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Green Tech Intellectual Property 101 Guide



This is an intellectual property reference guide for those working in the green technology sectors.

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Introduction to intellectual property

The green energy and renewables industry is of huge significance to society and represents a rapidly evolving market with technological advancement at its core. Intellectual property is an essential tool for protecting innovation in this fast-paced field.

Our team at Boult is well known and respected within the green energy and renewables space. We combine the technical expertise to draft efficiently and effectively on the most complex of energy products, with the commercial acumen to understand our clients' and the regulators' needs. Our team's experience is broad, covering emissions reduction/control products, battery storage for renewables, photovoltaics and beyond.

The impact of IP on the early stages of a green tech enterprise goes beyond just the protection of technology provided by patents. Branding is important and often supported by trade marks and copyright. The aesthetics of new technology are also protectable as registered designs, as well as the trade secrets inherent in their creation.

This is a 101 guide to green tech-related IP for green tech companies and those with an interest in protecting their green innovations. It is designed to provide a primer on IP, including: an introduction to IP rights and ownership; information on funding opportunities, fee reductions, and country-specific requirements; as well as how Boult can be of help.

Welcome to Boult's 101 guide to green technology-related intellectual property (IP) rights. We hope this will be a useful reference for anyone working in the green technology space who is interested in, or needs help with, their IP. Whether you are established in the field, or a first-time green tech start up looking to protect your innovations, this guide is for you. Find out more about our green tech team how you can contact us [here](#).

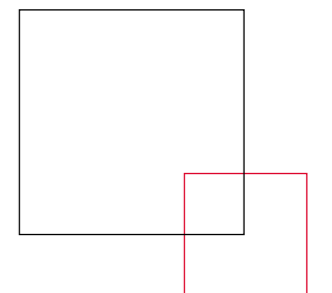
Types of intellectual property

Intellectual property (IP) is anything that is the result of someone's mental and/or creative labour, such as a story, a brand, or an invention. It is important to consider which aspects of your business may be covered by IP sooner rather than later. The value of your IP may not seem a priority when focussing on building your business, but, if properly protected, your IP could be of significant value in the future.

There are several areas of IP, including patents, trade marks, copyright, designs and trade secrets. Each of these areas could cover a different aspect of your business or may otherwise be useful in developing your business. For example, your IP can be licensed or sold to help with your start-up costs, or you can buy another company's IP to help with your development.

An overview of each area of IP, as well as key points to consider, can be found below.

More information on IP basics (with a focus on the UK) can be found on the UK government website [here](#).



Patents

Patents are granted for inventions – that is, solutions to technical problems. Some patentable areas of green tech include: alternative energy sources (e.g., wind turbines, solar panels, hydroelectric power plants), transportation (e.g., hybrid vehicles, bicycles, vehicles with low aerodynamic drag), energy conservation (e.g., measurement of electricity consumption, energy storage, power scheduling), sustainable agriculture (e.g., alternative pesticides, soil management, irrigation techniques) and many more. Contrary to a common misconception, it is possible to obtain patents for aspects of software, particularly any control software associated with the operation of green tech devices. This is therefore a large area with many patentable technologies.

You may not even realise that some of your systems and methods are inventions that could be patentable! It is a good idea to reach out to a patent professional whenever your business comes up with a new way of doing things, so they can advise you on any possible next steps for obtaining patent protection.

To be granted a patent, your invention must be new (not disclosed publicly) and inventive (not obvious) at the filing date of the patent application. The key thing to know is that, in many territories (including the UK and Europe), an invention is no longer considered new once it has been publicly disclosed in any form, even if it is your own company that has disclosed the invention – for example, at a trade fair or through advertising. Any

invention should therefore be kept secret until after a patent application has been filed.

Where the invention must be disclosed to someone (for example, to investors), an agreement should be put in place to establish that the invention is not being made publicly available – for example, a non-disclosure agreement (NDA). Some territories, such as the US, however, have exceptions to this rule, for example where the invention was disclosed by the owner and the patent application is filed within 12 months of the disclosure, known as a “grace period”. Therefore, even if you have put your product on the market or let people know about your innovations, patent protection may still be possible in some territories. Again, it is always best to reach out to a patent professional as soon as possible so they can give you advice on the next steps.

Filing a UK patent application can be a useful starting point for seeking patent protection, as the official fees of the UK Intellectual Property Office (UKIPO) are, relatively, very low. The UKIPO will perform a search to identify any documents that suggest the invention is not new and if an examination fee is paid, provide an opinion on the novelty and inventiveness of the claimed invention. This can help you to decide whether to pursue patent protection in other territories – you have up to 12 months after the UK filing to file a further application elsewhere that can benefit from the earlier filing date of the original UK application.

For green inventions, the UK and some other territories offer an accelerated programme



for seeking patent protection. This can be useful for securing investments, as you may be able to obtain grant of a patent sooner. Without accelerated procedure, it can typically take a few years to obtain grant in the UK, for example. Do note that acceleration of your patent application does not automatically guarantee grant. For more information on territories offering acceleration for green inventions, please see our article [here](#).

A patent protects an invention for a period of time, usually 20 years, allowing you to prevent third parties from working your invention without your permission during that time. Annual fees must be paid to the Patent Office to keep the patent protection in force. Otherwise, the patent protection will lapse and others may be free to use your invention.

The extent of the protection is defined by the scope of the patent “claims”, which are oddly worded clauses a patent attorney is uniquely skilled to draft. However, it is important to note that a patent does not give you a right to use your invention – other companies may already have their own granted patents that could cover your invention!

Getting a patent granted does not guarantee business success. You should carefully consider how the patent will be used in your business plan. For example, you may choose to sell or licence the patent to other companies to obtain capital.



An important factor to consider when patenting your inventions is the inventorship and ownership of the patent rights. If your company does not own the rights, or if there are doubts surrounding the ownership, this can lead to serious issues down the line. See the patent ownership section below for more details.

Key points:

- Patents are granted for technical inventions.
- An invention should not be disclosed until after a patent application has been filed. If the invention must be disclosed, an NDA or similar agreement should be in place, with legal advice sought on the NDA or agreement prior to signature.
- Nevertheless, patent protection may still be possible in some territories even after the invention has been disclosed.
- Filing a first patent application at the UKIPO is a relatively low cost way to get an idea of whether continuing to pursue patent protection is worthwhile.
- Patents provide limited-term protection, usually 20 years, for inventions.
- A granted patent does not guarantee business success.
- Yearly fees must be paid to maintain the patent protection. Otherwise, others may be free to use your invention.

Trade marks

A trade mark is a sign capable of distinguishing the goods and services of one undertaking from another – it may be a word, logo, colour, sound or the shape of goods or their packaging.

In the UK, trade marks are protected in two ways.

1. An unregistered trade mark or the goodwill associated with a business is protected by the common law tort of 'passing off'. In short, a business can rely on its use and reputation to prevent others from using a similar trade mark for similar goods or services.
2. Registration of the trade mark at UKIPO.

A UK trade mark application can take between six to eight months to register, provided there are no obstacles. The time frame for registration is different for each territory.

It is also possible to protect your trade mark in other countries by filing national or regional applications. Each country has their own requirements that must be met for registration. In most countries, trade mark registrations are renewed every ten years but can, in contrast to registered design and patent rights, be maintained indefinitely.

To be registrable, a trade mark must be distinctive (either 'inherently distinctive' or having 'acquired distinctiveness'). Inherent distinctiveness refers to trade marks that are original or unique – for example, "Kodak", which is an invented word. Acquired distinctiveness refers to trade marks that were not initially distinctive but they have gained a reputation with specific goods or services through extensive use in the marketplace – for example, "Holiday Inn". The words themselves are descriptive, but the Holiday Inn brand has acquired a secondary meaning associated with a specific hotel chain over time.



Designs

There are certain trade marks that are generally considered to lack inherent distinctiveness:

- Geographical name.
- Generic designs.
- Single letters or numbers.
- Laudatory words and phrases.

For example, a trade mark including words such as “green”, “clean” or “eco” may be more difficult to obtain protection for in relation to the green tech sector. It is likely to be considered descriptive. However, each case at the UKIPO is decided on its own facts.

It is not compulsory to register a trade mark but it is recommended. Enforcing unregistered rights is more difficult and expensive than enforcing registered rights. A trade mark registration gives the owner an exclusive right to use the registered trade mark for those goods or services for which it is registered. A registration also gives the owner the right to prevent third parties from using confusingly similar marks for their goods or services.

The UK is a first-to-file territory for trade marks, so the first owner is the first party that registers the trade mark at the UKIPO. It works

a little differently in the US. The US follows a first-to-use system, so the first party to use the trade mark in commerce is the owner.

Once a party has decided on a trade mark, they should consider pre-filing searches to identify whether they are any third parties with identical or similar trade marks that could prevent their use of the proposed mark.

Key points:

- A trade mark is a sign capable of distinguishing the goods and services of one undertaking from another.
- A trade mark must be distinctive.
- A trade mark can be a single word, combination of words, logo or colour.
- Descriptive words, generic designs and single letters are more difficult to register.
- Renewal fees must be paid every ten years to maintain UK trade mark protection.
- Trade mark protection can in theory last indefinitely.

The appearance of your products may be an important factor in your green branding. For example, the look of your packaging may mean that fewer materials are used, which may be a selling point for your customers, or you may have designed your product so as to be aesthetically pleasing to your customers.

The appearance of your product, packaging or the like, including app interfaces and marketing material, can be protected by registering a design. To obtain a registered design right in the UK or Europe, the design must be new (not disclosed publicly). This means that, as with inventions, a design should not be disclosed publicly until after a design is filed (although some protection may be offered by an unregistered or community design right, which are discussed below). It is possible to file a valid registered design in the UK within 12 months of a disclosure; however, such prior disclosure can cause problems, particularly when applying for protection elsewhere, and therefore is not a recommended strategy.

The design must also have individual character (giving a different overall impression to someone who knows the field as compared to existing designs). It is worth noting that the registered design right can cover the appearance of the whole or part of the product – for example, the look of a table or just the table leg.

A design application must contain images of the product or packaging that you wish to protect – it is not possible to obtain a registered design right for an idea or concept. The design in the images used to apply for the registered design right should be identical to the design of the items you intend to place on the market. Differences may mean that others are able to use the design of your actual product because it is not covered by your registered design.

Registered design rights protect a design for up to 25 years in the UK, allowing you to stop third parties from using the design without your permission. Fees must be paid every five years to keep the design protection in force. Otherwise, the registered design right will lapse and others may be able to use your design.



Copyright

Copyright is an automatic IP right that protects the original works of authors.

Businesses often create and use copyright works without realising how they can be commercialised and protected, or how to lawfully use the copyrighted works of others.

Copyright protects literature, art, music, dramatic works, sound recordings, photographs, software, databases, films and radio and television broadcasts. Literature does not require that a work is written on paper and so includes, for example, digital leaflets, brochures and manuals that your business may use to reduce its environmental impact.

In the UK, Europe and many other territories, you get copyright protection automatically as soon as the qualifying work is created. Some countries (for example, the US and China) have a copyright register. There are several benefits in registering your copyright work in the US register: your copyright claim will be on public record, meaning third parties are aware of your rights; and you are able to enforce your rights (i.e., file an infringement suit in court).

Generally, copyright lasts for the creator's lifetime plus 70 years after their death. However, different types of copyright works and certain older works are subject to different rules. Copyright gives the owner exclusive rights to authorise or prevent certain uses of their work, including copying the work, adapting the work or distributing copies to the public.

The creator of the work is generally the copyright owner. However, where works are commissioned or created by an employee in the course of their employment, the commissioner or the employer is usually the copyright owner. In those scenarios, ownership will depend on the terms of the contract and whether the work created falls within the scope of the commission or in the course of employment. It is very important to determine ownership of the works, especially for external tasks i.e. creation of your logo or website.

In contrast to registered design rights, unregistered design rights come into effect in the UK and many other countries, including the EU, automatically. They do not require any formal registration or fees to pay. However, unregistered design rights typically offer more limited protection than registered designs and can be difficult to enforce because it requires proof that your design was intentionally copied. Unregistered design rights are also much shorter than registered design rights, lasting in the EU for just 3 years from the date on which the design is first made available to the public in the EU and in the UK for either 10 years from when it was first sold or 15 years after it was created, whichever was earlier.

In the UK, the designer is usually the first owner of the design rights, unless the design was commissioned or created in the course of employment, in which case, the commissioner or the employer is typically the owner.

Key points:

- A design protects the appearance of an item, such as a product, packaging or the like.
- A design should not be disclosed until after a design application has been filed. If the design must be disclosed, an NDA or similar confidentiality agreement should be in place.
- Nevertheless, some unregistered design right protection exists automatically, although this may be more difficult to enforce.
- UK and EU registered designs provide protection of up to 25 years.
- Unregistered design rights in the UK and EU provide protection for significantly less time, as little as 3 years in some cases.
- Fees must be paid every five years to maintain the registered design right. Otherwise, others may be free to use your design.

Key points:

- Copyright protects sound recordings, films, broadcasts and original artistic, musical, dramatic and literary work.
- Copyright is an automatic right and comes into effect as soon as the work is created.
- Copyright lasts for the creator's lifetime plus 70 years after their death.
- The creator of a work is generally the owner. However, this may not be the case for commissioned works or works created in the course of employment.

Trade secrets

A trade secret is knowledge that is secret, has commercial value because it is secret and reasonable steps have been taken to keep it secret (e.g. always being marked as confidential and/or with restricted access within an organisation). This knowledge may include, for example, a particular composition of your product that makes it useful for green applications, a certain step used in your manufacturing process that makes it more environmentally friendly or even a customer list.

Trade secrets can be used as an alternative or complement to patents. For example, a trade secret may cover a non-patentable innovation or can be used to avoid telling others something important about the way you make your product (for example specific parameters used during manufacture of parts). Applying for a patent requires that you explain how your invention works in a detailed document that will be published, which means that once the patent protection is up, others may be able to copy you. On the other hand, a trade secret, so long as it remains a trade secret, is known only to you.

There is no need to register a trade secret, so there is no fee to pay. Furthermore, a trade secret can last indefinitely, as long as it is not disclosed to the public and remains valuable and reasonably protected. This may mean trade secrets are a relatively low-cost way to protect valuable information, as costs for keeping the information secure are likely to be incurred either way as part of good security practices. On the other hand, identifying theft or misuse of the information may be costly.

A trade secret can be useful but it is also a relatively weak form of IP protection. Once the information is public, the trade secret no longer exists and the innovation will not be patentable in the UK or Europe (although, as discussed above in the “patents” section, it may still be patentable in some territories, such as the US). Trade secrets are also vulnerable to independent discovery and reverse engineering. In addition, enforcement of a trade secret may be more difficult than enforcing other IP rights and detecting theft of a trade secret in the first place can also be hard.

Key points:

- A trade secret is knowledge that is secret, has commercial value because it is secret and reasonable steps have been taken to keep it secret.
- Trade secrets can be used as an alternative or complement to patents.
- The advantage of a trade secret compared to a patent is that valuable information may remain known only to you. On the other hand, a trade secret may be a weaker form of protection and more difficult to enforce.
- Trade secret protection can in theory last indefinitely.
- A trade secret loses its protection if it fails to remain secret, valuable or reasonably protected.



Patent ownership

As mentioned previously, an important factor to consider when protecting IP is the inventorship and ownership of those rights. If your company does not own the rights, or if there are doubts surrounding the ownership, this can lead to legal disputes, potential investors being put off and invalidity issues, to name but a few possible issues. For example, if your company does not actually own the IP rights that you think it does, then you cannot defend against competitors using those rights. It is often easiest to establish the correct inventorship and ownership early on, e.g., before filing a patent application. Later down the line, matters can become more contentious and/or evidence is lost or forgotten.

This section focuses on the ownership of patents.

Inventorship vs. ownership

Inventorship and ownership of a patent are not the same thing. The exact legal definition varies by jurisdiction, but generally, an inventor is someone who has devised or conceived the invention that is the subject of the patent. There can be more than one inventor of an invention, but each inventor must have contributed more than just straightforward or routine input. There is no requirement for the contributions to be equal. On the other hand, ownership relates to which party (or parties) owns the rights in the invention. This may be determined by an agreement or by provisions of law, as will be explained more below.

Once the inventor(s) have been confirmed, it is important to work out when the invention was conceived and any contractual obligations of the inventor(s) at that time in order to determine the first owner(s) of the invention.

In the UK, the default position is that the inventor is the first owner of the invention. However, in a lot of cases, inventions are devised during employment and in this case, the ownership usually passes from the inventor to their employer by virtue of their employment agreement. This makes the employer the first owner (although there are some exceptions). For example, take the scenario where inventor X is employed in the UK by British company Y, and inventor X is expected to invent and/or carry out research as part of their normal job role or is employed in a senior position in company Y. If inventor X conceived an invention in the UK whilst employed by company Y, then the rights would automatically pass to company Y, and so company Y would be the owner of the patent. The situation becomes more complicated when universities and contractors are involved – see below for some further details relating to these scenarios.

First-filing restrictions

Some countries (including the US, China, Spain, France and Germany) have restrictions against filing a first patent application for an invention outside that country. For example, some of these countries require that the first patent application for an invention is filed in the country where the inventor lives, is a citizen of and/or in which the invention was actually devised.

As an example, for an invention developed in the US (despite the company being UK based), the first patent application for this invention would need to be filed at the US Patent and Trademark Office (USPTO), unless the company obtains a foreign filing license from the USPTO.

The requirements for each country are quite specific and so are not covered here in detail. The consequences of incorrectly filing outside the required country can be severe, including hefty fines and criminal sanctions. It is therefore important to let your IP advisor know details about an inventor's residency and nationality, as well as where the invention was devised.



Assignments

Employment contracts can be helpful when determining if the rights to the invention have been transferred to an employer or not. It is good practice, particularly if there are doubts about ownership, to have an inventor sign an assignment confirming the transfer of their rights over to the employer before filing a patent application. This can avoid troubles later, for example, in court proceedings where the owner of the invention is relevant or where the inventor leaves the company after filing the patent application.

In simple terms, in a patent assignment, a party (termed the “assignor”) permanently agrees to transfer their rights in an invention over to another party (termed the “assignee”). Laws relating to validity of an assignment vary by territory, but generally it is good practice to make sure that the assignment document includes the following:

- A clear indication of the patent rights, e.g., the patent/patent application number(s).
- Details of all parties to the contract, e.g., the name and address of each of the assignor(s) and assignee(s).
- A date of the assignment.
- A clear declaration of assignment from the assignor to the assignee.
- A signature by all parties. The signatories should be legally entitled to sign on behalf of the party. Common examples of legally entitled persons in a company include CEO, director, and company secretary etc. Where a signatory’s job title does not clearly imply their legal entitlement, proof of their authority to sign on behalf of the party may be required.

Licensing

Licensing your patent rights to third parties can be a useful way to increase revenue. Licenses can provide several other benefits, including reducing research & development costs, accessing expertise not available in-house, collaboration and increased market penetration etc.

In a license agreement, the rights owner (termed the “licensor”) grants another party (termed the “licensee”) permission to use their patented invention, usually for a fee, whilst still retaining ownership of the invention. This means the licensee is able to make use of the invention that would otherwise infringe the patent rights.

Recordal of assignments and licences
In the UK, there is no strict obligation to inform the UKIPO that an assignment has occurred or that you have granted a licence to a third party. However, it is strongly recommended to do so (within six months of the date of the assignment or licence) as the assignee or licensee can lose some rights if not.

University and other ownership issues
The ownership of inventions where universities are involved can be complicated. This is because research or development at the university may be performed by a person that is not actually employed by the university. For example, PhD students are typically not employed by the university but carry out research on its behalf. Without an agreement in place, it can be unclear who the actual owner of the invention is (and thus, who has the rights to file a patent application).

In such cases, having an assignment signed by all parties can help avoid ownership issues. Other issues can crop up where, for example, external funding bodies may have rights in the IP that was conceived whilst being funded by the body, or company contractors/consultants have contributed to an invention but are not strictly employees of the company. As the relationships can be complex in such situations, engagement contracts should be carefully examined here.



Funding

This section provides some information relating to funding to help identify how best to maintain or use your IP to its full extent.

IP Audit Funding and IP Access Funding

The UK Intellectual Property Office have partnered with innovation and growth agencies across the UK to offer 'IP Audit Funding' and 'IP Access Funding' to businesses classed as small and midsize enterprises (SMEs).

The UK Intellectual Property Office have partnered with innovation and growth agencies across the UK to offer 'IP Audit Funding' and 'IP Access Funding' to businesses classed as small and midsize enterprises (SMEs).

The IP Audit Funding offers businesses up to £2,250 (inc. VAT), with a £750 (inc. VAT) contribution from the business, resulting in £3000 (inc. VAT) to subsidise an IP Audit. The audit will be carried out by an IP professional of the business's choice to perform a review of varying areas of IP such as identifying and evaluating existing IP assets and opportunities as well as anticipating or managing IP-related risks. It may also be used to identify the potential for the

Patent Box tax relief offered by the UK government (further details relating to the Patent Box are provided below). Once complete, the business will receive an IP Audit Report which concludes the findings of the IP professional and provides actions for improving their IP position.

The IP Access Funding offers eligible businesses up to £2,250 (inc. VAT). Eligible businesses will have either been through a triage process with an Advisor from one of the IPO's partner organisations and have been assessed as suitable to receive the IP Access Funding or have already received the IP Audit Funding. The business must also contribute a minimum of 50% of the cost of work carried out by its chosen IP professional for which it is entitled to receive IP Access Funding. The funding may go towards the recommendations provided by the IP Audit Report which may be professional fees of IP services such as the drafting and filing of a patent application or it may be put towards commercialisation of IP.





Patent box

The UK's Patent Box is an IP-related tax relief scheme for innovative companies that make a profit from patented inventions and are subject to UK corporation tax. The aim of this scheme is to encourage innovative companies to locate, commercialise and retain their research and development in the UK.

Under the Patent Box regime, a company that owns a relevant IP right can benefit from a 10% effective rate of corporation tax on qualifying profits related to the qualifying IP rights. The tax relief depends on the proportion of qualifying R&D expenditure relative to the total R&D expenditure incurred to develop the IP asset.

Eligibility criteria

To be eligible for tax relief under the UK Patent Box regime, a company must be liable for UK corporation tax and must satisfy two main criteria:

- Hold qualifying IP rights; and
- Demonstrate qualifying development or active ownership.

Qualifying IP rights

'Holding' a qualifying IP right means that the company either owns the IP right, is a member of a group that owns the IP right or holds an exclusive license granting the right to develop, exploit and defend the IP right.

To be eligible, the relevant IP rights must have been granted by the UKIPO, EPO or national IP offices of selected countries

in the European Economic Area (Austria, Bulgaria, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Poland, Portugal, Romania, Slovakia, and Sweden).

A patent has to be granted before it becomes a qualifying IP right. Nevertheless, Patent Box tax relief can be applied to any profits for up to six years before the date of grant, provided that the patent application had been elected into the Patent Box regime for those accounting periods. Thus, it is recommended to consider electing into the Patent Box as soon as a relevant patent application has been filed, whilst bearing in mind that it is best to delay such an election until the relevant qualifying income has reached an appropriate level.

Qualifying development or active ownership

The Patent Box regime is aimed at rewarding innovation and R&D expenditure, so a company must have performed a qualifying development in relation to the qualifying IP right or be actively involved in the ongoing management of the qualifying IP.

Qualifying developments include:

- Creating or significantly contributing to the creation of the qualifying IP right; or
- Significantly developing the invention covered by the qualifying IP right, or any product or process that incorporates the invention.

Innovate UK Funding Finder
Innovate UK is the UK's innovation agency and is part of UK Research and Innovation. Through their "Funding finder", Innovate UK provide details of grants which companies can apply for in order to grow their development and commercialisation of new products. Innovate UK also provide detailed guidance on applying for the funding and how to make the most of their services.

UK Government Finance and Support
The UK Government offer a large range of finance and support for UK based businesses. The eligibility for each support is dependent on location and the type of business being conducted. The full list of funding can be found in the Innovation Funding Service on the gov.uk website.

Deep Tech Finder at the European Patent Office (EPO)
Funding can also be sought through private investors and owning IP can help startups

look more appealing to potential investors. To assist startups in showcasing their IP to potential investors, the EPO offer a platform providing a list of European startups alongside their patent portfolios - the Deep Tech Finder. Investors can search for patents and/or patent applications within specific technical fields and find information on the corresponding startups.

Recently the **Deep Tech Finder** has been updated to include patent technical fields in the area of clean energy. They are split into three broad categories: renewable energy, solutions for carbon-intensive industries, and energy storage and other enabling technologies, making it easier for investors to find investment opportunities in startups within a more particular field of clean energy technology.

A contribution could be significant by virtue of the costs, time and/or effort incurred. An 'active ownership' option is provided for group companies. In situations where one member of a group company has met the development condition, another member can be eligible for the Patent Box without meeting the development condition, provided that it demonstrates active ownership of the qualifying IP right.

Income associated with the qualifying IP rights

The tax relief under the Patent Box scheme applies to worldwide relevant income relating to qualifying IP rights.

There are five main categories of relevant IP income, including:

- Sale of an item protected by a qualifying IP right;
- Income in respect of the use of a qualifying IP right;
- Licence of a qualifying IP right;
- Sale of a qualifying IP right; and
- Damages for patent infringement.

Taking advantage of the Patent Box

The Patent Box regime is optional, which means that to benefit from the tax relief, an active election into the Patent Box regime has to be made. This can be done as part of a tax return self-assessment.

The timing of election into the Patent Box should be considered carefully. A Patent Box benefit is only achieved if the qualifying IP income results in a relevant IP profit. Electing into the Patent Box too early can result in IP losses having to be offset against subsequent IP profits before the Patent Box relief is applied.

An IP audit is a helpful tool to identify relevant existing or potential new IP assets that may be relied upon for Patent Box purposes. An adjustment of IP filing and prosecution strategies may be appropriate. For example, under the Patent Box it may be beneficial to request accelerated processing of a patent application and even to sacrifice claim breadth so as to achieve the swift grant of a patent.

It is a good idea for companies to review periodically whether and how the Patent Box regime fits into their business. Particular events that should trigger consideration of the Patent Box include the acquisition, licensing and/or disposal of IP rights, entering into collaborations or any restructuring of the business.

Find out more about the Patent Box [here](#).

Fee reductions

Brief summary:

- If you are a micro-entity (see below), then you may qualify for a 30% reduction on the main EPO official fees for filing and prosecuting a European patent application.
- It is possible to combine and compound these reductions with language-related EPO fee reductions (if you qualify for both).
- The applicant(s) must have filed fewer than five European patent applications within a period of five years preceding the new filing date (see below for more specific requirements).
- All that is needed to benefit from the reductions is to submit a suitable declaration via a simple tick-box on the official EPO form(s) (the EPO may request supporting evidence).

More detailed information:

In the first quarter of 2024, the EPO announced new Rules enabling specific types of small companies to claim a discount of 30% on all main EPO official fees in the patent grant procedure.

The existing language-related EPO fee reductions, only available to entities of a certain size and domiciled in certain EPC contracting states (NOT including the UK), have not changed. If you have any questions about the existing language-related EPO fee reductions, then please get in touch.

These new Rules provide much broader fee reductions not limited in geographical scope. The new fee reductions are available to so-called micro-entities (including

microenterprises, natural persons, non-profit organisations, universities or public research organisations) irrespective of their nationality or domicile, and where applicable can be combined with the existing reductions. Larger SMEs however do miss out on the new reductions because these are targeted at smaller (or non-profit) organisations.

The changes are effective for fees paid on or after **1 April 2024**, irrespective of the filing date of the European patent application or date of entry into the European regional phase for Euro-PCT applications.

Specifically, the requirements for qualifying for these new fee reductions are:

1. The applicant must be a microenterprise, natural person, non-profit organisation, university or public research organisation;
2. The applicant must have filed **fewer than five** European patent applications or Euro-PCT applications within a period of five years preceding either the date of filing the European patent application or the date of entry into the European regional phase of the Euro-PCT application concerned; and
3. Where there are multiple applicants for the patent application, **all of the applicants** must fulfil the requirements (1) and (2).

It should be noted that the “cap” on the number of applications in point (2) applies irrespective of whether the previous applications were also subject to a fee reduction and irrespective of their current status (i.e. pending, withdrawn, deemed withdrawn, refused or patent granted).

To benefit from the reductions, a suitable declaration must be submitted at the latest when the first reduced payment is made. This will be possible via a simple tick-box on the official form(s). However, the EPO may request supporting evidence if it has reasonable doubts as to the veracity of the declaration.

These fee reductions could therefore be very important to those innovative entities needing financial support to access the European patent system, i.e. microenterprises, natural persons, non-profit organisations, universities and public research organisations, and in particular start-ups new to the world of European patents.

Further questions and possible scenarios are as follows:

What is a microenterprise?

A microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

What if the five application “cap” is exceeded but the reduced fee still paid?

The applicant will be invited to pay the missing amount within a period of two months from the date of the invitation. However, for renewal fees for European patent applications, the usual six-month grace period applies.

Is it possible to combine the existing language- and micro-entity-related fee reduction schemes?

It is possible to combine the various fee reduction schemes offered by the EPO. For example, an applicant may be eligible for fee reductions under both schemes

together, with the discounts being applied consecutively. In other words, for a qualifying applicant a 51% (i.e. 30% followed by a further 30%) reduction of the filing and examination fees may be available.

if an application is transferred?

Where an application is transferred, it will be deemed to belong to the new applicant for the purposes of both future payments and the calculation of the “cap”. This may affect the eligibility of the applicants’ other pending applications from the date of legal effect of registration of the transfer in the European Patent Register. The transfer does not affect payments made before the date of legal effect of registration of the transfer, i.e. there is no obligation to pay “top-up” fees if the new application does not qualify for the fee reductions. If the new applicant is a micro-entity, a declaration is required for micro-entity support.

What if the applicant changes entity status after payment of the reduced fees (i.e. the applicant no longer qualifies for the reductions)?

Changes in the status of an entity which occur after the filing of the declaration will take effect only for the future and will not affect any reduced fees already paid. Any change in the status of an entity under the new Rules which has requested a reduction of fees must be notified to the EPO.

For more details, please see [here](#), [here](#) and [here](#). Please also refer to our website’s [bulletin](#) on the subject. If you think you may qualify for the newly announced fee reductions and/or have any questions, then please do reach out to a member of our green tech team.



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