



## **ANNUAL REPORT 31 March 2006**

Intellectual Property Institute  
36 Great Russell Street  
London WC1B 3QB

TEL: 020 7436 3040  
FAX: 020 7323 5312

Anne Goldstein, Administrator  
email: [annegoldstein@btconnect.com](mailto:annegoldstein@btconnect.com)

web: [www.ip-institute.org.uk](http://www.ip-institute.org.uk)



Intellectual Property Institute  
1<sup>st</sup> Floor  
36 Great Russell Street  
London WC1B 3QB

**Tel:** 020 7436 3040

**Fax:** 020 7323 5312

**Email:**

[ipi@ip-institute.org.uk](mailto:ipi@ip-institute.org.uk)

Publications and Membership: [annegoldstein@btconnect.com](mailto:annegoldstein@btconnect.com)

**Web:**

[www.ip-institute.org.uk](http://www.ip-institute.org.uk)

**Charity Registration number:**

283150

**Company Registration number:**

1557489

**Director of the Institute and Company Secretary**

Dr Paul Leonard

## BOARD MEMBERS

Mr Ian Harvey, Chairman  
Mr Henry Carr QC  
Mr Christopher Morcom QC  
Mr Simon Olswang  
Mr David Roberts  
Dr Stephen C Smith  
Professor David Vaver

## COUNCIL MEMBERS

Professor John Adams	Richard Howe, Associate Director, IP
Mr Robert Barry, Wilmer Cutler Pickering Hale and Dorr	Institute, Patent Office
Professor Lionel Bently	The Rt Hon Lord Justice Jacob
Mr Kevin Bill, AstraZeneca	The Hon Mr Justice Kitchin
Mr Jack Black, <b>(Deputy Chairman)</b>	Sir Hugh Laddie, Rouse Legal
Mr Ray Black, SJ Berwin	Professor James Lahore
Professor Michael Blakeney	Mr Peter Lawrence, Patent Office
Mr Hugh Brett	Professor Hector MacQueen
Mr Michael Butler, Frank B Dehn	Mr Christopher Morcom QC
Mr Henry Carr QC, <b>(Chairman)</b>	Mr David Perkins
Mr Trevor Cook, Bird & Bird	The Hon Mr Justice Pumfrey
Miss Liz Cratchley OBE	Dr John Reid
Mr Anthony Dolan, BTG	Dr Tony Rollins
Dr Duncan Curley, McDermott Will & Emery	Dr Gill Samuels, Pfizer
Professor Gerald Dworkin	Mr Martin Sandford, BTG
Mr Michael Flint	Mr Hamish Sandison, Bird & Bird
Mr Richard Freeman OBE	Professor Aubrey Silberston CBE
Dr Christine Greenhalgh	Professor Stefan Szymanski, Imperial College London
Mr Michael Hart, Baker & McKenzie	Mr David Tatham OBE
Mr Keith Hodgkinson, Marks & Clerk	Professor David Vaver
Mr John Hornby, Clifford Chance	Mr Philip Westmacott, Bristows
Mr Carl Horton, GE Healthcare Biosciences	Vanessa Winspeare

## **Major Subscribers**

During the year ended 31 March 2006

AstraZeneca  
Baker & McKenzie  
Bird & Bird  
BP  
BTG  
Bristows  
Clifford Chance  
Denton Wilde Sapte  
Dyson  
Finnegan, Henderson, Farabow, Garrett &  
Dunner  
Frank B Dehn  
GE Healthcare  
GlaxoSmithKline  
Haseltine Lake  
McDermott Will & Emery  
Marks & Clerk  
Mewburn Ellis  
Microsoft  
Morrison & Foerster  
Patent Office  
Pfizer  
SJ Berwin  
Slaughter & May  
Rouse Legal  
Wilmer Cutler Pickering Hale and Dorr



## **Intellectual Property Institute**

*Insight, understanding and progress through research*

### **Our Mission**

Our mission is to promote awareness and understanding of intellectual property law, and its contribution to economic and social welfare, through high quality, independent research. We aim to provide knowledge and expertise for industry, policy makers, professionals and the general public, in order to foster a legal, social and regulatory climate that supports an innovation-based economy.

## **A Brief History of the Intellectual Property Institute**

The idea of establishing a research body concerned with intellectual property law started to take shape in the late '70s. It was around this time that Hugh Brett, a practising solicitor, who had failed to persuade his previous employers that copyright, patents and trade marks were important business legal rights, decided to establish a journal dedicated to intellectual property law. It was to be called the European Intellectual Property Review (EIPR).

Major publishers were unwilling to accept that intellectual property was an important and growing legal subject, so the journal was first published from Hugh's bedroom. However, the number of lawyers who subscribed to the EIPR soon proved the sceptics wrong. There had now become recognition among practising lawyers that IP rights were not the sole preserve of patent attorneys, trademark agents and a few specialised lawyers. One copyright textbook had, for example, stated that specialised IP lawyers could be counted "on the fingers of one hand".

Interest in the subject was growing, fuelled by the UK's entry into the Common Market. Many early cases in the ECJ were IP cases. The European Commission identified early that if there were to be a true Common Market then harmonised IP laws throughout the Market would be necessary. Attention was starting to focus particularly on the common law aspects of IP harmonisation, since it was perceived that the development of an IP regime across Europe was being dominated by civil law thinking emanating from the Max Planck Institute in Munich (under the energetic direction of Prof. Frederick Beier and Prof. Eugen Ulmer).

Ironically, it was at the Max Planck Institute in Munich, in 1980, during a conference of the British/German Jurists Association (organised by Jack Black and Prof. Ulmer) at the Max Planck Institute, that the idea to form a UK institute finally materialised. Michael Flint, a senior partner at Denton Hall, Hugh Laddie and Robin Jacob (leading barristers at the time) Professor Bill Cornish, Professor Gerald Dworkin, Bryan Harris and Hugh Brett were among those who had gathered to discuss comparative copyright / authors' rights. During the conference, a group from the UK delegation chatted in the gardens nearby. They were appalled that there was no institute to compare with Max Planck in the common law countries, and concerned at the lack of a common law voice in the corridors of Brussels. They resolved to take action to establish what would be called the Common Law Institute of Intellectual Property (CLIP).

As the following anecdote suggests, perhaps there were already signs that Europe was taking notice of common law traditions. Robin Jacob was due to speak towards the end of the conference, on the Sunday morning. There was a bit of a panic because nobody had seen him on the Saturday, the first day of the conference. Unknown to all, he had gone off to the lakes and mountains, which had seemed to him the more favourable choice. However, he turned up bright and breezy on the Sunday morning. He began his talk by placing a large black pilot case on the table, from which he withdrew a plastic shopping bag emblazoned with the Union Jack. Few (including Sir Robin) can remember what he talked about, but everyone remembers the Union Jack bag, and that he had recently been in Luxembourg, where he was appearing for the UK government in the famous Coditel and Maize Seed cases. He had been surprised (and pleased) to observe that the Court had begun to talk and ask penetrating questions; a practice which followed the joining of the UK to the EEC as the common law judges and advocates general settled into the job.

The first CLIP offices were in Hugh Brett's offices at 25 Beaumont Street, Oxford. Shortly thereafter, it was decided that CLIP would be better placed if moved to London, and Michael

Flint hosted meetings at Denton Hall's offices in Grays Inn. Through Michael's enthusiasm and contacts, CLIP began to secure funding from industry and the legal profession. The first meeting, when the idea of creating the Institute was exposed to a larger audience, was also held in Denton Hall's offices in Gray's Inn. Intellectual property specialists from the bench, notably Mr. Justice Whitford, barristers and solicitors attended.

On 15th March 1982 in the Rotunda Room of the UK Patent Office the first meeting of the Foundation Committee of CLIP was held. The Chairman for the meeting was Lord Scarman, the Institute's first President. CLIP's Council included: Edward Armitage, Jack Black, Hugh Brett, Bill Cornish, Gerald Dworkin, Michael Flint, Geoffrey Hobbs, James Lahore, Brian Norris and Stephen Stewart QC. These were the prime founders of the Institute. Michael Flint was initially the Chairman of the Foundation Committee but as he had to spend much of 1982 in Los Angeles, the chair was passed to Stephen Stewart who had recently retired from being the Director of the IFPI.

Thanks to financial support from the American film industry, the Institute enjoyed premises at the Institute of Advanced Legal Studies, at Russell Square. Indeed, the establishment of CLIP owed much to Michael Flint's enthusiasm and his determination to secure funding from industry and the legal profession.

The Institute's first Director was Ivor Davies, formerly the Comptroller of Patents at the UK Patent Office. The first public event organised by the Institute was a conference at the Waldorf Hotel, London, on the subject of piracy. Thanks to Brian Norris, the conference was sponsored by the Motion Picture Association of America. Lord Scarman chaired it and gave the keynote speech. The national newspapers, as well as legal journals, covered the event. It was at this conference that the Institute could be said to have been launched. Prof. Beier, then Director of the Max Planck came and welcomed the arrival of their "Little Sister".

In April 1991 John Adams, then Professor of Commercial Law at the University of Kent, but latterly Professor of Intellectual Property Law at Sheffield University, took over as Director of the Institute. In 1994 the Institute changed its name to the Intellectual Property Institute, under the chairmanship of Sir Geoffrey Pattie, formerly a minister at the DTI. During this time, Ron Coleman, formerly Chief Engineer and Scientist at the DTI, helped to manage the Institute, remaining in post until John Reid, previously head of Patents at Unilever, became General Secretary in early 1997. The Institute had by this time moved to Southampton Buildings and the two Johns managed the Institute jointly until 2000 (having moved again to Outer Temple, Strand in 1999). Sir Robin Jacob had become a High Court Judge and the Institute's President, succeeding Lord Scarman.

In 1999, Ian Harvey, the Chief Executive of BTG plc, took over as Chairman of the Board. In May 2000, Paul Leonard was appointed as the Institute's first full time Director, combining roles of Director and Secretary General previously held by John Adams and John Reid. Since March 2001, the Institute has been located at 36 Great Russell Street, not far from its first premises, in Russell Square.

In 1982 Hugh Brett wrote, in an article in EIPR [1982, 5, p.129], that the "primary objective of the Institute will be to provide the facilities for research into the relevance and reform of intellectual property law. It is not possible to meet the needs of industry and the demands of innovation without a proper research centre. West Germany, for example, has the famous Max Planck Institute in Munich, with some 50,000 books, and a budget of over one million pounds per year, largely provided by government. A beginning has to be made....."

The objectives of the Institute have not changed since Hugh Brett articulated them twenty-five years ago. Over the years, the Institute can be justifiably proud of its achievements, made on a budget that has, sadly, never approached that afforded to the Max Planck Institute or, indeed, numerous other equivalent bodies around the world. In recent years, the Institute has owed much to the generosity of the pharmaceutical industry as well as numerous law firms, and it has enjoyed increasing support from the UK Patent Office, including the provision of a new Associate Director for the Institute, Richard Howe. The Institute is taking active steps to widen its support base from the private sector and government. The little sister wishes to grow up!

## **Chairman's Statement**

This year has been one of consolidation, reflection and change. Several years ago we decided that we needed to rebuild the research activity of the Institute by using our own resources to initiate and, in some cases, fund new lines of research guided by the Director's new Research Landscapes. Once these research projects began to produce high quality research papers we decided that we could then reach out to broaden our membership – but that we would need to reduce our associate membership fees accordingly from £15,000 pa to £4,000 pa. Our major associate members were generous enough to continue paying at the old rate to cover the transition period, which ended last year.

So this last year has been one of increasing research output and a continued drive for new members. We have nearly doubled the number of associate members. This year has, we hope, been the financial low point of the IPI with new members continuing to join. Attracting new members and resources through the quality and relevance of our work remains a top priority.

In parallel with the Director's research review, the Board, with input from Council and other members, has reviewed the governance of the IPI. We have concluded that the role of the Board should primarily be in discussing, agreeing, advising and monitoring the IPI's strategy plan and its implementation. To make this process more effective we also concluded that the Council of experts should be chaired by the Director who will now be the primary link between Council and the Board. In line with current good governance standards we concluded that Board members should be appointed for not more than two three year terms and would be expected to attend most Board meetings. These changes took effect from the AGM held on 18 October 2006.

Stepping down at that AGM was Christopher Morcom and Michael Flint, David Roberts and his alternate David Rosenberg. Simon Olswang stepped down earlier this year. I would like to thank each of them for the support and wisdom they have provided to the Institute over the years.

I believe that the Institute is now very well placed to make a major contribution to its members and to policy makers through the programmes set in place by the Director. Without his energy and commitment we would not be at the takeoff point that I believe we have now reached.

Ian Harvey

## Director's Report for the Year 2005-06

As you can see, we have conducted research over a very wide range of subjects this year. Perhaps worthy of particular mention is the outstanding report on the patent research exception prepared by Trevor Cook. This emanates from work we did previously for the DTI on patents for gene sequences; it is without doubt the most comprehensive analysis currently available on this important subject.

Some of the other highlights are set out below.

### Research

Throughout the year, Dr Robert Pitkethly of the Said Business School has been working on behalf of the Institute on a project for the UK Patent Office gauging levels of **IP Awareness** among SMEs. The work emerged from recommendations emanating from the Government Innovation Review.

Also commissioned by the Patent Office was work carried out by the Institute on **artists' resale rights**, examining the economic consequences of introducing a droit de suite in the UK. Prof. Stefan Szymanski and Dr Kathryn Graddy (of the Tanaka Business School and Oxford University, respectively) delivered an excellent analysis which we plan to take further in the year ahead.

We published work by two young researchers at Queen Mary, London (Aditya Nagarsheth and Rajesh Sagar) on **employee inventions**. The work scopes current provisions for protecting employee inventions across a number of jurisdictions, with specific recommendations for policy in India.

The Institute responded to concerns from the pharmaceutical industry over moves in India potentially **limiting the patentability of pharmaceutical inventions and micro-organisms**. The Institute carried out an analysis (by Dr Shamnad Basheer) of the TRIPs compatibility of providing for such limitations, and submitted the findings to the Indian government. Dr Basheer has also carried out an analysis of provisions for the **protection of regulatory data** under Article 39.3 of TRIPs.

The Institute has developed its relationship with the Trade Marks, Patents and Designs Federation (TMPDF), responding to their concerns over **address for service** provisions throughout the EU. The Institute published an analysis of the current situation carried out by Daniel Burkitt, Oxford University.

Following the Institute's analysis of UK law and practice concerning patents for genetic sequences, we have published an analysis of the **experimental use exception** for patents, work carried out by Trevor Cook of Bird & Bird. Trevor's paper is the most authoritative and detailed study of its kind currently available on this important topic.

Following the Gowers Review of intellectual property, the Institute has instigated work examining the current effect of **supplementary protection certificates** for pharmaceutical inventions. This work was undertaken by Dr Duncan Curley of McDermott, Will & Emery.

Finally, our China Programme Manager, Dr Victoria Wang, has spurred a range of research projects examining the situation regarding IP protection and enforcement in this increasingly important economy. The Institute plans to provide insight into which countries and sectors are most active in IP-dependent business in China, which technology areas are most significant, how successful companies are at protecting their IP through the courts, and other metrics which will serve to enlighten companies and policy makers about the true situation regarding **IP protection in China**.

The Chairman published an article in the Financial Times on the misconceptions about IP in China. This was expanded into a more extensive briefing note and has been the basis of many presentations to business and policy-makers. The Institute is now organising a UK conference on IP in China and will be running IP training seminars in China for senior Chinese executives. To fund these seminars the Institute has received a grant of £100,000 from the Global Opportunities Fund of the UK Foreign Office, matched by funding from the Development Research Centre of the State Council of the Peoples' Republic of China and member companies including BP, AstraZeneca and GSK.

## Events

In March we held an outstanding **IP Forum event**, held at the Said Business School, Oxford, in association with the Oxford IP Research Centre. A very high calibre set of speakers addressed a number of important contemporary issues of **IP and competition law**.

In April, the Institute was proud to be associated with what has become a major event in the IP calendar: the **Annual International IP Mooting Competition**, held at St Peter's College, Oxford. As ever, David Vaver and his team of organisers pulled off a wonderful event, with the University of Birmingham seeing off the University of Sheffield to win the final.

June saw the annual **BLACA / IPI** joint seminar event, tackling the issue; **“Oakley vs. Animal: has the train of European legislation been derailed?”** Bird & Bird kindly hosted an excellent event.

In September we held a seminar on **IP Valuation** Hosted by McDermott Will & Emery, looking at the specific case concerning the Eden Project. The event gave great insight on successful valuation techniques in complex legal disputes.

Also in September, we held a seminar entitled **“Intellectual Property - the Commercial Reality for SMEs”** at the Institute for Child Health in London. The event was the first to be made available on a high quality DVD recording from the Institute for those unable to attend on the day.

In November, William Rooklidge, President of the AIPLA, delivered the **2005 Stephen Stewart Memorial Lecture**: “Reform of the Patent Laws: the US Experience in Forging Legislation from Disparate Interests”. Hosted, as ever, by Slaughter and May, and chaired by our Vice-President, Sir Hugh Laddie, the lecture was extremely well received.

In January 2006 the Patent Office hosted an IPI seminar addressing **“The Measurement and Valuation of Intangible Assets in the Service Sector”**. Chaired by Liz Coleman of the Patent Office, with speakers Christine Greenhalgh and Mark Rogers of the Oxford Intellectual Property Research Centre.

Finally, in March 2006 we held a seminar hosted by Addleshaw Goddard on the “**Database Right: Implications of the ECJ and Court of Appeal Judgments in British Horseracing Board v William Hill Case**” Hamish Porter was our speaker and the event superbly chaired by Catriona Smith of Allen & Overy.

The Institute’s programme of events goes from strength to strength thanks to the efforts of Richard Howe, our Associate Director and, of course, our Administrator, Anne Goldstein. We are indebted to our member firms for providing us with venues and facilities at little or no cost to the Institute. Without this goodwill, we would not be able to sustain such a high quality programme.

### **People and new members**

This year we were very lucky to be able to appoint **Dr Victoria Wang** our Programme Manager for China. Working closely with Ian Harvey, our Chairman, Victoria has developed an outstanding programme of work in China and the UK, developing extensive and effective links with Chinese businesses, universities and government departments. Thus she has also arranged a series of meetings with key players in China for one of our major associate members.

We are, as ever, indebted to **Dr Margaret Llewelyn** of Sheffield University who continues to edit the IP Quarterly with such finesse.

The first IP Institute research scholar, **Tanja Suessenbach**, completed her research project on legal, technical and business solutions to problems facing copyright dependent businesses in the digital age. We wish Tanja every success for the future.

We welcomed a number of new associate members this year and we are delighted to have them aboard.

*BATMark*

*Haseltine Lake*

*IBM*

*Marks & Clerk*

*Nestec*

*Rouse Legal (Willoughby & Partners)*

We will look forward to welcoming more new members in the coming year as we seek to expand our membership and widen our pool of expertise in all areas of IP.

### **Director's Assessment of Performance for the Year**

I believe that this year we have carried out an outstanding body of work on behalf of our members, covering a wide range of research activities and continuing to build on our events programme. We have managed to increase our overall financial resources this year, and to reduce our net loss.

This year we undertook a major internal strategy review to address the Institute’s role and way of working with particular reference to each of its stakeholding communities. The review was prompted by an increasingly urgent need to address the funding situation for the Institute, over the short and longer terms. The review has provided focus and clarity for the way ahead and I

look forward to reporting on new, positive developments in next year's Annual Report as we reap the harvest from the seeds sown this year.

Apart from funding, the major issues addressed under the review were how to improve communications between the Institute and its members/stakeholders, and to address the governance of the Institute, which has not been examined for some time. On the former, we plan to upgrade both the website and the quality of communications. The latter is covered in the Chairman's Statement.

The UK government is also in the process of reviewing a range of IP-related issues under the initiative spearheaded by Andrew Gowers. The Institute has contributed to the Gowers Review stressing the need for the kind of independent research into the social and economic effects of IP law and regulation that we are set up to deliver. I sincerely hope that this new focus from government will provide an avenue for the Institute to make a more direct input into the high quality independent research and data gathering which should underpin policy-making in this area. The IPI is a unique and independent bridge between law, economics and business.

The Institute continues to achieve much on very scarce resources. Our strength lies in the goodwill of our members, their expertise and willingness to give time and energy to our efforts. I am grateful to all those who have helped make this year so successful, especially our Chairman, President, Board and Council members and, of course, the Institute's staff who continue to work tirelessly and with great humour on the Institute's behalf.

A handwritten signature in black ink, appearing to be 'P. A. Leonard', enclosed within a large, loopy circular flourish.

Dr P A Leonard  
Director

## Statement of financial activities - for the year ended 31 March 2006

	2006 £	2005 £
<b>Incoming resources</b>		
Incoming resources	192,335	150,044
<b>Resources expended</b>		
Charitable expenditure	(176,566)	(145,484)
Governance costs	<u>(18,073)</u>	<u>(16,832)</u>
<b>Net (resources expended) before taxation</b>	( 2,304)	(12,272)
<b>Tax on (outgoing) resources</b>	<u>-</u>	<u>-</u>
Net (deficit) for the year	<u>£( 2,304)</u>	<u>£(12,272)</u>

### Balance Sheet – 31 March 2006

	£	2006 £	£	2005 £
<b>Fixed assets</b>				
Tangible fixed assets		3,226		4,300
<b>Current assets</b>				
Debtors	41,053		24,296	
Cash at bank and in hand	<u>22,963</u>		<u>33,257</u>	
<b>Total current assets</b>	64,016		57,553	
<b>Creditors</b>				
Amounts falling due within one year	<u>(24,711)</u>		<u>(17,018)</u>	
<b>Net current assets</b>		<u>39,305</u>		<u>40,535</u>
<b>Total assets less current liabilities</b>		<u>£42,531</u>		<u>£44,835</u>
<b>Capital and reserves</b>				
Unrestricted funds		<u>42,531</u>		<u>44,835</u>
<b>Total funds</b>		<u>£42,531</u>		<u>£44,835</u>