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I. Summary of Icelandic Patent Office Operations



Ásta Valdimarsdóttir
Director General of IPO

When prominent events of 2007 are seen in retrospect, what stands out is the Icelandic Patent Office's relocation to new premises. The agreement for acquisition of Engjateigur 3 was finalised in 2006 whereas the relocation took place in April of 2007. During the first months of the year, significant effort was placed in organising the new premises. The well-organised relocation was extremely successful. Employees accepted the disruptions and increased burden with equanimity, while everyone united to return as expeditiously as possible to a normal state. The new premises are immensely well suited; bright, spacious and well-situated in the city.

In addition to the relocation, various extensive projects were launched that will change a great deal of the organisation's operations. Principal thereof, is the institution of a quality system and an electronic filing system. Such projects require much preparation and planning. Moreover, they call for a considerable change in procedures for all personnel. It can be dilatory to introduce such a system, whereupon it is imperative that the objectives and accomplishments of the transition be clarified. The quality system and the electronic filing system are tools that will, without doubt, be greatly utilised and will be considered essential in the future.

A new organisational chart became operative in September. Three new support divisions were incorporated that will supervise finance and operations, legal and quality affairs. The support divisions service and collaborate with the professional divisions, which are comprised of the patent, accreditation, and trademark and design fields. The objective of these changes is towards increased unification within the organisation which, amongst other things, was considered desirable at the commencement of preparations concerning the incorporation of the electronic filing system and quality system.

Personnel turnover was greater this year than in previous years. Five employees, most of which had considerable experience at the organisation, tendered their resignations. In a small organisation, events such as these may prove difficult yet may also have a positive effect as revitalisation may take place and lead to new vision as well as changes towards improvement.

At an international level there were various significant occurrences, predominant of which are the preparations of the Nordic Patent Institute (NPI). Since the turn of the year, much enthusiasm has been placed in working on creating rules and project trajectories, unifying operations etc. Five employees took part in this project on our behalf, while 30 employees took part from Denmark and Norway. The collaboration was extremely successful with all loose ends being sewn up prior to the end of the year which must be considered highly commendable.

Success - necessary contracts were signed, on one hand between NPI and the World Intellectual Property Organisation and on the other between NPI and the European Patent Office. Everything was prepared prior to the opening of the organisation at the end of the year.

When the substantial increase of patent applications and the increasingly lengthening handling time of applications at predominant worldwide patent offices are kept in mind, it seems clear that a change is required. The utilisation of an international patent application in accordance to the PCT - treaty will presumably continue to increase and the importance of the PCT research establishments concomitantly. Our participation in the NPI can therefore, in my opinion, prove to be of extreme importance as time passes and will hopefully be utilised well by those Icelanders that seek international patent protection.

Reykjavik, July 2008
Ásta Valdimarsdóttir

Changes in Operations - Relocation

In the latter part of 2006, the decision was made to sell the organisations' property at Skúlagata 63 to Eykt ltd and, to purchase instead a newly refurbished property at Engjateigur 3. Thus a trade agreement was signed in the latter part of 2006.



The employees of the Icelandic Patent Office at the inauguration of Engjateigur 3.

The influence of that decision was apparent at the office during the former half of 2007. Preparations for relocation commenced at the start of the year as did the task of sorting documentation as it was packed.

The Director General and the patent department's legal counsel, together with the representative of the state's Administrative Department supervised the design and transition to the new location. Execution was in the hand of the buildings seller, while Glama-Kim Architects carried out the design. The design and accommodations were custom-built to meet the office's needs for which the building is extremely well suited, in addition, the design proved successful. The relocation took place in the latter part of April and the new premises were formally opened on April 23rd.

To mark the occasion, principal clients, contractors and tradesmen that work on the building's renovations, as well as various others that were of avail to the organizations operations, were invited to a reception at the new premises. Amongst our guests were Össur Skarphéðinsson, the Minister of Industry, and Gunnar Valur Gíslason, the managing director of Eykt ltd, as well as others.



At the inauguration of Engjateigur 3, Össur Skarphéðinsson, the Minister of Industry, Magnús Ragnarsson of Eykt ltd, Hjörleifur Þórðarsson of Ljósblík ltd and Gunnar Valur Gíslason, the managing director of Eykt ltd.

New Ministry

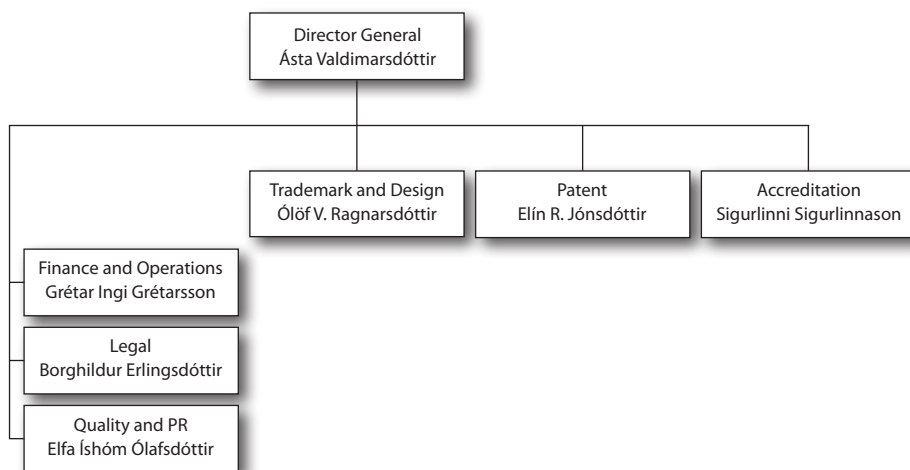
During the autumn months, effort was focused on the division of labour between the Departments of Business Affairs and Industry. It was decided that the Icelandic Patent Office should fall under the auspices of the Ministry of Business Affairs therefore; statutes were passed that pertain to those changes cf. law no. 167/2007 regarding project transference within Governmental Offices of Iceland. Included in those statutes were: revisions of patent law, no. 17/1991, design law, no. 46/2001, laws on collective marks, no. 155/2002, and municipality laws no. 45/1998. Revisions included statutes that specify the Minister of Industry or the Ministry of Industry. Trademark statutes were not changed whereas those laws specify none but “the Minister” and there was no need to change the laws regarding accreditation, which was already under the auspices of the Minister of Business Affairs.



Björgvin G. Sigurðsson, Minister of Business Affairs and Ásta Valdimarsdóttir, the Director General of IPO.

Organisational Chart

A new organisational chart became operative at the office on September 1st. There are six divisions in the new organisational chart: three professional divisions i.e. Trademark and Design, Patents and Accreditation, and three support divisions, Finance and Operation, Legal and Quality. The support divisions are designed to service the professional divisions, therefore, their operations lie transversely across the latter. The goals of these changes are, among other things, to achieve greater unification between the professional divisions regarding operational matters. The Chief Financial Officer and the IT Manager function in the Finance and Operations Division. In addition, the publication of the IPO Gazette and the webpage fall under the responsibility of the Finance and Operations Division. The Quality Division/Quality Manager serves an important function concerning tasks that are being carried out with regards to the implementation of the quality system. Such duties are also extremely important in achieving the greatest consistency between divisions.



Amendment and Regulation Changes

On January the 1st, 2008, the Nordic Patent Institute (NPI) commenced operations. Parallel to which, a new opportunity opened up for Icelandic applicants which utilizes the international patent system, to specify the NPI as an international novelty and preliminary research institute in an international application for which the Icelandic Patent Office renders receipt. Due to this, changes were made in an patent advertisement, no. 575/1991, with subsequent revisions. The revision concerned art. 3. and 37 of the advertisement.

Considerable effort was placed in the agreement that related to NPI; amongst others, the agreement on registration of privileges and sanctity for Nordic Patent Institute which was signed in October, the NPI agreement with the World Intellectual Property Organisation, and the NPI agreement with the European Patent Office which was signed in December.



The NPI conference at Kirkjubaejarklaustur, Elfa Íshólm Ólafsdóttir, IPO employee and Christina Aagaard Jensen from the Danish Patent Office.

On December 13, 2007 the framing of the revision of the European Patent Convention from November 29, 2000 became valid, (the EPC 2000). With the introduction of the EPC 2000 various changes were introduced that were both substantial and had the purpose of making the legal environment more flexible. One of the principle revisions includes clarification regarding authorisation for the procurement of patents for the use of known substances and compounds intended for the production of pharmaceuticals designed for treatment of conditions that had no known medicinal cure.

In law no. 53/2004, regarding amendments of patent law no. 17/1991 with subsequent revisions, consideration was taken to the ratifications that were approved in the European Patent Convention of 2000. The adoptions of those legal provisions were modelled on the implementation of EPC 2000. The agreement became valid on December 13, 2007 as has been disclosed.

Contractual Notice no. 1019/2007 regarding implementation of the agreements was published in the B-division of the Official Journal on November 7, 2007. Provisions of patent law no. 17/1991 in art 40 a, art 40 b, paragraph 1. art 54 and art 87 a, with subsequent revisions, came into effect on December 13, 2007.

Recently, the efforts concerning the new regulations for the European Union on accreditation and market surveillance has had its effect on the operations of the European cooperation for Accreditation (EA). The regulations will eventually strengthen accreditation in the European Economic Area and increase projects in that field.

A bill was introduced this year on structures, where provisions on accreditation may be found which also requires increased accreditation services. The bill was not addressed in legislature.

In addition to the above, amendments were made in laws concerning project transference within the Government Offices of Iceland; cf. the preceding coverage of a new ministry.



Ready for action. Part of the group that availed in the preparations in NPI.

Patents

Due to adherence to the EPO of 2004, the numbers of patent applications that come to the country have dwindled. Most parties want to utilize the European patent system and obtain protection here with European patents.

Patent applications were 114 in 2007, which is a 70% decrease in comparison with the preceding year. Thereof, 60 applications were from Icelandic parties, which is an increase from a total of 41 from the previous year. The estimate presumed the total number of applications to be within 100.

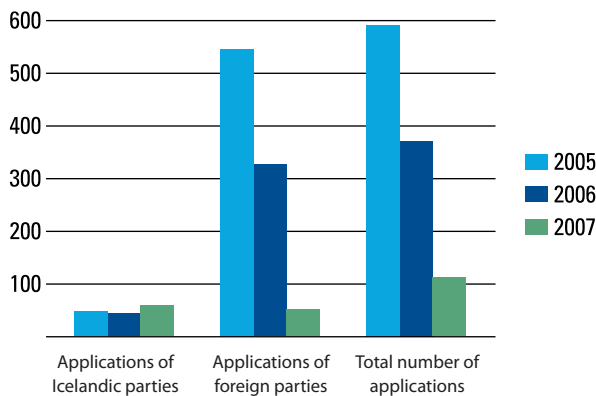
The patent office received 50 applications through the PCT-system. This is in accordance with those estimates which were made prior to Iceland's membership to the EPO.

The petition for application of European patents in Iceland were 71 total, yet are expected to rapidly increase in the coming years.

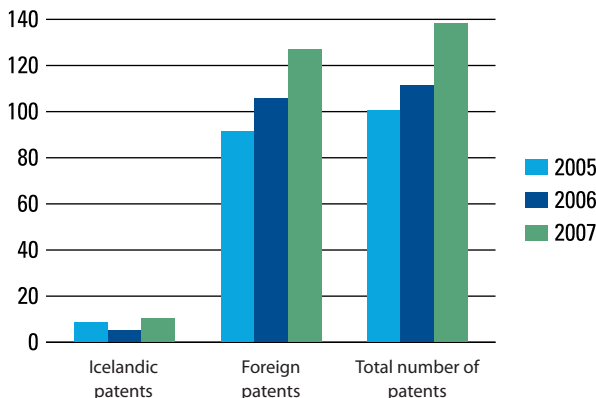
Submitted were 26 Icelandic PCT- preliminary applications, which is a similar number as last year.

Issued patents were 138 total, a number which has never been greater, of which 11 were to Icelandic parties.

Patent applications in 2005-2007



Granted patents during 2005-2007



At the end of the year, 615 patents were nationally valid, of which 74 were confirmed EP patents.

If an applicant submits a research finding or other materials which may be submitted as grounds for a decision regarding the issuing of a patent, the patent may be issued 2-3 months later.

The EP-patent is confirmed within two months after the application has been submitted along with a translation and payment.

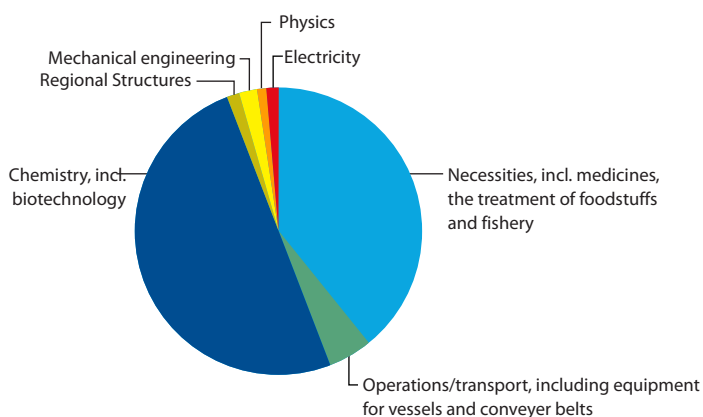
However, the procedure time is in many instances contingent on the client, whereas long continuances are granted in accordance with regulations if the application is deficient.

Decisions regarding re-establishing, in accordance with art 72 of the patent laws, were four during the year, one of which was due to postponement over the transfer of the international application and three regarding the payment of annual fees. At the end of 2007, four unattended applications for re-establishment of rights lay with the legal division. Those applications were submitted in the latter part of the year.

No oppositions were received during the year.

Internal scanning of patent documentation commenced in the summer of 2007 with the endorsement of the EPO. It is an immense task to scan all the data that accompanies each patent, which was accomplished by summer employees. In addition, one employee was hired in October for the sole purpose of scanning documents. By the end of the year, all patents for the previous 10 years had been scanned. Further information regarding internal scanning is in chapters concerning Technological and Application Matters.

Issued patents for 2007 by industry



Trademarks

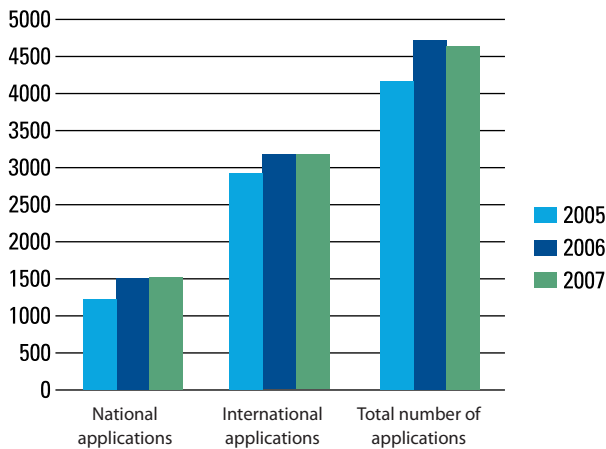
Trademark applications were a total of 4636 during 2007, or 67 applications less than the preceding year. International applications were 3170 and national applications were 1466. Thereof, 735 were from residents of Iceland, which is a 19.5% increase from 2006. This increase may in all probability be attributed to increased prosperity within the society as well as the office's increased promotional work. International applications have increased gradually since 2003 yet have decreased slightly in comparison to 2006 or approximately 0.5%. Likewise, the number of national applications in foreign ownership decreased approximately 19%. The yearly budget allowed for 4350 applications, therefore the number of applications is greater than was predetermined.

International applications from Icelandic parties were 102, which is a 7% increase from 2006, when 95 international applications were forwarded to the World Intellectual Property Organisation, WIPO.

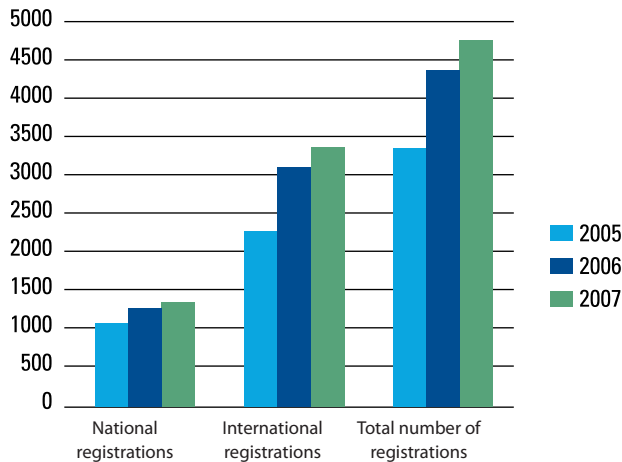
Trademark applications during 2007 were 4759, which is an 8.6% increase from the previous year when there were 4382 applications registered.

At the end of the year, 47.389 trademark registrations were valid at the Icelandic Patent Office.

Applications for trademarks in 2005-2007



Registered trademarks in 2005-2007

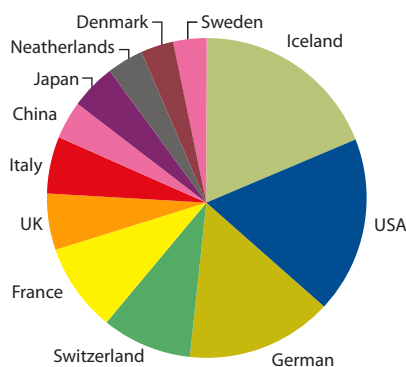


Handling of trademark applications was in accordance with set objectives. Trademarks that are eligible for registration are generally published in the IPO Gazette after a 1-2 month handling period. The time required for the legal division to respond to the applicant's reasoning, whether regarding national or international applications, is generally within a two month period.

The legal division generally delivers its findings regarding opposition requests, within two weeks from the time the request is qualified for ruling. There were 37 opposition requests during 2007, of which there were none ready for ruling at the end of the year.

Petition to the Appeal Committee of Intellectual Property Rights in the field of Industry were 15 total. In approximately 70% of appeals, the Appeal Committee confirmed the findings of the Icelandic Patent Office.

Trademark applications in 2007 by origin (more than 100 applications per country)



Design

Design applications decreased approximately 16% from the previous year. The total number of applications was 57, of which there were 24 international registrations, 15 applications from Icelanders and 18 from foreign applicants.

The budget expected 75 design applications. It was anticipated that there would be a greater number of international as well as national applications. The design applications from Icelandic applicants decreased approximately 50% from the previous year, whereas the total number of national applications has been variable during previous years.

Municipality Escutcheons

Applications for four municipality escutcheons were submitted during the year which were all registered.

Accreditation

Accreditation is an evaluation of the ability of an inspectorate, testing or certification agency to show consistency in merchandise, service or project trajectories with definite requirements.

This year the accreditation division provided accreditation test institutes for vehicles, electrical facilities, vehicle recorders, market surveillance, fishing industries, passenger lifts, vessels, playgrounds and recreational crafts. Accreditation was offered due to merchandise certification for biological products, while due to testing agencies, accreditation was offered for official mensuration, manual weighing, construction products, foodstuffs and health sectors.

A total of 45 companies were accredited with 58 accreditations in 15 areas of expertise. Most companies have accreditation in one field of expertise but at the most, 6 various fields.

Personnel Matters

There were 25 employees for the greater part of the year.

A total of eight new employees were employed during the year. Five of which entered positions left open by former employees, one was employed temporarily due to maternity leave while two new positions were created. In addition, two employees were hired to stand in during the summer.

The new positions were, on the one hand, a specialist in the accreditation division and, on the other, a temporary position to scan in patents.

Two employees went on maternity leave during the year, while one employee returned from maternity leave. The head of the legal division returned from a year's study leave.



From the relocation of the office at Engjateigur 3. From the left, Ólöf Vigdís Ragnarsdóttir, Auður Edda Sverresdóttir, Linda Björk Helgadóttir, Hanna Lilly Karlsdóttir, Fjóla Margrét Róbertsdóttir and Lára Helga Sveinsdóttir.

Continuing Education

The Icelandic Patent Office places emphasis on the ability of its employees to increase their knowledge and proficiency by utilising various types of continuing education.

Nationally, employees applied for courses in, amongst other's, quality management, record management, computers, administrative law and information law, state agency finances etc. The continued education of employees took place partially in collaboration with foreign institutions.

In the trademark and design division, two employees attended courses on the Nice-classification system, an international system for classifying trademarks, which was held under the auspices of the Swedish Patent Office in February.

The head of the Trademark and Design division attended an international trademark conference in Alicante in April.

In addition, the Icelandic Patent Office held a course in May in conjunction with WIPO on the Madrid system, an international trademark registration system. This course was attended by all employees of the Trademark and Design division.

In June, a lawyer attended a conference in Copenhagen on the value of trademarks, "The Value of Trademarks - How to Manage and Measure". A lawyer also attended a course on trademarks at the United States Patent and Trademark Office, USPTO, in December.

Employees of the patent division attended various courses during the year. Two employees attended a course on the EPTOS computer system at EPO in Holland and a researcher attended the EPOQUNEnet course in Hague.

Furthermore, two employees of the division attended PCT-courses during the autumn months, both in London and Oslo. At the same time, two employees of the patent division attended a conference held by EPO in Riga under the superscription, "EPO Patent Information Conference 2007".

All employees of the patent and legal divisions attended a customised course regarding changes in European Patent Convention, EPC 2000, which was held in August under the auspices of the epi, institute of professional representatives. Furthermore, the patent division's lawyer attended a course in April, at the EPO in Munich, on EPC 2000.

In the finance and operations division the record manager of the patent office attended a training course at the Danish Patent Office in Høje Taastrup, where various issues were reviewed concerning filing i.e. electronic filing.

Two employees that have worked on computer and software matters attended the "Online Service" conference under the auspices of EPO in Italy in November.

The head of the Quality and PR division attended a symposium at WIPO on Intellectual Property Rights and Small and Medium sized companies in the OECD states.

An employee that supervises educational and promotional matters within the office continued his participation in a series of courses, under the auspices of EPO, concerning Innovation Support. The employee attended the four courses that were held during the year, which took place in Budapest, Stockholm, Lille and Bern.

In May, the Director General and an employee from the patent division, as well as employees from the Information Centre on Patents, attended an annual conference held by the EPO regarding Information Centres and Patent Information Centres (Patlib). This year the conference was held in Seville, Spain.

During the year, a new member of staff was employed in the accreditation division and he attended an appraisal course at DANAK, the Danish Accreditation Agency, in addition to participating in an accreditation evaluation during their training at SWEDAC, the Swedish Accreditation Agency.

Finally, it can be mentioned that due to the contribution of the IPO, two Icelandic adjudicators attended a course at EPO named "IP training for national judges (basic)". The course was held in Warsaw, Poland in April.

Quality Management

During the year, effort commenced regarding the institution of a quality management system. An agreement was signed with the consulting firm Focal concerning counselling on the structure of the project and standard work procedures. In addition, acquisition was made on a web based handbook for the purpose of maintaining IPO's quality manual.

Work procedures on handling of applications, were well on its way at the end of the year as considerable effort had been placed in mapping and updating the application process. A great quantity of work descriptions and instructions was accumulated from employees, with emphasis being placed on the employees mapping their own procedures.

Work procedures regarding management and the management team were well underway by the end of the year, since the endeavour had been made to present the procedure at staff meetings as soon as it became implemented.

Technology and Software Matters

Due to various changes and new projects, it was necessary to acquire new software and equipment. The e-mail system was altered during the year, from Lotus to Outlook Exchange. These changes required, amongst other things, the adoption of a new web server.

In the latter part of the year, the Icelandic Patent Office commenced preparations to introduce a new electronic document management system for the office, namely the GoPro.net system, which is a network integrated case and document management application which builds on the .Net technology from Microsoft. Thus, four scanners were purchased due to the electronic document system. Institution commenced with vigour at the end of November. The digital document management system is the first step towards making the Icelandic Patent Office an electronic data institution.

Web Content Management System and Web Page

The Icelandic Patent Office entered into an agreement with Hugsmidjan Ltd., during the year, for a new web administration system. The agreement includes right of use to the Eplica system and the redesign of the office's webpage. The system was especially chosen in view of the add-on interface unit which is

offered in the web administration system, in addition to integration solutions which are well suited to the Icelandic Patent Office.

The objective of the new webpage is to:

- provide a better connection to the office's database in order to increase accessibility to information and enable easier searches.
- reinforce the English section of the webpage, as the office's largest customer base is from foreign companies and institutions.
- install a payment gateway where applicants and owners of registered rights can pay necessary fees with a credit card in a safe and simple way through the webpage.
- install a gateway for digital applications for trademarks, designs and patents.

The new website would provide easy access to those that utilise a specific browser due to a disability.

Electronic Document Management

An agreement was signed, at the end of the year, with Hugvit for the installation of an electronic document management system, at the same time as preparations were made to introduce the system. Concerned is the GoPro.net system which is a network integrated case and document management application which builds on the .Net technology from Microsoft. Whereas, the GoPro system operates with the Outlook Exchange e-mailing system it was, as has been mentioned, instituted at the same time at the end of the year.

The installation of an electronic document management system is the first step towards making the Icelandic Patent Office a digital data institution.

Document Scanning for the Patent Data Bases

The in-house scanning of patent documents commenced in the summer of 2007. At the start of June, an employee of EPO visited the office and launched the project, which has been instituted with the software and hardware that the EPO has submitted to the office. The objective is that storing of all patent documents becomes electronic, whereas the EPO supports the project with the aim of being able to publish all Icelandic patents in their database on the web.

Other Projects

Membership to the EPO has laid various obligations on the Icelandic Patent Office, including confirmation disclosure of national European patents and payments to the EPO for that purpose.

It had been assumed that the IPO would be able to utilise the computer system from the European Patent Office, yet whereas much delay has occurred regarding that system it was necessary to find other means. Therefore, a system was designed, by an employee of the IPO, which maintains the EP patents and accompanying information. The database, which is named EPLI, retrieves information on issued European patents where Iceland is designated in the EPO database. EPLI holds all registered information on European patents that have been confirmed nationally and where the yearly fee has been paid.

In addition to the abovementioned projects, minor improvements were made on the office's trademark file.



The IPO participated in the exhibition Tech-Know North 2007.

Educational and Promotional Services

Promotional meetings and instructions concerning the operations of the IPO were conducted with various means during the year.

In February, legal students from Bifröst University visited and attended a lecture on patents, trademarks and design.

The IPO took part in the grand exhibition Tech-Know North which was held in the Fífan Exhibition Hall in March 8-11. The exhibition showcased the technological development and knowledge industries, where over 100 parties introduced the innovations and service that is being offered in the hi-tech and IT industries. The IPO presented their operations at the exhibition, as well as the opportunities that are being offered to protect intellectual property both nationally and abroad. By participating in the exhibition the IPO, for the first time, participated in such an event, and the acceptance of the guests and exhibitors/participants was extremely positive, as over 15.000 guests frequented the showing. Participation was funded by the European Patent Office, EPO.

A ceremonious international World Intellectual Property Day was held on April 26th. This time, a breakfast meeting on intellectual property rights was offered at Saga Hotel. The lecturers were Sigríður Sigurjónsdóttir from the Iceland Academy of Arts, Tatjana Latinovic from Ossur, Snæbjörn Kristjánsson from Rannís - the Icelandic Centre for Research and, Elín R. Jónsdóttir from the Icelandic Patent Office.

A course was held in May on the Madrid system for the international registration of marks. The lecturers were Federico Guicciardini Corsi Salviati and André Ntamack from the World Intellectual Property Organisation in Geneva, WIPO. The course was held on the Patent Office premises and was attended by nearly 30 persons.

Students from the 6th grade in Foldaskóli school in Grafarvogur visited the IPO in October. Foldaskóli is a leading school with regards to innovation, whereupon the visit at IPO constituted introducing the students to the possibilities being offered in the protection of intellectual property and the gains derived from such. This is the second year in a row where students of the school visit.

Law students from Reykjavik University visited the IPO and attended a lecture on patents, trademarks and design. Master's students from the School of Law at Reykjavik University visited as well and received in-depth information on patent law. In November, graduate students from the School of Engineering at the University of Iceland visited and attended a lecture on patents.

The IPO issued two informational brochures during the year, one on patents and the other on trademarks.

Preliminary work on the new website commenced during the year. An accessible website with intensive reciprocation can make all the difference for an institution such as the Icelandic Patent Office, in order to improve service to customers and increase efficiency. These matters are elaborated on in greater detail in the chapter on Technological Issues, Web Content Management System and the Webpage.

Foreign Collaboration

Collaboration with the EPO

The most extensive efforts regard the EPO progresses at the Administrative Council, the Budget and Finance Committee and two standing committees, on one hand in regards to legalities and on the other technical details.

Meetings of the Administrative Council were held in March, June, October and December. The Director General attended the meetings accompanied by the head of the patent division or the head of the finance and operations. At the EPO Administrative Council in December, the Director General of IPO was elected onto the councils' board of directors for a three year term.

Meetings of the EPO Budget and Finance Committee were held in May and October. They were attended by the head of the finance and operations division.

Two meetings were held in the EPO Legal Committee during the year, in May and September, the former of which was attended by the lawyers of the patent division and the latter by the head of the legal division.

The EPO Technical Committee convened in March and September. An employee of the patent division attended the former meeting, while the head of the patent division attended the latter.

Whereas the EPO policy on co-operation with membership states was amended in 2006, there was a need for revision of those agreements that had been made with Iceland. In February, there was a meeting to discuss these issues in Munich, on behalf of the IPO, the Director General and an employee of the patent division attended. Amongst the issues that were revised with the new policy was the stipulation that states were now obliged to formularize a "National Action Plan", which must be taken into account in the decision process of co-operation projects. In October, a meeting was convened on such scheduling and their composition. That meeting was attended by an employee of the patent division.

An agreement regarding the integration of the EPTOS computer system was undersigned in December of 2005, yet due to difficulties regarding the development of the IPO, the integration had been delayed nationwide as elsewhere. At which point it became necessary to revise the agreement due

to new policies concerning co-operation with member states, as has been mentioned above. Two employees of the IPO attended the meeting and received instruction regarding the system.

Other European Collaborations

A meeting on the EFTA intellectual property group in Brussels convened in March and November. Lawyers from the Icelandic Patent Office attended the meeting. Discussed was, amongst other issues, the membership of ESB to the international design registration system, the policy of ESB in patent issues and a new division that was established within the ESB to ensure active strategies for combating product imitations and counterfeiting.

Part of the duties pertaining to accreditation consists of collaboration, with the objective of coordinating accreditation between countries and ensuring its quality. Participation regarding collaboration within the European co-operation for Accreditation (EA) had the same format as before. In addition to the EA general assembly, meetings were attended regarding the multilateral agreements of the accreditation division within the EA (Multilateral Agreements Committee), within the standing Inspection Committee and the Certification Committee.

Nordic Collaboration

For a number of years the Patent Offices of the Nordic countries have enjoyed excellent collaboration. During recent years the Baltic countries have been added. Twice a year the patent division convenes, as do the trademark and design divisions. The Director General's of the states convene twice a year.

The Director General's convened in Helsinki in May. There was also a meeting in Vilnius in September which the Director General of the IPO did not attend.

The Nordic Patents Workshop was held in Holmentkollen in April, where amongst the topics was the re-establishment of rights when priority rights have been lost, the yearly fee of EP-patents that have not been confirmed, the correction of application dates in addition to pre-established discussions such as innovations from each country.

The latter meeting was held in October in Taasstrup, where the EPC 2000 and its amendments were discussed, as were the ESB regulations on medications for children, and "Attorney Privileges", amongst others. The head of the patent division attended the meetings, while the head of the legal division attended the latter meeting.

The collaborative group of Nordic and Baltic countries on trademark and design convened in Reykjavik in March. The head of the division attended the meeting, together with two lawyers.

In September, the head of the trademark and design division attended a meeting that convened in Oslo. During the meeting the countries' interpretations and operations were reviewed concerning issues regarding trademark and designs. Intended changes in international agreements were also reviewed, such as the Madrid agreement regarding international registrations of trademarks and, the Geneva Agreement on international registration of design.

In April, the annual NORDA conference, on the collaboration of accreditation divisions in the Nordic and Baltic States, was held in Reykjavik. Employees of the accreditation division attended the conference.

NPI

The Nordic Patent Institute, NPI, is an international searching authority and preliminary examining authority, in accordance with provisions of the Patent Cooperation Treaty (PCT), and of which Iceland, Denmark and Norway are members. The institution commenced operations on January 1, 2008.

During 2007, considerable effort was placed in finalising all agreements, rules and work procedures in order for the NPI to commence operations in January of 2008. The institutes' organisation was in the hands of a steering group and a project steering committee in addition to five workgroups, which were comprised of employees from the patent offices of the member states.

There were several meetings during the year due to these preparations. Generally, each group convened individually, however, at the end of August, all groups convened at Kirkjubæjarklaustur. During these meetings, the objective was to harmonize the accomplishments of the groups and to fashion a policy for various issues pertaining to the execution of the agreements.

In December, the NPI signed an agreement with the European Patent Office regarding dues for international applications that are received from the NPI to the EPO. The agreement includes the stipulation that a discount is rendered to the amount of 890 Euros on application fees to the EPO, if a request has already been made for an international search report at the NPI.

In December, Niels Ravn was appointed Director General of NPI. Mr. Ravn was previously a specialist in the international division of the Danish Patent Office. He acceded to his position on January 1, 2008.



To mark the occasion of the signing of the agreement between NPI and the European Patent Office, Jørgen Smith, the Director General of the Norwegian Patent Office, Ásta Valdimarsdóttir, the Director General of IPO, Alison Brimelow, the Director General of the European Patent Office and Jesper Kongstad, the Director General of the Danish Patent Office.



To mark the occasion of the signing of the agreement between WIPO and NPI as an international novelty research institution: Jesper Kongstad, the Director General of the Danish Patent Office, Francis Gurry, the Deputy Director General of WIPO, Ásta Valdimarsdóttir, the Director General of IPO and Jørgen Smith, the Director General of the Norwegian Patent Office.

WIPO

The General Assembly of the World Intellectual Property Organization (WIPO) took place in Geneva on September 24. – October 3, 2007.

During the assembly of the Patent Cooperation Treaty (PCT) the Director General of IPO was appointed chairman for a two year term. During the assembly there was much contention as to whether the application fees for international patent applications should be raised. Two proposals had been put forth on the dues, and it was endeavoured to reach a settlement between the two. Accord could not be reached; therefore, the operating budget of WIPO could not be approved, thus ensued the convening of a special assembly at the end of March 2008.

At the General Assembly, various changes to the agreements of which Iceland is a member, were discussed. Those amendments that concern Icelandic applicants are, on one hand, changes to regulations of the PCT agreement on supplementary international search and that the applicants may petition an international searching authority to accept search that has been made on a comparable invention, if they submit, at the same time, the findings of said study. Thus it is possible in some cases to receive a discount of the international search dues. At the same time, amendments to the rate arrangement of the Geneva Agreement regarding international registrations of designs were approved.

The Director General and the heads of the legal division and patent division attended an assembly of the World Intellectual Property Organisation.

Other Projects and Events during the year

From the Drawer

During the year, the IPO took part for the second time in the project “From the Drawer”, which is a collaborative project involving the Research Service of the University of Iceland, Taeknigardur Science Building, IPO and Árnason Faktor. “From the Drawer” is a competition for the best concept that all the students and instructors of the University of Iceland and Landspítali University Hospital, as well as others affiliated with the University of Iceland, may participate in.

The award presentation for the competition “From the Drawer 2007” took place on Friday, November 26, 2007. The ceremony was held at Taeknigardur Science Building and commenced with an address from Ásta Valdimarsdóttir the Director General of the Icelandic Patent Office. The rector of the University of Iceland, Dr. Kristín Ingólfsdóttir, presented certificates of recognition to the creators of three proposals. After that, Dr. Jóhann P. Malmquist, from the group of winners, delivered an address.

First prize was awarded to Dr. Halldór Þormar and Hilmar Hilmarsson B.Sc for their proposal concerning the utilization of the fatty acid monocaprin to deal with bacterial contamination in poultry raising. Monocaprin is a natural acid that kills several bacteria types, including *Camphylobacter*. This type of bacteria is a seasonal problem in Iceland, but a big problem in Europe. In addition, there are considerable possibilities in blending monocaprin in cleansers, especially for use in the foodstuffs sector.

Dr. Sveinbjörn Gizurarson received second prize for a proposal for the excipient “mpeg”. This is a polymer which may be used as a excipient to convey various pharmaceuticals through the mucous membrane, e.g. in the nasal cavity. Medication by these means is quick and effective compared with e.g. dosage by ingestion. In addition, it is possible to control the dosage quantity better than by ingesting through the digestive tract. The inventor has submitted a patent application for the invention and has, with the participation of the University of Iceland, made an agreement with a firm from the United States regarding the utilisation of the polymer.

Third prize was received by Dr. Jóhann P. Malmquist and Guðmundur F. Jónasson B.Sc for their proposal for an interactive guitar tuner with a cell phone. The cell phone is used to execute a program, either by the phone itself or by calling a number that boots the program. A tone from each string is then analysed and compared with the standardised tone. In this manner it is also possible to un-tune the guitar in definite stages, either higher or lower than would be normal.



The prize winners together with the rector of the University of Iceland, Dr. Kristín Ingólfsdóttir

ISNIC

The Icelandic Patent Office convened with ISNIC regarding registration of domains and trademarks during the year. Following the meeting, it was decided to add information to the Icelandic Patent Office's website and ISNIC on the legal effectiveness of the domain's registration and trademarks and what should be regarded in its tending.

II. Performance Review

The Objective of the Annual Estimate

According to the budgetary bill for the year 2007, the income of the IPO was estimated at 133.9 mkr. It was assumed that 122.3 mkr. would be collected by revenue while 11.6 mkr would come from the state treasury due to accreditation.

However, in the approved budgetary estimate for the year it was projected that expenses would be approximately 189 mkr. and profits 172.4 mkr. It was allowed that the variance between profits and expenses, 16.6 mkr., would be met by exploiting the capital.

Annual accounts

Income during the year was 170 mkr. which is 2 mkr less than what was estimated in the budget and a 9% decrease from 2006. Income from permit fees was 160.8 mkr and separate earnings were 9.3 mkr. Separate earnings are mostly due to reimbursed travel expenses and refunded projects in collaboration with the European Patent Office.

The state contribution for accreditation during the year was 12.9 mkr.

Expenditures amount to 209.6 mkr. which is an 20.6 mkr. increase from what was estimated in the budget. Labour expenditures amounted to approximately 139 mkr., other operational expenditures were approximately 64.1 mkr. and asset acquisition was 6.5 mkr.

Expenditures were 26.6 mkr. in excess of income during the year.

Comparison and disclosure of principal variations

When estimates and actual figures are compared, the income is slightly lower than was previously presumed; however, the expenditures are considerably higher than estimated.

The outcome for the year 2007 is that negative difference between income and expenditures amounts to 26.6 mkr. It was estimated in the budget that the operating result would be negative about 16.6 mkr. and thus the capital would need to be utilized.

Variations in income are only 2 mkr. Such divergence is clarified mostly by the fact that considerably fewer EP patents were issued nationally than was previously estimated.

Variations concerning expenditures are clarified principally by the increase in labour costs during the year. There were quite a few changes in staff and the departing employees spent much time instructing the new employees, which involves increased expenses.

Expenses due to contracted services were, at the same time, considerably higher than was estimated which, e.g. brought about an increase in rental fees due to acquired software during the year. Government expenditures due to the acquisition of housing, such as registration fees, were not specified in the budget.