



**THE INTELLECTUAL PROPERTY INSTITUTE
(A company limited by guarantee)**

REPORT AND ACCOUNTS

31 March 2011



Company No.1557489

**The Intellectual Property Institute
Contents**

	Page No
Legal and administrative information	1
Report of the governors	2
Independent examiner's report	8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11

Status

The organisation is a charitable company limited by guarantee, incorporated on 22 April 1981 and registered as a charity on 30 September 1981

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, one third of the governors (those longest in office since their last election or appointment) retire from office - and are eligible for re-election - at each AGM

Governors

Ms Alison Brimelow CBE, Chair (appointed 04/04/11)
Mr Ian Harvey (resigned 04/04/11)
Dr Mike Barlow OBE
Mr Henry Carr QC
Professor Graeme Dinwoodie
Dr Stephen Smith
Professor David Vaver
Mrs Paula Nelson
Profesor Takis Tridimas (appointed 22/09/10)

Registered office

67-69 Lincoln's Inn Fields
London WC2A 3JB

Independent examiner

Richard Hewson
Chartered Accountant
21 Corner Green
London SE3 9JJ

Solicitors

Denton Wilde Sapte LLP
One Fleet Place
London
EC4M 7WS

Charity Registration Number

283150

The governors present their report and the financial statements for the year ended 31 March 2011

OUTGOING CHAIR'S STATEMENT

This year has been one of building upon the landmark collaboration between the IPI and the Centre for Commercial Law Studies (CCLS) at Queen Mary University of London (QMUL). This now links the IPI with QMUL's dedicated IP institute, the Queen Mary Intellectual Property Research Institute (QMIPRI).

One of our first steps was to strengthen the IPI Board of Trustees. Lord Hoffmann, the distinguished former Lord of Appeal, has joined the Board in an ex officio capacity and has also become Chairman of the IPI's [Research] Council. We have also welcomed to the Board Professor Takis Tridimas of CCLS and, as an ex officio member, Tony Clayton the Chief Economist of the UKIPO.

Our Director, Professor Johanna Gibson, has laid out an ambitious future programme. One of the key elements has been to establish nine research streams, each of which is being jointly chaired by people eminent in those areas. These Research Streams will provide a clear structure for the IPI's future work. They also map well onto the funding interests of potential funding sources.

A significant development has been a substantial research project for a private company. The funding source and the project itself must remain confidential until later this year. The IPI is one of about ten institutions globally that are collaborating in different aspects of this major project. In due course the results will be published as academic papers and as a book. This project is the start of the revitalisation of the IPI's financial base. With several more major projects under negotiation, the future is looking healthy.

I believe that intellectual property is a key driving force at the heart of a modern economy. The IPI brings together business, the legal profession, academia and economics to understand in a rigorous way just how IP relates to this world we live in. Being part of that process as Chairman of the IPI for the past 12 years has been a privilege in many ways. My job was made much easier by the unstinting time and dedication of my Board colleagues who unfailingly, over many years, have given freely of their time to the work of the Institute. I thank them profoundly.

I have known Alison Brimelow, the IPI's next Chair, former head of the UK IPO and EPO, for many years. I cannot think of a better qualified and experienced person to lead the Institute in this next phase of its development and growth.

Ian Harvey June 2011

NEW CHAIR'S STATEMENT

Ian Harvey's statement sums up the excitements and challenges of this year. I pay tribute to Ian for leading the IPI into the relationship with QMUL, and initiating a new and energetic collaboration. As the Director reports, the IPI has been successful in obtaining important commissions for research, and has actively engaged with live policy issues through a series of invitation only round tables, including one held in Brussels. These developments have also helped to improve the finances of the IPI.

I am also delighted that the Board of the IPI is recognising Ian's long relationship with the Institute by proposing to the AGM that he be made a life member. It is our good fortune to have him with us.

Alison Brimelow November 2011

Objectives and principal activities of the charity

The charity's objectives and its principal activities continue to be to promote a greater understanding of education in and research into all legal, social, economic and other matters relating to or connected with the creation, protection, use and exploitation of intellectual property rights throughout the world. The Intellectual Property Institute does this by liaising with its membership and externally to generate a timely and authoritative package of objective research, the results of which are published usually through our own publications. Research findings are also used to inform decision-making bodies in the UK, the EU and overseas. The IP Institute has strong links with related research establishments.

Ensuring our work meets our objectives and delivers public benefit

We have kept in mind the Charity Commission's general guidance on public benefit at our governors' meetings throughout the year, when we review our activities, consider their outcomes and plan future activities. Our meetings also help us to ensure that our activities remain focused on our objectives. The Institute continues to provide public policy makers with independent, authoritative information and advice across all areas of intellectual property law, practice and regulation. Our research and events programmes have informed students, businesses, legal practitioners, government and those from outside the specialised IP arena.

DIRECTOR'S REVIEW

Report on activities for the year ended 31 March 2011

2010-11 has been a very important year for the IPI, it being the first year of the new collaboration with the Queen Mary Intellectual Property Research Institute and my first year as Director of this historic research organisation. This first year has seen a much extended research programme and funding, including significant collaborations with major members on innovative research in the economics and management of intellectual property as well as strategic and effective cooperation with the UK Intellectual Property Office (IPO).

2010-11 – New Research Strategy:

In developing the new innovative work programme for the IPI, and towards harnessing the expertise and talent in Council, nine (9) new research streams have been developed. The streams necessarily overlap, but the intention is to identify key areas and signal to the world capacity to devise, develop and undertake research in these areas. Each stream is overseen by at least 2-3 heads of stream, identified for their leadership and expertise in the field. The research streams model is part of a broader revision of research strategy at the IPI.

- **Creativity and Culture** (such as digital media, new business models, regulation, music, cultural organisations, film, fashion and design) – Michael Hart (Baker & McKenzie), Professor Evelyn Welch (VP Research, Queen Mary)
- **Science and Technology** (innovative industries, patent industries) – Trevor Cook (Bird & Bird), Roger Burt (IBM)
- **Branding and Custom** (trade marks, branding issues, customer behaviour) – Phillip Johnson (Barrister), John Noble (Director, British Brands Group), Dr Jeremy Phillips (Consultant)

- **Global Issues** (wider issues such as IP and the environment, education, public health, IP and human rights) – Luke Minford (Rouse), David Rosenberg (GSK)
- **Economics of Knowledge** (to include empirical research with rights-holders, IP and competition law, consumer-based research and user behaviour) – Tony Clayton (Chief Economist, IPO), Professor George Kapetanios (Economics, QMUL)
- **Innovation and Strategy** (strategic management and strategic innovation, IP and regulation, IP and business strategy, standards, competition landscapes) – Robert Pitkethly (Oxford), Microsoft-IPI Lecturer (to be appointed)
- **Practice and Procedure** (activities of the professions in relation to filings and filing practices, litigation, privilege, matters of evidence, industry drivers etc) – Gwilym Roberts (Kilburn & Strode), Susie Middlemiss (Slaughter & May, TBC)
- **Trade and Development** (WIPO Development Agenda, WTO matters, UK and European competitiveness) – Professor Duncan Matthews (QMIPRI), Dr Puay Tang (SPRU)
- **Education and Professional Development** (training activities, IP education in areas outside law, IPAN) – Professor Alison Firth (Surrey), Robert Weston (Phillips & Leigh)

Honorary Research Fellows

The Board agreed to phase out the position of “Research Director” in view of the administration (June 2010) Each Research Director was awarded the annual title of Honorary Research Fellow of the IPI in recognition of their work for the IPI

Research Projects

TELES Patent Project - €200,000

The first phase of the TELES Patents Project commenced August 2010 The IPI became one of the UK research partners responsible for reviewing a new system for the computability of inventive step This involves reviewing and decision-making with respect to prior art and obviousness/inventive step The IPI runs the second UK group (QMIPRI is the other partner) responsible for report writing, analysis of prior art and case reports A consultant (Dr Matt Fisher, UCL) and four researchers have now been appointed The project is international, with partners in the US, Brazil, China, India, France, Germany and Poland A second group (EPO) is in planning

Microsoft – Innovation and Strategy

Microsoft has provided funding of £400,000 over 5 years to expand the Innovation and Strategy stream of the research programme The funding is to establish a lectureship (£300,000) as well as provide seed research funding (£100,000) for Innovation and Strategy projects The inaugural Microsoft-IPI Lecturer in Intellectual Property, Innovation and Strategy will be appointed December 2011

The initiative is part of the broader revision of research strategy at the IPI It will help establish Innovation and Strategy as a major international research focus at the IPI for studies in innovation management and corporate strategy for IP industries worldwide This funding presents a unique opportunity for the IPI to establish genuine intellectual leadership in business strategy and IP for

Europe The research will be international in scope and influence and will include programmes in strategic management and strategic innovation, IP and regulation, IP and business strategy, standards, competition landscapes and related issues pertinent to corporate stakeholders and innovation development at the UK, European and international levels The research programme will be driven by the Microsoft-IPI Lecturer and the Director, as well as IPI members, Council and the Board

Intellectual Property Office – The Economic Impact of Lookalikes

The IPI was successful in tendering for the IPO contract for research on lookalikes (April 2011) The IPI is contracting i2 Media Research (a spin-out consumer research unit at Goldsmiths) for the behaviour experiments as part of the project

Internship Programme

The IPI Internship Programme commenced March 2011 The first intern was placed by the University of Surrey (as part of their work placement programme) Further interns have now joined the IPI from throughout Europe (including Italy, Germany, Spain and the UK) The IPI is also working closely with universities in the US to accommodate interns as part of university work placement programmes abroad Interns work on research programmes and events Outputs from the interns are reviewed internally and then will be made available on the re-launched website

Student Observer Programme

Student members have been invited to submit curriculum vitae and cover letters in application for the opportunity to sit as observers to Council Students are invited to identify their 3 preferred streams Successful applicants will shadow and assist stream leaders in developing the work programme in that particular area Successful applicants will be notified end November

Events Summary 2010/11

7 June 2010 – Informal Drinks with the IPI Board, Members and QMIPRI (Queen Mary collaboration partners)

14 October 2010 – the Annual BLACA-IPI Seminar, hosted by Bird & Bird

25 October 2010 – The Annual Stephen Stewart Lecture, delivered by Mr Horacio Gutierrez (Microsoft) was hosted by Freshfields

25 January 2011 – Enforcement and the SME (in collaboration with the IPO) – presentation of the SABIP Report by Dr Christine Greenhalgh, Dr Jeremy Phillips, and Dr Robert Pitkethly, joined by Tony Clayton (Chief Economist, IPO)

23 February 2011 – “Town Hall” meeting at Freshfields – Hargreaves and Issues for SMEs – in collaboration with the IPO – speakers included Roger Burt (Hargreaves Expert Panel), Alasdair Poore (President, CIPA), Maggie Ramage (President, ITMA), chaired by Professor Johanna Gibson

Performance for the Year

The fundamental work of the Institute has continued with strength in 2010-11. Not only has the IPI maintained its commitment to high quality research and seminars in 2010-11, but also it has expanded its research activity to include participation in international consortium research. It has also built upon important industry partnerships to widen research as well as contribute to curriculum development and education in the university sector.

The IPI maintains steady work towards expanding its contribution to policy development in the UK, Europe and internationally. In doing so we have met the challenges of increasing research funding income in order to expand and diversify research activity. This increased financial activity and strength is set to continue in order to broaden that work even further in 2011-12.

I am also pleased to acknowledge, throughout all this period of exciting development and change, the enormous support and assistance of the IPI Board and Council. Finally, the ongoing commitment, enthusiasm, intellectual input and support of our corporate and individual members alike continues to grow the research capacity and resources of the IPI in significant and influential ways. Without both the expertise and the diversity of our members, the IPI's unique contribution to IP policy and development would not be possible. The diversity of our members ensures genuine and potentially unrivalled interdisciplinarity, breadth of experience, and scope of perspective. We must continue to collaborate with this fresh enthusiasm towards building the IPI as a centre of real impact and capacity for international IP research in London in 2011-12.

Professor Johanna Gibson
Director

Financial Review

The statement of financial activities shows a surplus for the year of £61,529 compared to a deficit of £38,202 in the year ended 31 March 2010. The improvement is mainly explained by a saving in salaries and overhead expenses due to the move to Queen Mary, University of London.

Reserves Policy

The Institute does not have a formal reserves policy which has been discussed and agreed by the governors. The governors nevertheless recognise the need to maintain an appropriate level of reserve financial resource, with a minimum level equivalent to 3 months' operations (currently £15,000, excluding funded research). At the year end, 31 March 2011, the Institute's unrestricted reserves were £21,962.

Governors and Trustees

The governors, who are also trustees of the charity, are members of the Executive Committee and all work on a voluntary basis.

The names of the governors are listed on page 1.

Governors' Responsibilities

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of the charitable company's affairs at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements the governors should follow best practice and

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent examiner

Richard Hewson, Chartered Accountant, has indicated that he is willing to be reappointed at the forthcoming annual general meeting.

This report has been prepared in accordance with the special provisions for small companies within Part 15 of the Companies Act 2006.

By Order of the Board,



Alison Brimelow, Chair

Date 22 November 2011

**Independent examiner's report to the trustees of
The Intellectual Property Institute**

I report on the financial statements of the company for the year ended 31 March 2011 set out on pages 9 to 15

Respective responsibilities of trustees and examiner

The company's trustees (who are also the company's directors - or 'governors' - for the purposes of company law) are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 ('the 1993 Act') and that an independent examination is needed. I am qualified to undertake the examination by being a member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to

- examine the financial statements under section 43 of the 1993 Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act, and
- to state whether particular matters have come to my attention

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as governors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and my report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention

(1) which gives me reasonable cause to believe that in any material respect the requirements

- to keep accounting records in accordance with section 386 of the Companies Act 2006, and
- to prepare financial statements which accord with the accounting records, and which comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities

have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached



Richard Hewson
Chartered Accountant

21 Corner Green
London SE3 9JJ

Date 22 November 2011

The Intellectual Property Institute
Statement of financial activities (including Income and Expenditure Account)
for the year ended 31 March 2011

	Notes	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Voluntary income					
Donations and subscriptions		71,950	-	71,950	76,306
Incoming resources from charitable activities	2	9,300	42,134	51,434	83,560
Investment income					
Bank interest		6	-	6	13
Other income resources		186	-	186	1,851
Total incoming resources		81,442	42,134	123,576	161,730
Resources expended					
Charitable activities	3	52,090	4,250	56,340	180,627
Governance costs	3	5,707	-	5,707	19,305
Total resources expended		(57,797)	(4,250)	(62,047)	(199,932)
Net incoming resources (resources expended)					
- Net surplus (deficit) for year	4	23,645	37,884	61,529	(38,202)
Total funds at 1 April 2010		(1,683)	-	(1,683)	36,519
Total funds at 31 March 2011		£21,962	£37,884	£59,846	£(1,683)

The statement of financial activities includes all gains and losses in the year
resources and resources expended derive from continuing activities

All incoming

The notes on pages 11 to 15 form part of these financial statements

**The Intellectual Property Institute
Balance Sheet
31 March 2011**

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible fixed assets	7		763		1,018
Current assets					
Debtors	8	57,356		34,798	
Cash at bank and in hand		14,107		5,178	
Total current assets		71,463		39,976	
Creditors					
Amounts falling due within one year	9	(12,380)		(42,677)	
Net current assets (liabilities)			59,083		(2,701)
Net assets (liabilities)			£59,846		£(1,683)
			=====		=====
Unrestricted funds			21,962		(1,683)
Restricted funds			37,884		-
Total funds			£59,846		£(1,683)
			=====		=====

For the year ended 31 March 2011 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ('the Act') and no member has deposited a notice requiring an audit of these financial statements under section 476 of the Act

The governors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2011 and of its income and expenditure for the year then ended in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime (Part 15) and the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Governors on *22 November 2011* and signed on its behalf by


Alison Brimelow, Chair

The notes on pages 11 to 15 form part of these financial statements

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

- (a) The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) and the Financial Reporting Standard for Smaller Entities (effective April 2008)
- (b) Voluntary income is received by way of donations and subscriptions and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included.
- (c) Incoming resources from charitable activities and in respect of bank interest are included when receivable.
- (d) Resources expended are recognised in the period in which they are incurred and include attributable VAT which may not be recovered. Staff and some other costs have been attributed as follows:
Charitable activities - 90%
Governance costs (see also note 3) - 10%
- (e) Rentals payable under operating leases are charged on a time basis over the lease term.
- (f) Depreciation is calculated to write off the cost of each tangible fixed asset at 25% per annum by the reducing balance method.
- (g) Liabilities are recognised as soon as there is a legal or constructive obligation to pay our resources.
- (h) Unrestricted funds are donations, subscriptions and other income resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.
- (i) Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2 Incoming resources from charitable activities

	Unrestricted	Restricted	2011 Total	2010 Total
	£	£	£	£
Research and study projects	-	42,134	42,134	68,675
Conferences and seminars	1,125	-	1,125	3,935
Publications and sales	8,175	-	8,175	10,950
	<u>£9,300</u>	<u>£42,134</u>	<u>£51,434</u>	<u>£83,560</u>
	=====	=====	=====	=====

3 Total resources expended

	Unrestricted Funds		Restricted Funds		Total 2010 £
	Charitable activities £	Governance costs £	Charitable activities £	Total 2011 £	
Conferences and seminars	440	-	-	440	414
Research and study costs	-	-	4,250	4,250	53,002
Previously accrued research costs no longer required	-12,174	-	-	-12,174	-
Publication expenses	5,000	-	-	5,000	5,000
Staff costs (note 5)	8,648	961	-	9,609	104,838
Consultancy fees	22,500	2,500	-	25,000	-
Rent and rates	24,722	-	-	24,722	20,858
Insurance	682	-	-	682	529
Repairs and maintenance	-	-	-	-	395
Other premises expenses	517	-	-	517	229
Telephone, fax and internet	543	-	-	543	2,066
Postage, printing and stationery	90	-	-	90	493
Sundry expenses	-	-	-	-	230
Travel and subsistence	10	-	-	10	2,147
Legal and professional	-	15	-	15	3,306
Independent examiner's fees	-	1,080	-	1,080	1,245
Bookkeeping	-	871	-	871	3,850
Office equipment depreciation	255	-	-	255	340
Bank charges/exchange differences	-	105	-	105	420
Subscriptions	150	-	-	150	295
Sponsorship	607	-	-	607	-
Training	-	175	-	175	-
CPD points course	100	-	-	100	275
	<u>£52,090</u>	<u>£5,707</u>	<u>£4,250</u>	<u>£62,047</u>	<u>£199,932</u>
	=====	=====	=====	=====	=====

	2011	2010
	£	£
4 Net incoming resources for the year		
This is stated after charging/(crediting)		
Bank deposit interest	(5)	(13)
Independent examiner's fees	1,080	1,245
Depreciation of tangible fixed assets	255	340
Operating lease charges	<u>23,050</u>	<u>19,000</u>

5 Staff costs

Staff costs during the year were as follows

Wages and salaries	9,609	94,239
Social security costs	-	<u>10,599</u>
	<u>£9,609</u>	<u>£104,838</u>

The average weekly number of employees (excluding governors) during the year, calculated on the basis of full-time equivalents, was as follows

	2011	2010
	No	No
In charitable activities	1	1
In governance	-	<u>1</u>
	<u>1</u>	<u>2</u>

6 Taxation

The company is exempt from corporation tax on its charitable activities

7	Tangible fixed assets	Office equipment £	
	Cost		
	At 1 April 2010	25,702	
	Additions	-	
	Disposals	-	
	At 31 March 2011	<u>25,702</u>	
	Depreciation		
	At 1 April 2010	24,684	
	Charge for year	255	
	At 31 March 2011	<u>24,939</u>	
	Net book values		
	At 31 March 2011	<u>£763</u>	
	At 31 March 2010	<u>£1,018</u>	
		2011	2010
		£	£
8	Debtors		
	Trade debtors	55,654	28,442
	Other debtors and prepayments	1,702	6,356
		<u>£57,356</u>	<u>£34,798</u>
9	Creditors: amounts falling due within one year		
	Trade creditors	4,586	37,877
	Other creditors and accruals	7,794	4,800
		<u>£12,380</u>	<u>£42,677</u>
10	Analysis of net assets between funds		
		Unrestricted Funds £	Restricted Funds £
			Total Funds £
	Tangible fixed assets	763	-
	Current assets	29,329	42,134
	Current (liabilities)	(8,130)	(4,250)
		<u>£21,962</u>	<u>£37,884</u>
	Net assets at 31 March 2011	<u>£21,962</u> =====	<u>£37,884</u> =====
			<u>£59,846</u> =====

11 Transactions with governors

There were no transactions with or for governors during the year

12 Liability of members

As the company is limited by guarantee (having no share capital) every member is liable to contribute a sum not exceeding £1 in the event of the company being wound up, in accordance with the Memorandum and Articles of Association. At 31 March 2011 there were 7 members (2010 - 6)