

mewburn ellis llp's review of recent developments in ip law

Welcome to the latest edition of our Mewsletter, in which we start by continuing the (anti-) counterfeiting thread from the previous issue, this time looking at the problems posed to trade mark owners by on-line auction sites. With the massive growth in popularity of such sites, it is an area that brand owners ignore at their peril. However, the practical difficulties in identifying and prosecuting infringers in this medium present new challenges to agents and mark owners alike. This is a topical issue in the UK, as the first criminal conviction of an "e-tailer" for selling counterfeit products has recently been achieved.

In a completely different field, a particular problem faced by applicants for pharmaceutical patents in the EPO is the presence of prior art documents purporting to disclose use of compounds to treat a wide variety of diseases without any evidence to back up that disclosure. The EPO now appears to be revising its interpretation of the prior art effect of such documents, in favour of later applications containing supporting evidence. However, the change appears to come at the cost of a corresponding increase in the amount of evidence required to support claims to medical uses of a compound.

Staying with patents, as agents/attorneys it is sometimes easy to think that the story is over once a right is granted, except perhaps for a hope that no competitor decides to oppose the patent or mark. However, for applicants, the grant of a European Patent heralds the need for complicated (and potentially expensive) decisions about where the patent should be validated. In the centre pages we examine some of the multitude of factors that may influence this decision.

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Turning to designs, the recent case of *Dyson v Qualtex* saw the two parties put forward radically different interpretations of the extent of protection available in the spare parts market. In particular, the case provided the first significant judgement on the meaning and scope of the "must-match" exclusion in UK unregistered design right. The initial decision significantly favours the original manufacturer/designer, but with both parties convinced of the moral correctness of their position, and permission to appeal granted, the argument looks set to run for some time yet.

Elsewhere, in *Animal v Oakley*, the judge was not concerned so much with the interpretation of the law, or its application to the facts of the case, but whether the law itself was "legal".

Finally, this edition's "top tips" section explains the EPO's "further processing" provisions which, since they require an application to be "refused" or "deemed withdrawn", are often misunderstood, but can be an invaluable tool in extending a number of response deadlines.

tackling counterfeits on eBay

“There is no such thing as a bargain”

At first, eBay appeared to be a minor specialist internet website where only a few dedicated consumers with a need to shop 24/7 and the technical knowledge required by the complexities of the internet would even think to shop. As the internet became more accessible, and as people began to trust the new outlet, eBay became a valuable tool for not only individuals selling off unwanted or sought after items, but also for honest retailers. In Q1 of 2005, eBay had over 100 million registered users and \$10 billion of goods were sold on their sites.

However, eBay is no ordinary shop. When examining goods in a shop it is easy to look closely at labels, and there is a physical location where returns and complaints can be made. eBay retailers rarely have obvious premises and the chances of returning damaged/faulty/fake goods are a great deal less. Coupled with the physical remoteness of the seller/buyer, the opportunity for criminal activity is clear. Naturally, where honest retailers sit, so do dishonest retailers.

caveat emptor?

The problem for a buyer is that the short description and small picture of an item provided by the seller is often taken by a buyer in good faith, in that the item is believed to be genuine. This is particularly true where a “premium” brand or mark is used. Once purchased, perhaps in a flurry of last minute bidding, it can be difficult, if not impossible, to get a refund. Furthermore, the cost of postage both ways is usually borne by the buyer, making it too costly to return goods.

the problem for the trade mark owner

The mark owner faces a similar lack of information (see the pictures of “Burberry” items shown below), which makes it difficult to tell a fake from a genuine article. Assuming that there are ways to tell (e.g. the retailer is a large company, selling many so called genuine goods, and yet you do not supply them, or the style of clothing is not one produced by you), the next problem is to bring the sales to a halt.

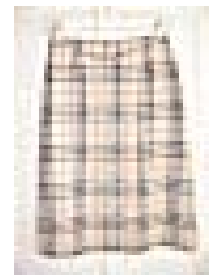
a solution ... and more problems

eBay have a program in place (VeRO, the Verified Rights Owner program) which can be used to remove infringing items from sale. Firstly, eBay requires you to verify that you are the owner of legitimate rights in e.g. a trade mark by providing a copy of a registration certificate in a sworn statement, which must include full contact details. Once this is on record, your policing activities can begin.

Having located a fake item on sale by a retailer (it is rarely cost effective to pursue an individual who has bought, and is now selling, a single counterfeit item) you must move quickly by submitting the item number (which is specific to each item on sale) to eBay, who will then remove that item from sale. eBay will also inform the seller and anyone who has bid on the item that it has been removed as it infringes intellectual property rights.

This is where a new issue arises in the shape of the honest retailer who has bought goods in the mistaken belief that they are genuine. This retailer is now likely to contact you, via the details you must provide to eBay, to protest about his ill treatment. The most common statement is that the products are genuine, and that they were purchased from a reputable company, or at least from a company with a physical presence. Such businesses are assumed to be reputable, as most people consider that warehouses/wholesalers would not stock counterfeit items.

Such a contact provides an opportunity to educate the retailer that the product is counterfeit. You may wish to explain how you have determined this (e.g. because it is not a style/model you have made, the price is below your cost etc.) or you may wish to keep that



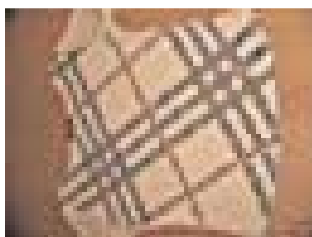
information private. Counterfeiters, like most businesses, are keen on refining their product so as to sell more at a higher price, and it may not be in your best interest to disclose how you determine counterfeits from the real product.

At this stage you may also be provided with samples of the product which show that it is genuine. This can happen if, for example, the retailer has used a picture of a similar product taken from another retailer's website, or even of previous goods he has sold which were not genuine. If this happens, it is possible to

tackling counterfeits on eBay (continued)

reinstate the sale on eBay and to then apologise to the seller if appropriate. You should always be aware that this can happen, and it is best not to get too carried away with threats of legal action if you have any doubt about a product's veracity.

Finally, if the goods are not genuine you must decide what you want to do with the retailer. A cease and desist letter, with a request to deliver up all remaining offending items, is one option. If very little product is stocked by the seller, you may simply ask for it to be destroyed. In either event the seller should be made to disclose where the product was bought. Clearly, the higher up the retail chain you are able to go the better. If you can obtain details of an importer, you may wish to take further action against them, with a cease and desist letter being a minimum, and a full infringement and passing off action being a possibility.



the effectiveness of eBay

While eBay professes to be serious about stopping the trade in counterfeit products, and has set up the VeRO scheme specifically to help the owners of trade marks (and other Intellectual Property rights), there are still flaws in the system. Firstly, there is the difficulty (discussed above) of determining from limited information whether a product is genuine or not. Next, there is an inevitable delay between spotting an infringing item, reporting it and having it removed. Frequently this results in a sale going through before you are able to have the item removed.

After you have identified a repeat offender and submitted several VeRO notices, eBay will suspend that user. However, experience has shown that some retailers can receive 20 or more VeRO notices and still operate, while others may be prevented from trading after only four or five. There is no apparent logic to how this occurs.



other means of attack

Prior to obtaining an eBay retail site, the retailer must provide certain information to eBay, including its name and address. Banking details are also required as eBay charges for its services. If your VeRO notices are not sufficient to halt an offender, you can ask for those details from eBay, provided that the information is to be used in legal proceedings. Clearly, this area is a potential minefield and it is necessary to make certain that any statements you make to obtain details of an offender are true, or your case against that retailer could collapse at any time.

However, with the name and address details of the retailer, you can send a cease and desist letter, or carry out further investigations, as you would for any other infringer.

pro-active measures - who am I?

There is an area reserved at eBay for rights holders to explain who they are, and what rights they own. Many companies use this area and information can be included to help buyers determine whether products are genuine or not. Such information need not be detailed examples of genuine product label information, which could aid counterfeiters, but could consist of a list of genuine retailers, and their eBay identity.

is "eBay ... an open market for fraudsters"?

Such is the opinion of at least one UK judge, ruling on a criminal who advertised many products on eBay, including concert tickets, which he did not even have! This is a prime example of a problem with remote shopping; a physical product is offered for sale, but you can not handle it to examine it. However, successful criminal prosecutions for the sale of counterfeit goods (luxury goods and computer software) on eBay have been achieved in recent months.

The eBay philosophy is based to a great extent on trust. Each transaction results in a retailer adding to his feedback rating if the buyer is happy with the sale. Of course, if a buyer is unhappy the feedback rating goes down. However, this rating does not translate to quality of merchandise. People are happy to pay £10 for a product which if genuine would retail for £50. They think they have a bargain. Sadly, by the time they have paid and the product has been used, they realise that they have not.

In summary, eBay still offers substantial scope for illegitimate traders, although astute policing can reap rewards for brand owners.

SRN

speculative second medical use

A second medical use claim or “Swiss form” claim aims to protect a new therapeutic use of a known compound. In granting such claims, the EPO appear to accept that the research involved in finding and verifying the new therapeutic use of the compound is worthy of patent protection.

However, occasionally an Examiner cites against a second medical use claim a prior art document which contains a “laundry list” of possible diseases which may be treated by a particular compound, with no **evidence** that the compound is useful in treating any of them. If this list happens to contain the indication that the applicant is trying to protect, then it can be difficult to persuade the Examiner that the claim has novelty, even though the author of the prior art has apparently bypassed any proper research as to the therapeutic use and just guessed.

In other examples, the prior art may have some data to support a disclosed therapeutic use, but the suggested use may remain highly speculative.

A more consistent line in dealing with such prior art, now emerging from the EPO, may help applicants finding themselves in the above position to overcome such speculative prior art disclosures. However, the flip-side of this development is that the EPO is generally expecting to see **more** and **better** evidence for therapeutic utility in patent applications as filed.

the emerging position

A common test seems to be emerging both for the effect of a prior art document and for the amount of evidence needed in the application as filed. This test seems to be whether the data provided would be enough to make the asserted therapeutic use “credible” to the skilled person.

The rationale is that a second medical use claim implicitly includes the functional technical feature that the therapeutic effect is achieved. Therefore, the skilled person needs to believe that the therapeutic effect can be achieved in order for this feature to be properly taught.

effect of a prior art document

For prior art which mentions a medical use to be considered novelty-destroying for that use, a number of decisions have said that the prior art must **show** either a therapeutic effect, or a pharmacological effect which directly and unambiguously underlies the therapeutic effect (e.g., T158/96).

evidence needed in application as filed

Similarly, a line of case law is developing which says that for a claim to a second medical use to be allowable, the application **as filed** must contain data which makes the medical use “credible” (T609/02, T120/02).

what sort of data is needed?

The type of data which is needed to provide “credibility” will differ from case to case (T158/96). However, some guidance is given in the decision T609/02:

“The boards of appeal have accepted that for a sufficient disclosure of a therapeutic application, it is not always necessary that results of applying the claimed composition in clinical trials, or at least to animals, are reported... Showing a pharmaceutical effect *in vitro* may be sufficient if for the skilled person this observed effect **directly and unambiguously** reflects such a therapeutic application” (emphasis added).

Thus, there is no absolute requirement for *in vivo* data. However, there may now be a minimum requirement to show a pharmacological effect having an accepted link with the disease.



conclusion

While it remains to be seen how this recent case law will impact on examination practices, an application which contains good experimental evidence on filing will undoubtedly be more robust and more able to withstand attacks based on speculative prior art as well as any alleged inadequacy of evidence in the application.

It is also interesting to note that the EPO seems generally to be dealing with the “internal” issues under the heading of sufficiency. These issues may extend to the question of priority, and a valid **priority** claim for second medical use may depend on **credible disclosure** of the therapeutic effect **in the priority application**.

RXT

unregistered designs - spare parts

UK unregistered design right provides limited protection against the copying of designs. However, it is subject to a number of “exclusions” which were tested in the recent case of Dyson v Qualtex, and were generally held to have much narrower scope than had previously been thought.

background

Dyson sued Qualtex for infringement of its design right in a number of spare parts for its vacuum cleaners. Whilst admitting copying, Qualtex raised numerous defences, in particular that the copied designs were excluded from protection by the “must-match” and “must-fit” provisions.

Crucially, the judge found that UK unregistered design right was not formulated with a specific intention of favouring particular parties. Consequently, he took a “neutral” stance on the interpretation of the defences and exclusions from protection that Qualtex raised, whilst bearing in mind that the overall intention of this right was to give “real ... protection to designs”.

"must-fit"

“Design right does not subsist in features ... which enable the article to be connected to, or placed in, around or against, another article so that either article may perform its function.” (CDPA 1988, s. 213(3)(b)(i))



Dyson admitted that many features of its designs were excluded under this heading. However, Qualtex alleged other features should also be excluded. With a few exceptions, the judge found in favour of Dyson on this point, and from a neutral standpoint, none of his findings were unexpected. The following points were of general relevance:

- Elements are not prevented from falling under this exclusion merely because there is more than one way of achieving the fit or connection between the articles.
- Elements are not prevented from falling under this exclusion merely by virtue of performing some other function apart from the interfacing (e.g. by being decorative).

"must-match"

“Design right does not subsist in features ... which are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part.” (CDPA 1988, s.213(3)(b)(ii))

This provision appeared to provide the strongest arm of Qualtex’s case, and has not been the subject of detailed analysis by the courts before. The judge noted that “must-match” was dangerous shorthand as neither term appeared in the law, which talks about “dependence” rather than “matching”.

Qualtex argued that “dependency” is created by the designer: if one article is in fact designed in such a way as to make its appearance depend on that of another article, there is dependency, and the exclusion must apply. Whilst accepting the clarity and logic of this approach, the judge found that it would inevitably lead to the result that the external aspects of most visible parts would be excluded. Such a conclusion would, in his view, fundamentally undermine the purpose of design right, resulting in the surprising situation where separately designed parts “thrown together in a non-thought-out fashion” would attract design right, but a set of parts carefully designed to create an aesthetically pleasing whole would not.

Instead, the judge concluded that the intended purpose of this provision was to prevent manufacturers from maintaining a monopoly over those aspects of aesthetic design which have to be reproduced in order to leave the overall article the same in aesthetic terms. Accordingly, the correct approach under this provision is to consider whether, as a matter of fact and degree, and of impression, the appearance of the overall article would be “radically different” if the article was changed to a different shape.

The judge also rejected an argument that certain features were excluded because they were required to match similar features on other parts, creating “visual echoes”.

conclusions

This decision, particularly in relation to the scope of the “must-match” exclusion, appears to significantly tilt the interpretation of UK unregistered design right in favour of original equipment manufacturers (OEMs). However, as this decision turns on fundamental interpretations of the scope of this right, the decision has been appealed, and we will report any further developments.



where should I validate my european patent?

At grant, a European patent (EP) becomes an independent patent in each state designated in the EP application. Each patent must be separately maintained, enforced and validated. In order to bring the patent into effect, most countries require a translation of the specification to be filed and certain administrative requirements to be met. Meeting the translation and other administrative requirements is usually referred to as "validation".



Assuming that the patent is in English, and will be validated in at least France and Germany (so costs can be saved by reusing those translations), the countries break down thus:

Very cheap	Belgium, Ireland, Luxembourg, Monaco, Switzerland/Liechtenstein, UK, extension states (except Romania)
Cheap	Austria, Bulgaria, Cyprus (if validating in Greece also), France, Germany, Romania, Slovakia
Moderate	Czech Republic, Estonia, Greece, Italy, Poland, Spain, Slovenia
High	Denmark, Finland, Hungary, Netherlands, Portugal
Very high	Sweden, Turkey

table 3

There are two key choices to be made: which countries to pay designation and extension fees for in the application, and which of those countries to validate in once the patent has been granted. Designation and extension is now very cheap, so the decision as to where to validate is much more important.

factors affecting choice of validation

cost of validation

Most of the cost of validation, particularly for large patents, comes from translation requirements. Obviously, these vary greatly with the size of the specification. For an assessment of comparative costs, we prepared sample grant estimates for validation of EPs of different sizes:

Modest	10000 words on 30 pages, including 20 claims, plus 10 figs.
Large	20000 words on 60 pages, including 35 claims, plus 20 figs.
Huge	60000 words on 120 pages, including 60 claims, plus 50 figs.

table 1

Based on the estimates, the validation cost (in US\$) by country fell into broad groups according to the scheme shown in Table 2.

	Modest	Large	Huge
Very cheap	≤ 1500	≤ 1500	≤ 2000
Cheap	≤ 3500	≤ 6000	≤ 17500
Moderate	≤ 5000	≤ 8500	≤ 24000
High	≤ 6000	≤ 10500	≤ 30000
Very high	> 6000	> 10500	> 30000

table 2

Of course, these estimates are purely for illustrative purposes, and should not be used to predict actual costs. No estimates are yet available for Bosnia, Hungary, Iceland, Serbia & Montenegro, or Lithuania as a contracting state.

cost of renewals

Although there is great range in the level of renewal fees payable on European patents, this should not greatly affect validation decisions, particularly as the main variability comes towards the end of patent life. For a sense of perspective, consider that paying renewal fees for all contracting states for all years from five to 20 would cost \$200-250k at current rates.

where should I validate my european patent? (continued)



competitors' likely sites of manufacture

Prevention of manufacture is clearly a more powerful method of avoiding having competing products on the market in Europe than prevention of import of a legally manufactured product. Naturally this will depend on the product and the competitors, so no general guidance can be given here.

market

The size and nature of the relevant market in the available states are key considerations in the choice of countries in which to validate. Of course, this will vary greatly from case to case. However, a simple analysis can give some basic guidance.

For example, the countries break down into some fairly clear groups:

Size by population, millions (2003):

Tiny (<1)	Cyprus, Iceland, Luxembourg, Monaco
Small (1 to 5)	Albania, Bosnia, Croatia, Estonia, Ireland, Latvia, Lithuania, Macedonia, Slovenia
Fairly small (5 to 10)	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, Greece, Hungary, Portugal, Serbia/Montenegro, Slovakia, Sweden, Switzerland
Medium (15 to 20)	Netherlands, Romania
Fairly large (~40)	Spain, Poland
Large (>50)	France, Germany, Italy, Turkey, UK

table 4

Per capita GNI (gross national income: US\$k, 2003):

Extremely low (<5)	Albania, Bulgaria, Bosnia, Latvia, Lithuania, Macedonia, Romania, Serbia & Montenegro, Turkey
Very low (5 to 10)	Croatia, Czech Republic, Estonia, Hungary, Poland, Slovakia
Low (10 to 15)	Cyprus, Greece, Portugal, Slovenia
Medium (15 to 25)	Spain, Italy
High (25 to 30)	Austria, Belgium, Finland, France, Germany, Ireland, Monaco, Netherlands, Sweden, UK
Very high (≥30)	Denmark, Iceland, Luxembourg, Switzerland

table 5

[Data from CIA World Factbook 2005]

This breakdown can help in assessing the most important markets for a particular product, in the absence of more specific information. Clearly, in most cases, the "large, very high" and "large, high" groups will be of greatest interest. The next priority for high value products is probably other "very high" and "high" countries, whereas for some products, it is possible that the high population and potential growth of e.g. Turkey, Poland and Romania in the "low" group may outweigh the high incomes but low populations of some of the smaller "high" countries.

litigation

It is often thought that there is no point validating a patent in a country if you would not contemplate litigating there. However, for at least three reasons it would be unwise to choose not to validate in a country solely because of distrusting its judicial system. (1) There is a proposal for a European Patent Litigation Agreement (EPLA), which would set up a centralised court to hear infringement and invalidity actions concerning European patents. Its judgments will be binding on all states that are party to the EPLA. (2) The absence of a patent in a country would prevent its inclusion in a multi-jurisdictional settlement following litigation elsewhere. (3) Countries with less reliable judicial systems may follow the decisions of more major jurisdictions.

continued overleaf

where should I validate my european patent? (continued)

direct product protection

Remember that a process claim also protects the products produced directly by that process. Thus, importation of the direct product of a patented process is also an infringing act. So, when thinking about validation, a patent with a process claim should be treated in the same way as a patent for the direct product of that process, not just as a process patent.

However, in some cases, the claims of a process patent do not lead directly to a potential commercial product. Such a patent will be useful only to prevent actual carrying out of the process, so should be validated only in countries where the process itself is likely to be carried out.

“swiss cheese” approach



This is the idea of validating in some countries (the “cheese”), but not in others (the “holes”), to reduce cost without reducing the effectiveness of the patents.

Some of the factors mentioned above may be considered to help decide whether this approach is appropriate.

For example, more than 70% of the population of the EPC states with per capita GNI of above \$20,000 can be covered by a patent validated in just four states: Germany, France, Italy and UK (three translations required). Ireland, Belgium and Switzerland can be added at very little cost, to bring the coverage up to over 75%. Adding Netherlands and Spain (five translations required) would bring the total to over 90%.

If the income threshold is lowered to include more states, the number of languages increases dramatically. Clearly, a law of diminishing returns applies, and more strongly as the threshold is lowered to include more states, each requiring translation.

Thus, you can cover most of the important markets by validating in relatively few countries. You need to decide whether it would be economic for a competitor to put a competing product on the market in the remaining states and, if so, whether it would significantly affect your ability to make profits from sales in those states.

For example, if a sufficient proportion of the relevant market is protected, would this be enough to stop a competitor marketing in Europe at all, even if it could manufacture in or import into the “holes” without restriction (including imports of your sales from outside the EEA)? If so, you should consider validating only in sufficient countries to achieve this. Generally this will form part of a global strategy, unless there are high barriers to entry into the European market.

If a “Swiss cheese” approach is not appropriate, consider whether the absence of a patent would be likely to reduce significantly the potential profits from that country, by lost

sales and/or lower margins, bearing in mind the huge variability in size and affluence of the member states. If it would, validate. If any possible reduction in profit is insignificant, because of the low profits likely to be available anyway, consider not validating.

free movement of goods

When considering the “Swiss cheese” approach, you should also remember that if goods are put on the market in the EEA by or with the consent of a patent proprietor, the proprietor cannot then enforce the patent to prevent the movement of those particular goods around the EEA.

Thus, for example, if the proprietor of a European patent validated in the UK and France sells a product in the UK, they cannot prevent third parties (“parallel importers”) from importing that product into France or selling it there. The proprietor cannot enforce the EP(FR) patent against the parallel importer, even though import of the patented product is in principle an infringing act under the EP(FR) patent.

Therefore, the use of a patent to increase profits on sales in one EEA country may be undermined by parallel importers if you sell or consent to the sale of the patented product at a lower price elsewhere in the EEA. So, if the absence of a patent will mean that sales in any EEA country are lower priced than they would otherwise be, the risk from parallel imports may be increased.

In some situations, it may therefore be worth forgoing sales at low prices, as parallel imports may undercut sales in more profitable markets. However, great care is required not to contravene EU competition law on concerted practices or abuse of a dominant position. Detailed discussion of this topic is outside the scope of the present article.

[Although the factors affecting the decision as to where to validate each patent will vary on a case by case basis, the above information provides some guidelines as to the factors which are often relevant. An information sheet giving more information about this topic will soon be available.](#)

CPS

uk registered designs

When EU Directive 98/71 harmonising the laws relating to registered designs was implemented into UK law (see Mewsletter issue 3), there was debate about how the validity of designs registered before the new law came into effect would be assessed. In the end, the UK government chose to make use of an optional derogation in the Directive, and decided that the validity of “pre-Directive” designs would be assessed on the law applying at their date of registration. This had important implications, particularly in determining the “prior art” against which those designs would be assessed.

In the recent decision of *Animal v Oakley*, Oakley's design registration was attacked as being invalidated by their own prior disclosure. Rather than seeking to deny or overcome this prior disclosure, Oakley instead argued that the introduction of the UK law implementing the Directive was flawed since the UK had failed to meet the implementation deadline set in the Directive. Consequently, they argued, the amended law could not make use of the optional derogation, with the effect that the novelty of **all** designs, regardless of when they were registered, should now be assessed under the new criteria (crucially including a 12 month grace period for disclosures by the designer).

The deputy judge, Peter Prescott QC, found that Oakley were correct in their argument that the late implementation created

a problem with the derogation. However, he ruled that the changes were only invalid in so far as they sought to change the law applying to designs from their date of implementation (9th December 2001), rather than from the date on which the Directive should have been implemented (22nd October 2001).



The end result (barring a further appeal) is that the cut-off date for determining whether the validity of a UK registered design is assessed under the old law or under the new (EU-wide) law is now 22nd October 2001, and not 9th December 2001. If you have a design which was applied for in the intervening period, we will be happy to advise you on issues relating to its validity.

SXH

Image © Oakley Inc.

news

epo news

Latvia (LV) became an EPC contracting state on 1st July 2005. European Patent applications filed on or after that date can designate Latvia. PCT applications filed on or after 1st July 2005 will automatically designate Latvia as part of a European Patent. Latvia will cease to be available as an EPC extension state from the same date.

Malta (MT) is expected to become an EPC contracting state later this year. This accession is likely to have wider significance as Malta is likely to be the 15th contracting state to ratify the changes to the EPC proposed in 2000 (“EPC 2000”), and these changes will therefore come into effect two years from the date of Malta's accession. We will keep you informed of this, and will of course preview the changes in detail once their commencement date is known.

spc update

In Joined Cases C-207/03 and C-252/03, the ECJ has ruled that marketing authorisations in Switzerland are to be considered as the “first marketing authorisation” in the EEA for the purpose of obtaining a Supplementary Protection Certificate (SPC). The dispute arose because Switzerland itself is not a member of the EEA. However, the ECJ found that since Swiss marketing authorisations are automatically recognised in Liechtenstein, which is an EEA state, such marketing authorisations had to be considered to be effective in the EEA.

exhaustion of priority rights

The April 2005 edition of the Official Journal of the EPO published decision T998/99, “Claiming the same priority twice for the same invention in the same country”, which holds that it is impermissible to claim priority from the same application in more than one application for the same invention in the same country. That is, the right to claim priority for an invention is “exhausted” when it has been exercised once in a particular country.

We think T998/99 is a very poor and confused decision, with fundamental misunderstandings of the law on priority. We have been aware of this decision for some time, but understood that it was not viewed favourably at the EPO, that it would not be published in the OJ, and that examiners had been instructed not to follow it. Its publication has therefore come as a surprise. However, a contradictory decision which appears highly critical of T998/99 has been issued in case T15/01.

It is possible that the publication of T998/99 indicates that the EPO is preparing to refer this point of law to the Enlarged Board of Appeal in order to clarify the legal situation. A reference to the Enlarged Board is the only mechanism by which a decision of an EPO Board of Appeal can be formally “overruled”, and this may be the objective here.

The facts in T998/99 are somewhat unusual, in that the same priority was claimed in two separate applications (EP1 and EP2) that were filed on different days. The descriptions of EP1 and EP2 were identical, but the claims were to different aspects of the invention. The Appeal Board held that EP1 was entitled to priority, but EP2 was not because the right to claim priority had been “exhausted” when EP1 was filed. EP2 therefore lacked novelty over EP1 under Art 54(3) EPC, as the loss of priority in EP2 caused EP1 to become an earlier European application, disclosing the subject matter claimed in EP2. The Board rejected arguments that the inventions were not the same because the claims were to different aspects of the invention.

Although this particular filing strategy may not be widely used, the rationale of the decision may lead to difficulties in other cases. If EP1 and EP2 had been filed on the same day (perhaps because of an agreement under which one party has the right to claim one aspect of the invention and another party another aspect), does the decision in T998/99 mean that only one application is entitled to priority? If so, which one? Arguably a similar problem arises for divisional applications where there was no unity objection.

Although we think the decision in T998/99 should not be followed, for the moment we urge caution in trying to claim the same priority twice in the same European country for the same invention, even if the intention is to cover different aspects of the invention in the two applications. A usual alternative approach would be to file a single application, from which a divisional application can later be filed.

We will keep you informed of any future developments on these cases.

CMD

in-house news



Since the last Mewsletter, Jeremy Webster and Lindsey Woolley have qualified as UK patent attorneys.

We are also pleased to welcome Karen Bufton, a qualified UK and European patent attorney, who has joined the biotech team in our London office. Karen (pictured left) has an MA in Biochemistry and MPhil in Biotechnology from the University of Cambridge, and has worked in private practice since 1999.

top tips

“further processing”

If an applicant fails to respond within a deadline set by the EPO (e.g. to respond to an examination report), in many cases it is still possible to continue with the application by using the “further processing” provisions of Article 121 EPC.

These provisions provide a quick and relatively cheap method of overcoming a failure to respond within a set deadline. If used deliberately, these provisions can effectively allow a further extension of several months for a response (beyond any extension granted by the EPO).

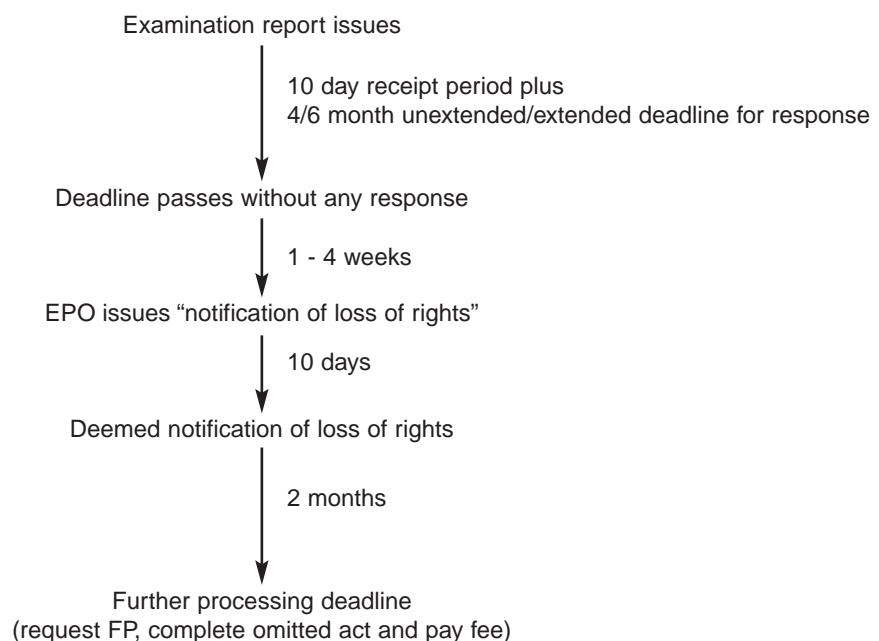
Further processing (“FP”) is available for any deadline which is set **by the EPO** (i.e. FP does **not** apply to time limits which are set in the EPC or the Rules, such as payment of the Examination Fee or filing of the Designation of Inventor), for which failure to respond results in a European Patent **application** (i.e. FP is **not** available for **granted patents**, e.g. in opposition) **being refused or deemed to be withdrawn** (i.e. FP is **not** available to undo omissions which do not result in **total** loss of rights, e.g. failure to file a translation of a priority document, or failure to pay an excess claims fee or an extra search fee).

It is important to note that, although a necessary condition of further processing is that the application becomes refused or is deemed withdrawn, if further processing is successfully requested, that refusal or withdrawal has no legal effect. **Therefore, no rights are lost by making use of these provisions, and no third party rights can accrue.**

Provided that the missed deadline is one that can be subject to further processing, this remedy is available **as of right**. There is no need to provide any evidence as to why the deadline was missed, and reinstatement of the application is automatic provided that the formal requirements are met.

To make use of the further processing provisions, a specific request for further processing must be made within two months of notification of the refusal or deemed withdrawal of the application. In the same two month period, the applicant must pay the further processing fee (currently 200 Euro) and “complete the omitted act” (i.e. do whatever should have been done within the original time period, such as respond to an examination report). A time-line for further processing is set out below.

further processing time-line



useful information

european patent convention (epc) contracting states

Austria	Hungary	Poland
Belgium	Iceland	Portugal
Bulgaria	Ireland	Romania
Cyprus	Italy	Slovakia
Czech Republic	Latvia*	Slovenia
Denmark	Liechtenstein	Spain
Estonia	Lithuania	Sweden
Finland	Luxembourg	Switzerland
France	Monaco	Turkey
Germany	Netherlands	United Kingdom
Greece		

* From 1st July 2005

epc extension countries

Albania	Latvia*
Bosnia & Herzegovina	Macedonia
Croatia	Serbia & Montenegro

* Until 1st July 2005

epo holiday dates 2005

15th August
3rd October
1st November
26th December

eu member states (community trade mark and community designs)

Austria	Greece	Poland
Belgium	Hungary	Portugal
Cyprus	Ireland	Slovakia
Czech Republic	Italy	Slovenia
Denmark	Latvia	Spain
Estonia	Lithuania	Sweden
Finland	Luxembourg	United Kingdom
France	Malta	
Germany	Netherlands	

ohim holiday dates 2005

24th June
15th August
12th October
1st November
6th December
26th December to 30th December

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 LLP:

www.mewburn.com

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