



The Patent Box: Benefits for You and Your Clients



and



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- © The aim of the Patent Box is to provide an incentive for companies to retain and commercialise existing patents and to develop new innovative patented products from the UK.
- © **10% rate** of corporation tax on **profits attributed to patents*** (next slide)
- © Regime will apply from **1 April 2013**
- © The relief will be phased in over 5 years

- © In order to obtain the reduction the Company must hold a qualifying IP right or an exclusive license to it.

- © Qualifying Rights;
 - © UK Patents granted by UKIPO or EPO
 - © Certain other EU National Offices?
 - © SPCs
 - © UK & EP Plant Variety Rights/Plant Breeders Rights
 - © Data Exclusivity Rights (e.g. orphan drug rights)

- © Does NOT include other IP such as Trade Marks, Designs etc.

- © As well as holding the qualifying IP the Company must also meet “Development” conditions.
- © Qualifying development covers;
 - © Creating the patented invention or making a significant contribution to said creation; or
 - © Further developing the invention or a product incorporating said invention.
- © These criteria can be met if the activities are carried out by another group member (although there must be specific licences in place) or by a predecessor in title (although the purchasing company must continue with the development activity for at least 12 months).

- © If a company only meets development conditions due to another group member it must show active management of its IP Portfolio.

- © Active management can include;
 - © Deciding where to maintain protection
 - © Granting licences
 - © Researching alternative uses of the invention

- © Relates to **worldwide income** from products incorporating an invention covered by a currently valid **granted** qualifying patent, including:
 - © Sales of Patented items
 - © Patent royalties and other income from licensing
 - © Income from products incorporating a patented element.
 - © Where parts, components or separate items are aggregated for sale, the items must together constitute a single composite product in which they are functionally interdependent.
 - © Income from the sale of patents and infringement income
 - © Spare parts
 - © Sales of products made using patented processes – not directly covered – treat as a notional license

- © So what should I be doing about this?
- © Start date **1 April 2013**, but the invention must be covered by a **granted** patent.
- © **Start to think about**
 - © Granted IP
 - © Present IP
 - © Future IP
- © Examples

- © Identify whether you currently hold “Qualifying Rights” and attribute these to the products you sell.
 - © HMRC – “normally very clear”
- © Are there any doubts as to whether a product is covered?
- © Can you also fulfil the development criteria?
- © Are your licences exclusive? Can you re-negotiate?
- © When do these rights expire? Do you have improvements in the pipeline that could be patented to extend length of protection? Is there a Mark II?

- © Identify whether you hold any pending Applications that could become “Qualifying Rights” and attribute these to products you sell, intend to sell, license in/out.

- © Could/should you accelerate prosecution?
 - © accelerate prosecution in UK?
 - © PACE in Europe?
 - © early UK National Phase entry from PCT?

- © Are there any strategic changes for existing patent applications advisable to improve qualification for the Patent Box?

- © Identify future product launches (including improvements to current products).
 - © are new filings required to cover future products? Your products? Another's products?
- © Review your filing strategy to take account of Patent Box
 - © Previous determination based on cost may need to be reviewed in light of potential benefits via Patent Box
- © In my personal opinion, patentability at the UK Patent Office is often 'easier' than at the EPO and USPTO.
- © Consider "accelerated" and/or narrower UK Applications for a speedy grant, versus slower speed/broader scope/tougher examination at the EPO.

- © “incorporation of a patented element”
 - © Printer cartridge and a printer
 - © DVD and a DVD Player
 - © Windscreen motor in a car
 - © Medical inhaler incorporating an active ingredient

- © Review all your 'innovation' for wider product incorporation. Does the tax relief on profit justify seeking patent protection on the innovation?
- © Obviously it works for Glaxo.....
- © Gear up now for maximising the benefit from April 2013.

© Questions?

- © And finally, one lucky attendee will win an exclusive bottle of Murgitroyd & Company 12-year old Highland malt whisky!!

