

**EXPLANATORY MEMORANDUM TO THE  
PATENTS ACT 2004 (COMMENCEMENT NO. 2 AND CONSEQUENTIAL,  
ETC. AND TRANSITIONAL PROVISIONS) ORDER 2004**

**2004 No. 3205 (C. 140)**

1. This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

**2. Description**

The Order commences certain provisions of the Patents Act 2004 (c.16) (“the 2004 Act”). The commencement of those provisions has necessitated consequential amendments being made to the Patents Rules 1995 (SI 1995/2093, as amended) (“the Rules”). The Order also contains transitional provisions.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

None.

**4. Legislative Background**

The 2004 Act, which received Royal Assent on 22 July 2004, amends the principal statute on patents – the Patents Act 1977 (c.37) (“the 1977 Act”). The Rules are the main piece of secondary legislation made under the 1977 Act, and they regulate the business and procedure of the Patent Office. Amongst other things, this Office examines patent applications, grants patents and is a quasi-judicial body with jurisdiction over certain legal proceedings concerning patents.

This instrument is made under section 17 of the 2004 Act and its primary purpose is to commence a significant number of the provisions of that Act. Those provisions amend various sections of the 1977 Act (and revoke a defunct article of SI 1991/1796). This instrument also includes consequential amendments to the Rules that follow from the commencement of those provisions, and supplementary and incidental amendments which (while not strictly required) are desirable to improve clarity and to maintain consistency between closely parallel rules. In addition, this instrument includes appropriate transitional provisions.

**5. Extent**

This instrument applies to all of the United Kingdom. The provisions of the 1977 Act and the 2004 Act extend to the Isle of Man (subject to any modification by Orders in Council – of which there have been two). The Manx government was made aware at an early stage of the provisions now contained in the 2004 Act, and are content. They were contacted again in October, and were given more detail of the provisions to be commenced in this Instrument. The changes made to the Rules relate solely to procedures at the UK Patent Office.

## **6. European Convention on Human Rights**

Not applicable.

## **7. Policy background**

The 2004 Act makes some changes to help with patent enforcement and the resolution of disputes over patents. It also modernises and updates the UK patents system, and provisions commenced by this instrument fall into both of these areas.

With regard to patent enforcement and dispute resolution, the provisions on threats reform the existing regime so that a patent holder who negotiates in good faith over an alleged patent infringement need not fear being found liable for making unjustified threats to bring proceedings. The provisions on costs require the court to have regard to the financial position of the parties when awarding costs in a patent infringement dispute. And the provisions on the enforcement of damages provide a quick and simple court procedure for the recovery of damages awarded by the comptroller of the Patent Office in patent infringement proceedings.

In terms of modernising and updating the patents system, the provisions on filing patent applications abroad remove the requirement to seek permission from the Patent Office in almost all cases. Permission to file abroad will now only be required if the patent application has a bearing on military or national security issues. The provisions on compensating employees for inventions of “outstanding benefit” to their employer have been modified to remove an artificial distinction between benefit from the patent and benefit from the patented invention. And the provisions concerning entitlement proceedings have removed an unfairness in the remedies available to the successful party in a dispute over entitlement to a patent application.

The changes to the Rules made by this instrument concern the operation of entitlement proceedings before the comptroller of the Patent Office. Furthermore, provisions of the 2004 Act introduce the term “claimant” into the 1977 Act and replace the term “plaintiff” wherever it appears. Corresponding changes are therefore made to the Rules.

Almost all of these changes were included in a consultation document in 2002 on possible changes to the patents legislation, and were broadly supported. One (on costs in infringement proceedings) was added to the Patents Bill during its passage through Parliament.

## **8. Impact**

A Regulatory Impact Assessment has not been prepared for this instrument, but one was prepared for the provisions of the Patents Bill.

## **9. Contact**

James Porter at the Patent Office (an executive agency of the Department of Trade and Industry) can answer any queries regarding the instrument. Tel: GTN (1214) 4521 or e-mail: [james.porter@patent.gsi.gov.uk](mailto:james.porter@patent.gsi.gov.uk)