

NEWSLETTER

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

Issue 3 February 2002

Welcome to our third *Mewsletter*. Included are items of Intellectual Property news that we hope will interest and be of value to you, as well as a little information about Mewburn Ellis and our people. If you have any comments on *Mewsletter*, or suggestions about any topics that you would like addressed in future issues, please let us know and we will do our best to incorporate them. We also produce information sheets on many subjects relating to Intellectual Property - see back page for a list, or find them on our website at www.mewburn.com.

PRIORITY DECISION G2/98

On 31st May 2001, the Enlarged Board of Appeal (EB) issued an opinion clarifying the requirements for claiming priority in a European patent application (EPA) from a previous application.

Art 87(1) EPC indicates that the right of priority applies when the EPA is "in respect of the same invention" as the previous application. This "same invention" requirement has been interpreted in different ways by Appeal Boards. For example, in the "Snackfood" decision (T73/88), priority was acknowledged for a claim containing a limitation that was not disclosed in the previous application, on the basis that the limitation was not related to the function and effect, and hence to the character and nature, of the invention.

The inconsistency between various boards of appeal led to the referral of the issue of "same invention" to the EB.

The EB has now indicated that the requirement is met for a claim in the EPA "only if the skilled person can derive the

subject-matter of the claim **directly and unambiguously**, using common general knowledge, from the previous application as a whole".

This test is very similar to the test the EPO uses for assessing whether an amendment to an EPA contravenes Art 123(2), by causing the application to contain subject-matter which extends beyond the content of the application as filed.

From this, it is to be expected that the EPO will acknowledge that a claim of an EPA is entitled to the priority of a previous application only if the *specific combination of features present in the claim* can be derived (explicitly or implicitly) from the previous application, whether or not those features are related to the function and effect of the invention.

When preparing a European or PCT application which is to claim priority from a previous application, we therefore recommend great care be taken in deleting or amending any feature in the priority application.

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THE EPO ANNUAL REPORT 2000

The annual report of the EPO for the year 2000 revealed, unsurprisingly, that backlogs in examination have increased again at the EPO. A number of factors were responsible.

The number of new applications filed directly at the EPO, combined with the number of PCT (international) applications entering the European regional phase, increased by 13% compared to 1999.

Also increased were the number of requests for examination, up by 17% on 1999. Approximately one third of these were demands for International Preliminary Examination (IPE) of PCT applications. Because of the strict deadlines for producing

examination reports under the PCT, the EPO has been prioritising these requests at the expense of direct filings. Industrial action by the EPO examiners further exacerbated the backlog.

Overall, the result of the increase in work and the industrial action was that the number of grants fell for the sixth year running, and the backlog of cases still under examination rose by 33%. Thus the average time for grant of a European patent continues to increase. The EPO's statistics show that 50% of the applications which were granted in 2000 were granted within 49 months from the application date, and 50% of first examination reports were sent out within 29 months of

the application date.

To address these problems, the EPO is currently engaged in a recruitment drive for more examiners, and also hopes that online filings will streamline procedures and increase efficiency - the first online filing at the EPO was made on 8th December 2000. It will also restrict the number of PCT searches and IPEs performed for non-European applicants, and it is also hoped that forthcoming changes in PCT procedure (see the article on page 6 of this issue) should reduce the number of PCT applications requiring IPE, allowing the EPO to concentrate on clearing at least some of the backlog.

BUSINESS METHOD PATENTS

In our last *Mewsletter*, we reported that the number of business method type applications filed at the EPO was rising, with applicants hoping that the law barring patenting of business methods would change during prosecution.

In September 2001, the EPO issued a statement to the International Bureau relating to methods of doing business. The statement said:

"It has become apparent in recent months that an ever increasing number of international applications for

which the EPO is to act as International Searching Authority relate primarily to methods of doing business and commonplace features relating to their technological implementation.

"For the avoidance of doubt, the EPO wishes to remind applicants that ... it will not carry out an international search on an 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 effect."

This will have consequences

for the subsequent international procedure before the EPO as the International Preliminary Examining Authority (IPEA), because claims relating to inventions for which no international search report has been established need not be the subject of international preliminary examination.

Therefore, there seems little point in requesting international preliminary examination before the EPO as IPEA for an application that relates to a business method.

BABY-DRY DECISION

The world of trade marks has been rocked by the first decision of the European Court of Justice (ECJ) which directly concerns a Community Trade Mark. In a move that departs dramatically from the European Community Trade Mark Office (OHIM) practice, the ECJ has ruled that the mark **BABY-DRY** is a distinctive trade mark for nappies and therefore registrable.

The application filed by Procter & Gamble was initially refused by the OHIM Examination Division on the grounds that it was non-distinctive for nappies, being a "necessary and direct indication of the expected result of using the product". The OHIM Board of Appeal agreed, and refused to consider the applicant's request for consideration of evidence that the mark had acquired a distinctive character through use.

P&G appealed the ECJ on the issue of distinctiveness. In September 2001 the ECJ issued a decision which heralds a significant lowering of the threshold of distinctiveness previously applied by OHIM and national Offices. The Court found that the word combination BABY-DRY was a "syntactically unusual juxtaposition" which amounted to a "lexical invention" in the English language, because it was not a normal way to refer to nappies or to describe their essential characteristics. On this basis the Court found that *"any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the*

word combination enabling it to be registered as a trade mark".

This phrase is likely to be seized upon by attorneys throughout Europe struggling to overcome distinctiveness objections, and its effect on OHIM and national Offices has begun to be felt. A hearing officer from the UK Registry recently reported that UK practice is already changing to reflect the decision. The indications are that this decision will greatly assist weak, descriptive marks to obtain a Community trade mark registration which would otherwise have eluded them, although it will be some time before we will know how dramatically the threshold of distinctiveness at the UK Registry will be affected in the long term.

I MARKS

In the last issue of *Mewsletter* we reported that the UK Registry would not consider the addition of an "e-" or "m-" prefix to cure the lack of distinctiveness in an otherwise acceptable mark. They have now issued guidelines to the same effect on marks prefixed with the letter "i" because it has become a generic abbreviation for the Internet. Thus, objections would be raised against applications for I-TUTOR for training services

and I-MAGAZINE for printed or electronic publications because these could be offered over the Internet and are therefore purely descriptive marks.

However, the Registry will consider the context of the goods or services claimed in each case, and not all i-prefixed marks will be refused registration. For instance, an application for the mark I-CAREER may be registered for employment agency

services, as the phrase "Internet Career" does not amount to a description of the services claimed.

If an i-prefixed mark is of interest, it will be necessary to consider how the objection could apply to the specification of goods and services, although given that a vast number of companies are already using this prefix, it may be advisable to choose a more memorable mark at the outset.

EU DESIGNS DIRECTIVE

The statutory instruments implementing the Designs Directive into UK law came into force on 9th December 2001, and introduced a number of new concepts into UK design law. The two most important of these are a 12 month grace period and a requirement for designs to have individual character. More information on these changes can be obtained on our website, or from your regular contact.

EU DESIGNS REGULATION

This was published on 5th January 2002 and its most immediate effect is the introduction on 6th March 2002 of Unregistered Community Designs.

Unregistered Community Designs

As the name suggests, this is a design right which comes into effect automatically without the need for registration. Community-wide protection begins when a design is made available to the public for the first time within the Community. Being made available to the public within the Community is defined as where the design is *“published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community”*. This is a similar

definition to the safeguard clause present in the Designs Directive. The unregistered right lasts for three years from the date of being first made available to the public.

The type of design it can protect, and the requirements for the right to exist, i.e. novelty and individual character, are defined in the same way as in the Designs Directive. The right only offers protection against copying of the design and cannot protect against individually created designs from being used in a similar way to UK Unregistered Design Right, and therefore the need to register new designs is still present. One consequence of the design definition being the same as in the Designs Directive is that “ornamentation” designs can be protected, whereas, in UK Unregistered Design Right, designs relating to “pattern and ornament” are excluded.

Registered Community Designs

The publication of the Community Design Regulation also heralds the long awaited introduction of an EU-wide design registration which will be administered by OHIM, the same office which administers the Community Trade Mark Registration.

The new registration will not come into force until implementing regulations (rules) have been published, which is not expected to take place for at least another six to twelve months.

The types of design that can be protected and the requirements for protection are the same as in the Design Directive. Although the regulation provides some information on the registration process, many details are left to the rules. Key features already published include:

- ◇ multiple designs in a single application (as long as all fall in the same International class);
- ◇ examination only for formal requirements;
- ◇ deferment of publication of a design for up to two and a half years from first filing (with fees);
- ◇ filing in any Community language (where a second language must be an “office language”, i.e. English, French, Spanish, German, Italian.

We will provide updates on the implementation of the Registered Community Designs system when more information is available to us.

NEW TOP LEVEL DOMAIN NAMES

In May last year, the ICANN added two new top level domain names to the existing ones such as .com, .net and .org. The new domains are .biz and .info.

The .biz and .info domain names will be allocated on a first come first served basis.

This has been a fairly quiet year in the UK patents courts, with several headline cases, but few of ground-breaking significance. **Pfizer's** patent relating to Viagra® was declared invalid, the decision being confirmed in the Court of Appeal and a similar finding being given by the EPO Opposition Division. The Court of Appeal also confirmed the **Dyson v Hoover** case reported last year, including the imposition of the post-term injunction. Michael Fysh, who judged that case, has been appointed on a permanent basis to the Patents County Court and it is to be hoped that this will revive that Court to provide a true alternative to the High Court as originally intended.

One of the longest judgements on record was handed down in **Kirin- Amgen v Roche**. Two points in particular arise from the decision. Firstly the Judge distinguished between “classic insufficiency” which arises where the teaching of the patent does not support what the teaching specifically purports to deliver (which may be considered as the invention not being disclosed *clearly* enough) and **Biogen** insufficiency where the claim in question is cast wider than the teaching of the patent enables (which may be considered as the claimed invention not being disclosed *completely* enough), whilst acknowledging that there is a clear overlap. Secondly, the Judge found a product-by-process claim to be novel if the process was novel, even if the product itself wasn't new, which differs from the current approach of the EPO Boards of Appeal.

In the **Pfizer** case, yet another definition of the “skilled man”, from whose perspective the

Courts judge obviousness, was given. The definition reads: “He is deemed to have looked at and read publicly available documents and to know of public uses in the prior art. He understands all languages and dialects. He never misses the obvious or stumbles on the inventive. He has no private idiosyncratic preferences or dislikes. He never thinks laterally.” Fortunately the judge went on to note that, “He differs from all real people in one or more of these characteristics”!

On trade mark matters, **Arsenal Football Club** could not enforce their common law rights in “passing off” against a street trader selling goods such as scarves with the words “Arsenal”, “Gunners” and other symbols, which they claimed might lead a customer to assume that they were “official” merchandise of the club. Arsenal also claimed that the same goods infringed the club's registered marks for clothing. In defence it was argued that use of these signs as “badges of allegiance” for supporters did not constitute “use in a trade mark sense”, as the customers would know that these products were not sourced from Arsenal FC. Whilst the judge agreed with the substance of this argument, the feeling in previous decisions such as **British Sugar v James Robertson** and **Philips v Remington** had been that non-trade mark use of a sign could potentially infringe a registration, therefore he felt it necessary to refer the case to the European Court of Justice (ECJ) on this point.

The issue of “use” was also considered in **Euromarket Designs v Crate & Barrel**, where two important principles were

outlined. Firstly, if a trader from state X is trying to sell goods or services into state Y, it would be reasonable to regard that as being “use in the course of trade” in state Y. However, if the trader is only doing business in state X, and an advertisement bearing the mark crosses the border into Y, in most cases no businessman would consider that to mean that he was trading in Y. Secondly, in relation to use of a mark on a website, the locality of the trading was thought to be even more important. According to the judge, the consideration was whether the viewer in state Y would consider the website to be directed to him/her and therefore that the mark is being used in relation to goods/services in state Y. On the facts of the case this was not held to be so, the judge contrasting this with a website which *actively* sought to sell or operate a real service in the country concerned.

Finally, in addition to the **BABY-DRY** case (discussed on page 2 of this Mewsletter), the ECJ has also confirmed the principle of exhaustion of trade mark rights only within the EEA as established in the **Silhouette** case. In the joined cases of **Levi Strauss v Tesco** and **Davidoff v A&G Imports**, the ECJ also considered the principle remaining issue of “consent”, saying that in order for the trade mark owner to have “consented” to goods sold outside the EEA being imported into the EEA, such consent must be *unequivocally* demonstrated, and in particular that the mere absence of any warning or contractual reservation about such importation does not amount to consent.

EPO EXTENDS FILING DEADLINE FOR DIVISIONALS

Check your files to see whether any European divisional applications are required. The EPO has extended the deadline for filing divisional applications.

Previously, divisional applications could only be filed up to the time when the applicant approves the text of the parent application. From 2nd January 2002, EP divisional applications can be filed for as long as the parent application is still pending.

Following an earlier decision of the EPO, an application is "pending" up to the date of publication of the decision to grant. The EPO warns us of this date in advance.

EPO PROCEDURAL CHANGES

From 1st July 2002, the EPO will change its grant procedure. When the applicant approves the text before grant (in response to a Rule 51(4) letter):

- ◇ claims translations (e.g. into French and German) will need to be filed;
- ◇ grant and printing fees must be paid.

Previously, the claims translations and fees were due later in the procedure. The changes should speed up the grant process. However, it will be more difficult (and more expensive) to propose amendments to the claims at the text approval stage. The change will come into force for applications on which a 51(4) letter issues on or after 1st July 2002.

CHANGES FOR INTERNATIONAL (PCT) APPLICATIONS

International Preliminary Examination Becomes Voluntary: Extension of PCT Chapter I Deadline to 30 Months

Recent changes to the PCT will come into force on 1st April 2002. The deadline for entering the national/regional phase will now be, at the earliest, 30 months from first priority date, irrespective of whether the applicant has filed a Demand for international preliminary examination (IPE). Once this change is implemented by all of the major national/regional offices, IPE will effectively be voluntary.

At the EPO, the deadline for entering the European regional phase will now be 31 months, irrespective of whether the applicant files a Demand for IPE. This comes into force from 2nd January 2002. The change is effective for PCT applications which are still within 21 months from the priority date on 2nd January 2002.

The EPO will also allow late entry of PCT applications into the European regional phase after the 31 month deadline (at least up to two months late). This includes applications which require the filing of a translation. Surcharges will be payable on fees.

Optional Computerised IPE at The EPO With Two-Thirds Fee Refund

From 3rd January 2002, the EPO's policy on IPE of PCT applications has changed. The change gives a two-tier IPE system at the EPO.

The new system will work as follows. Under certain circumstances, e.g. if no amendments have been filed during the international phase and the applicant has not asked for "detailed" preliminary examination, then:

- ◇ a computer-generated IPE report or written opinion will issue;
- ◇ the EPO will refund two-thirds of the IPE fee;
- ◇ no 50% reduction in the examination fee will be available on entry into the European regional phase.

Alternatively, if amendments or arguments have been filed during the international phase, or if the applicant requests detailed preliminary examination, then:

- ◇ the written opinion and IPE report will be written by an Examiner as usual;
- ◇ no refund of the IPE fee will be given;
- ◇ the usual 50% reduction in the examination fee will be available on entry into the European regional phase.

The new system started on 3rd January 2002. Any PCT application in international preliminary examination at the EPO on which no written opinion has been issued will be subject to the new system.

In-House News

NEW PARTNER FOR MEWBURN ELLIS

We are very pleased to announce that, since the last *Mewsletter*, Mewburn Ellis has a new partner: Robert Watson.

Robert, a chemical specialist, has worked for Mewburn Ellis since September 1995 after completing a chemistry degree at the University of Oxford. Robert specialises in patents dealing with chemical and pharmaceutical matters, but also has a strong interest in designs.

TRAINING

Our commitment to training within the firm remains strong and, since the last *Mewsletter*, Nick Sutcliffe has qualified as a European Patent Attorney and Matthew Naylor as a UK Patent Attorney. We also continue to invest in the future, having taken on five new patent associates in the last year.

Useful Information

EPO Holiday Dates

The European Patent Office (EPO) holiday dates for the remainder of 2002 are:

29th March (Good Friday)
1st April (Easter Monday)
1st May (May Day)
9th May (Ascension day)
20th May (Whit Monday)
15th August (Assumption Day)
2nd 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

The Office for Harmonisation in the Internal Market (Trade Marks and Designs) - (OHIM) - holiday dates for the remainder of 2002 are:

29th March (Good Friday)
1st April (Easter Monday)
1st May (Labour Day)
9th May (Schuman's Declaration Day)
20th May (Whitsun)
24th June
15th August (Assumption)
1st November (All Saints)
6th December (Spanish Constitution Day)
24th December to 31st December
(Christmas and end of year)

Useful Information

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

- ◇ Protection for Designs
- ◇ 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.

Website Addresses

UK Patent Office:
www.patent.gov.uk

EPO:
www.european-patent-office.org

World Intellectual Property Organisation (WIPO):
www.wipo.org

Mewburn Ellis:
www.mewburn.com

Community Trade Mark (CTM) Countries

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

European Patent Convention (EPC) Contracting States

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

EPC Extension Countries

Albania	Macedonia
Latvia	Romania
Lithuania	Slovenia

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.