

Title: Amending the Patents Act to provide for online patent document inspection Lead department or agency: Intellectual Property Office (IPO) (Department of Business Innovation and Skills) Other departments or agencies:	Impact Assessment (IA)
	IA No: BIS0073
	Date:
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Patent files are available for inspection in person at the Intellectual Property Office's (IPO) premises. Alternatively copies of files can, following payment of a fee, be received by post or email. Inevitably there is a delay in receiving these documents. The IPO would like to offer an online file inspection service but this would amount to communicating copyright works to the public and would infringe the copyright in documents sent to the IPO, for example in letters sent to the IPO by applicants. The current post and email systems do not infringe copyright because there is a relevant exception, but that exception does not cover putting the documents online.

What are the policy objectives and the intended effects?

The policy objective is that files should be available to inspect and download via the IPO's website. It will be cheaper and quicker for business, which will no longer have to come in person to the IPO's offices or wait for email or postal copies of documents. Third parties wanting to make observations about a patent application will be able to access documents more quickly. It will enable other patent offices to access the documents and use them to process patents more quickly. This will help reduce the global backlog. The IPO will continue the current policy of not making available copies of journals, books or articles which are available elsewhere. Therefore the works being put online do not have economic value and so there would be no loss of value to the copyright holders by putting them online.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

1. Amend legislation to provide that online file inspection does not infringe copyright.
2. Obtain consent from all copyright holders to putting their works online.
3. Do Nothing

Option 1 is the preferred option as it will allow the IPO to provide online access to patent files without the need to contact every person who has submitted documents or written to the IPO about a patent file. There were no comments on the cost or benefit analysis in the responses to the Consultation, with most respondents supporting option 1.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed in 2016
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

Sign-off For Final Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible:  Date: 7-7-2011

Summary: Analysis and Evidence

Policy Option 1

Description:

Amend legislation to provide that online inspection does not infringe copyright.

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -0.02	High: 2.13	Best Estimate: 0.56

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.030	0.007	0.088
High	0.100	0.015	0.224
Best Estimate	0.055	0.013	0.163

Description and scale of key monetised costs by 'main affected groups'

There will be £55,000 costs to the IPO of implementing an online file inspection service. Currently the project is coming in under budget and it is extremely unlikely that the high cost estimate and stress test budget of £100,000 will be realised. There are ongoing maintenance costs of around £5,000 per year. It will also lead to a loss in fees to the IPO, rising from £5,000 in the first year, to £11,800 by the tenth, as a result of customers switching to a free service.

Other key non-monetised costs by 'main affected groups'

There may be very minor costs to business of choosing to change from ordering copies for a fee to getting them online for free. However, these would be offset by no longer having to pay the fee to get the documents.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0.017	0.207
High	0	0.254	2.213
Best Estimate	0	0.073	0.725

Description and scale of key monetised benefits by 'main affected groups'

Businesses would no longer have to go to an IPO Office to inspect a file in person or pay for copies. Instead they could inspect files and download copies immediately for free online. These benefits to business are estimated to save £97,000 per year by the tenth year. The IPO would, by the tenth year, save administrative costs of around £22,000 per year. This means that even in the low benefit scenario, which after 10 years shows a negative benefit, will be positive by the 11th year.

Other key non-monetised benefits by 'main affected groups'

The proposal will make it quicker for businesses to inspect patent files and to obtain copies. Patent offices around the world would be able to access them for use when processing applications. This should speed up the patent process, enable business to be more efficient and therefore encourage innovation.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The costs to the IPO to implement the new service look to be on track but there are also low and high estimates based upon under and over spends. The high estimates of benefits are based upon the assumption that all businesses will change from using the fee paying copies service to the free online service. However, the low estimates are based upon a lower take up. This has a consequential affect on the ongoing costs to the IPO, with costs of maintaining the current system being higher if there is less up take of the new system.

Under the One In One Out rule, this is expected to generate an OUT equivalent annual net benefit to business of £0.071m

Impact on admin burden (AB) (£m):		Impact on policy cost savings (£m):		In scope
New AB: 0	AB savings: 0.071	Net: - 0.071	Policy cost savings:	N/A

Summary: Analysis and Evidence

Policy Option 2

Description:

Obtain consent from all copyright holders for putting information online

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	-10.43	High:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.723	0.005	1.045
High	10.023	0.011	10.535
Best Estimate	2.733	0.009	3.264

Description and scale of key monetised costs by 'main affected groups'

This option would require the IPOs 126,000 correspondents to process and reply to IPO letters, costing and an estimated £2.6m. There will be additional costs to the IPO of processing these replies, and also of implementing an online inspection service and ongoing maintenance costs. These are costs to government.

Other key non-monetised costs by 'main affected groups'

We have only been able to estimate the costs to business of using an attorney to respond to the IPO's letter. However, many businesses will incur costs themselves of opening the letter from the IPO and deciding what to do with it. Some businesses may also need to review their files to ascertain which correspondence is likely to be put online.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0.009	0.111
High	0	0.103	0.919
Best Estimate	0	0.019	0.219

Description and scale of key monetised benefits by 'main affected groups'

Businesses would no longer have to go to Newport or London to inspect a file in person or file a form and pay for copies. Instead they could inspect files and download copies immediately for free online. However, the full benefits of such a system are unlikely to be realised as it is unlikely that all businesses will respond to the IPO's letter particularly as the business given the consent is not the same one which will get the benefit. Total benefits will be proportionate to the number of businesses which give consent.

Other key non-monetised benefits by 'main affected groups'

The proposal will make it quicker for businesses to inspect patent files and to obtain copies. Patent offices around the world would be able to access them for use when processing applications. This should speed up the patent process, enable business to be more efficient and therefore encourage innovation.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

There has been an assumption that all businesses will use an attorney to respond to the IPO's letter but some may respond themselves, although this will still incur businesses costs because of the time it takes to respond. There has been an assumption that the IPO will only have to write to one copyright holder per file. However, it is likely that in some files there will be more than one copyright holder and the IPO would need to write to each one, thereby increasing costs.

Under the One In One Out Rule, this is expected to generate an IN equivalent annual net cost to business of £0.252m

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):		In scope
New AB: 0.311	AB savings: 0.018	Net: 0.293	Policy cost savings:		N/A

Summary: Analysis and Evidence

Policy Option 3

Description:

Do nothing

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0		0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised costs by 'main affected groups'

The do nothing option is a theoretical baseline for which all other options are assessed against. Therefore, all costs and benefits are represented as zero to allow a marginal analysis against the alternative options. However, business would continue to incur the current costs of inspecting documents in person or by post or email the best estimate of which is £0.097M per year. The IPO would also continue to incur the costs of running the current system.

Other key non-monetised costs by 'main affected groups'

Other Patent offices around the world would not be able to access information online and so may incur costs if they wanted to obtain UK documents.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups'

There would be no change to the current system and no benefit to business.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

The costs of using the current system may be higher, or lower, than estimated depending upon how much it costs business to currently access documents. The costs may also reduce if more businesses start to access electronic copies and therefore no longer incur postal costs.

Impact on admin burden (AB) (£m):		Impact on policy cost savings (£m):		In scope
New AB: 0	AB savings: 0	Policy cost savings:	Net: 0	N/A

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	United Kingdom				
From what date will the policy be implemented?	01/10/2011				
Which organisation(s) will enforce the policy?	IPO				
What is the annual change in enforcement cost (£m)?	n/a				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: 0		Non-traded: 0		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: n/a		Benefits: n/a		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro n/a	< 20 n/a	Small n/a	Medium n/a	Large n/a
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	20
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	19
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	20
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	20
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	21
Human rights Human Rights Impact Test guidance	No	21
Justice system Justice Impact Test guidance	No	20
Rural proofing Rural Proofing Impact Test guidance	No	21
Sustainable development Sustainable Development Impact Test guidance	No	20

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	Consultation Document, including an initial impact assessment, is available at http://www.ipo.gov.uk/pro-policy/consult/consult-closed/consult-closed-2011/consult-2011-olfi.htm
2	
3	
4	
5	
6	

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

As the measure has no impact on greenhouse emissions the excel sheet below includes all the workings for the Impact Assessment.

Option 1: Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.055	-	-	-	-	-	-	-	-	-
Annual recurring cost	0.010	0.011	0.012	0.012	0.013	0.014	0.015	0.015	0.016	0.016
Total annual costs	0.065	0.011	0.012	0.012	0.013	0.014	0.015	0.015	0.016	0.016
Transition benefits	0.000	-	-	-	-	-	-	-	-	-
Annual recurring benefits	0.054	0.062	0.070	0.078	0.087	0.095	0.103	0.111	0.114	0.119
Total annual benefits	0.054	0.062	0.070	0.078	0.087	0.095	0.103	0.111	0.114	0.119

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

INTRODUCTION – PROBLEM UNDER CONSIDERATION

As part of the patent application process most of the patent file is made available for public inspection. Currently to inspect a whole patent file businesses must either visit the Intellectual Property Office (“IPO”) in Newport or London in person, or order a paper or electronic copy for a £5 fee. The IPO would like to be able to put documents filed with them online so that customers can inspect documents and download copies for free. However, the IPO does not own the copyright in most of the documents filed with them. Therefore, putting them online would infringe copyright unless the copyright owner gave consent or there was a relevant copyright exception. There was a consultation on Amending the Patents Act to provide for online patent document inspection which closed on 26th April. This proposed amending legislation to provide that online inspection does not infringe copyright but retaining the current policy of not making available copies of journals, books or articles which are available elsewhere. No comments were received on the economic benefits and costs, but the majority of responses were in favour of the proposal.

More people are likely to access the copyright works when they are available online. In theory this could reduce any value that the works have because the copyright owner could no longer licence them. However, in practice, the works are unlikely to have any commercial value as they mainly consist of correspondence to the IPO. Therefore the copyright holder would not be losing any value by their works, which are already publicly available by post, email and CD Rom, being made available online.

BACKGROUND – RATIONALE FOR INTERVENTION

Before a patent is granted an application must go through preliminary examination, search and substantive examination. Generally the IPO will publish a patent application within 18 months of it being filed unless it has been withdrawn by the applicant or refused. The publication takes place after the search has been carried out but usually before it is fully examined to assess whether or not it is compliant with the legal requirements for a patent. Following publication most of the information on the patent file is open to inspection by anyone.

This process ensures that patent applicants have some time, during which their application remains confidential, to decide whether to continue with their application and have it disclosed to the public. It also ensures that the public get to see those applications which are most likely to result in patent rights being granted in due course.

Once the patent file is published anyone can inspect or request copies of the file. The IPO currently makes patent files available through inspection at the IPO’s London or Newport offices or copies available, for a fee, via post or email. There is an inherent delay in this system with customers having to order copies and wait for them to arrive. It is also not possible for customers to see what they have ordered in advance (unless they travel to the Newport or London offices first).

Businesses access patent files for different reasons but online access will make this easier. Applicants are sent paper copies of information about their application but can inspect the full file. This might be useful if, for example, they change attorneys and the new attorney wants to see the file. Inspection also provides an opportunity for third parties to look at the file to see if they want to use their right to make an observation about the patentability of the invention set out in application. These observations can help the IPO substantive examination of the application and the decision on whether or not to grant the patent. Third parties may also want to look at the file to monitor the progress of a patent application. This may help them with their own future applications or to consider whether or not they will be able to carry out an act without using patented technology. Third parties may also use the files to consider whether or not a patent could be invalid and possibly revoked.

Other patent offices may also want to inspect files as part of their search and examination procedures. Patents are national rights granted separately in different countries. However, the global economy means that many applicants want their inventions protected in more than one country. A study by London Economics into Patent Backlogs and Mutual Recognition (available at <http://www.ipa.gov.uk/p-backlog-report.pdf>) estimated that 34% of patent applications to the ten major patent offices around the

world, including the UK IPO, are duplicate applications. It said that this was affecting the backlog in processing patents which is causing delays. Delays lead to a longer period of legal uncertainty, whilst businesses and the public at large wait to see what's going to gain patent protection. This in turn leads to a reduction in investment in research and development, because potential innovators are less likely to commit to developmental costs in areas where patents may be granted in the future. London Economics estimated that the delays in processing patents cost £7.6 billion for every extra year patents are delayed in the US, Japan and Europe, of which £6 billion is through lost innovation.

An online inspection service will help other patent offices access UK patent files which will help them process patents more quickly and therefore help reduce the current delays. This in turn will benefit UK businesses which currently face long delays in obtaining patent rights in other countries. The system will also reduce the costs to businesses which currently have to pay for a copy of the patent file and wait to receive copy.

POLICY OBJECTIVE

In order to encourage innovation, patent documents must be easily accessible. The policy objective is therefore to ensure that the IPO can put published patent documents online.

DESCRIPTION OF OPTIONS CONSIDERED

Option 1 - Amend Legislation to provide that online inspection does not infringe copyright.

This is the preferred option and would allow the IPO to introduce an online service for inspection and access to copies of patent files. This would involve changing the legislation to ensure that online inspection and access to copies does not infringe copyright. However, the IPO will maintain the current policy of not making available copies of journals, books or articles which are available elsewhere.

Option 2 - Obtain consent from all copyright holders for putting information online

The IPO could write to every copyright holder whose copyright material we propose to put online and ask for their consent. It would involve writing to anyone who has sent any correspondence into the IPO as part of the patent process, involving at least 126,000 patent cases and thus at least 126,000 people and asking for their permission, as copyright owner, to put the document online. This would involve writing to all applicants, agents and third party observers. They would then have to reply to give their permission before their documents could go online. If they said no then the documents could not go online.

Option 3 - Do Nothing

If nothing were done it would not be possible to put some documents from published patent files online without infringing third parties' copyright. Therefore businesses would only be able to inspect files in person at the IPO's offices or obtain copies on payment of a fee by post or email (for which there is already a relevant copyright exception). This would be more expensive and slower than an online system. It would mean that offices around the world would not be able to benefit from easy access to the IPO's patent files.

IMPACTS, COSTS AND BENEFITS

BENEFITS OF ONLINE INSPECTION

If the IPO's patent files were available online businesses would be able to look at them when they want and download copies if required. This would help applicants monitor the progress of their applications; third parties decide whether or not they want to make observations and other patent offices access applications for use in progressing equivalent applications in their countries.

Direct Benefits

Currently to get an uncertified copy of a document which is not Crown copyright on the patent file an applicant has to complete a Form 23 either by post to obtain a paper copy or online to get an electronic copy (by email or on CD-ROM by post). Most applicants use an agent when they apply for a patent and patent attorneys tell us that they use the Form 23 process. Many applicants are themselves involved in

business and will be using resources to instruct the agent. There are also costs to the IPO in running the current system.

The immediate direct benefits are that business would no longer incur the direct costs associated with the current inspection service.

Number of requests for uncertified copies

The system for requesting electronic uncertified copies was started in January 2008. Therefore, figures for the number of requests before the 08/09 year do not give a good idea of the average number of requests.

Year	Requests for paper copies	Requests for electronic copies	Total requests per year
March 2008 – April 2009	1581	758	2339
April 2009- March 2010	1061	1098	2129

Average total number of requests per year is 2234 based on this limited information.

The number of requests for electronic copies is increasing as awareness of the service has increased. In 2008/2009 about 30% of requests were for electronic copies but in 2009/2010 it was 50%. We anticipate that this percentage is likely to continue to increase but it is not possible to calculate by how much.

The IPO's experience of patent attorneys suggests that they charge between £100 and £200 per hour, and we apply this range to provide estimates of high and low impacts. Filing this request on-line is not very time-consuming, but we expect that it would take attorneys between 10 and 30 minutes per action. This would depend upon how many documents they wanted and whether they knew the patent application or publication number before they started the request. The statutory £5 fee is fixed so is not varied, and we expect the additional costs of using paper, rather than electronic means, are £2 per item, covering the postal and stationery costs.

It is also possible to inspect the patent file at the IPO at Bloomsbury Street in London or at Concept House in Newport. Figures on the number of personal file inspection visits are not recorded. Interview evidence from IPO administrative staff, who handle these requests as part of their other responsibilities, suggests that visitors are extremely rare. There's no more than one personal visitor to any IPO office per week. It is therefore not relevant to calculate any potential savings given the very limited nature and lack of detailed data on travel costs which would lead this to guesswork and add no value to the analysis.

Direct Cost Savings to Business

A low estimate of the direct cost savings

In the lowest saving scenario, we conservatively estimate that there is no increase in the proportion of electronic copies from 09/10. This would mean 1,117 requests for paper copies and 1,117 requests for electronic copies per year on average. We take the lower range of attorney fees (£100 p/h) and the lower end of the billing time (10 minutes). We have conservatively estimated that only 50% of requests occur online.

	£
Statutory fee (as set out in the Patent (Fees) Rules 2007)	5
Attorney fees for 10 minute billing (1/6 * £100)	<u>17</u>
Total per request	<u>22</u>
Only 50% of annual requests use new system (1,117 requests)	
Total savings (1,117 x £22)	<u>24,574</u>
Stationery costs to business of sending a request by post	2
50% of requests saved (1,117/2 x £2)	<u>1,117</u>
Total Annual Savings to Business	23,457

A best estimate of direct costs saving

We realistically expect that attorneys and applicants will migrate to the electronic service, but that it will take them a while to migrate across and only in year 10 will there be a 100% adoption rate in this scenario. We further take the mid-point of the attorney fees (£150) and expect attorneys to bill for 15 minutes per action. This means that in the tenth year the direct costs saving to business will be

Statutory fee	£
Attorney fees for 15 minute billing (1/4 * £150)	5
Total per request	<u>37.5</u>
All annual requests are now online	
Total annual requests (2,234 x £42.50)	<u>94,945</u>
Stationery costs to business of sending a request by post	2
100% of requests saved (1,117 x £2)	<u>2,234</u>
Total Annual Saving to Business by year 10	£97,179

Therefore total direct cost savings using the best costs estimates and assuming all users access uncertified copies for free online will be in the order of £100,000 per annum for business by the tenth year.

Annual Profile of benefits to business, £m

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition benefits	0	-	-	-	-	-	-	-	-	-
Annual recurring benefit (best estimate)	0.044	0.051	0.057	0.064	0.071	0.077	0.084	0.090	0.093	0.097

A high estimate of direct costs savings

We assume that attorneys and applicants will migrate to the electronic service more quickly. We also apply the higher band of attorney fees (£200 p/h) and billing time to get a high estimate.

Statutory fee	£
Attorney fees for 30 minute billing (1/2 * £200)	5
Total per request	<u>100</u>
All annual requests are now online	
Total annual requests (2,234 x £105)	<u>234,570</u>
Stationery costs to business of sending a request by post	2
100% of paper requests saved (1,117 x £2)	<u>2,234</u>
Total Annual Saving to Business by year 10	£236,804

Direct Benefits to the Government

The IPO currently manages a paper and email/CD Rom inspection system which requires manual checking of requests and replies for both paper and electronic uncertified copies. This costs the IPO £22,000 per annum.

It is expected that over time, if an on-line system was introduced, the need for the paper and email/CD Rom copies and in person inspection system would diminish as users migrate to the automated service. The aim is to remove these costs entirely but in meantime the costs of running the service will reduce in line with the reducing demand for the service (as will the receipt of fees). This is because it is a manual service and therefore the costs of running the system will be reduced as demand decreases. In our best estimate we set out to save these costs over the ten years in incremental steps, saving £10,000 in the first year and removing all the cost in the tenth year. We assume this saving to be made in annual incremental steps of £1,500, with the remainder saved by year 10. In our worst case scenario we only realise half of these savings.

It is estimated that an online system would only cost £5,000 per annum to run and £55,000 to implement, so paying for itself within five years, even if costs over-run. The system implementation is being managed as a project and costs are carefully monitored. The Project Board is provided with a summary of costs each month. Indications so far are that the project will come in under budget. The current inspection and copy services will continue to run but as demand decreases then there will be an additional benefit of the costs to the IPO of providing these manual services will decrease. However, if demand for the new service is not as good as anticipated or customers continue to additionally use existing services then the costs to the IPO may not decrease as quickly as anticipated.

Therefore total direct cost savings using the best costs estimate will be in the order of £120,000 by the tenth year when both business and government benefits are included.

Annual profile of benefits, £m

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition benefits	0	-	-	-	-	-	-	-	-	-
Annual recurring benefit (best estimate)	0.054	0.062	0.070	0.078	0.087	0.095	0.103	0.111	0.114	0.119

Indirect Benefits

While the direct costs savings are marginal, we expect the biggest benefits to business to be more intangible and to arise from the increased efficiency of work practices resulting from the availability of online file inspection. In the ever expanding global intellectual property arena ease of access to information internationally is becoming increasingly important and our customers are consistently telling us that an online system will bring them efficiency savings. The speed of accessing the file immediately online will lead to more efficient use of valuable attorney, patentee and general public resources. This would allow attorneys to immediately access patent documents online for free as opposed to having to file a form to the IPO, pay a £5 fee and wait for a response, a process which customers tell us can take up to 10 days. An online system will help attorneys work more efficiently and quickly. This will be a particular benefit for attorneys whose clients are based overseas. It will also mean that the IPO no longer has to process the forms and fees for copies of documents.

It is difficult to put a cost or benefit on many of these. Businesses can already ask to be informed when certain events happen on a patent application. They do this by filing Form 49, with a fee of £25. From April 2009 to March 2010 two hundred forms were filed. The fees alone cost business £5000 per annum. We envisage that fewer will be filed when it is possible to view the progress of an application online for free and that this will be an indirect benefit.

The patent register is already available online at <http://www.ipo.gov.uk/types/patent/p-os/p-find/p-find-number.htm> and can be used to search basic information about a patent. Last year the patent register had over 1.4 million hits. If online files inspection had been available many of these hits may have been converted into inspection of an online file, which would benefit those businesses and the general economy.

Already patent offices around the world are working together to reduce backlogs and delays. For example the UK is working with Canada and Australia to exchange search and examination reports in

order to reduce processing times when each office is examining the same application. However, these services are only open to those offices participating in the services. Online inspection would mean that other Intellectual Property Offices around the world will be able to access UK patent documents and use them when processing the same patent application. This should help reduce the backlog. This will mean that patents are processed more quickly which will give greater certainty to applications, rights holders and third parties. This will encourage innovation and reduce the amount the backlog is costing the global economy.

There is a small chance that there will be an indirect benefit to the IPO because it may lead to customers using more self-service electronic mechanisms for dealing with the IPO and this may lead to a small decrease of time the IPO has to spend in personal communications with customers. In the high benefits estimate it is estimated that this would save the IPO about £25,000 per year in staff time, which is the equivalent of half a full-time employee, including relevant overheads. This is based on discussions with IPO human resources and the current systems in place. For customers using self-service service they may benefit from an ease of service and efficiency.

COSTS OF IMPLEMENTING ONLINE INSPECTION

There will be costs to the IPO of implementing online inspection. These are estimated to be:

	£
IT Development Costs	40,000.
IT Testing Costs	15,000
Total Costs of Implementation (set up costs – 1 year)	55,000

The IT project is currently running under budget and to schedule. Current estimates suggest that it may come in £25,000 under budget and that it is therefore unlikely to be over budget. Despite this, in our high cost estimates we apply a stress test for the case where costs of implementation are £45,000 over budget (or 80%), and test a best case where we save the expected £25,000.

There will be ongoing maintenance costs of the system. These are estimated to be around £5,000 per annum. However, in order to counteract optimism bias and the fact that there may be teething problems with the system, we take a pessimistic view in the high cost scenario, doubling the maintenance fee during the first three years, and assume that no scale benefits arise as the system is maintained over the long term.

As part of the net IT costs to the IPO, we include the lost statutory fees of £5 per application. In the aggregate this of course has a zero effect, as the losses to the IPO are direct savings to business. But in terms of direct costs to the IPO of creating an on-line system, the £5 per application is lost revenue, so should be treated as a cost. The loss of fee receipts is calculated on the same basis as the adoption rates of the on-line system.

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Lost Statutory fees	0.005	0.006	0.007	0.007	0.008	0.009	0.010	0.010	0.011	0.011

Therefore we expect that the annual running costs to be £5,000 per annum, but in the worst case would cost £10,000 per annum in the first three years.

Annual Profile of net costs

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.055	-	-	-	-	-	-	-	-	-

Best estimate, total	0.065	0.011	0.012	0.012	0.013	0.014	0.015	0.015	0.016	0.016
High cost, total	0.115	0.016	0.017	0.013	0.014	0.015	0.016	0.016	0.016	0.017

OPTION 1 - AMEND LEGISLATION TO PROVIDE THAT ONLINE INSPECTION DOES NOT INFRINGE COPYRIGHT: COSTS, BENEFITS AND IMPACTS

The only costs to business would be of choosing to change business practices to look at files online. These costs would appear to be extremely marginal or nonexistent and quickly offset by the benefits, for example of no longer paying the statutory fee of £5 to inspect a file, or spending time and money to travel to Newport or London to inspect a file. All of the benefits of online inspection outlined above could be realised and the cost of implementation would be £55,000, as calculated above with running costs of £5k per annum.

Impact on copyright holders

Copyright works sent to the IPO as part of the patent application process would be available online except for copies of journals, books or articles which are available elsewhere and are copies of which are currently not provided. The works which will be provided are mainly correspondence to the IPO and other documents provided during the application process. They are usually owned by the applicant or attorney and produced specifically for the patent application. These works are already available for inspection in person and copies can already be obtained for a fee by email or post, therefore there should be no discernible impact on making these available online. But more people are likely to access the works when they are available online. In theory this could reduce any value that the works have because the copyright owner could no longer licence them. However, in practice, the works are unlikely to have any commercial value as they mainly consist of correspondence to the IPO. Therefore, there would be no loss of value or indirect costs to the copyright holders by putting them online. However, they are unlikely to experience benefit from putting their information online as they are likely to already have copies of it and as it is already open for public inspection. The benefit of this information being available online is going to be for the third parties whom want to access the information, and can do so more easily and cheaply online.

Sometimes applicants or their attorneys submit scientific papers or journal articles to the IPO in order to explain their point of view on whether or not a patent should be granted. These documents are available elsewhere. The IPO does not currently provide uncertified copies of them and will not be making them available online. Therefore any value in these works will not be reduced. This will also keep the service in line with similar services provided by the European Patent Office and the US Patent and Trademark Office neither of which provides access to copies of journal articles and papers via their online systems.

Impact on customers

This amendment will allow the IPO to introduce an online inspection services for patent files and allow access to copies of files online. To inspect a file customers currently have to go in person to one of either the IPO's London or Newport offices. To obtain a copy of a file customer have to pay £5 and either order a paper copy by post or have electronic copy by email, unless the file is large in which case they have to wait for a CD Rom copy of the file. This is time consuming for customers and means that they have to wait for copies of files. It also means that it is difficult for them to monitor files for updated information. If customers can inspect and get copies online for free it will allow them quicker access and cost them nothing. This should encourage customers to look at files more often, enabling applicants to see what's happened to their application more immediately than at present (when they have to wait for paper copies of correspondence or reports to be posted to them by the IPO) and encourage third parties to look at files and, if appropriate make observations. It would also provide third parties with greater certainty on which inventions are patent protected and which are not. This should help encourage innovation within the economy.

Impact on Government

In the best estimates we expect the government will save the full £22,000 administration cost of managing the paper filing system by the tenth year. In the worst case scenario we expect that the cost savings from no longer inspecting paper files by IPO staff will be half of the best case savings. In the most optimistic scenario we expect to save the full annual cost of the paper system immediately, and

potentially an additional £25,000 in surrounding administrative fees as the system is streamlined and adopted by business.

The government will incur the cost of setting up the automated system, discussed above. A second impact will be the loss of statutory fees as the automated system is free. At present this earns the IPO approximately £11,170 per annum. We assume that customers shift away from the paper system at the same rate which administrative savings are made, so a little less than half of demand will fall away in the first year, and the remainder will use the automated service in a straight line average until the tenth year where no use is made of the paper request system, and so no fees are earned. In the best estimate, the IPO will lose £5,000 from non-paid fees in the first year, rising annually to £11,170 in the tenth year.

Impact on the global patent backlog

The Government is committed to tackling the global patent backlog. The European Patent Office and the US Patent and Trade Mark Office already have online file inspection services and they allow other countries, including the UK, to consider equivalent applications when they are undertaking searches. By providing online inspection the IPO will be ensuring that other countries' patent offices can easily access UK patent documents and use them as necessary during their patent processes. This should help offices help reduce the global patent backlog.

Overview of option 1: Amend legislation to provide that online inspection does not infringe copyright.

Total Costs, £m

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Low	0.036	0.006	0.006	0.007	0.007	0.007	0.008	0.008	0.008	0.009
Best	0.065	0.011	0.012	0.012	0.013	0.014	0.015	0.015	0.016	0.016
High	0.115	0.016	0.017	0.013	0.014	0.014	0.015	0.016	0.016	0.017

Total Benefits, £m

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Low	0.015	0.018	0.020	0.022	0.025	0.027	0.029	0.032	0.032	0.034
Best	0.054	0.062	0.070	0.078	0.087	0.095	0.103	0.111	0.114	0.119
High	0.194	0.211	0.229	0.247	0.265	0.283	0.300	0.318	0.324	0.336

OPTION 2 – OBTAIN CONSENT FROM ALL COPYRIGHT HOLDERS FOR PUTTING INFORMATION ONLINE: COSTS, BENEFITS AND IMPACTS

All of the benefits of online inspection highlighted in option 1 could be realised, but only if the IPO were able to contact all copyright holders (which may not be possible in relation to older records, due for example to a change of address) and each copyright holder responded to the request and gave their consent. The IPO would have to, in the first instance contact with at least one person from each of the 126,000 cases currently on record, and would further have to contact any new correspondents. We limit this estimate to the available stock.

If there were no response to the request for consent then the copyright material could not be made available online as consent could not be presumed from the lack of response and so the information would be unavailable. Therefore, businesses using the online service would not be able to ascertain if the file they wanted was available online in advance and so would need to first search online before inspecting in person or requesting a copy for a fee, in the current way. So the benefits of the system would be diminished.

More people are likely to access the copyright works when they are available online. In theory this could reduce any value that the works have because the copyright owner could no longer licence them. However, in practice, the works are unlikely to have any commercial value as they mainly consist of correspondence to the IPO (the policy of not making available copies of journals, books or articles will continue). Therefore the copyright holder would not be losing any value by their works, which are already publicly available by post, email and CD Rom, being made available online.

Applicants providing the consent, and therefore incurring costs, are unlikely to benefit from having online access to those works (which they have already seen and are likely to keep their own copies). The benefits will be realised by third parties who want to see the patent files.

Direct Costs to Businesses

As in option 1, the IPO's experience of patent attorneys suggests that they charge between £100 and £200 per hour, and we apply this range to provide estimates of high and low impacts. Considering the IPO's request would not be very time-consuming, but we expect that it would take attorneys between 10 and 30 minutes per action. This would depend upon how many documents were in issue and whether they knew the patent application well before they started the request. The majority of patent applicants use an attorney to apply for a patent, and tend to use an attorney to deal with the IPO's correspondence and fees, with IPO experience suggesting that the majority of patent related correspondence being to and from legal offices or departments. A few businesses may choose not to use a patent attorney to consider the IPO's request but given the legal nature of the requests there are likely to be a negligible amount of businesses which do not seek professional advice. Even those businesses which do not seek advice may suffer losses as their resources are diverted from business activities to responding to the IPO's letter. Given these losses and the negligible number of businesses whom are likely to do this without professional help we have based our estimates on all businesses using attorneys.

A low estimate of the direct costs

In the lowest saving scenario we expect that only 25% of businesses will respond to our request. We take the lower range of attorney fees (£100 p/h) and the lower end of the billing time (10 minutes).

		£
Statutory fee (£5)		5
Attorney fees for 10 minute billing (1/6 * £100)		<u>17</u>
		<u>22</u>
Respondents (25% x 126,000)	<u>31,500</u>	
Total cost to business of replying (31,500 x 22)		693,000

A best estimate of the direct cost

In the best case scenario we expect that half of businesses will respond to our request. We further take the mid-point of the attorney fees (£150) and expect attorneys to bill for 15 minutes per action.

		£
Statutory fee (£5)		5.0
Attorney fees for 15 minute billing (1/4 * £150)		37.5
		<u>42.5</u>
Respondents (50% x 126,000)	<u>63,000</u>	
Total costs to business of replying (63,000 x £42.50)		2,677,500

A high estimate of the direct cost

In the high estimate scenario we expect that 75% of businesses will respond to our request. We further take the higher bound of the attorney fees (£200) and expect attorneys to bill for 30 minutes per action.

		£
Statutory fee (£5)		5
Attorney fees for 30 minute billing (1/2 * £200)		<u>100</u>
		<u>105</u>
Respondents (75% x 126,000)	<u>94,500</u>	
Total costs to business of replying (94,500 x £105)		9,922,500

These costs would be higher as all businesses who received a letter would be likely to incur some administrative and time costs in processing them, even if they just pass it onto their attorney or merely open the letter and do nothing. Businesses who respond may incur more than attorney fees. For example because they have to seek additional advice or review their files to see which documents are in question, this could potentially raise costs to business. Due to the huge range in businesses that use the patent system it is not possible to estimate the internal costs to business of replying to these letters. It is only possible to estimate the costs they would incur from the use of an attorney.

There would also be costs to the IPO of writing to business to ask for consent. If we assume, that response rates are as above, which in the low and medium case are not unreasonable, then the costs to the IPO of this system would be:

A low estimate of IPO postal costs

Based on an automated system, not unlike the IPOs current renewal fee mailing system, which would need little human intervention, the postal cost would be around £2 per letter. In the first instance, the IPO would have to mail all correspondents on file, and for the low cost scenario we assume that 75% of correspondents reply. A follow up mailing would have to take place to reach the correspondents that had not replied and this second wave would require the remaining 25% to be contacted again.

		£
IPO postal costs per item		2
1 st wave of letters	126,000	
2 nd wave of letters (0.25 x 126,000)	31,500	
Total amount of correspondence	<u>157,500</u>	
Total postal cost (£2 x 157,500)		315,000

A best estimate of IPO postal costs

Using a partially automated system which requires the IPO to manually open and verify written responses and deal with enquiries would be more expensive but also more realistic. The IPO currently has a phone enquiry unit and a renewal fees collection and mailing service, from which we estimate that the average cost per office action is around £2 when receiving responses. For this best case we apply the response rates from the business cost estimates, so assume 50% will respond in both instances. This means the IPO needs to handle 50% of the first wave, and then 50% of the second wave.

IPO Postal costs per item		2
1 st wave of letters	126,000	
2 nd wave of letters (0.5 x 126,000)	63,000	
Total amount of correspondence	<u>189,000</u>	
Total posting cost (£2 x 189,000)		378,000
IPO Handling cost per receipt		2
1 st wave responses (0.5 x 126,000)	63,000	
2 nd wave responses (0.5 x 63,000)	31,500	
Total amount of responses	<u>94,500</u>	
Total handling costs (£2 x 94,500)		189,000
Total postal costs to the IPO		567,000

A high estimate of IPO postal costs

Using a partially automated system as in the best scenario above, we set out a high cost scenario where responses are more complicated than current postal operations in the IPO. As the receipts would be letters, they would have to be read so administrators and may take twice as long as filing cheques (which is the current practice).

On the response rates we take the responses from the low cost case. We do this because the handling costs to the IPO are higher, so the more responses that are received the higher the cost to the IPO. The

purpose here is to test the maximum likely cost, and this is only prudent. So if 75% of correspondents reply, the IPO has to handle those responses, and in the second wave would have to handle the 75% response rate to the remaining 31,500 correspondents.

IPO Postal costs per item		2
1 st wave of letters	126,000	
2 nd wave of letters (0.25 x 126,000)	31,500	
Total amount of correspondence	<u>157,500</u>	
Total posting cost (£2 x 157,500)		315,000
IPO Handling cost per receipt		4
1 st wave responses (0.75 x 126,000)	94,500	
2 nd wave responses (0.75 x 31,500)	23,625	
Total amount of responses	<u>118,125</u>	
Total handling costs (£4 x 118,125)		472,500
Total postal costs to the IPO		787,500

It has been assumed that the IPO could write to the attorney for each patent case and ask for them to get consent for the majority of copyright documents on the file. However this may not cover correspondence from other parties, for example third party observers, for which it would be necessary to contact each individual concerned. For this reason it may be necessary to review each file which we have tried to incorporate in the handling costs, but it is likely that the administrative burden would be more costly.

The IPO has many more files that are not currently electronic and writing to these copyright holders in the hope of scanning the documents to put them online would further increase the cost to business and the IPO.

The impact of this option would be particularly high on businesses that would have to respond to the letters sent by the IPO. It is also likely to impact on customers whom would find that documents were not available about all patent cases, because if the IPO did not receive a response to their letter asking for consent then consent cannot be presumed and the information could not be put online.

The IT system and lower benefits as adoption rate is not 100%

In addition, the IPO would still incur the cost of running the IT system, exactly as in option 1. But given a lower response rate, it is likely that the electronic request system would not be as popular as one with 100% coverage. Interested parties would have to check the site and may still incur the usual statutory fee if the relevant papers are not available. In that case, it may be more efficient for interested parties to simply file the usual papers and incur the fees. As such we expect the administrative cost savings from switching out of the current paper system to be half that of option 1, but also the government loss from no longer receiving a fee for this service to fall by half the rate.

Therefore the benefits of the electronic system would be lower in option 2 than in option 1

The benefits of Option 1 were estimated to be £97,000 per annum for businesses. The amount of this benefit achieved in Option 2 will be proportionate to the number of positive responses to the letter asking for consent and thereby the amount of files available for free on-line.

A low estimate of benefits based upon a 25% overall response rate would mean annual benefits to business of £25,000.

A best estimate of benefits based upon a 50% overall response rate would mean annual benefits to business of £50,000.

A high estimate of benefits based upon a 75% overall response rate would mean annual benefits to business of £75,000.

Impact on customers

Customers would be able to access online those documents which copyright holders have agreed can be available online. It would be difficult for customers to know which documents are likely to be online. Therefore they would have to search the online documents and then, if the document they wanted was not available, then they would have to inspect the file in person or, for a fee, order a copy.

Impact on copyright holders

All copyright holders would receive a letter asking for their permission. This will take them time to process and increase their administrative burden. Some copyright holders may incur costs in taking advice on how they should respond to the letter. As explained above the works have no economic value and so the only costs to the copyright holders would be of responding to the letter. However, the benefits of putting the documents online, which are already available for by post, email/CD Rom, would not be gained by the copyright holders but by third parties.

Impact on the global backlog

Some patent documents would be available online for other patent offices to access and use when they are processing applications. This may help if the documents about the relevant applications were available. However, if the relevant documents were not available other patent offices may have spent time searching the IPO's online system and not found anything of use.

Overview of option 2:

Total Costs, £m

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Low	1.042	0.004	0.005	0.005	0.005	0.005	0.005	0.006	0.006	0.006
Best	3.307	0.008	0.008	0.009	0.009	0.009	0.010	0.010	0.010	0.011
High	10.822	0.013	0.013	0.009	0.009	0.010	0.010	0.010	0.011	0.011

Total Benefits, £m	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Low	0.008	0.009	0.011	0.012	0.013	0.014	0.016	0.017	0.017	0.018
Best	0.016	0.019	0.021	0.024	0.026	0.029	0.031	0.034	0.034	0.036
High	0.097	0.100	0.104	0.107	0.110	0.114	0.117	0.120	0.121	0.124

OPTION 3 – DO NOTHING: COSTS, BENEFITS AND IMPACTS

There would be no additional costs but the best estimate for the annual costs incurred by business and set out above would continue to be around £97,000 per annum. None of the benefits of online inspection would be realised and there would be no impact because there would be no change. However, over time the lack of online inspection service would seem increasingly outdated particularly as other patent offices offer the service.

Impact on customers

The impact on customers would be that they would have to continue to visit the IPO to inspect a file or pay for a copy of documents which are not Crown Copyright by post/email. There would continue to be a delay, sometimes stated by attorneys to be as long as 10 days, from when the customer decided they wanted the document and when they receive the document. Customers would have to continue to order documents without having seen them first and would continue to have to pay for copies.

Impact on copyright holders

This option would not impact on copyright holders because their works would still not be put online.

Impact on the global backlog

Other patent offices would not be able to access patent documents online. Therefore this would not impact on the global backlog.

RISKS AND ASSUMPTIONS

Summary

We have made assumptions based upon no increase in demand for uncertified copies. However, it is likely that many more people will access the online system than use the current system and so we envisage search numbers far exceeding the number of copies currently requested by post and email. **This would provide indirect benefits of people accessing the information who previously would not have done so. However, it is not possible to calculate these indirect benefits given the wide range of reasons for accessing patent information.**

ADMINISTRATIVE BURDEN AND POLICY SAVINGS CALCULATIONS

The benefits outlined above show how this will reduce the administrative burden on burden of accessing this information from the IPO. The reduction in administrative burdens will be the same as the direct benefits of the system.

WIDER IMPACTS

The proposals relate to UK domestic legislation. We do not anticipate any wider impact.

SUMMARY AND PREFERRED OPTION; IMPLEMENTATION PLAN

The preferred option is that legislation is amended to ensure that the online inspection service does not infringe copyright. The IPO will then be able to introduce an online inspection service. This will be free of charge but not all documents currently available to public inspection will be available online. For example copies of personal or sensitive information and information which does not meet the statutory requirements on delivery, and cannot be scanned, may not be available. The IPO will also continue the policy of not making available copies of journals, books or articles which are available elsewhere.

ALTERNATIVES TO REGULATION

This proposal aims at offering online inspection service and makes patents processing easier, faster and cheaper without infringing copyright. It does not fall into the classic command and control form of legislation or prescribe what the users should to do. On the contrary, it gives users choice and multiple inspection platforms, with a view to reducing their inspection costs.

ONE IN, ONE OUT

Under the 'One In, One Out' rule, whereby a measure that has a net cost to business must have a measure or measures of equivalent cost removed in order to be implemented, this measure is a One Out as it reduces the cost to business.

SPECIFIC IMPACT TESTS

Competition

No impact on competition. Patents may be applied for or owned by any individual or by any organisation of any size, based in the UK or abroad, and in any economic sector or market. The same applies to those who are not patent applicants or patent holders but who become involved in legal proceedings concerning patents.

We believe that no firm has more than 10% market share in the broad market for IP rights and no three firms together have 50% of the market share. Clearly the proposed changes will affect firms which file large numbers of applications for patents, or make large number of observations, more than organisations which do not. However, other than that, there is no reason to believe that the proposed changes would affect some firms or sectors substantially more than others.

Small firms

This is a simplification measures and so it is not necessary to exempt micro businesses.

The preferred option imposes no cost on business of any size as the new service will be optional. The IPO does not have information from users on the size of organisation they belong to. However, it is able to identify patent applicants or proprietors who are not represented by an agent of any kind and refers to

these as private applicants ("PAs"). While any size or type of organisation may be unrepresented, we believe that most PAs are SMEs or individuals working alone. Conversely, many SMEs or private individuals may employ agents (usually registered patent attorneys) and so fall outside our PA category. Nonetheless, information about PAs is the best approximation we have to SMEs. Our figures suggest that about a quarter of patent applications are filed by PAs, but only about 10% of patent search requests are from PAs. PA cases are proportionately less likely than others to be pursued to grant, and to be renewed after grant. We do not know how many SMEs or PAs inspect or request copies of patent files. However, we are aware that a small number of SMEs or PAs may not have Internet access. This means that they may not be able to benefit from the free online services and may need to continue to use our paper based service, for which a fee is payable. However, the service will continue as before and so we do not believe that they will be adversely affected by the option being taken forward. Many more SMEs will have access to the internet so they will benefit from this proposal.

Race equality

The manner in which the patents system will continue to operate mean that the changes have no bearing on race equality. The online services will apply equally to all users, regardless of race.

Disability equality

The online inspection service will be available to all customers, regardless of disability, and in fact the introduction of the service may increase access for those with limited mobility whom could not travel to the IPO's offices.

Gender equality

The manner in which the patents system will continue to operate mean that the changes have no bearing on gender equality. The online services will apply equally to all users of the patents system, regardless of gender.

Sustainable Development

The manner in which the patents system will continue to operate mean that the changes will have no impact on sustainable development.

Carbon Impact and Other Environment Assessment

The proposed online inspection service will mean that customers no longer need to travel to our offices to inspect files or request paper copies. The environmental impact of this is positive, but is likely to be small and at this time is not possible to quantify.

Health Impact Assessment

The manner in which the patents system will continue to operate mean that the proposed changes will have no impact on public health in the UK.

Justice System

The manner in which the patents system will continue to operate mean that the changes have no impact on the justice system

Human Rights

The manner in which the patents system will continue to operate mean that the changes have no impact on human rights.

Rural Proofing

The manner in which the patents system will continue to operate mean that the changes have no impact on rural areas or life.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>The legislative change will be reviewed in five years time in the broader context of considering how the online service is working.</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>The overriding objective is to provide an online inspection service but also to ensure that the service is used.</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>We will develop questionnaires and survey methods that will be used to ask about the uptake and usage of the online inspection service. We will seek data on the usage of the online system and also whether or not the number of requests for paper/email copies has decreased, and on any savings arising from using the online inspection service.</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>There are less than 2500 requests for copies of documents/ files each year. We will need to consider whether or not this had reduced and also consider how many copies are downloaded online each year.</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>The policy objective will have been met if it is possible to inspect online and download copies of published patent documents, and more copies of documents are downloaded than are current requested each year.</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p> <p>Monitoring will be an ongoing process by using information available to the IPO.</p>
<p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p>

Add annexes here.

