

NEWSLETTER

Mewburn Ellis's Review of Recent Developments in European IP Law

Issue 4 August 2002

Welcome to the fourth issue of *Mewsletter*, in which we present a review of some of the issues and developments that have been making the news in UK and European Intellectual Property over the last six months. Many of the topics mentioned here are dealt with in much greater detail in our information sheets, and some of these are listed on the back page. Alternatively, if you require more information on a specific topic of interest, please get in touch with your regular Mewburn Ellis contact.

Disclaimers And Decision T323/97

Even before the EPO opened, it was well recognised that a negative limitation in a claim might give novelty yet fail to give inventive step. The classic example is a claim to a composition with a proviso excluding an example found in a prior document. The claim is considered obvious because it still covers compositions which are very close to the example in the prior document.

Article 54(3) of the European Patent Convention provides that an unpublished application of earlier priority date is taken into account for novelty but not inventive step (provided it is published eventually, of course). Consequently there are occasions when an amendment which only gives novelty is all that is required.

Some years ago, Technical Boards of Appeal of the EPO began to permit amendment of patent claims by the addition of a negative limitation (a so-called disclaimer) using words which had no basis in the application itself but instead were copied from a prior document. Quite rapidly, it became easy to

overcome a document cited under Article 54(3) by adding a disclaiming proviso to exclude the subject matter of the citation. It was generally considered that the wording of the disclaimer must be copied from the prior document.

The practice of amending a European application by adding a disclaiming proviso with wording copied from a prior document was something entirely based on case law. Yet that case law seemed not to answer some of the fundamental questions about how the practice worked.

Article 123(2) prohibits addition of subject matter to a European application after it has been filed. How then was it possible to add a disclaiming proviso by means of an amendment which was never based on the application itself but used language copied from an earlier prior document? Why did the wording have to be closely based on the prior document if Article 123(2) was being by-passed?

Secondly, could there be
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LONDON
York House
23 Kingsway
London WC2B 6HP
Tel +44 (0)20 7240 4405
Fax +44 (0)20 7240 9339
Fax +44 (0)20 7240 0652

BRISTOL
No. 1 Redcliff Street
Bristol
BS1 6NP
Tel 0117 926 6411
Fax 0117 926 5692

CAMBRIDGE
122 Cambridge Science Park
Milton Road
Cambridge CB4 0GG
Tel 01223 420383
Fax 01223 423792

MANCHESTER
Brazennose House East
Lincoln Square
Manchester M2 5BP
Tel 0161 834 0201
Fax 0161 834 6758

NEWCASTLE
41 Grainger Street
Newcastle upon Tyne
NE1 5JE
Tel 0191 232 8685
Fax 0191 222 0126

Disclaimers And Decision T323/97 (cont.)

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circumstances in which it would be possible to add a disclaiming proviso to overcome a published prior disclosure and achieve both novelty and inventive step? One influential text book said this could never be allowed. On the other hand, a few decided cases had allowed a disclaiming proviso to overcome a published prior disclosure because it was dismissed as “accidental” and therefore not taken into account for inventive step. One or two obscure appeal decisions seemed to say that an inventive step could be found after a disclaiming amendment.

These issues came before Technical Board of Appeal 3.3.6 with a rather unusual set of circumstances. The patent claim referred to a protective coating. Published prior documents disclosed a protective coating made of borate and taught that no other salt could be used for the same purpose. The claim amendment in front of the Board added a disclaiming proviso based on the prior documents requiring that the coating was not borate.

This was a qualitative amendment (a salt either is a borate or it is not). It was argued that it gave inventive step because the prior documents explicitly taught away from anything other than the salts which were excluded by the disclaimer. Therefore these documents could not make obvious anything outside the disclaimer.

The written Decision of the Board of Appeal was published in December. In deciding against these arguments the Board did some lateral thinking, starting from an enlarged Board

decision G2/98 concerned with priority claims.

The view, based on G2/98, is that any limitation in the patent claim must always be taken as a feature of the invention (a “technical limitation”) for the sake of legal certainty. Therefore it must have basis in the original disclosure according to Article 123(2). That leaves no scope for a distinction from prior art by means of a disclaimer whose wording is based only on the prior document.

The Board chose not to rely on a line of prior cases which held that a disclaimer could be used to give novelty, provided it was not then relied on to give an inventive step. They noted that earlier cases failed to explain how a disclaimer could be permitted under Article 123(2).

The Board also considered Enlarged Board decision G1/93 which held that an amendment which merely excluded part of the monopoly did not need to comply with Article 123(2). The Board declined to apply that decision, taking the view that any amendment which was relied on for an inventive step argument could never be a mere waiver of protection.

If this decision T323/97 is followed, a disclaiming amendment intended to overcome a published prior document will never be allowable.

However, the decision does not appear to distinguish between disclaiming amendment to overcome a published prior document and disclaiming amendment to overcome the novelty-destroying effect of an unpublished document. When

the decision first appeared it was accompanied by a headnote (since withdrawn) which contained an unqualified statement that disclaimers were not now allowable.

The EPO received vociferous protest that this decision overturns established practice and thereby threatens the validity of many granted patents. For a time it appeared that examiners would rely on this decision to refuse any and every disclaiming amendment. The President of the EPO was asked to refer the issue to the Enlarged Board, but has preferred to wait and see how further case law develops.

How might case law develop? There seems to be a choice between:

- ◇ all limitations in a claim must comply with Article 123(2) so that it will no longer be possible to disclaim even an unpublished co-pending application;
- ◇ disclaimers of unpublished co-pending applications will remain as a special exception which is allowed as a waiver of monopoly protection but must be ignored when considering published prior art.

The second option would preserve most of the existing practice. However, there is an inherent difficulty with it. If Article 123 (2) does not apply, there is nothing to control the form of words added as a disclaimer. As a result the abolition of disclaimers with wording based only on a prior document may be the ultimate logical outcome.

Forty Years On - David Harrison

I retire as a partner on 1st October 2002, though I will continue to work as a consultant to the firm. This will be after forty years here, thirty-four of them as a partner, and a little retrospection is in order in the shape of a short review on the really extraordinary changes that have occurred in most branches of IP during that time.

In 1962, all patent procedures were conducted nationally and prosecution would run on and on. It was not uncommon to get five or six actions on a US or German application. It was reckoned to be virtually impossible to get a Dutch patent because of the rigour of their examination. There was no 18-month publication of applications, and to find out what was going on you usually would search (manually of course) for a Belgian patent - this being the first to be granted and published as there was no examination there.

But things were already under strain due to the enormous duplication of effort involved, and the first recognition of this was the introduction of deferred examination in Holland, followed very soon afterwards by Germany. More significantly, work was already in hand on the European Patent Convention. This was signed on 5th October 1973 and this, together with its implementation in mid-1978, was a truly revolutionary step. For the first time, nations were prepared to have a patent effective in their territory granted for them by an international organisation: the EPO. It also implied harmonisation of the patent laws of the member countries, at least as far as patentability was concerned.

With this, and the introduction of the PCT, the nature of our work changed radically and the outlook of practitioners had to follow suit. No longer could we think primarily of the situation at home; no longer were other countries mysterious and "over there". Instead we were commonly operating on a Europe-wide or even world-wide basis, at least as far as application, grant and substantive law were concerned.

There were plans to take things even further in Europe; for a Community Patent which would be unitary for the whole of the Community (now the EU), and which would also unify the substantive law of infringement and the regulation of litigation. This was held up, and indeed is still being held up many years later, by a few intractable problems concerning language and the details of the litigation regime. We are now told that these will be resolved by the end of 2002. We shall see....

WIPO has also proposed that the PCT could go even further - creating a "World Patent". However, anything this ambitious would not be feasible unless and until the US and the rest of the world reconcile their differences over "first-to-file" versus "first-to-invent"; but my junior partners may still be around when it happens.

In trade marks too we have had parallel developments. Indeed, in some ways these changes have been even more dramatic than those affecting patents, since in the cause of harmony the common-law view of the need for rigid and extensive examination to ensure "purity of the register" has been largely

abandoned in favour of the continental/civil code approach of virtually unregulated registration.

The Madrid Agreement and the Madrid Protocol represent moves towards the avoidance of duplication on a potentially world-wide basis; but the Community Trade Mark Regulation in 1996 offered the first major unitary and supra-national registration system, with a legal framework just about totally unrecognisable to anyone brought up on UK and similar common-law legislation. But it works, and it has transformed the outlook, and type of work, of trade mark practitioners. Instead of lengthy debates with Registry officials on usually rather petty points of procedure or precedent, we are now largely concerned with litigation or negotiation to resolve differences between owners of rights.

I have hardly had time to mention the complexities about the relation of copyright to industrial design; the new unregistered design right concept; an EU regime for the unitary registration of designs (starting next year); the massive development of competition law as it affects patents, trade marks and similar rights I will not be so brave (or foolish) as to even guess what will happen in these fields in the next forty years.

The expression "May you live in interesting times" is a curse in China. I have certainly had "interesting times", but I would not have missed them.

Post *BABY-DRY*

UK Registry practice on descriptive marks

In the last edition of this *Mewsletter*, we reported the decision of the European Court of Justice in *BABY-DRY*, which was issued in September 2001. The decision to allow the registration of this mark in respect of *inter alia* nappies caused a stir in the trade mark world because it seemed to open the door for the registration of previously unregistrable, descriptive marks. Some of you have already asked us what effect the decision has had on practice in the UK Registry and so, nearly one year on from *BABY-DRY*, we shall take a look at some recent decisions.

Overall, it would seem that the UK Registry has not embraced the liberal approach taken in *BABY-DRY* whole-heartedly, and the dramatic change in practice which the case seemed to herald has not been felt as widely as at first predicted. None of the following marks has been accepted by the Registry, despite a hearing having

been held in each case (Only the most relevant goods/services covered are listed):

HAVANA for smoking-related goods; FRESH & GENTLE DRY CLEANING for laundry cleaning products; TOOLS & MIDDLEWARE for software and electrical goods; PERSONAL for audio equipment; SMARTLIFT for lifts; SURFUNLIMITED and SURF UNLIMITED for internet services; flame device (coloured orange and yellow) for firelighters and matches; CO-OPERATIVE for wide range of goods, and MUSIC CLIP for audio players.

In FRESH & GENTLE, the Hearing Officer said that even if *BABY-DRY* had been decided when he first took the decision to refuse the mark, this case "would not have caused him to come to a different conclusion".

Higher up in the Registry, the following were also refused after appeal: BAGS OF STYLE for various haircare goods; WHERE ALL YOUR FAVOURITES COME

TOGETHER for confectionery; CYCLING IS... for clothing and advertising services related to cycling; and a 3D mark (cylindrical green/white washing powder tablet) for cleaning products.

However, while the overall trend of Registry practice seems to remain conservative in relation to the acceptance of descriptive marks, increased flexibility has been shown on some occasions. The recent acceptance of the following marks suggests that some trade mark Examiners may be more willing to follow *BABY-DRY* than others, and reveals inconsistencies in the Registry's current approach:

SAFECOAT for anti-rust preparations; VITAL for a range of consumer goods; PERFORMANCE POWER for power tools; MEGAFRESH for food products; e-VALUE for accommodation services; IF IT ROLLS... WE CAN MOVE IT! for devices for moving industrial loads; and TOTALSTORAGE SOLUTIONS for consultation services in the field of data storage.

Practice Review

UK Trade Mark Registry Practice Changes

In the light of the judgement of the European Court of Justice in the *BABY-DRY* case, the UK Registrar claims to be reviewing some aspects of its practice. However, as with the decisions reviewed opposite, much of this appears to be little more than restating of previous policy.

Misspellings

The Registry has amended its practice concerning deliberately misspelt words. The new practice considers that the more obviously a word is misspelt, the more likely an average consumer will perceive it as being a trade mark, therefore it

may now be registrable, e.g. KA for cars. However, words that are commonly altered in the course of trade such as XTRA and non-standard words such as CUPPA will still be objectionable.

The Registry has now explicitly stated that text messaging abbreviations will be objectionable if the equivalent unabbreviated word would be regarded as objectionable.

Descriptive words with additional matter and Slogans

There is little discernable change in either of these areas from the test previously applied by both the Registry and Courts.

Use of a device element with a generic or laudatory term will continue to be acceptable providing the device element adds distinctive character, although the more generic a word is perceived to be, the greater the likelihood that any device elements will be unable to provide trade mark character.

Slogans will remain objectionable if they consist of a combination of words that an average English speaking consumer would consider a normal way of referring to or describing the goods or services, or if the phrase would be commonly used in advertising. Generic slogans such as PUTTING CUSTOMER FIRST which could be applied to any form of business will also continue to be unacceptable.

Trade Marks

Clarification of the UK Registry's position when dealing with applications in the "new" classes 43, 44 and 45

With respect to the "new" classes 43, 44 and 45, the headings of classes 43 and 44 will be acceptable in specifications, but the wording of class 45 is considered to be too broad with regard to "personal and social services rendered by others to meet the needs of individuals". Applications containing the shortened terms "personal services" or "social services" will also be objectionable.

Practice regarding the other classes will continue as before, therefore applications which use the class headings outlined in the 8th edition of the International Classification should, on the whole, be acceptable.

BABY-DRY Revisited

Another key decision of the ECJ is now keenly awaited which may clarify the position. The Advocate-General has recently issued a preliminary opinion on the registrability of the mark COMPANYLINE. The AG has recommended the refusal of the

mark for insurance and financial services, finding that "the simple juxtaposition of two commonplace terms" has not created a distinctive mark in this case.

If the full court of the ECJ agrees with this conclusion, it could signal a return to a less liberal approach to registering descriptive marks for all European trade mark offices. One wonders if this is the result which the UK Registry have in fact been anticipating in maintaining, in most instances, a higher threshold for distinctiveness that BABY-DRY had invited them to apply?

General

Draft Pre-Action Protocols for Intellectual Property

Since their introduction in 1999, the reforms to English civil law procedures as prepared by Lord Woolf have attempted to simplify and streamline the various stages of the litigation procedure. This process of change continues with the publication of draft pre-action protocols covering claims for Patent and Registered Design infringement; Registered Trade Mark infringement, "passing-off" (where no Registered Trade Mark is at issue), breach of confidence and Copyright and Unregistered Design infringement. The pre-action protocols set a code of good practice which parties should follow when litigation is being considered.

The proposed protocols, if adopted, are aimed at encouraging parties to an Intellectual Property dispute to provide as much information as possible to one another at the earlier stages of that dispute and before the matter comes before the Courts. The protocols are designed so as to allow the parties to the dispute to have access to enough information to enable them to determine whether proceedings can be avoided and, if not, to ensure that the parties understand the issues sufficiently.

If a claim does proceed to litigation, the court will take into account the extent to which the protocol has been followed, both in practice and in spirit. This is likely to be particularly relevant when it comes to deciding whether, and to what extent, remedies over which the court has discretion (such as injunctions and costs) should be awarded. For example, it seems unlikely that a winning party who has clearly ignored the protocol without good reason will be entitled to a normal award of costs.

In line with the spirit of Lord Woolf's reforms which, amongst other things, sought to simplify the often arcane language of legal proceedings into "plain English", the draft protocols suggest that the old style letter before action (the "cease and desist" letter) should become known simply as the "letter of claim". The defendant's written reply will be known as the "letter of response".

The protocols propose that the letter of claim should include *full* particulars of the rights, both registered and unregistered, upon which the "claimant" (formerly known as the "plaintiff") is relying. The letter

of claim should provide, amongst other things, sufficient detail so that the defendant can readily identify the nature and extent of the claim, the nature of the activities complained of, the damage caused or likely to be caused to the claimant's business and the remedies sought as a consequence. The letter in response should, amongst other things, state whether or to what extent the claim is accepted or rejected and any defences relied upon.

It is however recognised that there may be circumstances where parties for potential action consider that departure from the protocol is justified including, for example, where urgent action such as an injunction is required and where the "full and frank disclosure" envisaged by the draft protocols could obviously delay or prejudice a party's case.

One of the objects of the Woolf reforms was to encourage parties to treat litigation as a last resort, and these protocols are intended to represent another step along that path.

Changes for International (PCT) Applications

Extension of PCT Chapter I to 30 months

As of 1st April 2002, WIPO extended the deadline for entry into the national/regional phase to, at the earliest, 30 months from the first priority date, regardless of whether the applicant has filed a Demand for International Preliminary Examination (IPE). Both UKPO and EPO have amended their rules to implement this change.

According to WIPO, there are still 21 countries who have indicated that they have yet to bring their national law into agreement, but once these countries have made the necessary provisions, IPE will effectively become voluntary.

With not all countries applying this change yet, there are now a number of different deadlines to be met at the end of Chapter I. Please ask your usual Mewburn Ellis contact for more details.

Optional Computerised IPE at the EPO

Since January 2002, the EPO has been operating a two-tier IPE system. For applications where no amendments have been filed during the international phase, and the applicant has not specifically requested "detailed examination", a computer generated written opinion or IPE report is issued based on the International Search. Two-thirds of the IPE fee will be refunded, but no reduction will be given on the Examination fee on entry to the European regional phase.

In all other cases, a written opinion and IPE report will be issued by an Examiner as usual and the normal fees will apply.

EPO's competence in Searching and/or Examining certain PCT applications

The EPO has stated that it will not carry out an International Search on any PCT application filed after 1st March 2002 at the USPTO or International Bureau (IB) by a US national or resident where the application contains any claims relating to the field of **biotechnology** or **business methods**.

The EPO has also stated that, in cases where the demand is filed with the EPO after 1st March 2002, it will not carry out an International Preliminary Examination on any PCT application filed at the USPTO or IB by a US national or resident where the application contains any claims relating to **biotechnology, business methods or telecommunications**.

In both cases the application will be passed to the USPTO for search and/or examination.

Where there are multiple applicants, and the application is filed with the IB, the above conditions apply where at least one is a US national or resident, and none are nationals or residents of EPC states.

In addition, the EPO has also stated that it will not carry out an International Search on **any** application "to the extent that its subject matter relates to no more than a method of doing business, in the absence of any apparent technical character".

The EPO hopes that all these changes will result in a significant reduction in the workload on Examiners due to PCT applications, thus allowing more time to be devoted to examination on European patents and hopefully reducing the backlog.

EPC Revision

Following the revision of the EPC at the Diplomatic Conference in 2000, a consultation draft of the new Implementing Regulations (Rules) to accompany these changes has recently been issued. Whilst these rules are still very much at a draft stage, some interesting possibilities have been raised already. The new provision for central post-grant amendment is clearly intended to be dealt with on a purely formal basis. There is also a suggestion that applications could be filed in the language of any contracting state, provided a translation into an official language is supplied at a later date.

The emergence of these draft Rules indicates that the revisions to the EPC agreed in 2000 should become effective in the not too distant future.

Changes to EU Design Laws

A reminder that the parallel provisions of both the EU Designs Directive (harmonising law across member states) and the EU Designs Regulation (providing Community-wide rights) are now in force in the UK.

Directive

The Directive has introduced a number of new concepts into UK law, including the provision of a 12 month grace period and a change to universal novelty.

Regulation

The main effect so far of the Regulation has been to introduce a new Unregistered Community Design Right as of 6th March 2002. As the name suggests, this right comes into effect automatically without the need for

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Don't Forget

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registration. Community-wide protection against copying of a design is made available for three years from the date on which a new design is made available to the public. Many of the substantive provisions for such a right to exist (novelty, individual character, etc.) are defined in the same way as in the Directive.

This new right also runs in parallel to, not instead of, the existing UK Unregistered Design Right and the two rights differ in some important respects.

The Regulation also provides for Registered Community Designs, which will be administered by OHIM, the same office responsible for the Community Trade Mark. Draft implementing regulations have now been published and it is expected that the first applications will be accepted in early 2003.

More information on the effect of these changes to Design Law, and comparisons between the different forms of protection available, can be obtained from our website, or from your regular contact.

New EPC States

On 1st July 2002, the Slovak Republic (SK), Bulgaria (BG), the Czech Republic (CZ) and Estonia (EE) became contracting states to the EPC. European applications filed from this date can now designate these states. New PCT applications filed from this date can also designate these states under a European Patent application. Applications under either route designating "all states" will include this option. However, it will not be possible to designate the new states in regional processing of PCT applications originally filed before this date.

Outcome Of Opposition Proceedings

The EPO has just announced that it will in future record on the public file and in the Register the basic outcome of all opposition proceedings (e.g. Maintained, Maintained in Amended Form or Revoked) **the day after the decision is taken**. Previously third parties have had to wait for several months before the outcome was made public in the full written decision.

European Patent Convention (EPC) Contracting States

Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Ireland
Italy
Liechtenstein
Luxembourg
Monaco
Netherlands
Portugal
Slovak Republic
Spain
Sweden
Switzerland
Turkey
United Kingdom

EPC Extension Countries

Albania Macedonia
Latvia Romania
Lithuania Slovenia

In-House News

Training

Our commitment to training remains strong, and since the last *Mewsletter* Rachel Cochlin has qualified as a UK Patent Attorney. We have also taken on two new patent associates in the last six months.

As the firm continues to expand, this autumn will see both our Manchester and Cambridge offices move to new, bigger premises. Clients of those offices will be contacted closer to the dates concerned with further details regarding the moves.

Office Moves

The new Manchester office will be at Bridgewater House, Whitworth Street, a short distance from our current location, and still very central.

The Cambridge office will be moving from the Cambridge Science Park across the road to the Business Park at Newnham House.

Information Sheets Produced By Mewburn Ellis

General

- ◇ Intellectual Property Portfolio Management
- ◇ Introduction to Licensing Intellectual Property
- ◇ Joint Applicants or Co-owners of Intellectual Property
- ◇ Recording Changes of Proprietor
- ◇ UK Stamp Duty on Documents Executed on or after 16 March 1999 and before 28 March 2000

Patents

- ◇ What is a Patent?
- ◇ Patents: Inventorship and Ownership
- ◇ What is a European Patent?
- ◇ European Patent Applications - Grant Procedure
- ◇ European Patents: Amendments to the European Patent Convention
- ◇ What is a PCT Application?
- ◇ Patent Watching Searches
- ◇ Patents in European (EU) Countries - Supplementary Protection Certificates (SPC's)
- ◇ UK Patents - Licences of Right
- ◇ USA Patent Applications - The Importance of Keeping Notebooks to Prove a Date of Invention in the USA

Trade Marks

- ◇ Trade Marks
- ◇ European Community Trade Mark (CTM)
- ◇ European Community Trade Mark (CTM): Opposition Proceedings
- ◇ Trade Marks: Madrid Protocol
- ◇ Trade Marks: Madrid Protocol - International Registrations - Procedure after Registration by WIPO
- ◇ Trade Marks - the Internet and Domain Names
- ◇ Retail Services in the UK & Community Trade Mark Offices

Designs

- ◇ UK Registered Designs
- ◇ EU Registered Designs
- ◇ UK & EU Unregistered Design Right
- ◇ Changes to UK Registered Design Law

This is just a selection of our information sheets. These and others can be found on our website, or obtained from your usual Mewburn Ellis contact.

Community Trade Mark (CTM) Countries

Austria	Italy
Belgium	Luxembourg
Denmark	Netherlands
Finland	Portugal
France	Spain
Germany	Sweden
Greece	United Kingdom
Ireland	

EPO Holiday Dates 2002

15th August	(Assumption Day)
3rd October	(German Unity Day)
1st November	(All Saints' Day)
24th December	(Christmas Eve)
25th December	(Christmas Day)
26th December	(Boxing Day)
31st December	(New Year's Eve)

OHIM Holiday Dates 2002

15th August	(Assumption Day)
1st November	(All Saints)
6th December	(Spanish Constitution Day)
24th to 31st December	(Christmas and end of year)

Website Addresses

UK Patent Office:	www.patent.gov.uk
EPO:	www.european-patent-office.org
World Intellectual Property Organisation (WIPO):	www.wipo.org
OHIM	www.oami.eu.int
Mewburn Ellis:	www.mewburn.com

The information in this newsletter is simplified and must not be taken as a definitive statement of the law or practice. If you would like any more information, please ask your usual Mewburn Ellis contact, or e-mail us at: newsletter@mewburn.com.