed Lean into our culture

We will continue to coach and up-skill our people to enable them to fully utilise Lean to continuously improve our services.



Increasing efficiency and delivering value for money

Introduction

Our 5 Year Corporate Strategy which we published in 2011 (see below) identified increasing efficiency as a key enabling goal. Since its publication we have worked to an efficiency target each financial year, which equates to 3.5% per annum before inflation. In practical terms this means that we have not adjusted our cost base to reflect increases in prices.

During 2013/14 we achieved this through a number of projects, including our work to rationalise the space occupied in our main offices at Concept House, Newport, and reduction of space used at our storage facility at Nine Mile Point. Savings also came through continued development of our Lean capability and smart procurement decisions. We also closely engaged our people in our efficiency work, running an 'innovation fund' which encouraged teams or individuals to bring forward ideas to provide efficiencies and take forward work to establish the feasibility of their proposals. This supports our corporate strategy outcome of our people being supported and encouraged to develop innovative ways to deliver.

Additionally, we have rolled-out a new records management system which enables our people to work more effectively and supports delivery of our strategic plan outcome of our information being easy to store, access and share within the IPO.

During 2014/15 we will deliver the final phases of our building rationalisation programme, continue to embed Lean working into our culture, and will work closely with our parent department, the Department for Business Innovation & Skills (BIS) to ensure our work is in line with the efficiency and effectiveness programme they are working to deliver. Our priorities include continuation of our transition to shared back office services, strengthening our procurement processes and exploiting the increased capability we discuss in the previous chapter for Lean thinking to simplify the way we do things.

The IPO will deliver an efficiency gain of 3.5%

IPO 5 YEAR CORPORATE STRATEGY: A CULTURE OF VALUE AND EFFICIENCY

OUR COMMITMENTS:

- The Intellectual Property Office will deliver its services with demonstrably increasing efficiency and effectiveness
- IPO people will take personal responsibility for delivering value for money, with leaders at Board level and throughout the organisation setting positive examples
- Internal customers will be supported and encouraged to develop innovative ways to deliver
- Information will be easy to store, access and share within the IPO
- We will have a sustainable working environment that enables our people to deliver our goals more effectively

Continuing our implementation of Back Office Shared Services

We remain committed to the principle of sharing common services across organisational boundaries to secure economies of scale. Our parent department, BIS, is continuing to develop its shared service offering across HR/ Payroll, Finance, Procurement and Estates shared services. This programme, aligned to the government shared services strategy, is rationalising the number of IT platforms in order to deliver savings, and facilitate BIS and its partner organisations adopting standard operating methods and thereby create an integrated platform for continuous improvement.

During 2013/14 we moved our payroll operation onto the BIS UK Shared Business Services platform, but we see further opportunities to extend this approach. Our finance systems currently sit on an ageing Oracle platform. In line with our IT strategy we are planning to move to a modern platform as the normal support cycle for the existing system comes to an end. We will move onto a 'vanilla' systems offering that supports standard ways of working to keep system implementation costs to a minimum. Our involvement with Shared Services more generally through the BIS Corporate Services Portfolio will also contribute to the Government's Shared Services strategy.

Our Corporate Priority:

Implementing corporate Shared Services

We will continue our transition to back office shared services by moving our finance and supplier payment systems onto a government shared services platform and re-engineering a number of the intermediate steps to modernise and simplify the systems supporting these.

Delivering better buying

Our procurement team are responsible for managing our purchasing requirements. The team works with stakeholders across the organisation and offers professional advice and guidance on evaluating the most appropriate procurement strategy when sourcing goods & services, in line with Cabinet Office guidelines. It also strives to promote transparency in our processes and the fair and equitable treatment of suppliers. In terms of personal development, the majority of the team have achieved qualification to the Chartered Institute of Purchasing & Supply (CIPS), whilst the remaining team members continue their professional development to CIPS standards.

As part of the BIS family, we contribute to BIS' procurement savings target of £160m. We also support the wider government strategy of using pan-government framework arrangements where these offer best value for money. Increasingly, we work with BIS and its partner organisations to achieve better buying when procuring common goods & services across the network which aims to deliver efficiencies and improved value for money. Where appropriate we also make use of more local arrangements for example through our collaboration with the Welsh Government as users of their purchasing card programme.

The team has an annual savings target of 8% of our influenceable supplier expenditure and achieved this for 2013/14. Through further close co-operation with BIS, UK SBS Ltd, and the Crown Commercial Service and maintaining our focus on our common goods & services expenditure, we will continue to achieve savings over this planning period.

Our Corporate Priority:

Delivering better buying

We will ensure we identify and access the best deals available at all stages of our procurement processes. This helps support delivery of our Ministerial Target.

Developing simpler ways of working

Under our goal “Improving the skills and capability of our people”, we underline the importance we attach to using the Lean continuous improvement methodology to empower people across the organisation to drive positive change. In 2014/15, building on our success in streamlining Trade Marks activity; we want to exploit our growing Lean thinking capability to challenge how we operate. We will seek to involve those staff who operate or must navigate internal processes in shaping fresh approaches to existing ways of working, using the insights of those closest to current operations to make things better.

With significant change planned within our patents and designs rights granting functions, together with the ongoing challenge to drive up the effectiveness of our corporate services effectiveness, we see ample opportunity to improve how we work, making it simpler for staff to deliver excellent services to our customers and cutting out unnecessary costs.

During 2014 we will also complete our two year building refurbishment programme. This has created a modern open working environment which allows our people and teams to work more flexibly. This ranges from interactions with customers to increasing use of an agile approach to computer systems development through the use of multi disciplinary teams.

Our Corporate Priority:

Developing simpler ways of working

Utilising our growing Lean thinking capability, we will continue to identify how we can simplify internal processes to improve their quality and efficiency.



Increasing efficiency and delivering value for money

Summary of our priorities and Ministerial Targets for 2014 – 2015:

1

Implementing corporate Shared Services

We will begin receiving Payroll and some HR services from the BIS Shared Services Centre, and further explore our relationship with BIS on finance, procurement and estates.

2

Delivering better buying

We will ensure we identify and access the best deals available at all stages of our procurement processes. This helps support delivery of our Ministerial Target.

3

Developing simpler ways of working

Utilising our growing Lean thinking capability, we will continue to identify how we can simplify internal processes to improve their quality and efficiency.

Our Ministerial Target supporting this goal is:

- Achieve a 4% Return on Capital Employed (ROCE)
- Deliver an efficiency gain of 3.5%

Our Finances

Our Trading Fund status means we fund our activities through the fees we receive for patents, Trade Marks, designs and the registration and other functions associated with those rights, rather than via the Parliamentary supply process. This provides us with greater financial flexibility and autonomy. In exchange, we are generally required to achieve, on average and in real terms, at least a 4% Return on Capital Employed (ROCE) over a fixed five year period. This return is paid to BIS as a dividend each year. We enter into a new 5-year period in 2014/15 and have agreed with Whitehall colleagues that the target remain relevant for the period of this Corporate Plan.

Operating Account

The table below sets out our operating account for the period covered by the Corporate Plan. It also shows the relevant period for the target of achieving a 4% Return on Capital Employed.

The IPO will achieve a 4% Return on Capital Employed (ROCE)

	Corporate Plan Period £'000		
	2014/15	2015/16	2016/17
Total income	80,908	85,796	89,420
Total expenditure	(75,035)	(75,127)	(79,499)
Depreciation & interest	(1,940)	(2,659)	(3,413)
Surplus	3,933	8,010	6,508
Dividends	(3,419)	(3,529)	(3,684)
Retained earnings	514	4,481	2,824
Return on Capital Employed	4.6%	9.0%	7.0%
Cumulative 5 year target (first 3 years)	4.6%	6.9%	6.9%

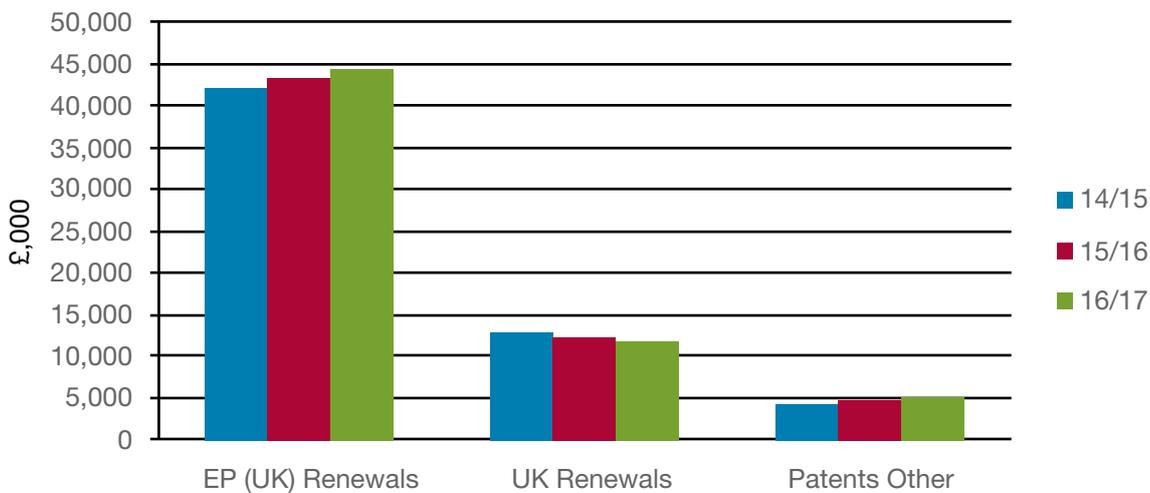
Income

Our main income source is from renewals. In the case of patents, this is as a result of a policy choice to keep entry costs low to encourage innovation and recover these initial costs from renewal fees. Renewal fees increase according to the age of the patent as they become commercially more valuable and to encourage rights holders to relinquish patents they are not exploiting.

For the purposes of setting an income budget, we have assumed that the renewal rate will remain constant for each year but that the growth in patents available for renewal, due to increased granting by us and the European Patent Office (EPO), will increase income significantly.

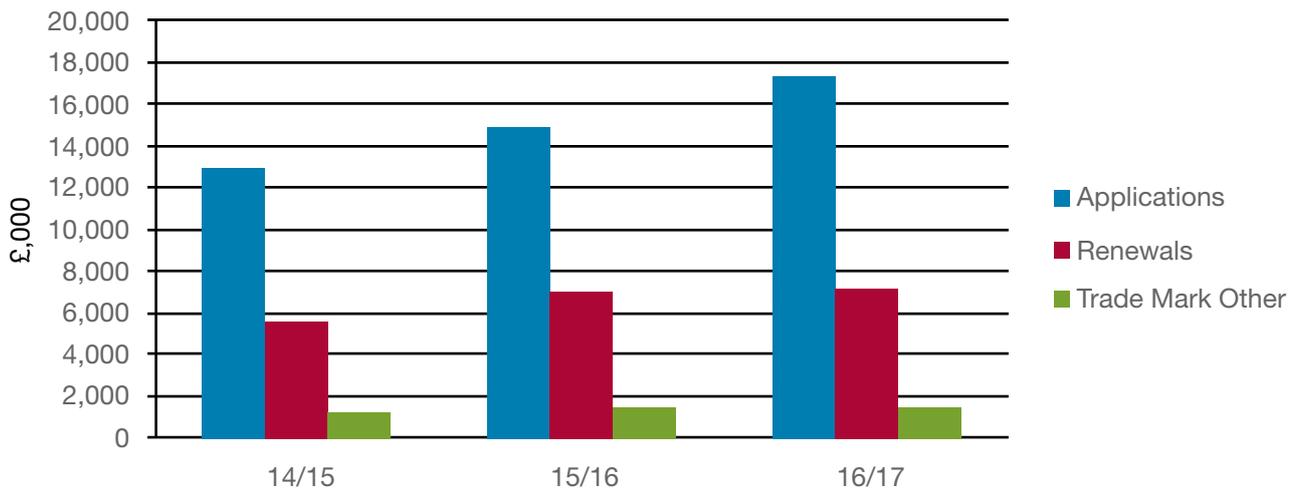
Demand remains difficult to predict and will be closely monitored, particularly for the impact of the Unitary Patent which is expected to come into force in the latter period of the plan.

Income from Patents



We forecast that the recent growth in trade mark applications will continue over the lifetime of the plan, reaching c74,000 per annum by 2017. The resulting total trade mark income in 2016/17 will reach c£25.8m. The trade mark renewals are smaller in value and cyclical in nature due to changes introduced in the 1994 Patent Act, meaning there were fewer cases due for renewal in 2013/14. In the years covered by this plan we expect trade mark renewals income to increase by around £1.5m per year from October 2014.

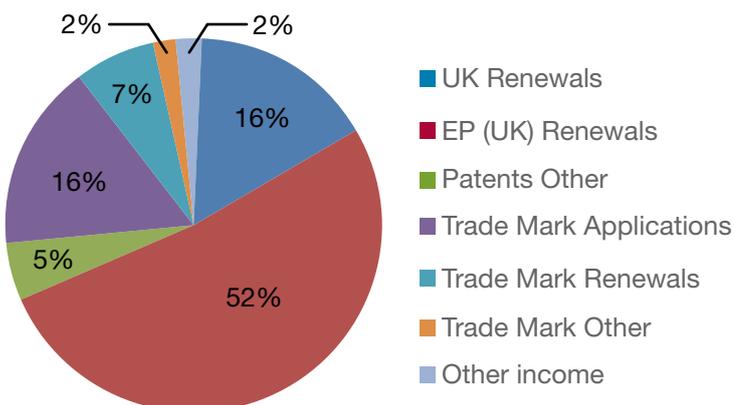
Income from Patents



Budget 2014/15

	£'000
UK Renewals	12,974
EP (UK) Renewals	42,208
Patents Other	4,310
Trade Mark Applications	13,119
Trade Mark Renewals	5,770
Trade Mark Other	987
Other income	1,540
Total income	80,908

2014/15 Income



Our Finances

Expenditure

Overall expenditure is expected to increase from £71.6m in 2013/14 to £75.1m in 2014/15. This includes pay costs which will increase by £2.3m. A 1% pay increase has been modelled effective from the 1 August 2014. The possible impact of the pay pilot has also been included. The number of staff is planned to increase by 62.7 full time equivalents over the coming twelve months compared to 2013/14. This is in response to continued growth in service demand highlighted above. Other expenditure, excluding pay costs, will increase by £1.6m compared to 2013/14 budget, and then fall by £5.8m.

Currently, 2015/16 and 2016/17 show significant improvements in the retained surplus position against that shown for 2014/15. This reflects efficiencies made, including work by our Lean team and a reduction in the number of buildings occupied and the end of our significant office refurbishment programme. However, this is predominantly due to several one-off items of expenditure being incurred in 2014/15, including financing the City Of London Police enforcement training, and planned expenditure on transitioning our finance system to a shared platform.

Whereas it is expected that there will be calls on us to fund similar projects in the later years there are no firm plans as of yet, resulting in lower non-pay expenditure and the higher surpluses shown.

The main items of one off expenditure in 2014/15 are:

- £1.6m City of London Police, establishment of IP Crime Unit
- £0.7m to support the establishment of the Unitary Patent Court
- £3.0m Major refurbishment of our building, which will allow us to accommodate the additional headcount we will be recruiting
- £0.6m Transfer of the Financial Accounting System to a shared service option

Cash

The cash position remains very healthy over the life of this plan but is forecast to reduce by £6.3m in 2014/15, closing at around £83.1m - though this also supports £32m of liabilities, mainly prepaid income and international fees. Cash stabilises and returns to growth in 2016/17 reaching £82.7m by the end of the plan. We may be required to fund a range of initiatives from our cash position, including the BIS Innovation fund up to £25m, and the Unified Patent Court set up costs, which are yet to be defined.

Capital Investment

£8.3m has been earmarked for capital investment in 2014/15. £7.3m will be spent on the transformational change of our software and support infrastructure as we move to fully digital working. Overall capital spend in the plan is expected to be £22.8m of which £20.0m relates to the transformational change agenda

IPO Corporate Plan 2014/15 (£'k) Operating Statement		2013/14		Corporate Plan		
		Original budget	Forecast	14/15	15/16	16/17
Income	Patents	57,223	57,223	59,492	60,838	61,962
	TM	16,691	16,691	19,876	23,413	25,849
	Other	1,462	1,436	1,540	1,545	1,609
Total Income		75,376	75,350	80,908	85,796	89,420
Pay costs*		(41,707)	(40,449)	(42,750)	(48,688)	(52,070)
Other Expenses		(29,694)	(31,170)	(32,285)	(26,439)	(27,429)
Gross Surplus		3,974	3,731	5,873	10,669	9,921
Disposal (PDAX)		(180)	(760)	0	0	0
Depreciation		(1,947)	(1,800)	(2,200)	(2,923)	(3,700)
Bad Debt Provision		(2)	(2)	(2)	(2)	(2)
Interest Receivable		400	340	340	320	320
Interest Payable		(74)	(74)	(57)	(41)	(24)
Interest on Provision		(33)	(33)	(21)	(13)	(7)
Depreciation & Interest		(1,835)	(2,328)	(1,940)	(2,659)	(3,413)
Total		2,139	1,403	3,933	8,010	6,508
Dividend		(3,767)	(3,427)	(3,419)	(3,529)	(3,684)
Retained surplus		(1,628)	(2,024)	514	4,481	2,824

* Pay costs are pay, employer pension and national insurance contributions.

Our Finances

Cash Flow (£k)	14/15	16/17	17/18
Opening balance	89,440	83,108	81,845
Capital Expenditure	(8,307)	(8,702)	(5,805)
Changes in working capital	(573)	201	281
Operating result	514	4,481	2,824
Depreciation added back	2,200	2,923	3,700
Loans repaid	(166)	(166)	(166)
Cash flow in year	(6,332)	(1,263)	834
Closing balance	83,108	81,845	82,679

Note: This excludes any special dividends which may be required by BIS to cover particular costs, i.e. Innovation fund £25m

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