

The Patent Regulation Board and the Trade Mark Regulation Board

Minutes

Thursday 14 March 2024 at 1.00 p.m.

20 Little Britain, London EC1A 7DH

Attending:

Rt Hon Lord Smith of Finsbury / Chris Smith (IPReg Chair)
Justin Bukspan (Risk Working Group Member)
Alan Clamp (Education Working Group Member)
Sam Funnell (Data Working Group Chair and Risk Working Group Member)
Katerina Kolyva (Education Working Group Member)
Victor Olowe (Risk Working Group Chair and Governance Working Group Member)
Samantha Peters (Governance Working Group Chair and Risk Working Group Member)
Emma Reeve (Education Working Group and Governance Working Group Member)
Henrietta Rooney (Education Working Group Member)

In attendance: Fran Gillon (CEO, attending remotely from 2pm), Shelley Edwards (Head of Registration), Victoria Swan (Director of Policy)

1. No apologies had been received.
2. Two Board members agreed to recuse themselves from the discussion of item 10, the waiver application, due to a potential conflict of interest.

Items for Decision/Discussion

3. Minutes of January 2024 Meeting and Matters Arising

- 3.1. The Board approved the minutes.

4. IT System Update

- 4.1. The Head of Registration reported that the move to the new website hosting provider had been completed and was currently at the testing phase of the Drupal 10 migration. Some aspects of the CRM appeared differently, but functionality was unchanged. While there were some issues, these were being dealt with responsively by IE Digital. Testing should be finalised within the next two weeks. There was a high level of confidence in the project, although it had been noted as a red risk due to its importance.

5. Regulatory Performance Assessment – LSB Review of Standards 1 and 2 and IPReg Assessment against Standard 3

- 5.1. The Director of Policy presented the paper. The LSB's Regulatory Performance Assessment had rated IPReg as amber on Regulatory Standards 1 (Well-led) and 2 (Effective approach to regulation). The LSB stated that the progress IPReg had made "should enable it to provide sufficient assurance against all three standards by the time of [the] next

assessment". While IPReg had itself considered that an amber rating on Standard 2 was appropriate due to the work needed on EDI policies, a significant body of work had already been actioned in relation to Standard 1, so it was surprising to have received an amber rating. The LSB wanted to see evidence that IPReg was continuing to innovate. The paper proposed that IPReg conduct proportionate benchmarking against the Legal Services Consumer Panel (LSCP) consumer-focused regulation report, which the LSB's regulatory performance assessment had identified as an example of good practice. A draft Standard 3 (Operational delivery) review had been drawn up; the paper recommended that this standard should be considered to have a green rating.

5.2. The Board discussed the following matters:

5.2.1. A Board member noted the LSB's suggestion that IPReg should be rated green at the next assessment. The Board agreed that it was important to continue working on the standards even when a green rating was achieved. The Director of Policy explained that the LSB had decided on an amber rating based on a six-month period, but IPReg had included significant commitments outside of that period, including planned reviews of the work undertaken so far. While planned work should be included as part of the narrative, it should only be presented as an evidence base once the benefits of the work became clear. The new Standard 3 assessment on operational delivery was written so that the Board could see the direction of travel.

5.2.2. A Board member asked about the drafting process for Standard 3 and whether more could be done to make it easier to track the data against the LSB's indicative evidence list to support a green rating. The Director of Policy explained that the Standard 3 review would not be shared externally in its current form. In due course it was likely that the LSB would conduct a performance assessment against the standard, but the LSB's indicative list was designed to assist regulators rather than becoming a requirement for matters that had to be included in the assessment. A Board member suggested explaining why IPReg did not use specific indicators and provide a clear narrative on each relevant characteristic. Explaining how characteristics were met, with accompanying sub-judgments and evidence, would make the structure of the information more robust. Each point should begin with an objective and then detail examples of the desired impact.

5.2.3. A Board member noted that the word 'maintain' was used in reference to several characteristics. The Board needed assurance on how maintenance was taking place. The review was encouraging, but linkages with the LSB's assessment could be made more explicit. The introduction could be broken up into paragraphs to make it easier to read.

5.3. The Board decided:

5.3.1. To note the LSB's assessment on Standards 1 and 2;

5.3.2. To undertake a high level and proportionate review against the LSCP Consumer Focused Regulation Quality Indicators;

5.3.3. To continue to make progress with the aim of attaining green status on all Standards.

6. Risk Working Group Update

6.1. The Risk Working Group Chair presented the paper. The LSB's performance assessment referred to identifying and assessing risk in meeting the regulatory objectives. It was important to consider what assurances the Board required on this issue.

6.2. The Director of Policy explained a change to the original timeline. The original proposal had been to deliver by May, on the basis that an external organisation would undertake the work in its entirety. As this had proved to be financially prohibitive, a hybrid approach had been adopted. IPReg was undertaking the work on drafting the risk register, with specialist advice provided by Sayer Vincent. The iterative process undertaken had been very constructive and the additional time would result in a better quality output.

6.3. The Board discussed the following matters:

6.3.1. A Board member suggested adding introductory paragraphs to explain that there was a risk register in place. The Risk Working Group could consider whether all the risks were linked to the regulatory objectives and whether any items were missing. The Director of Policy noted that regulatory objectives were explicitly considered, this would be made clearer in the introduction.

6.3.2. A Board member asked why external scrutiny mechanisms were included as a high risk. The Director of Policy explained that the list of consolidated risks had been informed by the strategic objectives, the organisational risks and the current risk register. This item had been retained from the current risk register. It might not be a high risk once the updated controls were in place. The Risk Working Group Chair explained that the issue was about the impact on the staff team in terms of distracting from other work to support regulatory objectives. IPReg could choose to share its risk register on the website for the purposes of transparency.

6.3.3. The Board discussed the appropriate approach to identifying stakeholders in the risk register. It discussed whether references should be in the actual risk or in the controls and mitigations. This was an important issue, especially if they had a significant impact on IPReg's day to day work. The Risk Working Group was asked to consider this at its next meeting.

6.3.4. A Board member asked about the strategic risk on competencies and whether it should refer explicitly to the strength of IPReg's education function. The Director of Policy explained that the competency framework had not been reviewed for some time. One control that had been included in the business plan for 2024-25 was to review the competency frameworks in the context of the barriers to entry work. Once the broader risk register including the potential controls was in place, this might

impact how the risks were presented. The Chair noted that the new approach to CPD that was being undertaken could also be mentioned in this section, as it had the potential to result in further improvements.

- 6.3.5 The Head of Registration stated that it was challenging to frame education-related risks appropriately at the beginning of such a large project. As education would continually evolve, more risks were likely to emerge.

6.4. The Board decided:

- 6.4.1. To note its satisfaction with the progress being made and the revised timeline.

7. Complaints Update

7.1. The Head of Registration presented the paper. Another complaint had been received, bringing the total number of complaints received in 2024 to three. This was a higher average than previously, although it was still low compared to other regulators. While it was taking longer to conclude the existing caseload, one long-running case was due to conclude in May. One issue that was outside IPReg's control was the delay in complainants sending the required information that would help decisions to be made. Also, there had been several complex authorisation matters in recent months which had diverted the Compliance and Authorisations Officer's focus. IPReg needed to encourage businesses to work in new and innovative ways while also ensuring compliance.

7.2. The Board discussed the following matters:

7.2.1. The Chair suggested inviting the Compliance and Authorisations Officer to the next Board meeting to discuss the approach to new cases. This would need to be an informal discussion so as to avoid the Board involving itself in operational matters. The Head of Registration stated that the LSB was planning a particular focus on enforcement and disciplinary matters. As this was an area of particular interest to the LSB, it was appropriate for the Board to have a greater awareness of how cases were being handled. A Board member suggested that the Board should be presented with simple updates about each ongoing case, thus providing assurance that cases were being actively managed.

7.2.2. A Board member noted that professional members had previously been asked to provide technical assistance on particularly complex cases. The Head of Registration explained that there had been a change in the types of cases arising. Particularly since the changes to the code of conduct, there had been fewer complaints raising technical issues or matters which professional members could provide information or context and more cases relating to other breaches of the code including inappropriate behaviour.

7.2.3. A Board member asked if metrics could be automated from the CRM system to provide assurance that regular contact was being maintained. The Head of Registration explained that the CRM was not set up as a case-flow system, but some

information could be provided to the Board while taking care not to disclose excessive details. A Board member suggested benchmarking expected numbers against other organisations for budgetary purposes.

7.3. The Board agreed:

- 7.3.1. That the Head of Registration would decide how to present the information at the next Board meeting.

[The CEO joined the meeting.]

8. Education

Barriers to entry project

- 8.1. A Board member reported that terms of reference had been drawn up and would be shared with the Board after the meeting. The plan was to review the registration requirements through the lens of diversity. To do this, it was necessary to identify evidence of issues around diversity and to clearly define what the issues were. It was also important to consider the need for proportionality and internal capacity, given the ambition of the project. There were risks relating to stakeholder engagement. The current model was restricted to a small number of players. To achieve greater diversity, changes in partnerships would need to be strategically considered. The Education Working Group was the appropriate place for this work, with strategic Board oversight. One proposal was for small focus groups to concentrate on specific areas, with additional stakeholders brought in as and when needed.
- 8.2. The CEO explained that this was a medium-term project that was likely to last for three to four years. CIPA was keen to launch apprenticeships within the next three years. The recruitment of someone external was necessary to drive the project forward. The SRA had been approached about potential secondments but was unable to provide anyone currently. A job specification would be drawn up in due course.
- 8.3. A Board member noted that it was important to address misapprehensions about patent attorney apprenticeships. The European patent attorney qualification route drove the recruitment and selection of patent attorneys. Some in the EPI argued that the minimum standard should be a Master's level qualification. The Head of Registration explained that, where data showed differences in diversity and participation issues between professions, this should be addressed. The focus of the barriers to entry project was currently specific to the patent profession. The terms of reference mentioned a comparative gap analysis of Europe and the UK.

Action: CEO to develop role profile and approach to recruitment

Update on PEB Advanced Level Qualification Examinations - Improvement Plan

- 8.4. The CEO reported that an update on the PEB improvement plan had been received. The plan was currently on track. The Board should consider when it was appropriate to look

more comprehensively at what had been achieved and whether there were any specific concerns. IPReg had agreed to prioritise the accreditation of the PEB foundation level exams, but the previous external assessor was currently unable to undertake this work. Prior to asking a new assessor to undertake the work, it would be appropriate for the Chair to engage in senior-level discussions with the PEB.

- 8.5. The Director of Policy explained that, in the first accreditation review against the IPReg Accreditation Handbook, which had been in reference to the foundation level qualification examinations provided by the PEB, IPReg had been provided with all the expected information. In the more recent assessment of the advanced level qualification, much of the required information had not been provided; this was first time this had occurred in any of the accreditation assessments.
- 8.6. The CEO suggested that alternative options should also be considered. The concept of equivalent means had been mentioned in relation to the revamped EQEs. A Board member stated that it would be helpful to understand how other countries provided similar qualifications without the need for a dedicated exam board.
- 8.7. A Board member stated that greater awareness among patent attorneys of the concerns about the qualification system might create more pressure to resolve them. The Head of Registration noted that the issue had not yet reached a point whereby there was an imminent risk of patent attorneys finding it impossible to be qualified in the UK. Also, IPReg was not yet in a position to propose an alternative qualification pathway.
- 8.8. A Board member asked whether one of the professional assessors might be able to provide their views on the approach to take. The Director of Policy stated that efforts to identify a legal education specialist were ongoing.
- 8.9. A Board member noted that a monopoly over part of the education/qualification system represented a single point of failure and created additional risk.
- 8.10. The Board noted that the costs of the assessors were recharged to the accreditation applicant. A Board member asked whether the amounts charged for assessments were published. The Director of Policy explained they were not, though each accreditation applicant is provided with an indicative cost based on a complete application in the first instance. The high cost to the PEB reflected that their application had not been transparent, nor had they engaged cooperatively in the exercise, meaning the assessors had spent a significant amount of time trying to obtain the necessary information.
- 8.11. The Board decided:
 - 8.11.1. To seek advice from one of the other assessors on its approach.
 - 8.11.2. To arrange a high-level conversation with the PEB.
 - 8.11.3. To seek someone new to conduct the assessment, with appropriate preparation.
 - 8.11.4. To escalate further in future if necessary.

Action: Education and Diversity Officer to:

- **Seek advice from one of the other assessors.**
- **Arrange a high-level conversation with the PEB following receipt of that advice.**
- **Seek someone new to conduct the assessment, with appropriate preparation.**

9. Review of Compensation Arrangements

9.1. The Director of Policy presented the paper. Initially, a draft version of IPReg's rule change application had been submitted to the LSB. The LSB had provided feedback which IPReg had taken into account; IPReg's updated application had been made on 22 February. The LSB had responded with significant information requests. A comprehensive response to the LSB had been submitted on 14 March. The extension notice was valid until the end of May, but the LSB intended to respond to IPReg prior to the conclusion of the current arrangements. The CEO explained that the LSB was focusing on an extreme scenario, although actuarial advice to IPReg had been that compensation arrangements were not designed to focus on such scenarios.

9.2. The CEO outlined the potential risks to IPReg. The LSB might conclude that the sunset clause should be extended beyond 30 April. It was unlikely that the rule change application would be refused outright, as this would result in a complete lack of compensation arrangements in this sector. The LSB might require the size of the compensation fund to be increased, which would result in a significant opportunity cost. That would be contrary to IPReg's actuarial advice and could mean that the proposals for improving consumer protection might need to be reduced. Further advice from the Board might be sought as the situation unfolded.

9.3. The Board decided:

9.3.1. To endorse the response made to the LSB on 14 March.

10. Waiver Application – Director Requirements [two professional Board members left the meeting (for this item only) because of actual and/or perceived conflicts]

10.1. The CEO presented the paper. The application was to waive the requirement to have a trade mark attorney as a manager in a firm carrying out trade mark work. The firm in question wanted to conduct trade mark work for its clients; for commercial reasons, it did not want to appoint a trade mark attorney as a manager currently. The requirement to have a trade mark attorney manager for a firm on the trade mark register had been in place since IPReg was established. The purpose of the rule was to ensure an appropriate level of consumer protection within firms in terms of the competence and supervision of those carrying out trade mark work and to ensure that firms had appropriate levels of focus on trade mark activities and compliance with the rules once on the trade mark register.

10.2. Another similar application was potentially in the pipeline. Some patent firms were beginning to consider the circumstances in which they could provide trade mark work to

their clients. In this case, the risks to consumer protection were small. The trade mark attorney in question was very experienced and the firm had implemented procedures to ensure that the attorney was able to influence the firm's activities in developing a trade mark practice. However, the Executive considered that it would be appropriate to attach certain conditions to the firm's registration on the trade mark register. While IPReg was neutral as to the qualifications of lawyers providing trade mark advice to clients, those providing the advice must be appropriately qualified. Waivers could only be considered on a case-by-case basis.

10.3. The Board discussed the following matters:

10.3.1. A Board member objected to granting the waiver on the basis that if there were circumstances in which the rule was not required, it should be subject to a consultation with the transparent involvement of IPReg's stakeholders. Granting this waiver risked setting a precedent and inviting other companies to waive IPReg's rules.

10.3.2. A Board member asked whether IPReg already had the power to grant a waiver in exceptional circumstances. The Chair stated that IPReg's rules had a general power of waiver, except for those areas of regulation that were specifically laid down by statute. The Head of Registration explained that the most common type of waiver related to the CPD requirements. There was a waiver in relation to fees in the case of hardship and also in relation to professional indemnity insurance arrangements by way of the PII Sandbox. The Chair stated that the waiver power existed so that targeted and proportionate decisions could be taken. As granting the waiver created no significant danger to consumers, it would not be proportionate to keep the rule in this instance for its own sake.

10.3.3. A Board member noted that, if the waiver were granted based on specific circumstances relating to an individual attorney, there would be a risk if the firm's circumstances changed. It was common for people not to want to commit to changing from an employee to a self-employed person; this did not justify a waiver. The Head of Registration explained that the request was to waive the rule that a trade mark attorney must be a manager of a firm. The application had been made on the basis of the CV of the individual providing the firm's trade mark services. As IPReg was able to waive this requirement, if it decided not to grant the waiver the reasons would need to be explained to the applicant.

10.3.4. A Board member stated that the waiver was proportionate. It was low risk and would support professional practice and the work of the firm in question. The proposed conditions offered reassurance, particularly the condition that the waiver would be reviewed in the event of any changes.

10.3.5. A Board member expressed concern about the potentially extensive nature of the waiver and whether this was an appropriately exceptional circumstance. Given the lack of a director at board level, this waiver was serious and had not been justified with a sufficiently strong argument.

- 10.3.6. A Board member noted that the alternative was for the trade mark attorney to practise without being regulated, which would be a worse outcome for the consumer. If the attorney began acting outside their competence, this would be a breach of the code.
- 10.3.7. A Board member stated that a waiver should not be granted if there were reasonable steps an applicant could take to comply with the rule. In this case, the firm's argument that it did not wish to change its management structure to allow somebody to become a director was not a sufficient justification. IPReg should not grant waivers simply to prevent people doing unregulated work. A possible compromise would be for the requirement to be waived with an attached condition that a manager must be in place within 12 months.
- 10.3.8. The CEO explained that there had been a recent consultation on the entire suite of rules; this requirement had not been raised as an issue during that consultation. It was not appropriate to review rules based on a single waiver application; a series of waiver applications would be required to provide sufficient evidence of a need to amend the rule. If the waiver request were to be refused, it would be necessary to consider why IPReg was imposing conditions on a firm despite there being no evidence of a risk to consumers.
- 10.3.9. The Head of Registration clarified that there was no specific threshold that had to be demonstrated in order to receive a waiver, such as exceptional circumstances or innovation. The waiver provisions were deliberately flexible to allow for applications that were sensible in the particular circumstances of the case. In this case, the firm had indicated a medium to long term intention of developing its trade mark practice. The waiver should be viewed as a short-term measure before the firm was brought fully into compliance with IPReg's rules.
- 10.3.10. A Board member stated that there was insufficient evidence to draw a conclusion on whether there was a risk to the public. It was necessary to consider not only the public interest, but also the overall coherence of IPReg's regulatory role. The factors to be taken into account when considering whether to grant a waiver included whether the applicant could take any other reasonable steps in order to comply with the relevant requirement. The firm had not provided a sufficient reason as to why it could not change its structure. Other firms were likely to be able to make similar requests.
- 10.3.11. A Board member noted that it was understandable why an entity might not wish to make somebody a director immediately. If there was insufficient trade mark work to fund a director-level salary, there was a risk of improper governance. Many director attorneys in the profession did not attend board meetings or have influence on their company's strategy.
- 10.3.12. The Chair suggested amending one of the proposed conditions to state that approval was given for 12 months, with evidence of compliance with the regulatory

requirement to be provided to IPReg by March 2025. Another proposed condition could also be amended to state that IPReg was to be notified of any relevant personnel changes relating to the provision of trade mark services.

10.3.13. A Board member asked about the consequences of not approving the waiver. The Head of Registration stated that the firm would then be non-compliant. The firm would be given a reasonable amount of time to amend its structure and, if it failed to do so, the issue could become a disciplinary matter.

10.4. The Board decided:

10.4.1. To agree to the waiver subject to the following amendments: Firm A was to notify IPReg immediately if Person B left or if there were any other significant personnel changes in the provision of trade mark services; the waiver was to be granted for a period of 12 months up to March 2025, with Firm A expected to be in compliance with the regulatory requirement by the end of that 12-month period.

10.4.2. Four Board members voted in favour of granting the amended waiver; two Board members voted against; one Board member abstained.

Action: Head of Registration to notify the applicant of the Board's decision

11. Changes to PAMIA's PII Policy/PII Minimum Terms and Conditions

11.1. The CEO reported that a meeting had been held with the chief executive of PAMIA on 1 February. PAMIA had asked an external firm to review its policy wording against IPReg's PII minimum terms and conditions. The proposed changes to PAMIA's minimum terms and conditions had been provided to IPReg on 8 March, together with explanations for each change. All the amendments were compliant with IPReg's minimum terms and conditions, so there was no need for a consultation to take place.

12. CEO's Report

2024 practising fees

12.1. The CEO presented the paper. The Head of Registration updated the Board on the annual re-registration process. Attorneys and firms were required to renew their registrations and pay their practising fees by 1 March to avoid suspension from the register. As a result of non-payment, 13 trademark attorneys, 20 patent attorneys, one patent and trademark attorney and one firm had been suspended from the register. The firm in question had quickly been brought into compliance. There had been a total of 34 suspensions; last year's figure had been 33. The 2024 figure was positive, given the expansion of the register in the last year. Of the 34 suspensions, eight had returned to the register having paid a penalty fee; the remaining 26 were still suspended.

12.2. The projected income from practising fees was £1,247,781; so far £1,221,042 had been collected. While this was below the budget, the projected income included application fees for new applicants, so this was an over-achievement against the target overall.

New Board member interviews

12.3. The CEO stated that Thewlis Graham had provided helpful and professional assistance throughout the Board appointment process, resulting in more applications than had been received previously. Recommendations had been made to appoint Harpreet Dhaliwal as a professional member of the Trade Mark Regulation Board member and Gary Wilson as a professional member of the Patent Regulation Board. Both new Board members had accepted; background checks were currently being conducted.

In2Science – update and request for funding

12.4. The CEO explained that In2Science had submitted a request for IPReg to continue to support its IP Scholars programme in 2024. In2Science had requested £10,000 which was the same amount as 2023. The money would provide young people from disadvantaged backgrounds with work placements in a STEM environment.

Conferences/webinars attended by Team and Board members

12.5. The Head of Registration reported that the focus of the LSB's Reshaping Legal Services conference had been on ethical behaviour, which was a clear priority for the LSB. The Director of Policy noted that IPReg had received an information request from the LSB about rules of law and ethics.

Legal Services Consumer Panel

12.6. A Board member noted the letter from the Legal Services Consumer Panel about quality indicators. The implementation of these quality indicators should be considered. The Chair suggested discussing this at the next strategy day.

Horizon scanning and research

12.7. A Board member noted that the External Market Report on risk management included two recommendations that could impact the work of the Risk Working Group. The Chair stated that the Risk Working Group should concentrate primarily on the items that had already been discussed.

Decisions

12.8. The Board decided:

12.8.1. To agree the appointments to the Board of Harpreet Dhaliwal and Gary Wilson, subject to the receipt of satisfactory references and background checks.

12.8.2. To approve the provision of £10,000 in funding to In2Science.

12.8.3. To note the paper.

13. Governance Action Plan

13.1. The Governance and Transparency Working Group Chair presented the paper. Once the governance action plan had been delivered, it would be useful for the Board to consider the effectiveness of the review.

13.2. A Board member questioned the categorisation of users of services and consumers in the stakeholder mapping diagram which showed interest/influence of different stakeholders. The CEO explained that significant efforts had been made to contact consumer groups and trade bodies; as there had been no interest shown by any of these groups, the mapping exercise had taken that into account. The aim of the engagement plan was to focus on key stakeholders and it was clear that consumer groups were, understandably, prioritising other areas of legal advice. The Chair suggested amending the title of the shareholder influence and interest grid to clarify that consumers' views were important to IPReg.

13.3. A Board member noted that in the procurement policy there was a provision whereby Board members were involved in the selection process based upon a threshold of £60,000. There might be other circumstances in which Board members would need to be involved in selection processes, such as the appointment of an external auditor and this should be added to the policy. The Chair added that the appointment of an organisation to conduct a Board effectiveness review should also include Board members. The CEO stated that the purpose of the paper was to recognise that the Governance Action Plan was almost complete. It would be appropriate for the entire Board to review it at the strategy day in November. The Chair noted that the Board should have access to the completed workplan at the strategy day, in addition to a note from the Governance and Transparency Working Group Chair setting out what had been achieved.

13.4. The Board decided:

13.4.1. That the work of the Governance and Transparency Working Group was complete.

13.4.2. To review the work of the Governance and Transparency Working Group at the strategy day in November.

13.4.3. To consider proposals for the Board effectiveness review in due course.

Action: CEO and Chair to liaise on identifying organisations to conduct Board effectiveness review.

Items to Note

14. Action Log

14.1. The action log was noted.

15. Red Risks

15.1. The red risks were noted.

16. Finance Report

16.1. The finance report was noted.

17. Regulatory Statement

17.1. It was confirmed that, except where expressly stated, all matters were approved by the Patent Regulation Board and the Trade Mark Regulation Board.

18. Any Other Business

18.1. On the occasion of their final Board meeting, the Chair thanked Emma Reeve and Sam Funnell for their services to the Board.

18.2. There being no other business, the meeting closed at 16.26.