



Intellectual
Property
Office

Corporate Plan

2016-2019



Intellectual Property Office is an operating name of the Patent Office

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**Baroness Neville-
Rolfe, DBE, CMG**
Minister for
Intellectual Property

Ministerial Foreword

The Government knows IP is important: for business and consumers. It has the potential to create high quality jobs and support strong economic growth, which is why two of our manifesto commitments are to IP:

- to make the UK the best place in Europe to innovate, patent new ideas and set up and expand a business; and
- To protect IP by continuing to require Internet Service Providers to block sites that carry large amounts of illegal content, including their proxies

It is worth summarising the key evidence: IP intensive industries generated over a quarter of UK jobs and nearly 40% of GDP in 2010; £139 billion of exports came from design rich industries in 2012; £76.9 billion of UK GVA came from our creative industries in 2013 and our pharmaceutical sector has generated a £5 billion annual trade surplus over the last decade¹.

This plan charts the IPO's journey towards realising the objectives outlined in the strategy it published in January, and as I have come to expect, it is broad and challenging. Alongside excellent digital enabled rights granting, it sets out what the IPO will continue to deliver across the range of IP related issues, including enforcement, education and international influence.

The delivery of strong rights granting services remains a fundamental pillar of the IPO's operations. I am pleased to see the continued commitment to modernising and improving these services – through digitisation, internal organisation and reducing burdens on customers. More specifically, the IPO's mission to remake the UK's design system to benefit designers continues. Having delivered an online design application portal for customers, this year we will reduce design registration fees, increasing UK attractiveness and saving businesses time and money. Design is incredibly important to the UK, whether it's in iconic symbols of our land like our red telephone boxes or the Routemaster bus, in our outstanding fashion labels like Burberry, Lulu Guinness or Vivienne Westwood, or in cutting edge product design like James Dyson's bladeless fan and bagless vacuum.

IP is a key enabler of the digitalisation that has transformed our lives. All IP rights, patents, designs, trade marks and copyright, support the digital technologies that have brought us new products and services and access to unprecedented levels of information. The creative industries, a major area of UK strength, have embraced technological change and continue to grow strongly – exports increased by around £4.5 billion between 2009 and 2013, with employment in the sector increasing by 5.0% between 2013 and 2014. During this planning period, the EU Commission's Digital Single Market strategy and related EU copyright reform will have a significant impact on how we access and sell digital goods. The first concrete proposal for the DSM, the Portability Regulation, arrived last December, and 2016 will see the IPO involved in the complex negotiations, working with our European partners, to deliver a regulation with real benefits for consumers that is also workable for business.

¹ Intellectual Property Office Fast Facts 2015

The Government is devolving more responsibility for economic development. In support of this aim, the IPO is working across England and with the Devolved Administrations to ensure that all businesses have access to high quality IP advice integrated into wider business support offerings. Already the IPO delivers an active business outreach programme, hosts events and IP workshops and trains business advisors in all parts of the country. In the coming year it will build on these interventions and work to test approaches that integrate IP into devolved arrangements across the UK.

“ The delivery of strong rights granting services remains a fundamental pillar of the IPO's operations. ”

This plan is set against the background of a fundamental shift in the public sector. BIS's response, BIS 2020, sets out a vision for a leaner, more focussed centre and set of partner organisations. The future for the IPO will be alongside Companies House as the core of a business services centre. The IPO and Companies House are working closely together to develop a vision which will strengthen and improve the experience for customers.

Much of what is contained in the plan will come to fruition in the medium term. To ensure momentum, I have agreed in year targets that the IPO will deliver. These Ministerial Targets complement and support the wider corporate priorities and are about real benefits for IP users and ensuring that the organisation is fit to deliver on its commitments. I have every confidence that it will do so.



Baroness Neville-Rolfe, DBE, CMG
Minister for Intellectual Property



John Alty
Chief Executive and
Comptroller General,
IPO

Chief Executive's Introduction

With this plan, alongside the five year strategy 'Making Life Better by Supporting UK Creativity and Innovation', we have set out a strong vision for the future of IP and our role in creating it.

As the first plan since the 2015 election, the Government's manifesto commitments – making the UK the best place to innovate and patent, and protecting IP – form an important aspect of our vision. We need to work with others to deliver them, and this plan sets out how we mean to do this over the next few years.

The high level strategic goals which structure the plan show the breadth of what we are trying to achieve. Much of it is outward facing: serving our customers; shaping IP systems, at home, in Europe and globally; helping to sell IP abroad; providing leadership on enforcement; getting businesses and bankers to be serious about IP; and readying our young people to prosper in an IP rich future.

To deliver all this we also need to develop our organisation: supporting people to lead and make change, and modernising our technology and the way we operate to make us the best and most efficient we can be.

The services we provide underpin all we do: their quality and speed provide the credibility and resources for our broader agenda. Our patent examiner recruitment programme continues as we pursue our longer term aim of cutting patent processing times. In addition, customers expect modern and efficient services. This is the purpose of our digital transformation programme ("Tripod") which continues in this plan, alongside changes in how we operate. Tripod is our future, but in the meantime we need to continue to deliver in the present. Three Ministerial Targets will preserve our service quality as we deliver new digital services. We will also continue to look to simplify and reduce the cost of the ways rights holders can protect their rights.

Our work on IP policy aims to create and maintain IP systems that promote growth whilst being fair to all. Our approach continues to be ambitious and wide ranging: EU copyright reform and the Digital Single Market, making the most of our links with China, and helping businesses trade internationally, both directly through our attachés and by working with others on improved international IP systems. At home we want to reform the threats provisions, carry out research on the best place to innovate and patent and complete our arrangements to introduce the Unified Patent Court, the culmination of over 40 years of EU negotiation to create a single patent for Europe.

Enforcement remains a central component of the IP framework. In this plan we are cementing our leadership role on IP enforcement issues. We will publish and begin to implement an enforcement strategy, and continue our current support for PIPCU. We will focus research on creating a robust way to measure and report on the harm caused by IP infringement and counterfeiting, boosting our ability to influence thinking.

We are still committed to educating the next generation of IP users, both to respect and access IP responsibly in their personal lives and to get them ready to use IP professionally. Our approach will be to engage young people inside and outside of the classroom, through high quality learning resources and collaboration with industry.

However, education to increase awareness of IP is not solely for the next generation. As explained in our strategy, a greater appreciation amongst SMEs of the value of IP and how to manage it could improve their profitability. Our approach in this plan seeks to capitalise on the evolving picture around business support and advice, where the idea of 'place' is bringing a new dynamic, with initiatives like the Northern Powerhouse and Midlands Engine, not forgetting of course the established Devolved Administrations.

Thinking about how we do things, I know that change is central to our digital ambitions and the desire to adapt the way we work. By increasing our capability in leadership and change, we will ensure that everyone feels a part of what is happening, that we do change properly and that we make it stick.

“ Last year I was pleased that the motivation of people in the IPO, as measured in our engagement scores, reached new heights and placed in the top quartile of Government organisations. ”

Our financial position remains challenging in the face of existing commitments to PIPCU and the UPC, investment in digitisation and the need to increase staff numbers to meet demand for our services. We will have to make the most of our resources if we are to fulfil the commitments in this plan. We will also be consulting about changes to our fees to lay a sound basis for the future.

Along with challenges come new opportunities. Our parent department's plans for the whole BIS Group, BIS 2020, will drive us to deliver better and more seamless complementary services to business, as part of a business services centre. We are working closely with Companies House to decide what it means for us; our ways of working and our people, but especially our customers.

Last year I was pleased that the motivation of people in the IPO, as measured in our engagement scores, reached new heights and placed us in the top quartile of Government organisations. In some ways I'm not surprised because the value of what we do is becoming increasingly clear across the economy. For the future I am confident that we can all respond to the challenges and seize the opportunities in pursuit of our mission: making life better by supporting UK creativity and innovation.



John Alty
Chief Executive and Comptroller General, IPO

The Intellectual

Our purpose: Making life better by

Our mission: Dedicated to giving everyone



GOAL 1: Promoting UK Growth through IP Policy.

Corporate Priorities

We will build an evidence base to better understand how the UK can maintain its reputation as “the best place in Europe to innovate and patent new ideas”.

We will progress reform of the unjustified threats provisions in legislation.

We will deliver positive outcomes for the UK through the Digital Single Market.

We will prepare for and deliver the IP matters for the UK's Presidency of the Council of the EU in the second half of 2017.

We will help UK businesses trade more internationally, particularly through advancing patent harmonisation discussions and advice through our attaché network.

We will maximise opportunities during the ‘Golden Era’ of UK-China relations to achieve a better IP framework for UK businesses working in China.

Ministerial Target

We will complete all remaining UK steps necessary for the UPC to come into being.



GOAL 2: Delivering High Quality Rights.

Corporate Priorities

We will develop and deliver the technology component that will enable us to provide an identity assurance (IDA) offering.

We will prototype a customer driven digital filing service which will transform applying for a patent.

We will make it easier for customers to do business with us.

Ministerial Targets

We will ensure that overall customer satisfaction is at least 80%.

We will 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.

We will publish 90% of acceptable applications for national trade marks for opposition within 90 days of filing.



GOAL 3: Ensuring IP rights are respected and appropriately enforced.

Corporate Priorities

We will ensure teachers and university lecturers can access the high quality learning resources needed to prepare the future generation for IP challenges in the workplace.

We will provide leadership, co-ordination and strategic direction in IP enforcement.

Ministerial Target

We will develop a robust methodology to measure and report on harm caused by IP infringement and counterfeiting to individuals, communities and the economy.

Property Office

supporting UK creativity and innovation.

the confidence to make best use of IP.



GOAL 4: Educating and enabling business to understand, manage and protect their IP.

Corporate Priorities

We will develop a model to integrate IP into regional innovation and business support through the Devolved Authorities, Growth Hubs and Local Enterprise Partnerships.

We will encourage rights holders to maximise the value of their IP through IP trading by implementing actions from our review of rights holder attitudes to trading their IP and the trading platforms available to them.

Ministerial Targets

We will increase the number of businesses that better understand how to manage IP, reaching 100,000 businesses. 85% of the businesses we talk to will be better able to understand IP and its use within their business.

We will support the export activity of UK companies by providing education, advice and specific case support to 5000 businesses by March 2017.



GOAL 5: Improving the skills and capability of our people.

Corporate Priorities

We will continue the work we did in 2015/16 to define our operating model for IP rights activities, including extending the scope to the whole of the IPO.

We will support the IPO & its people adapt to the changing needs of customers and stakeholders.

We will strengthen our approach to policy development.

Ministerial Targets

We will enhance the capability of our people in leadership and change by designing and running a programme which will move at least 85% of participants up one level on a leadership measure.

We will Implement a new HR & Payroll system.



GOAL 6: Increasing efficiency and delivering value for money.

Corporate Priorities

We will identify and deliver the necessary infrastructure to support new ways of working be that mobile working, creating a hub and/or new devices to improve user experience.

By 30th November 2016 we will move our legacy patents and designs data systems off its mainframe platform, saving money and enabling the transformation of our services.

Ministerial Targets

We will achieve return of capital employed of at least 4%.

We will deliver an efficiency gain of 3.5%.

About us

The Plan

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 goals and outcomes described in the corporate strategy which was published in January.

Many of our priorities will deliver benefits over the medium term. We also set out a number of in-year delivery targets which have been agreed with Ministers. These will complement and support our more strategic ambitions.

The IPO

Our responsibilities are for UK IP policy, granting UK patents, registering trade marks and design rights, improving 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 do not regulate any sector, but provide services for businesses and innovators who wish to use their IP rights to gain competitive advantage. However, under the Small Business, Enterprise and Employment Act 2015 we are required to appoint a Small Business Appeals Champion, and will do so once the guidance is complete.

As a self-funding agency (Trading Fund) our income derives from customer fees for patents, trade marks and designs. 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 skills base includes specialists in rights granting, IP policy, IT, HR and Finance.

Our relationship to 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.



L-R: Rosa Wilkinson, Neil Hartley, Mike Fishwick, Neil Feinson, John Alty, Ros Lynch, Louise Smyth, Sean Dennehey.

Our Governance

Our Executive Board:

John Alty
Chief Executive Officer

Rosa Wilkinson
Director of Innovation

Sean Dennehey
Deputy Chief Executive Officer

Neil Feinson
Director of International Policy

Louise Smyth
Chief Operating Officer

Neil Hartley
Director of Finance

Ros Lynch
Director of Copyright & Enforcement

Mike Fishwick
Chief Technology Officer

Our Non-Executive Board:

Bob Gilbert (Chair)
Gary Austin
Iain Maclean
Tim Suter
Nora Nanayakkara
Mandy Haberman
Andrew Mackintosh
Paul Hadley (BIS)



L-R: Gary Austin, Andrew Mackintosh, Mandy Haberman, Iain Maclean, Tim Suter, Bob Gilbert, Paul Hadley.



Our Purpose:
Making life better
by supporting
UK creativity
and innovation.



Our Mission:
Dedicated to giving
everyone the confidence
to make best use of IP.







Our Year – Highlights from 2015/16



Promoting UK growth through IP policy

Our continuing ambition is to deliver the simpler, more business friendly environment that supports the growth of UK businesses and encourages continued innovation. In 2015/16 we made progress towards that goal through acting to shape the domestic and international IP framework.






Milestones included:

-  Ensuring key decisions on the new EU (Unitary) Patent met UK objectives, by amongst other things securing a suitable site for the London Division of the UPC and a zero opt out fee.
-  Internationally we have strengthened our relations with China, through bilateral visits and the 2nd UK-China IP Symposium, whilst continuing our programme of work in the other territories covered by our attachés.
-  Preparing to improve our groundless threats legislation by developing, and through consultation, gaining stakeholder support on changes which will protect businesses from overly aggressive practices around the assertion of IP rights.
-  Influencing the European Commission to bring forward positive proposals on portability as part of the Digital Single Market (DSM) to support the UK objective of an open, flexible market that will benefit creators, businesses and consumers.



Delivering high quality rights granting services

The UK has a world-leading reputation for the quality of its rights granting services. In 2015/16 we worked to maintain that reputation and make those services even better in the face of increasing demand by:

-  Helping our customers to interact with us digitally: we expanded our digital offering, with the digital apply for a design service beta going live in September, six months early. Digital uptake is around 70% with the service constantly evolving in response to customer input.
-  Testing ourselves against global service standards: we met the requirements for ISO 9001:2008 (Quality Management Systems) for our processing of domestic trade mark applications.
-  Delivering services at a pace which reflects customer needs: where our customers needed them we were able to meet 96% of requests for an accelerated two-month turnaround for patent application search, publication and examination services. We also published 94% of acceptable applications for national trade marks for opposition within 90 days of filing.
-  Monitoring customer satisfaction levels and acting on their feedback: At the start of 2015/16 we agreed a target to maintain customer satisfaction with our services at 80% or better. We sustained satisfaction levels above that target through the year at 84.4%.
-  We successfully passed the annual assessment for the Customer Service Excellence (CSE) award, maintaining our accreditation with a compliance score of 98%, with the number of areas receiving the exceptional “compliance plus” rating rising from two to three.



Ensuring IP Rights are Respected and Appropriately Enforced

Getting the young to understand of the value of IP and respect others' is behind our drive to bring IP into education. This year we reached more young people through engaging and innovative educational initiatives such as:

- Making it easier for teachers, tutors and lecturers to find their way to high quality IP teaching resources with the launch of the refocused Cracking Ideas website (www.crackingideas.com).
- Our most subscribed to Cracking Ideas competitions to date, with over 4,500 entries from across the UK.
- The 'Think Kit' a new IP education resource for key stage 4 to support educators to spread the our positive messages around IP.

In addition to cementing greater understanding and respect for IP, we have continued to demonstrate our leadership and coordination on enforcement issues where rights are infringed. Alongside our support for PIPCU and the IP Crime Group we:

- Drew public attention to IP crime issues through the IPO Intelligence Hub report on Manchester IP Crime hotspots.
- Supported customs officials in the seizure of 5 tonnes of counterfeit goods.



Educating and Enabling Business to Understand, Manage and Protect their Intellectual Property

Businesses are better able to capitalise on their great ideas when they understand how to manage their IP assets more effectively. In 2015/16 we continued to invest in our outreach to build business awareness and capability. Key achievements included:

- Speaking directly to over 37,500 businesses, start-ups and businesses advisors about IP, delivering nearly 300 workshops, seminars and exhibitions all across the UK
- Making sure that generalist business advisers feel more confident about raising IP with their clients by making it easier for them to access focussed training through with the launch of our Online IP Masterclass and launching a new virtual network for business advisers on LinkedIn, which now has 2,292 members.

- Helping our exporters, through our IP attachés who have advised on IP rights with a value in excess of £47 million and held over 200 face to face meetings with businesses.



Rosa speaking at the IP Insurance for Business Conference in 2015







Improving the skills and capability of our people

People are our most valuable asset. In 2015/16, against a backdrop of major technology change, increasing demand for services and increased global interest in IP policy, our focus was on equipping staff for change, deploying and developing their talents and supporting their wellbeing. Highlights through the year included:

-  Our #adaptive initiative which empowered staff to change the rules and develop new approaches to how we work. The impact of this was recognised externally, winning the People and Culture category at the TW3 awards.
-  A significant improvement in our staff engagement rating on the annual People Survey to 65%, above the threshold for high performing teams.



-  IPO apprentices winning the UK Award for Money for Life Challenge
-  Two ground breaking events to support our values – a TEDx and a Diversity Conference


TEDx UK hosted at IPO in 2015



Increasing efficiency and delivering value for money

The more efficient the IPO becomes, the greater our ability to concentrate resource on activity that delivers value for our customers and the wider economy. In 2015/16 activity across the office has kept us on track to deliver our ministerial efficiency gain target of 3.5%. Particular activity included:

-  Our Procurement team delivering over £1 million of savings.
-  Negotiating contracts to ensure value for money including, securing a new contract for our HR & Payroll services, implementing the new Crown Commercial Service Travel Services contract and securing contracts for premises and case management systems for the new Unified Patent Court.

-  Seven teams in the IPO have been assessed as having Lean embedded, meaning that they have a culture of being empowered to continuously improve the way they work and routinely use Lean techniques to do so.

“ The more efficient the IPO becomes, the greater our ability to concentrate resource on activity that delivers value for our customers and the wider economy. ”



Promoting UK Growth through Intellectual Property Policy

A good IP regime incentivises innovation and investment in creativity and knowledge, boosting national productivity. The system must work for everyone, everywhere: businesses, small, medium and global; individual creators and innovators; and consumers.

To do this, we must engage effectively with stakeholders who help to inform and shape our policy making. We must also reach out to new audiences in a distinctive way and further the understanding of, and respect for, IP. We are committed to improving our understanding of how effective our communications are, and what our customers and stakeholders think of us, through better evaluation and analysis of our reputation.

At home

The Conservative Government's manifesto commitment is to make the UK the best place in Europe to innovate and patent new ideas. Whilst we have a strong and respected IP regime, recently strengthened by the implementation of recommendations from an independent review¹, we are not complacent. The pace of global change means others will be making their own improvements: standing still is not an option. To maintain our momentum we will pursue:

- Our annual programme of research, to help us better understand the impact of intellectual property on the UK and inform our policy decisions. The focus this year will be looking at what the UK must do to be “the best place in Europe to innovate and patent new ideas”:
 - o defining the ‘best place to patent’, what does it mean and why does it matter?
 - o understanding intellectual property's role in promoting innovation, as the link is complex.
 - o benchmarking the UK against other jurisdictions; analysing what others do can provide real world examples.
- Reform of the law on unjustified threats for trade marks, design rights and patents, which has been criticised for being inconsistent and not working as well as it should. Following a Law Commission review and recommendations,

¹ The Hargreaves Review of Intellectual Property and Growth

we have consulted on stakeholder support for reform. The proposed changes were received positively, and if adopted they are expected to:

- o bring consistency across relevant IP rights;
 - o protect businesses against the misuse of threats to intimidate or gain an unfair advantage; and
 - o make it easier for those involved in a dispute over IP infringement to negotiate a settlement and avoid litigation.
- Important medium-term work preparing for the implementation of the new trade mark directive, which was agreed in 2015. The trade mark reform package is a substantial piece of work which will modernise the trade mark system and make it simpler and cheaper to access across the EU.

Corporate Priority

We will build an evidence base to better understand how the UK can maintain its reputation as “the best place in Europe to innovate and patent new ideas”.

Activity:

- Define the ‘best place to patent’, its impact and where the UK stands in comparison to other jurisdictions.
- Create an understanding of intellectual property’s role in promoting innovation.
- Understand how the UK’s intellectual property framework supports businesses that patent through internal analysis and externally commissioned projects.
- Conclude how best we can continue to support UK business in an increasingly global market.

Corporate Priority

- **We will progress reform of the unjustified threats provisions in legislation.**

In Europe

As outlined in our strategy, Europe has significant influence on our IP regime and will be the stage for some of the key developments, as part of the Government's drive to create a more competitive EU single market:

- **Copyright reform under the Digital Single Market** – given the strength of the UK's creative industries, this is of huge significance. Reform must encourage continued investment in creativity for the wider benefit of the economy and society. Drawing on our expertise and influence we will ensure that Europe delivers an open, flexible market which reflects the dynamic nature of the digital economy; delivering benefits for creators, businesses and consumers.
- **Unitary patent and the Unified Patent Court** – agreement will make protecting inventions across Europe a simpler proposition. We are clear that the affordability and sustainability of the Unitary Patent and that access to justice and confidence in the court will be key to their success. Getting this right is a Ministerial Target.
- **UK Presidency of the Council of the EU** – we are putting the structures in place for a successful term. Will need to act impartially, but will be keen to ensure our IP knowledge base is used to bring about good outcomes for Europe. It will be important to make progress on priority dossiers.

Alongside these three key areas, we will be heavily involved in many other EU policy developments including:

- finalisation of the trade secrets directive;
- supporting the EUIPO on implementation of the EU level aspects of the trade mark reform package;
- the EU Commission's review of the enforcement framework; and
- delivery of the EU Commission's internal market strategy.

Corporate Priority

We will deliver positive outcomes for the UK through the Digital Single Market.

Activity:

- Agree text on the portability regulation.
- Influence EU digital single market policy on copyright exceptions, cross-border use and enforcement, in line with UK interests.

“Drawing on our expertise and influence we will ensure that Europe delivers an open, flexible market which reflects the dynamic nature of the digital economy...”

Corporate Priority

We will prepare for and deliver the IP matters for the UK's Presidency of the Council of the EU in the second half of 2017 (2016-2018).

Activity:

- Plan our staffing, training, budget, policy aims, communications, visits and events.
- Prepare for the launch of Presidency term.
- Evaluate the benefits of hosting an IP event during our Presidency.
- Perform an orderly and structured handover of the Presidency to Estonia.

Ministerial Target

We will complete all remaining UK steps necessary for the Unified Patent Court (UPC) to come into being.

Activity:

- Draft, lay and make the Privileges and Immunities order (Summer 2016).
- Nominate UK representatives for UPC Administrative Council.
- Complete construction/refurbishment of UPC site.



Our CEO John Alty in China

The rest of the world

IP has a part to play in increasing UK prosperity through exports. We are a nation of creators and innovators and can make the most of our talents by selling our IP abroad. The Government's ambition is for the UK to sell more to the rest of the world than we buy and our work will contribute to reaching the Chancellor's £1 trillion export target. This year we will do this by:

- **Helping UK businesses trade more internationally** – to increase the easy, safe and confident sale of IP abroad, we work to strengthen and simplify IP regimes globally and increase exporter confidence through advice and support via:
 - o work with users and bilaterally and multilaterally with other IP offices to improve the global patent system in particular working with likeminded partners to take forward proposals to improve quality and transparency of PCT work.
 - o Bilateral and multilateral engagement on all IP issues – at ministerial and official level.
 - o Building alliances and maximising our influence in international institutions such as WIPO to make progress on global treaties, such as the protracted negotiations on the Design Law Treaty.
 - o Our network of IP attachés in China, Brazil, SE Asia and India, assisting UK companies who encounter IP difficulties in key markets and making the case to foreign Governments for better IP protection and enforcement.
- **UK-China IP cooperation** – Whilst we remain committed to our work in all of our key markets, we have a particular focus on China. The reasons are obvious: it is the world's second largest economy, a global player in IP (IP5) and UK-China relations are entering a 'Golden Era', increasing opportunities. We will:
 - o maximise benefits to business in terms of understanding and using the Chinese system
 - o work with them to consider beneficial changes to their IP framework
 - o encourage membership of worksharing initiatives to the benefit of businesses
 - o position the UK as a good place for Chinese businesses to invest their IP, showcasing our IP service providers as excellent people to work with.

Corporate Priority

We will help UK businesses trade more internationally, particularly through advancing patent harmonisation discussions in Group B+ and advice to IP rich UK businesses in overseas markets through our attaché network.

Activity:

- Continue work on patent harmonisation in Group B+, with a view to developing concrete patent harmonisation proposals.
- Make progress on priorities to improve the Patent Co-operation Treaty (PCT) and pursue other global patent reform measures, including development of a cross-border agreement on client-attorney privilege, and expansion of the Global Patent Prosecution Highway.
- Promote awareness of the necessary precautions UK companies with IPRs should take before they go overseas.
- Use the IP attaches in key markets to promote changes that are fair to British businesses in national frameworks and provide support to British companies encountering IP issues abroad.

Corporate Priority

We will maximise opportunities during the 'Golden Era' of UK-China relations to achieve a better IP framework for UK businesses working in China to help companies of all sizes to export and operate there.

Activity:

- Further round of judicial exchanges to take place
- Minister and copyright Director to visit China
- Host 3rd UK-China IP Symposium
- Receive senior visiting delegations from Chinese partner IP agencies



Delivering High Quality Rights Granting Services

We want the UK to be the best place to protect and use IP. This means ensuring that we have the right legal framework, but also services that compare with the very best. We are committed to excellent rights granting, registration and related services and know that this requires high quality skilled staff. But technology is also a key enabler. Making it as easy as possible to do business digitally is essential for our future success.

Transforming the IPO Digitally (Tripod)

Tripod will provide the best possible service to our customers, whilst using the modern technology that gives our people the tools they need to work effectively. Through Tripod we will become digital by default. This transformation is about more than technology, requiring a complementary redesign of our business processes to be truly complete. Tripod is a multi-annual effort: while our transformation will be complete in 2018, there will be a stream of substantial improvements as it progresses. For example, the new Apply for a Design system, which was delivered six months early. As we continue the journey, our specific priorities in 2016/17 are:

- **Patent Transformation Project (PTP)** – Prototyping a new online patent application service that will benefit our customers, through a simplified application journey and improved business processes. The prototype will demonstrate the removal of non-value added tasks, a reduction in the time to process service requests including application filing and improved management information to better inform workforce planning/decision making and will meet the Government's Digital by Default Service Standard.
- **Identity Assurance (IDA)** – IDA is the verification of identity to make sure the right person is accessing the right information. It will enable us to provide digital services that can be used by all of our customers and accessed securely using the digital identities suitable for them: whether individuals, companies/partnerships and representatives from different countries. This priority is focused on the provision of IPO authentication through the procurement and implementation of a commercial, off the shelf solution.

“ The value of the rights we register is dependent on their quality and timeliness. An invalid IP right is bad for applicants and the economy, no matter how quickly it might be provided. ”

Corporate Priority

We will develop and deliver the technology component that will enable us to provide an identity assurance (IDA) offering:

Activity:

- Identify the key functionality and capability required, evaluated a short list of options and recommended the technology solution to be used for testing.
- Run an 8 week test using the recommended technology in conjunction with our existing "View my Cases" digital service.
- Evaluate options and recommend a technology component upon which to build the IDA system.
- Produce the business case and costs for a solution that addresses customer, business, security and financial dependencies.

Corporate Priority

We will prototype a customer driven digital filing service which will transform applying for a patent.

Delivering for our customers

The quality of our rights and the experience of our customers are paramount. We set and maintain high standards of service delivery and regularly survey customers of our transactional services in line with industry best practice.

Getting accurate, clear and timely information from us not only increases customer confidence in our overall service offering, but helps them make the best choices. When contacted we aim to:

- answer 80% of telephone calls within 20 seconds;
- respond to 98% of email, fax and letter enquiries within five days and 90% within one day.

The value of the rights we register is dependent on their quality and timeliness. An invalid IP right is bad for applicants and the economy, no matter how quickly it might be provided. Our patents granting process and trade mark registration



Baroness Neville-Rolfe tries the new digital design registration system

process have been certified as meeting ISO 9001:2008 (Quality Management Systems) to ensure quality remains at the heart of what we do.

There are some key points for our service on patents:

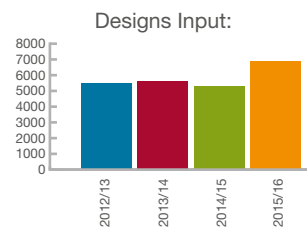
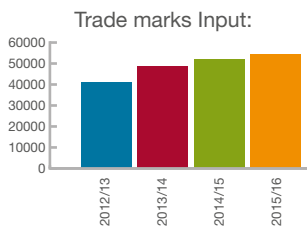
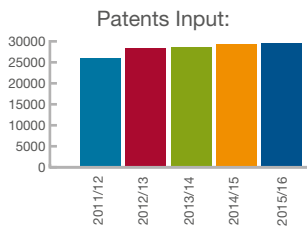
- We offer a fast track, as getting an early indication of how innovative an invention is can inform business plans or help to secure funding.
- For normal service, we aim to provide patent search reports in approximately 6 months, in line with customer need.
- Current demand for patent searches and examinations exceeds our specialist capacity, an upward trend we expect to continue. Completing our ambitious examiner recruitment programme in 2016 will enable us to improve delivery in the short to medium term and make progress towards our long term goal of reducing the maximum time-to-grant to 54 months by the end of this plan.
- We also plan to consult customers on some modest increases to patents fees. These would help us to ensure that we can maintain and further improve the delivery of our patents services.

Our trade mark customers value our speed, consistency and accessibility:

- Demand continues to increase – in 2015/6 we will handle around 6% more applications than the previous year and expect the trend to continue in 2016/17 and beyond.
- We are examining trade marks at optimal pace and will maintain a time from receipt to first exam of between 5 and 15 days.
- Further, we will publish an even greater percentage of trade marks for opposition within 90 days, a target made more challenging in the face of increased demand.

Design and designers are of enormous value to the UK: However, our service for design registration has been seen as less accessible and more expensive than the EUIPO's, leading to customers preferring the European route. We want designers to register in the jurisdiction that is most appropriate them. So we are making it easier and cheaper for our designers, many of whom work alone, to register in the UK when it is in their best interests to do so. Changes we made ahead of digitisation had started to have an impact, and the new e-filing system and fee changes will make the UK an attractive jurisdiction.

We are committed to removing unnecessary bureaucracy and making it easier and, where possible, less costly for all of our customers to interact with the IP environment. Our TRIPOD portfolio will help us to achieve this through business and technical changes that enable better services that reflect the needs of new and existing customers, but we will continue to seek opportunities to reduce burdens on our customers in all that we do.



Corporate Priority

We will make it easier for customers to do business with us.

Activity

- Make it easier and cheaper for our designers to register in the UK when it is in their best interests to do so;
- Take action where failings in our own systems mean customers must contact us, where otherwise they would not need to do so; and
- Look for opportunities to simplify and modernise our regulatory framework, always assessing the impact on business eg by introducing webmarking for designs.

During times of radical change, such as our digital transformation, and continued high demand for rights registration (see charts in sidebar), the quality of services can be at risk of deterioration. We are determined that this will not happen, so we have committed to three ministerial targets that relate to our services.

Ministerial Target

We will ensure that overall customer satisfaction is at least 80%.

Ministerial Target

We will 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.

Ministerial Target

We will publish 90% of acceptable applications for national trade marks for opposition within 90 days of filing.



Ensuring IP Rights are Respected and Appropriately Enforced

IP rights have no value unless the owner can assert economic control over them. Detecting and prosecuting those who seek to profit from others' IP remains important, but generating an increased awareness and respect for IP rights amongst consumers will reduce demand for infringing goods and material. This will help to ensure that innovators and creators secure a fair return on their investment and are able to generate economic value for the UK. Although not an enforcement authority, we play a key role in ensuring that there is an effective infrastructure which both promotes respect for intellectual property rights and ensures that there are proportionate mechanisms in place which tackle infringement and allow disputes to be resolved.

Educating consumers and future IP entrepreneurs

Creativity and innovation lie at the heart of a successful UK economy. So that our IP system can protect and help make the most of these new ideas, it is vital we make sure that future creators and consumers understand how to protect and use their IP. We also need to make sure that they and the consumers of IP assets respect the investment others have made by:

- **Engaging young people** – we have established a reputation for successfully doing this. In the coming year we will continue to reach out to them both in and outside the classroom through:
 - o a range of creative and entertaining activities, including those which complement their school curriculum.
 - o building on our successful partnership with Aardman Animations to run compelling competitions and creating engaging content.
- **Collaboration** – this is increasingly important to ensure the best use of resources and more effective outcomes. We will;
 - o continue working more closely with industry, in particular on our approach to education around copyright and digital content, promoting and complementing the Creative Content UK awareness campaign.
 - o engage right across government to deliver joined up results. The Department for Education has the most relevance, but we will make wider links too.

- **Making high quality educational resources accessible** – this will make our input valuable. We will do this through our new Cracking Ideas website, launched in November 2015 by:
 - o Ensuring the portal continues to offer resources and learning from primary to Higher Education and promote their use.
 - o Taking a particular focus on key stage 3 and 4 materials to make sure we address the formal education framework in a balanced way.
 - o Continuing to encourage our partners across industry to contribute.

Corporate Priority

We will ensure teachers and university lecturers can access the high quality learning resources needed to prepare the future generation for IP challenges in the workplace.

Activity:

- Build a detailed understanding of the current extent of IP teaching in the classroom.
- Promote the use of high quality educational resources through the education portal.
- Identify and address visible gaps (eg Key stage 3 and 4), and generated new, high quality educational resources, regularly reviewing user feedback.
- Engage young people outside the classroom through competitions built around our existing relationship with Aardman and promotion of ongoing CCUK awareness campaign.
- Influence the development of the Quality Assurance Agency Higher Education benchmark statements to incorporate IP and encourage take up of appropriate resources for schools by aligning materials with the core curriculum.

“ We are not an enforcement authority but are acknowledged as showing leadership in this area, devising innovative approaches working with the various players...”



Operation Handcraft, 'supported by staff from the IPO.

Enforcement and Dispute Resolution

Proportionate and effective mechanisms to resolve disputes and tackle infringement are needed if people are to continue to believe in the efficacy and value of IP rights.

As recognition of the value of IP increases, there is an increasing focus on enforcement. This was picked up by the Government in its manifesto commitment to protect IP. We are not an enforcement authority but are acknowledged as showing leadership in this area, devising innovative approaches working with the various players such as PIPCU and the IP Crime Group. For example, in partnership with the IP Crime Group we produce the annual IP Crime Report which provides and insight into the scale and scope of IP crime along with details of action taken to tackle it. We will continue to demonstrate leadership in enforcement as we:

- Publish and then begin implementing an enforcement strategy that discusses the challenges we face in bearing down on infringement and sets out our ambition and planned focus in this arena over the next four years.
- Maintain our support for PIPCU, which since its creation has investigated more than £29 million worth of IP crime, suspended over 5,000 internet domain names and seized more than £3 million worth of counterfeit goods.
- Address the availability of counterfeit and infringing goods online alongside third parties – such as search engines, social media and ISPs. This is about encouraging and showing the way, not directing.
- Develop a methodology to measure and report on the harm across society, individuals, communities and the economy. Demonstrating that counterfeiting is not a victimless crime will help us convince consumers of the harm caused by this activity and galvanise enforcement bodies.

Corporate Priority

We will provide leadership, co-ordination and strategic direction in IP enforcement.

Activity:

- Publish and implement a new enforcement strategy.
- Support the Police IP Crime Unit based in the City of London Police.
- Share intelligence and best practice, and provided training for enforcement agencies nationally and internationally.
- Encourage voluntary activities to reduce infringement and counterfeiting online through work with intermediaries.

Ministerial Target

We will develop a robust methodology to measure and report on harm caused by IP infringement and counterfeiting to individuals, communities and the economy.

Controlling IP rights is wider than enforcement. Resolving disputes as quickly and as cheaply as possible will have a positive impact on the bottom line of businesses, especially SMEs and sole traders. This aspect has frequently been raised as a barrier to making the most of IP rights, so we will also work on:

- **Our services to support dispute resolution** – We will continue to encourage take up of mediation services and maintain links with the EUIPO² as its new mediation service is developed.
- **Access to justice** – The Intellectual Property Enterprise Court (IPEC) has been successful in providing a more streamlined and cost effective forum; we must work with partners in Government to preserve these qualities. Closer to home, we will continue to ensure our tribunals deal with cases quickly and efficiently.

Corporate Priority

We will work with partners across Government to maintain and improve the satisfactory and cost effective resolution of IP disputes:

Activity

- Maintain and improve the strong reputation of IPEC as cost effective forum through improvement management information, examining the use of the small track for designs, and exploring publishing the details of IPEC cases.
- Update our guidance on the use of mediation and continue to encourage take up of mediation services through our events and social media channels.
- Continue to ensure our tribunals deal with cases quickly and efficiently.

² The EU Intellectual Property Office (EUIPO), formerly known as the Office for Harmonisation in the Internal Market (OHIM)



Educating and Enabling Business to Understand, Manage and Protect their Intellectual Property

The role of IP development, protection and exploitation in driving growth at the company and economy level needs to be better understood by entrepreneurs and SMEs. Surveys have indicated that IP is being underutilised. The latest IP awareness survey reports that 96% of surveyed firms have not valued their IP, 79% of the respondents did not know that telling people about an invention before applying for a patent can lead to an unsuccessful application and less than 10% of firms provide staff training on IP.

This means businesses are missing profit making opportunities. Even a modest increase in the registration, protection and exploitation of IP would contribute to UK jobs and growth. Our ambition is to make sure that small businesses in the UK can grow by being able to:

- recognise and understand the value of their IP; and
- access the advice they need to make the most of their innovation and creativity.

We have a history of helping businesses and entrepreneurs to understand IP. In recent years this has extended to helping them to better manage and derive value from the IP they own and ensure they consider IP as part of their business strategy. We work closely with a range of business support organisations throughout the UK including within the devolved administrations but the infrastructure is changing. This year we will:

- Through our Ministerial target extend our reach into the small business community with an emphasis on improving understanding of IP within a business context:
 - o our 'IP for Business' brand will continue to deliver a programme of events and activities to engage with small firms and their business advisers;
 - o we will build our national network of business advisers; and
 - o by engaging with the design community we will encourage better understanding, protection and commercialisation of their work.

“ Even a modest increase in the registration, protection and exploitation of IP would contribute to UK jobs and growth. ”

- Make the most of the change in the landscape of business support networks. English devolution deals have been forged in several city regions, Growth Hubs and Local Enterprise Partnerships are better established with New Enterprise Zones being developed. This presents a unique opportunity for us to establish IP knowhow within these evolving entities.
- Build on the recognition of the growing role played by IP Rights in commerce. Policy makers are paying increasing attention to the contributions of these assets to economic growth. During 2015 Baroness Neville Rolfe set out her ambition to ensure the UK had the smartest range of IP platforms, exchanges and professional support services. We spoke to users and potential users of trading platforms to determine what government could do to increase the amount of IP rights sales and/or licensing through them and have identified actions we can take to facilitate their use and accessibility.

Corporate Priority

We will develop a model to integrate IP into regional innovation and business support through the Devolved Authorities, Growth Hubs and Local Enterprise Partnerships.

Activity:

- Work with the Devolved Authorities, Growth Hubs, Local Enterprise Partnerships and their partners to ensure that IP is integrated into their innovation and business support offerings.
- Identify new opportunities and initiatives to ensure that businesses and universities have access to combined business and IP advice in their region.
- Provide training and support to ensure that IP is recognised and understood by advisors who are able to signpost towards further help and advice.

Corporate Priority

We will encourage rights holders to maximise the value of their IP through IP trading by implement actions from our review of rights holder attitudes to trading their IP and the trading platforms available to them.

Activity:

- take opportunities to prompt IPR applicants to trade their IP,
- make sure that there is accessible guidance,
- increase the visibility of existing trading platforms.

Ministerial Target

We will increase the number of businesses that better understand how to manage IP, reaching 100,000 business. 85% of the businesses we talk to will be better able to understand IP and its use within their business.

Exporting your IP brings its own challenges, as the global IP system is not fully harmonised, leaving a host of local issues to deal with. As outlined in Goal 1, marketing the fruits of UK creativity and innovation abroad can boost exports. So we have a Ministerial target to help businesses negotiate these hurdles, by providing in market advice through our attaches, and outreach and education work focussed on trading IP internationally.

Ministerial Target

We will support the export activity of UK companies by providing education, advice and specific case support to 5000 businesses by March 2017.

Activity

- Effectively use contacts through our overseas IP attaché network.
- Work closely with our export-facing business networks.
- Use digital and new-media to disseminate information and support.

Tyne and Wear Marine Ltd with their patented bollard load testing system





Improving the Skills and Capability of our People

The environment in which we operate is changing fast. Ever higher customer expectations of the services we provide, reform leading to the radical reshaping of the public sector, competition from other rights offices and increasing internationalisation of IP mean that to stand still is to quickly fall behind. We are determined to ensure that we are positioned to succeed in this environment. To do this we will need to develop the capability of both our people and our organisation.

Defining and Making Change

Given the significant changes that the IPO will be undertaking over the next three years, it is important that we engage effectively with and support our people, enabling them to adapt to the changing needs of customers and stakeholders. This brings challenges, but also an opportunity to become more modern, innovative and responsive. Defining and then making change is the thread that runs through our corporate priorities:

- Our operating model is changing to fit the requirements of the digital age and is closely aligned to the transformation we are undertaking with Tripod. It will fundamentally reshape the organisation. Last year we developed the model for rights granting, and the focus now shifts to implementing this aspect alongside finishing the model for the whole of the IPO.
- Successful change needs the right culture. Given the breadth of change, we cannot afford to get this wrong. So we have a Ministerial Target to underpin our commitment to strengthen capability in leadership and change. This is one programme, built around the Civil Service Leadership statement. The programme will focus on participants making progress on an individual leadership journey, following an initial assessment of what level they currently are. Each step on the journey requires increased skills and the programme will move participants on one or more steps.
- Supporting our people through change means we need to have the right processes and tools in place to encourage participation in change. The success of our #adaptive initiative has increased the appetite of staff to drive grass roots change. To continue this journey we will:
 - o Build a South Wales engagement network in partnership with the UK wide initiative “Engage for Success” which will allow us to share best practice and learn from others. We will build capability and create the right environment for our people to continuously improve the way they do things.

- o Launch and embed a new change toolkit on our intranet, gradually driving up change site traffic whilst ensuring our people have access to regular updates for all change activities.
- o Work collaboratively, sharing knowledge and information to ensure change activity and the supporting mechanisms is coordinated and takes into account dependencies, employee engagement impacts and wellbeing.
- o Develop our engagement with customers to ensure we deliver new products that meet their expectations, benchmark against other organisations and demonstrate real improvements.
- o Strengthen our Continuous Improvement strategy and develop maturity models which will enable us to gauge our progress towards embedding Lean, Agile and #adaptive principles into our culture.

Corporate Priority

We will continue the work we did in 2015/16 to define our operating model for IP rights activities, including extending the scope to the whole of the IPO.

Activity:

- Support the transition to the rights granting operating model developed in 2015/16, focussing on the future resourcing plans and the new skills needed.
- Help our people through the business change.

#adaptive wins the People and Culture category at the TW3 awards



Ministerial Target

We will enhance the capability of our people in leadership and change by designing and running a programme which will move at least 85% of participants up one level on our leadership measure.

Activity:

- Design and deliver a leadership & change programme.
- Take a baseline for capability in leadership and change at the start of the programme and measure it at the end to demonstrate the change in capability.
- Use our Future Leaders programme and 9 Box Grid to identify talented current and future IPO leaders for development opportunities.

Corporate Priority

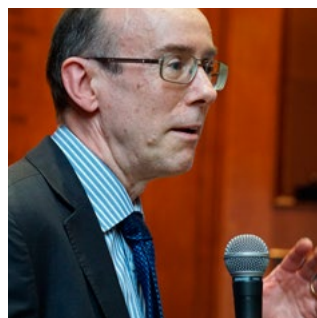
We will support the IPO and its people adapt to the changing needs of customers and stakeholders

Activity:

- We will utilise our expertise in Lean, Agile and Project Management, and develop our approach to managing change to help the organisation embed a culture of continuously improving the way we work and deliver transformation and change initiatives.
- All business change forum members will receive appropriate change management training and accreditation.
- Our maturity in the above areas will be measured against best practice industry standards.



“ We will utilise our expertise in Lean, Agile and Project Management, and develop our approach to managing change to help the organisation embed a culture of continuously improving the way we work and deliver transformation and change initiatives.



Supporting our people to provide the best services to our customers.

Engaged staff give their best. We were pleased that our engagement score last year was in the Civil Service High Performers bracket. Our effort on making change will be accompanied by other important work:

- We will continue to provide development in relevant skills.
- Internal communications will continue to keep the IPO community engaged and informed.
- Recognising and rewarding people who go the extra mile will continue to be a priority for us.
- We will continue to do our best to provide an attractive overall reward package within Government pay policy.
- For our people to provide the best service to our customers, they must get the best service themselves – so we are bringing the HR and payroll function back into the office in response to a sub-standard service which impacted on staff morale. This is a Ministerial Target.
- IP policy is a complex area, heavy on legal and economic input, and our stakeholders are highly engaged. Policy making is one of our strategic goals which shape this plan and an important part of what we do. We have reflected on how we do it and will strengthen our approach.
- Ensuring we have access to adequate legal resources to support us in making legislative change.
- Completing our programme of Patent Examiner recruitment and training to improve service for our customers.

“Engaged staff give their best. We were pleased that our engagement score last year was in the Civil Service High Performers bracket.”

Ministerial Target

We will implement a new HR and Payroll service

Activity:

- Adopt a phased approach to implementation to manage the change.
- Work with UKSBS to support the exit.
- Clarify any required changes to policy or organisational structures.
- Conduct effective data migration / User acceptance testing / parallel payroll runs.
- Prepare our people with communications throughout and appropriate training.

Corporate Priority

We will strengthen our approach to policy development.

Activity:

- Raise the status of the policy profession.
- Develop and implemented best practice principles.
- Integrate a more formalised challenge function into the policy making process.



Increasing Efficiency and Delivering Value for Money

As a customer-funded organisation, efficiency and delivering value for money are as important for us and our customers as they are for the wider public service.

Deficit reduction continues to be central to wider Government policy and decisions in the Spending Review will fundamentally reshape the public sector. As a trading fund, we are committed to being a valued and trusted member of the BIS family and recognise that we have a part to play in any savings it has to make. This is likely to mean more working across organisations and a greater sharing of resources and services.

In addition, continued progress towards a culture of Lean and Continuous Improvement will empower our people to improve the way we work and help us achieve our commitment to greater efficiency and value for money.

In January BIS announced BIS 2020, including plans for a combined headquarters and policy centre in London and around six business centres around the country, including a business services centre likely to be based in South Wales. We are working with Companies House on our place in these plans to ensure that they add value to our customers, support our people and make best use of our estate.

Digital Services and Ways of Working

As they come online our new digital services will make us more efficient. This was demonstrated before Tripod by our switch to a fully digital trade mark registration service, efficiencies from which enabled us to improve performance and cope with unprecedented demand.

Earlier in the plan we set out what new services Tripod will deliver and the benefits to our customers and us. Associated changes to our ways of working will allow us to maximise the efficiencies of digitisation, which will include a reduction in the number of staff needed to carry out certain tasks. Work is well underway on assessing ways in which we can take advantage of new technology to meet changing customer and staff needs. Our priorities for this year:

- We are focussing on creating the necessary support infrastructure to support some ambitious proposals for new ways of working, which will require a step change in IT provision if they are to be realised.
- Tripod is not just about the creation of new digital services, but also about managing our legacy systems, both to reduce their cost and enable us to become digital by default. This year we will be moving from our existing

mainframe to do just that. This is a complex and difficult piece of work, requiring us to convert code to run on new systems and ensure that we can support it.

Corporate Priority

We will identify and deliver the necessary infrastructure to support new ways of working be that mobile working, creating a hub and/or new devices to improve user experience.

Corporate Priority

By 30th November 2016 we will move our legacy patents and designs data systems off the mainframe platform, saving money and enabling the transformation of our services.

Activity:

- Replace the existing Designs systems with the new Designs Electronic Processing system in August 2016.
- Deliver a Replatformed Patents System operating on a Microsoft Windows Platform with like for like functionality.
- Shut down the existing mainframe by 30th November 2016 following the replacement of the associated legacy systems.

“ ...our people to improve the way we work and help us achieve our commitment to greater efficiency and value for money.



Managing our Income

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.

This money has to fund the broad range of activity we undertake in realising our goals, and as it comes directly from fee paying customers, we make careful choices with it:

- To ensure that we become more efficient across all of our activity we have a Ministerial Target for efficiency gains.
- Being a Trading Fund gives us greater financial flexibility, but in return, we are expected to achieve an average, real terms return on investment of 4%.

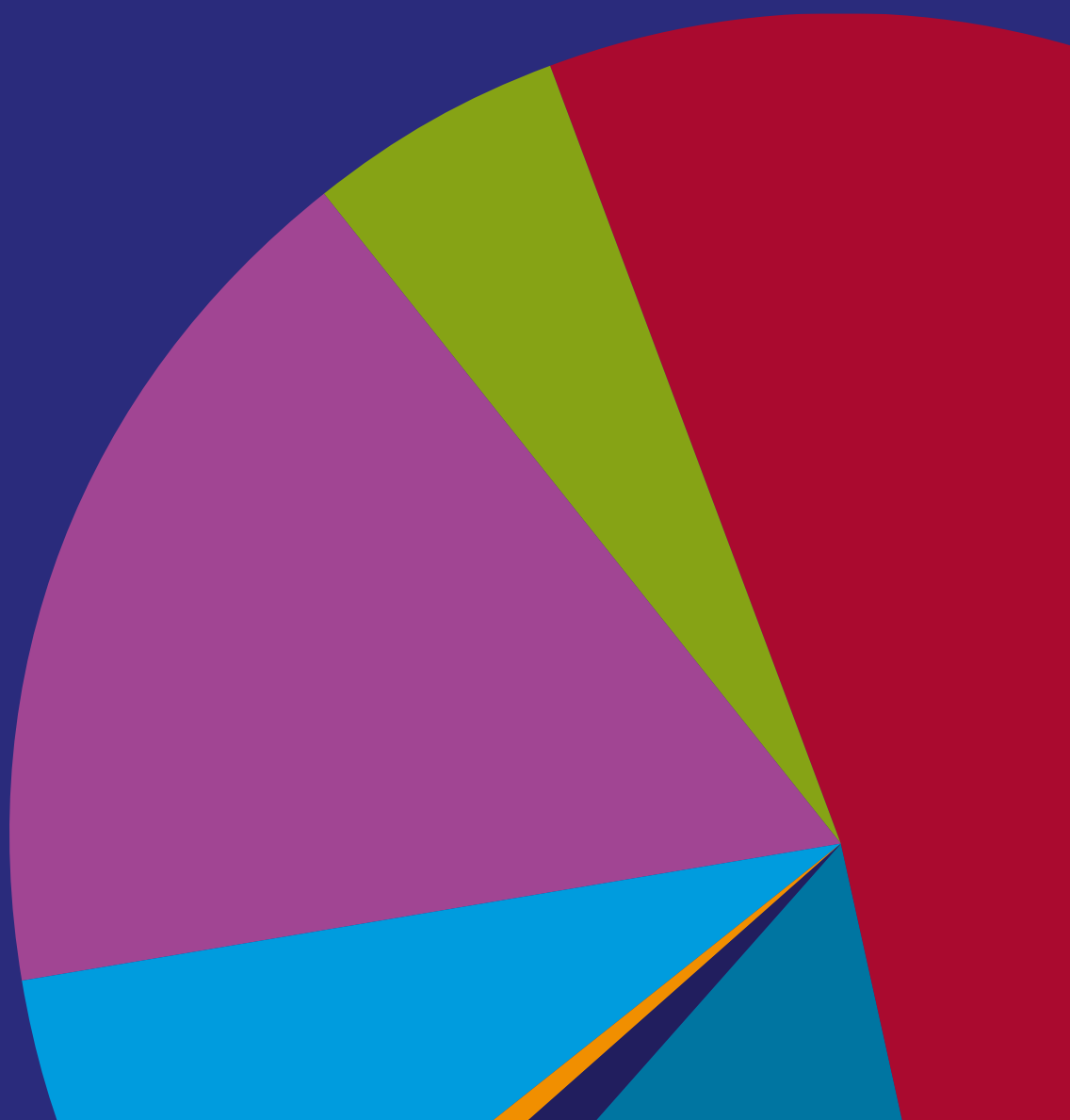
Ministerial Target

We will achieve return of capital employed of at least 4%.

Ministerial Target

We will deliver an efficiency gain of 3.5%.

Our Finances



Our Finances

As previously mentioned, our Trading Fund status gives us greater financial 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 (see Ministerial Target). This return is paid to BIS as a dividend each year. We entered into a new 5-year period in 2014/15 and have agreed with HM Treasury 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. As noted above, we also plan to consult on some modest increases to patents fees, which will enable us to continue to achieve our ROCE target.

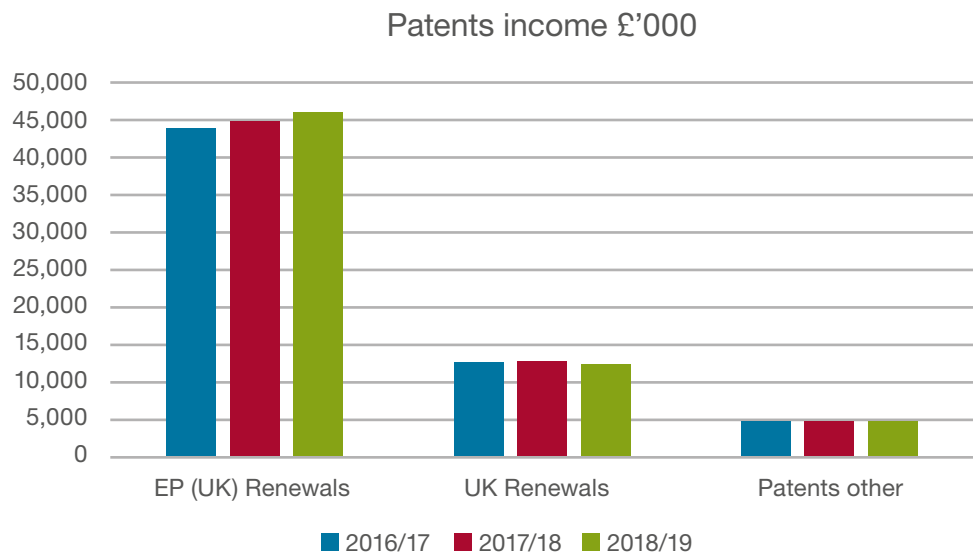
	Corporate Plan Period £'000		
	2016/17	2017/18	2018/19
Total income	84,408	86,204	86,518
Total expenditure	(78,718)	(82,171)	(83,219)
Depreciation & interest	(2,010)	(2,704)	(3,082)
Surplus	3,680	1,329	217
Dividends	(3,511)	(3,400)	(3,289)
Retained earnings	169	(2,071)	(3,072)
Return on Capital Employed	4.2%	1.6%	0.1%
Cumulative 5 year target (years 2 -4)	4.6%	3.9%	3.1%

Income

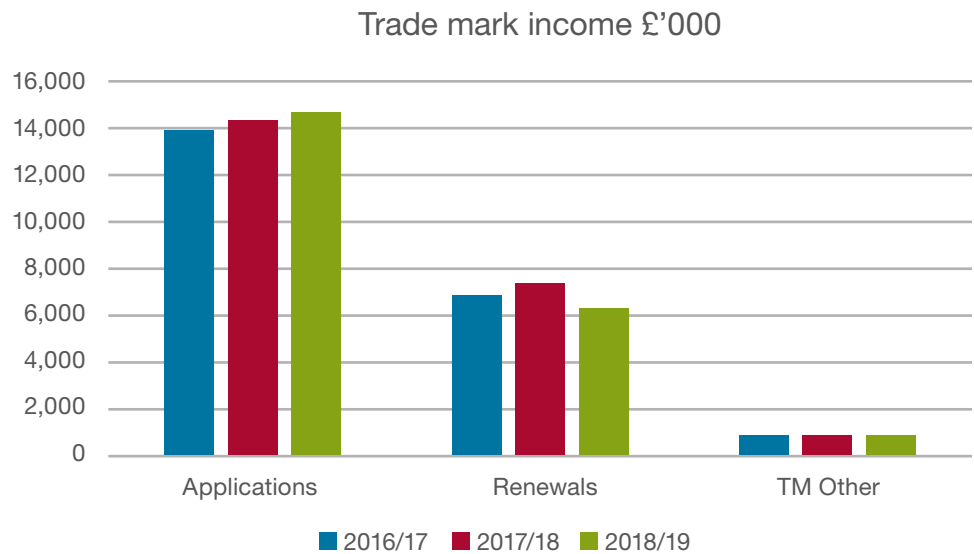
Our main income source is from renewals. In the case of patents, renewal fees increase according to the age of the patent as they become commercially more valuable and to encourage rights holders to relinquish patents they are not exploiting. We have not assumed any change in fees over the life of the plan.

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.

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 during the life of the plan.

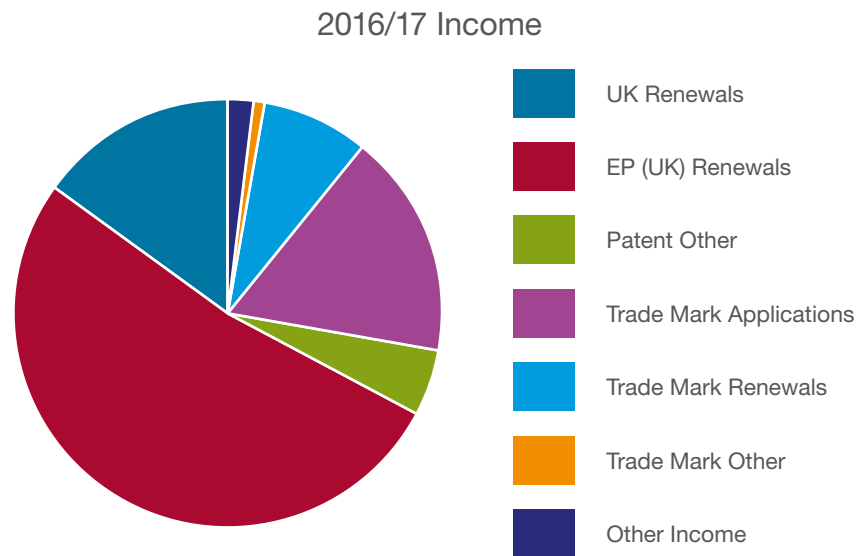


We forecast that the recent growth in trade mark applications will continue over the lifetime of the plan. The trade mark renewals are smaller in value and cyclical in nature due to changes introduced in the 1994 Patent Act, meaning there were fewer cases due for renewal in 2018/19 compared to the earlier years.



Budget 2015/16

	£'000
UK Renewals	12,608
EP (UK) Renewals	43,891
Patents Other	4,685
Trade Mark Applications	14,007
Trade Mark Renewals	6,952
Trade Mark Other	935
Other income	1,330
Total income	84,408



Expenditure

Overall expenditure is expected to increase from £79m in 2016/17 to £83m in 2018/19. This includes pay costs which will increase by £2.4m. A 1% pay increase has been modelled effective from the 1 August. The IPO remains part of a pay pilot and the impact of changes to employer national insurance contribution rates, with the ending of contracted out contributions has also been included. The number of staff is planned to increase, including fifty new patent examiners over the coming twelve months. This is in response to continued growth in service demand highlighted above.

Currently, 2017/18 and 2018/19 show moderate deficits in the retained surplus position. This reflects a number of significant costs across the plan which are likely to be ongoing.

The main items of possible ongoing expenditure include:

£1.6m per annum for City of London Police, to support PIPCU.

£1-£3m per annum to support the establishment of the Unitary Patent Court.

Investment

In our chapter on delivering a high quality rights granting service we set our plans to complete the digital transformation of our services. In 2016/17 we have set aside £6.5m worth of investment, much of which will be spent on changing our software and supporting infrastructure as we become digital by default.

IPO: Income and Expenditure Projections

2016/17 – 2018/19

IPO Corporate Plan 2016/17 (£'k) Operating Statement		16/17	17/18	18/19
Income	Patent	61,185	62,334	63,316
	TM	21,894	22,772	22,075
	Other	1,329	1,098	1,127
Total Income		84,408	86,204	86,518
	Pay costs ⁽¹⁾	(51,493)	(54,287)	(53,871)
	Other Expenses ⁽²⁾	(27,225)	(27,884)	(29,348)
Gross Surplus		5,690	4,033	3,299
	Depreciation ⁽³⁾	(2,293)	(3,004)	(3,390)
	Interest Receivable	320	320	320
	Interest Charge	(37)	(20)	(12)
Depreciation & Interest		(2,010)	(2,704)	(3,082)
	Total	3,680	1,329	217
	Dividend ⁽⁴⁾	(3,511)	(3,400)	(3,289)
Retained surplus		169	(2,071)	(3,072)

- (1) Pay costs are pay, employer pension and national insurance contributions. The increase reflects new examiners etc offset in 2018/19 by efficiency gains.
- (2) Other expenses include accommodation, IT bought in costs plus major items such as UPC.
- (3) Depreciation increases as the IT investment comes on line.
- (4) This excludes any special dividends payable to BIS which do not pass through the operating account ie for the innovation fund.



Above: Some IP users and IP rich products

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