CIPA JOURNAL

Incorporating the transactions of the Chartered Institute of Patent Attorneys

February 2018 / Volume 47 / Number 2

The EU's approach to SEPs

The state of play in competition law and FRAND following the Commission's Standard Essential Patents Communication

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Patent-eligible subject-matter in the United States
Athena v Mayo

Plausibility and the statutory test for sufficiency
Warner-Lambert

Brexit will not affect European patent work
EPO

Disrupted IP: challenges for patent practice
Alasdair Poore

The not-so-secret diary of a CIPA President
Andrea Brewster

CIPA JOURNAL

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CIPA Journal is sent to all members of the Institute as part of the benefits of membership. It is also available on subscription at £130 per annum (plus postage for overseas addresses: Europe £35, Other £70). Individual copies may be purchased at £14 (plus postage for overseas addresses: Europe £4, Other £6). The Editor welcomes the submission of articles, news and correspondence for possible publications including photographs, tables, charts, etc, when appropriate, and any contributions should be sent by email to *editor@cipa.org.uk*.

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Editorial deadline dates for receiving submissions are on the 10th of the preceding month. Please contact *editor@cipa.org.uk* to discuss any ideas for articles or submissions.

2nd Floor, Halton House, 20–23 Holborn, London EC1N 2JD
ISSN: 0306-0314

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Contents

UP FRONT

2 **Editorial**
Disrupted IP
Alasdair Poore

6 **Council Minutes**
Lee Davies

NEWS

9 **IP law and Brexit**
CIPA Joint Statement

11 **EPO: Brexit will not affect European patent work**
CIPA Press Release

12 **EPO patent practice update**
Theo Carter

13 **UK firm tops EPO filing**
CIPA Press Release

14 **UK Minister for IP**
CIPA Press Release

15 **Manual of Patent Practice**
IPO update

15 **Overseas report**
Amanda R. Gladwin

16 ***Warner-Lambert* – submission to Supreme Court**
Life Sciences Committee

17 **IP Tutor Plus**
CIPA Press Release

18 ***Athena v Mayo* – submission to US Court of Appeals**
Paul Cole

ARTICLES

21 **EU's approach to SEPs**
Life Sciences Committee

26 **Patent infringement claims with equivalence in China**
Toby Mak

DECISIONS

33 **Patent decisions**
Beck Greener

35 **IPO decisions**
Barker Brettell

37 **EPO decisions**
Bristows

39 **Trade marks**
Bird & Bird

EDUCATION

32 **UNION-IP Round Table – Indirect Infringement**

38 **EPO Oral Proceedings**

44 **Non-institute events**

47 **Institute events**

PERSONAL

44 **Announcements**

45 **The not-so-secret diary**
Andrea Brewster

48 **Chinese New Year**

THE PINKS

49 **Courses and Events**

50 **Recruitment**

Disrupted IP

Alasdair Poore

The changing world of IP, and its challenges for patent practice

Continuing or compulsory professional development – CPD; no worries about getting plenty of that this year, unless you try really hard to avoid it.

So as a starter for this year's CPD, what do *Warner-Lambert v Generics*[1], *Unwired Planet v Huawei*[2], *Actavis v Eli Lilly*[3], Standards Essential Patents, IP practice and AI, and Black Cabs have in common?

The answer will come this year – or may do; for Brexit we may have to wait a little longer. So let's look at several of these – more on the others later.

Warner-Lambert v Generics

The underlying problem for Warner-Lambert was one on infringement: how to stop use of a drug for its second medical use, when generics drug companies were about to launch it for the (expired) first medical use. Of course, validity came into the frame as well. Readers will recollect that the patent covered the second medical use of pregabalin, already the subject of an expired patent for treatment of epileptic attacks and acute anxiety disorder, for treating pain. Treatment of pain was a far more important commercial target, even leaving aside that it was the subject of a still subsisting patent.

In this case the second medical use claim was in "Swiss claim" form. That threw up some particularly interesting issues. The form of the claim ("… for treatment of a specific condition") was acknowledged to require intention. The question was what sort of intention. Although Swiss-form claims have been superseded by EPC2000 (which only took effect in 2007), EPC 2000 claims will present some similar problems. Further questions arose as to whether the manufacturer – or even the doctor (prescribing the drug) – could be liable as secondary infringers[4], or the pharmacist (dispensing it) would be liable as a primary infringer either as carrying out the process. Arnold J held that there was no issue about whether the pharmacist would be liable for supplying a product made by the process under section 60(1)(c)[5].

> "Standards ensure that interoperable and safe technologies are widely disseminated among companies and consumers."

Late in the day[6] in the main Patents Court proceedings – another major issue surfaced, namely "insufficiency". This was argued before Mr Justice Arnold on the basis that the invention was not plausible across the whole scope of the (relevant) claim[7]. It is this issue on which CIPA has submitted a request to intervene in the Supreme Court (see page 16), submitting a paper outlining some of the implications in patent practice, especially in the life sciences sector, where filing may be necessary at an early stage, before extensive testing is possible – and where plausibility may be an issue. Early filing also features as an issue in the standards essential patents sector, discussed later. And it is worth noting that plausibility is an issue that is not confined to life sciences; a recent example (where it was narrowly avoided, by the claims being otherwise invalid), was in relation to tamper evident self-sealing envelopes.

The Supreme Court will hear appeals on several of these points:

- Plausibility (is plausibility a valid test at all, and if so what is the threshold?)
- Construction (shouldn't a claim be construed so that, unless it is impossible on the wording, it does not cover something which is not plausible).
- Infringement (both under section 60(1)(c) and section 60(2)[8]).
- Whether proposed amendment of the claim after trial was an "abuse", and did the court even have the power to refuse to permit amendment of the claim to excise any implausible element.

A feature which will need to be addressed, if infringement is found in second medical use claims[9], is what is

the remedy – particularly bearing in mind that for some uses pregabalin is legitimately supplied, and also that it may not be apparent to anyone in the supply chain that the supply is infringing. Currently, "guidance" is provided to pharmacists and doctors to discourage misuse[10], and it is possible that specific contractual restrictions could be imposed[11]. In either case there are still practical difficulties for those at the front line, in knowing whether the drug is used for the patented indication, and ethical difficulties in being exposed to risk where they may not know. The issue potentially has a serious impact for pharmacists who may be at the last point in the supply chain when it could be determined what the drug is being supplied for. An alternative remedy is to permit supply, some of which may end up being used for the patented indication, and then subjecting all supply to a royalty reflecting the extent of such use. However, bearing in mind the normally very substantial difference in price between the generic drug and the drug as supplied under patent, there are significant doubts about the impact of this on the generic market.

The overriding issue is a policy one of how protection is to be provided to compensate innovators, while ensuring that there is appropriate freedom to supply products for non-patented uses.

Unwired Planet v Huawei and EU Commission Communication "Setting out the EU approach to Standard Essential Patents"

The technology and business context in *Unwired Planet* are at the other end of the spectrum from *Warner-Lambert*. Nevertheless, *Unwired Planet v Huawei*[12] gives rise to related policy issues – in this case because the patent owners have contractually ceded their absolute entitlement to injunctive relief, in exchange for participating in the standards.

Unwired Planet has seen at least ten decisions, in about half a dozen trials reported on Bailii. Complex even for major players; daunting for smaller players. On the one hand the patent holders have a dominant position[13] arising from the need to comply with the standard, which at least superficially means someone making products that comply with the standard infringes; on the other, the patent owner (and holder) has committed to granting a licence, so, if the user is willing to take a licence, an injunction is not appropriate. This has led to the vocabulary "hold up" and "hold out" – the positions of the less-willing patent holder and patent user respectively.

The EU Commission Communication (see pages 21) seeks to address this (at least for the future). It recognizes that there is real benefit in collaborative setting of standards: "Standards ensure that interoperable and safe technologies are widely disseminated among companies and consumers"[14]. This drives innovation in developing new universal technologies. The immediate future sees the desirability of adopting standards in many areas, including the Internet of Things, and they observe that good standards usable by all promise very significant economic benefits[15]. Parties who invest in making innovations to underpin a standard properly deserve compensation for their efforts. But it is important that granting of licences to use SEPs operates smoothly, and there is significant evidence that this is not the case: "The evidence, however, suggests that the licensing and enforcement of SEPs is not seamless and may lead to conflicts"[16]. The policy issue is therefore how to reward those parties, at the same time avoiding an abuse of that position by demanding terms that adversely affect competition.

Unwired Planet v Huawei (following a succession of cases including the reference to the CJEU[17]) explores the process and whether seeking an injunction amounts to an abuse of process. The key to this is the undertaking, given by SEP owners, to grant licences on FRAND[18] terms. Both Mr Justice Birss and the EU Commission Communication recognize that the detail of this is sector specific. Birss J found that there is only one FRAND set of terms for any given circumstances[19], but more importantly that FRAND also relates to the process as well as the terms. The non-discrimination element of this is not "hard edged"[20], meaning that, in practice there may exist licences on different terms – that is a matter for agreement between the parties. The constraint on this is that those terms, and any initial offer, should not be so different as to result in a distortion of competition[21]. In this case, although the initial offer terms were not FRAND, Birss J found that as the process progressed it was FRAND, and was willing to grant a FRAND injunction – one which would only apply as long as the patent user was not prepared to enter into the FRAND licence[22].

Leave to appeal was given on several points, including the question of abuse and whether injunction proceedings gave rise to an abuse, so we may learn more this year. Birss J determines the royalty rates to be applied – subject of course to the potential appeal[23], now followed by an even longer judgment on the process and rates in *TCL v Ericsson* in the US.[24]

As well as providing guidance on the FRAND process, in common with *Warner-Lambert*, Birss J's judgment and EU Commission Communication provide a window onto the business behind this sector, discussing the background to standards essential patents and the licensing process.

For example, the standards making process encourages early notification of "essential patents" and early filing, as in most cases submissions to the standards setting organisation (and its working groups) is not confidential. Then many of the declared patents may turn out not to be essential to the standard when the standard is adopted[25]. Secondly, parties do not generally assess validity or overall contribution in detail[26] – most patents are treated alike, subject to reviewing their essentiality. A significant number of these patents (most indeed) may not make a very significant contribution to innovation, something that is also reflected in the relatively high rate of invalidity of the patents. And then there is the role of patent assertion entities in pooling patents and seeking licence fees. It is acknowledged that patent pooling may make the licensing process easier. However, it also gives rise to competition issues. Unfortunately for observers, the party making that argument in *Unwired Planet* settled before a view could finally be taken.

The EU Commission Communication has noted a number of these features and has now identified some ways in which the standards development organizations could improve transparency (see page 21). On the other hand, one area that the EU Commission did not comment on was the point in the supply chain that value for an innovation should be extracted. Ironically, while in *Warner-Lambert*, steps have been taken against the initial manufacturer of the active ingredient, even when it is its use that drives infringement, for the most part standards essential patents holders seek to claim relief against the last player in the manufacturing chain. Even though the primary infringing act may well have been by a manufacturer of a small component of the final product. Indeed, the final-product manufacturer (e.g. of a car or computer) may not know or have any way of knowing whether that component infringes or how it does so. This makes it easier to seek a higher overall royalty. It also raises significant policy and legal issues, when another party (the initial manufacturer) is "permitted" to supply a product that infringes the patent without recourse.

Eli Lilly v Actavis[27] – when is prior art equivalent

There is perhaps an unlikely connection with *Eli Lilly v Actavis*. However, the doctrine of equivalents also addresses the issue of urgent filing of patent applications. Indeed, an anecdotal report suggests that the reason the patent was in the form it was in *Actavis v Eli Lilly* was that it was drafted in only 24 hours. The discussion of equivalents in China (pages 26) suggests a similar sort of issue with many Chinese patents.

It is unlikely to be a quiet year on the equivalents front. Already Arnold J has illustrated just one of the reasons – throwing down the gauntlet in *Generics v Yeda*[28] – on the relationship between equivalents and validity. He held (see January [2018] *CIPA* 27) that equivalents should not be taken into account when assessing novelty (and therefore clearly opening the prospect that a patent could validly cover something that was disclosed in the prior art)[29].

The reasoning was short, but drew on three arguments made by the claimant's counsel. The first was that this was not considered in *Synthon v SKB*[30], because equivalents were not an option at that time. The remaining two were:

- that the EPO does not apply equivalents when evaluating novelty; and
- that the scope of protection is different from the scope of the claim.

The first of these (the "second point", para 165), falls into the same trap as that for *Convatec*[31] – you will remember: numerical limits in claims. What the EPO actually said is that, in relation to novelty, it will not include **equivalents of the prior art** – that is a matter of obviousness. That is very different from saying that, in determining the scope of a claim for the purpose of deciding whether the (explicit) disclosure arising from a prior art document, one should or should not take into account equivalents of the invention. Obviousness seems to be the clear determinant as to whether something which is not explicitly disclosed in a prior art document should nevertheless be considered as relevant prior art. Of course, in an analogous way to what was observed in Warner-Lambert's submissions (noted above), that may not be the chosen way of avoiding a clash between what is an equivalent and prior art: the right answer may be to say that something which is disclosed in the prior art cannot be an equivalent. In addition, the fact that the EPO does not consider equivalents in examination is very different from considering them in a substantive patent dispute. It is likely that the EPO will simply not have enough information to determine the difficult question of equivalents, not least if one takes into account the possibility contemplated in *Actavis v Eli Lilly* that they may not be obvious at the date of the patent.

The third point was also aired in *Actavis v Eli Lilly*. The equivalence point arises, of course, because the Protocol to article 69 sets the requirement that a balance be struck between fair protection for the patentee and fair certainty for the third party. So, again, the underlying policy issue of fair protection is central to the argument on equivalents. But that does not mean that the scope invention should be considered differently from the scope of the claim. In the meantime, one can be sure that this point, which arises explicitly, will get more airing in the coming years.

Uncommon common factors: disrupted IP

Each of these cases (and the EU Commission Communication) arise in a context where the nature of disruptive innovation is testing the boundaries of the protection: second medical uses and how one ensures an appropriate reward to the contributors; the pace of innovation avoiding competitors taking unfair advantage of an innovators contribution. These are all a reflection of the importance of innovation, especially when changes take place so rapidly and stretch existing business models. There will be more similar challenges to come with the degree of connectedness in modern innovation – both convergence of technologies (such as computing, big data analysis, and information handling, with life sciences, physics and engineering), and economic connectedness, increasing the number of players who may be engaged in making and implementing any innovation.

In addition, the coming year is likely to see each of these discussed further, and that discussion to have a significant impact on patent attorneys practice.

In the meantime, there are challenges for patent attorneys to keep abreast not just with the technology but equally important, with the business of patents.

References

1. [2016] EWCA Civ 1006 (on appeal from [2015] EWHC 2548 (Pat) (infringement and validity) and [2015] EWHC 3370 (Pat) (post trial amendment))
2. [2017] EWHC 711 (Pat) [and also [2017] EWHC 2988 (Pat) with fewer redactions]
3. [2017] UKSC 48
4. s60(2): "… he supplies or offers to supply… any of the means, relating to an essential element of the invention, for putting the invention into effect when he knows, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put, the invention into effect … "
5. para 640 – even where the pharmacist is dispensing it for the non-patented indication: section 60(1)9c): "where the invention is a process, he disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise."
6. According to Warner-Lambert's submissions to the Supreme Court, only in the "respondent's opening skeleton argument served just before commencement of the trial" (para 189)
7. paragraphs 339 to 358
8. "… he supplies or offers to supply… any of the means, relating to an essential element of the invention, for putting the invention into effect when he knows, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put, the invention into effect…"
9. It has been suggested that this issue arises particularly because of the peculiarities of the supply chain in the UK, through the NHS, emphasizing the need for patent attorneys to understand their client business intimately in order to advise on and obtain the desired protection.
10. [2015] EWHC 2548 (Pat), para 511-513 (as required by Arnold J's judgment in [2015] EWHC 485 (Pat))
11. but see Arnold J's comments at [2015] EWHC 72 (Pat) (injunction hearing) at para 128, "[m]ore importantly, in both cases, pharmacists will be concerned that they may not be able to comply through no fault of their own if the prescription is for generic pregabalin and does not state the indication", echoing the intervention sought by a pharmacist in the Supreme Court hearing
12. [2017] EWHC 711 (Pat) [and also [2017] EWHC 2988 (Pat) with fewer redactions]
13. This is not necessarily accepted by all SEP holders, although seems almost inevitable in most cases.
14. p1, para 1
15. EUC Communication: "The estimated economic potential of IoT applications in devices for humans, homes, offices, factories, worksites, retail environments, cities, vehicles and the outdoors will be up to EUR 9 trillion per year by 2025 in developed countries" p1, para 3
16. p2, para 2
17. *Huawei v ZTE* (Case C 170/13) (*http://curia.europa.eu/juris/document/document.jsf?docid=165911&doclang=en*)
18. Fair, reasonable and non-discriminatory
19. para 164
20. para 177 (and para 175: discrimination on the grounds of size and bargaining power would be not FRAND)
21. para 175
22. [2017] EWHC 1304 (Pat) (Remedies hearing), para 20-23
23. While leave to appeal has been granted, other parties have already dropped out at earlier stages of the proceedings through settlements being made
24. see Richard Vary's analysis at *https://www.twobirds.com/~/media/pdfs/supersize-this-unwired-planet-american-style.pdf?la=en*
25. E.g. para 201
26. para 184, 201
27. [2017] UKSC 48
28. [2017] EWHC 2629 (Pat)
29. see para 163
30. [2006] RPC 10
31. [2012] EWCA Civ 520

Council Minutes

Minutes of the Council meeting held on Wednesday 6 December, 2017 at 14:30

Prior to the commencement of the meeting, the Chief Executive of IPReg, Fran Gillon, gave a presentation to Council on IPReg's work in relation to the Competition and Markets Authority's Market Study Report, published in December 2016.

The CMA requires the legal regulators to develop new minimum standards for disclosing price, service, redress and regulatory status. The Market Study Report also called for improved information to help consumers and small businesses identify their legal needs and the types of legal services providers capable of meeting those needs. There is a drive towards a single consumer education hub, the 'Legal Choices' website, and a Single Digital Register for all legal providers, with common data fields.

IPReg is leading the IP sector's response to the Market Study Report and Fran Gillon set out the planned activities for 2018. IPReg prefers an approach based on guidance rather than rules, that will provide greater transparency of information, including pricing, by attorneys in order to help consumers and small businesses understand the types of legal services that are available to them.

Item 1: Welcome and apologies

Present: S.F. Jones (President, in the Chair), J.A. Florence (Vice-President), A.J. Rollins (Immediate Past President), C.P. Mercer (Honorary Secretary), A.R. Brewster, R.J. Burt, C.M. Hammer, A.C. Instone, J.T. Jackson, R.P. Jackson, A. Mukherjee, E. Nytko-Lutz, B.N.C. Ouzman (by phone), A.D. Poore, T.W. Roberts, and V.B. Salmon. Lee Davies (Chief Executive), Neil Lampert (Head of Media and Public Affairs) and Charlotte Russell (Executive Assistant) were in attendance.

Apologies: J.D. Brown, P.G. Cole, M.P. Dixon, S. Ferrara, S. Harte, G.J. Iceton, R.D. Mair, G.V. Roberts and S.M. Wright.

Stephen Jones welcomed Emily Nytko-Lutz to Council, following her appointment to a vacant seat on Council at the November meeting.

Item 2: Conflicts of interest

280/17: There were no conflicts of interest.

Item 3: Minutes

281/17: The Minutes of the Council meeting held on Wednesday 1 November, 2017 were approved following amendment. [See January [2018] *CIPA* 5.]

Item 4: Brexit

282/17: Stephen Jones advised Council that the joint statement by the IP professions discussed at the November Council meeting had been approved by CIPA, the IP Law Committee of the Law Society of England and Wales, the Intellectual Property Bar Association, the Chartered Institute of Trade Mark Attorneys and the IP Federation, and had been sent to the Lord Chancellor's Brexit Law Committee. [See page 9.]

283/17: Council noted the Brexit position paper published by INTA.

284/17: Council agreed to write to the President of the EPO and the *epi* Presidium, requesting that a statement is published on the unchanged rights of UK-based European Patent Attorneys to represent applicants before the EPO following Brexit. Andrea Brewster asked that the letters make reference to the unchanged rights of UK citizens and businesses to obtain European patents and the unchanged ability of a European patent to cover the UK.

Action: Stephen Jones and Lee Davies to modify the draft letters presented to Council and send to the President of the EPO and the *epi* Presidium.

285/17: Council considered a discussion document on the future of unregistered community design rights post-Brexit, produced by CIPA's Designs and Copyright Committee, CITMA, the British Brands Group and the IP Federation. Rob Jackson said that he welcomed the document but felt that it needed further work to ensure that the strategic overview was clear at the start. Alicia Instone said that she would take the suggestion back to the group and that the document was intended for the UK IPO, who already know the high-level position.

Action: Council granted the Designs and Copyright Committee the power to act on behalf of Council to agree the final discussion document and send to the UK IPO.

Item 5: Bye-laws review

286/17: Council approved the proposed amendments to the transitional provisions in the draft Bye-laws, to reflect the revised timetable for implementation. Vicki Salmon proposed that the changes to the Bye-laws be explained in a webinar before being put to the members at a General Meeting. Council supported the proposal.

Action: Lee Davies to explore the option of presenting the Bye-laws to the members through a live web broadcast.

Item 6: Regulatory issues

287/17: Stephen Jones informed Council that a meeting of CIPA, CITMA and IPReg, including the three Chief Executives, had taken place on 5 December, 2017, replacing the Approved Regulators' Forum (ARF) meeting scheduled for that date. Stephen added that the meeting had gone very well and that CIPA, CITMA and IPReg had agreed to suspend future ARF meetings as the Forum was no longer fulfilling its intended purpose. Stephen said that the

three Chief Executives had been asked to review the Delegation Agreement and to propose revisions that better reflect the current regulatory arrangements and the LSB's direction of travel with its internal governance rules.

288/17: Stephen Jones advised Council that he had written to IPReg setting out a series of questions relating to the information on complaints and disciplinary proceedings published by IPReg in its Annual Report. Stephen added that the matter had been discussed briefly at the three-way meeting on 5 December and that IPReg would be replying to the issues raised in due course.

289/17: Lee Davies explained the background to IPReg's consultation on changing its regulations to allow for the power to suspend individual registrants from the register in the event of non-payment of practice fees, non-compliance with CPD requirements or the failure to provide evidence of professional indemnity insurance.

Action: Council granted the Regulatory Affairs Committee the power to act on behalf of Council in responding to the consultation by IPReg on changes to its regulations.

290/17: Council noted the letter from Steve Gregory to Stephen Jones in relation to CIPA's response to IPReg's consultation on its budget and business plan.

291/17: Stephen Jones advised Council that Steve Gregory had given an indication that he would be prepared to stand for appointment as the Chair of IPReg, having held the role in an interim capacity since the resignation of Caroline Corby. Stephen added that IPReg had indicated that the LSB would be prepared to accept a revised recruitment process if both CIPA and CITMA agreed to such a proposal from IPReg. Andrea Brewster reminded Council that she had represented CIPA in the recruitment of Caroline Corby and that she felt quite strongly that there needed to be an open and transparent process. Tony Rollins agreed, adding that his views on the current Chair's reaction to CIPA raising its concerns over IPReg's administration of the regulatory arrangements were well known and that he was of the opinion that there should be open competition for such an important role. Catriona Hammer focused on the issue of diversity, adding that a competitive recruitment process would enable IPReg to demonstrate its commitment to equality.

Vicki Salmon said that she was concerned that IPReg was advertising for a new lay Board member before the position of the Chair was resolved. Vicki added that the number of lay members had been increased by one to accommodate the LSB's concerns when Michael Heap, a non-practising barrister, was appointed as IPReg's Chair. Lee Davies said that he would raise this point with Fran Gillon and would also ask Fran to ensure that IPReg sets out its proposals for the recruitment process for the Chair for Council's consideration.

Action: Lee Davies to raise the recruitment process for the IPReg Chair at the next CEOs' meeting.

292/17: Council noted the LSB's consultation on its internal governance rules.

Action: Council granted the Regulatory Affairs Committee the power to act on behalf of Council in responding to the consultation by the LSB on its internal governance rules.

Item 7: Strategic plan

293/17: Council noted the final draft of the three-year strategic plan.

Action: Council members to provide any additional comments to Lee Davies and Neil Lampert before publication in January.

Item 8: IPO and EPO matters

294/17: Council thanked the Exploitation Committee for filing a response to the UK IPO's consultation on its Industrial Strategy on behalf of CIPA. [See January [2018] *CIPA* 8.]

Item 9: Committees and committee reports

295/17: Patents Committee
Council noted the report from the Patents Committee.

296/17: Exploitation Committee (IP Commercialisation Committee)
Council noted the report from the Exploitation Committee. Catriona Hammer advised Council that the Committee had agreed to change its name to the IP Commercialisation Committee.

297/17: Life Sciences Committee
Julia Florence advised Council that she was standing down from the Committee due to her increased commitments as Vice-President and that she had recommended that Gavin Fowler, a colleague at GSK, join the Committee. Tim Roberts advised Council that the Committee had filed a response to the Convention on Biological Diversity's proposal that the Nagoya Protocol be extended to include digital sequence information (DSI). Tim apologised that he had not had time to seek Council's approval in advance of filing the response. Council thanked Tim for continuing to lead its work in this area. [See January [2018] *CIPA* 9.]

298/17: Designs and Copyright Committee
Council noted the report from the Designs and Copyright Committee.

299/17: Media and PR Committee
Neil Lampert advised Council that the roundtable meeting with the Federation of Small Businesses had taken place on 21 November, 2017. CIPA was represented by Bobby Mukherjee, Matt Dixon and Catriona Hammer. Neil added that there would be a joint policy paper produced for lobbying purposes.

Neil Lampert informed Council that the conference for marketing managers had been highly successful, particularly the sessions on Brexit and the General Data Protection Regulation. Neil added that a number of marketing managers had expressed an interest in joining the Committee.

300/17: Litigation Committee
Council approved the appointment of Nick McDonald (Potter Clarkson) to the Committee.

301/17: Congress Steering Committee
Alasdair Poore advised Council that Congress had the working title of 'Surfing the Wave', with the focus being on new technologies and drafting.

302/17: International Liaison Committee
Tony Rollins said that the Committee was considering the plan to hold a series of roadshow meetings in the US. Tony said that the Committee was of the view that it would be impractical to hold the events in 2018, given the resources needed from both CIPA and the firms supporting the roadshows, and the need to coordinate with the UK IPO and any judges able to attend. Council approved the proposal in principle and asked the Committee work on a full programme for 2019. Stephen Jones asked the Committee to reconsider its proposal to see if the programme could be brought forward to 2018.

Action: Tony Rollins to review the programme with the Committee to see if it would be feasible to bring forward to 2018.

Item 10: Officers' reports

303/17: Council noted the Officers' reports.

Item 11: Chief Executive's Report

304/17: Council noted the Chief Executive's report.

Item 12: Applications for election

305/17: Fellows: Council approved the following first time Fellow applications: Juliette Alice Boynton; Clair Curran; Christopher William Smith; Andrew Waldron; Chris Cottingham; Edith Penty Geraets; Jonathon Hauser; Nicole Jessica Cordy; Adam Robert Ellwood.

Council approved the following second time Fellow applications: Becky Louise Harris; Edward Christopher Davis Clarke; Andrew Kenny; Richard Tatham; Paul Beynon; Cornelius O'Connor; Patrick Aaron Scott; Shaun Lee; Sophie Blake; Jack Whitfield; Marcus Sims.

306/17: Students: Council approved the following Student Membership applications: Andrew John Davies; James Smythies; Laura Nend; Thomas Catherall; Polina Borisova; Tom Bosworth; Joseph Henderson; James Burgess; Matthew Woodhill; Kiran Joshi; Michael Hurhangee; Adam Rimmer; Lucy Ward; George Pidgeon; Beth Campbell; Oliver Parish;Ella Wells; Dylan Morgan; Zayd Husseini-Eyre; Monique Henson; Laura Compton; James Auger; Andrew van den Bent-Kelly; Stefan Siegel; Robert Saxby; Dominic Jaques; Alex Elder; Chris Howe; Abbie Fisher; Leonard Wright; Joe Morgan; David Joo; Melissa Odling; Robert Spacey; Eden Winlow; Helen Bartlett; Kaushal Choonee; Christopher Rodger; Joseph Williams; Thomas Gregory; Iven Mueller; Maria Bates; Scott Macdonald; Erica Thake; Robyn Hardisty; Rachel Lanigan-Mills; Alexandra Wood; Rosalie Shepherd; Bethany Harriss.

307/17: Associates: Council approved the following first time Associate membership applications: Dominic Adair; Rebecca Spence; Ross Warren; Daniel Shaw; Anne Menzies; Anthony Judd.

Item 13: Resignations, etc

308/17: Council noted the report on resignations.

Item 14: Any other business

309/17: Bobby Mukherjee advised Council of his concerns that an EPO director without portfolio had been appointed to the role of coordinator of the paper D committee, having never served on the examination committee before and with little, if any, experience of paper D. Bobby added that he understood that this has led to the *epi* member who chairs the committee resigning. Stephen Jones said that he would raise the matter with the President of the EPO at the meeting with CIPA on 24 January and that he would consult with Chris Mercer in advance of the meeting.

Item 15: Date of next meeting

310/17: Wednesday 3 January, 2018.
The President closed the meeting at 17:10

Lee Davies, Chief Executive

IP law and Brexit

Summary of main requests for the UK government in a joint statement by CIPA, the Law Society, the IP Bar, CITMA and the IP Federation

This note sets out the main, common requests of the IP organisations listed below, for action by the UK government in light of Brexit, in the field of IP. This note has been written or supported by the undersigned office-holders of organisations that represent the main UK IP professions, including IP solicitors, IP barristers, chartered patent attorneys, and chartered trade mark attorneys. Between them, the IP professionals represented by these organisations have experience of advising, either as employees or as external advisers, the full range of clients for whom IP is important, including individuals, SMEs, major companies, universities, NHS trusts, government agencies and others; and including both UK-registered companies and overseas companies that make the UK the base of their European operations. They represent clients in all sectors, including IT, engineering, life sciences, industrial design, fashion, and consumer goods.

The importance of the UK as an IP forum

The UK economy includes successful businesses and organisations operating internationally for which IP is important. Many IP-dependent organisations operate on a regional, or global basis, rather than at a purely UK level. For example, a company may coordinate its European patent or trade mark filing strategy from one key jurisdiction; IP licences are often granted for the whole of the EU; and parties in dispute over IP rights may bring a test case in a leading EU jurisdiction such as the UK, the outcome of which may be commercially persuasive in getting the parties to reach a settlement across the whole of the EU. The UK is at the heart of this and has been for many years.

The UK is also strong as a provider of IP services, whether in the areas of protecting IP, enforcing IP rights through litigation, or commercialising IP and the products and services that are protected by IP. It is of clear benefit to the UK economy for this to continue unimpeded.

The international and EU context

There has been international cooperation in the development of IP laws since long before the EU and its predecessors came into existence, as in the case of the 1886 Berne Convention for copyright. Some of the newer forms of cooperation take place outside the EU institutions, as in the case of the European Patent Convention, whose member states include those of the EU as well as many others. But EU laws are at the heart of the European (including UK) IP system. IP laws based on EU laws which the UK has supported are important for many businesses, both in the UK and overseas. UK industry and the UK legal sector obtain considerable economic benefits from registering and using IP under EU laws and systems.

Key areas for action – ensuring continuity and certainty

This note provides a short list of the biggest areas where Government action is necessary to ensure continuity and certainty of IP law and to prevent disruption both to undertakings which use IP services and IP service providers.

There are many other areas of detail where specific action is recommended, too numerous for this note. Other papers have been produced by the UK IP professions which address these in more detail. Most of the undersigned have been in discussion with the UK Intellectual Property Office (IPO) during the last year about the detailed IP issues that arise from Brexit. The lead contact on Brexit issues at the IPO is Adam Williams (*adam.williams@ipo.gov.uk*).

Key recommendations

1. Continuation of EU-derived IP rights. The UK has played a pivotal role over many years in the creation of a robust and harmonised IP regime across Europe, which offers an efficient, consistent and effective approach for those seeking to acquire, exploit and protect

Brexit – Joint Statement

CIPA participated in the drafting of a joint note with the Law Society, the IP Bar, CITMA and the IP Federation, which has been circulated to various government departments including the Department for Exiting the European Union, the Department for Business, Energy and Industrial Strategy, The Ministry of Justice and the UK Intellectual Property Office.

The note sets out the views of these bodies on what the government ought to be seeking to achieve in relation to intellectual property rights after Brexit. It summarises the main requests for action by the government, but does not seek to deal exhaustively with all aspects.

The joint note was approved by Council and signed by President Stephen Jones, who worked with representatives of the other organisations to agree the content of the note.

For further detail on CIPA's position on Brexit, please see the paper "The Impact of Brexit on Intellectual Property" on the CIPA website.

rights across the EU, and for those affected by invalidly asserted rights to challenge them effectively. These rights include EU trade marks, registered Community designs, unregistered Community design right, database rights, artists' resale rights, supplementary protection certificates (a form of patent term extension), indicators of geographical origin, and plant breeders' rights. They constitute valuable property rights for a range of sectors. The UK government should make arrangements to ensure that owners' property interests and the interests of those affected by them are not lost or prejudiced by Brexit, and that there is a minimum of cost and disruption to the IP system. Specifically:

(a) The Government **should seek to negotiate a package of rights to secure the continuation of all existing substantive and procedural pan-European rights and defences to them**. It would be preferable for the UK to continue to participate fully in pan-European rights despite no longer being a member of the EU. We believe this would be in the interests of industry based in the UK, including SMEs. We note that there are provisions on harmonisation of IP rights in the EU/EFTA treaties, which could provide a model.

(b) If (a) is not achievable, the government **should legislate for the automatic continuation in the UK of EU rights**. This might include, for example, the introduction of domestic UK rights (to the extent they do not already exist) that are equivalent to the EU rights, including maintaining original priority dates. This includes the Community unregistered design right and protection for geographical indicators. It also includes, in particular, domesticating EU trade marks, Community registered designs and supplementary protection certificates. This is an essential issue for rights holders. The Commission Position Paper on Intellectual Property Rights as issued on 7 September 2017 makes essentially the same proposals. This legislation should make adequate provision for tracking the unitary rights granted under the EU system and should ensure that UK advisers remain able to continue to deal with parallel unitary rights via the EU Intellectual Property Office (EUIPO).

The government will, in either case, need to negotiate with the EU to ensure ongoing cooperation and data sharing between the agencies responsible. It is important that **this negotiation is not held up pending other discussions concerning Brexit** and that there is rapid effective communication between the relevant agencies including the UKIPO, EUIPO and others to this end.

2. Unitary Patent / Unified Patent Court Agreement.

The UPC is one of the most significant developments in IP dispute resolution of recent years. The UK is central to it and has devoted significant financial and human resources to its development. Participation of UK judges and lawyers is widely regarded as critical to the UPC. Partly as a result of British initiatives, the UPCA provides that the section of the Central Division dealing with, inter alia, life sciences and chemistry, will be based in London. This is of benefit both to UK industries operating in this sector and to the UK legal profession.

The Court will commence operating three months after the UK and Germany have deposited their instruments of ratification; subject to that, the court could be ready to open in 2018. In light of the UK declaring its intention to ratify the UPCA nearly a year ago, and the UK triggering article 50 in March this year, the Government should provide legal certainty regarding the UPC, and now do the following:

(a) confirm that it is the UK's intention to stay in the UPC, and that the UK is prepared to abide by the terms of the UPC Agreement, following Brexit;
(b) work towards the coming into effect of the UPC as soon as reasonably practicable in collaboration with other UPC Member States; and
(c) work with other UPC Member States and EU institutions to ensure there are no legal or practical obstacles to UK participation in the UPC and the Unitary Patent, following Brexit, on equal terms with other Member States.

The objectives should be (i) continuation of the Court in London; (ii) continued involvement of UK national judges; and (iii) continued rights of participation of legal professionals qualified and based in the UK in all parts of the Court's procedures on the same terms.

3. Exhaustion of rights.

At present, if (for example) a trade mark owner places goods on the market under a trade mark anywhere in the EU, it cannot enforce the equivalent UK trade mark against someone who purchases those goods and imports them to the UK (subject to certain exceptions). A similar situation exists in relation to other IP rights. Industry needs to know what exhaustion rules will apply, post-Brexit, to goods first placed on the market: in the UK, in the EU, the EEA or internationally. In the interests of legal certainty for UK industry and consumers, the government **should consult widely, decide upon and publicise its position on exhaustion of rights**. It is suggested that the Government should make it clear that, in the interim, the current regime will continue, and that the position would be reciprocated throughout the EEA.

4. Rights of representation.

The government **should treat continued rights of representation of UK IP professionals based in the UK as a priority and should ensure that they continue in all relevant EU fora**. Where relevant, employees of UK companies, should continue to have rights of representation before EU bodies including (where applicable) CJEU courts and EUIPO, as well as the UPC. The continuation of these long- standing rights is fundamental in ensuring the UK retains its position as a global leader in UK legal services including IP. There is no justification for the UK or the EU curtailing them (or accepting curtailment).

5. Mutual recognition of judgments. We are concerned by reports that some

international businesses have become cautious about choosing a UK jurisdiction for their agreements, in view of the uncertainty over whether, for example, an English court judgment will be enforceable in the EU post-Brexit. Similar issues exist when deciding which European country in which to bring a test case on IP infringement or validity. The government **should urgently negotiate arrangements with the EU that continue in force the substance of the current arrangements under the Rome and Brussels regulations**, so as to give the fullest reassurance.

Other IP issues arising from Brexit

There are many other important points of detail in the field of IP that will need to be negotiated and resolved as part of Brexit and we understand that the UKIPO is working on many of them. The volume of work involved to deal with these matters indicates to us the importance of a transitional period in which to negotiate them with the rest of the EU. Bearing in mind the time it has taken to establish some of the international treaties and laws in the field of IP, we think the necessary transitional period is likely to be several years. We have highlighted the areas above of greatest impact for the approach to be taken by the Ministry of Justice.

The organisations named below request that the Government take action in support of the above recommendations.

- Mark Anderson, Chairman, IP Law Committee, **Law Society of England and Wales** (representing IP solicitors, both in private practice and in-house)
- Daniel Alexander QC, Chairman, **Intellectual Property Bar Association** (representing IP barristers)
- Stephen Jones, President, **CIPA** (representing chartered patent attorneys, both in private practice and in-house)
- Kate O'Rourke, President, **CITMA** (representing chartered trade mark attorneys, in private practice and in-house)
- James Horgan, President, **IP Federation** (representing UK IP intensive industry)

EPO: Brexit will not affect European patent work

CIPA press release, 26 January 2018

Benoît Battistelli, President of the European Patent Office, has stated unequivocally that Brexit will have no effect on UK membership of the European Patent Organisation and that European Patent Attorneys based in the UK will continue to be able to represent applicants before the EPO after the UK leaves the European Union.

He made his statement following a CIPA delegation to the EPO in Munich led by President Stephen Jones. Also making up the delegation were Immediate Past President Tony Rollins, Honorary Secretary Chris Mercer, Past President Andrea Brewster, Tim Jackson, Chairman of CIPA's Patents Committee and Chief Executive Lee Davies.

President Battistelli said: "Meeting with CIPA gave us an opportunity to restate that Brexit will have no impact on UK membership of the EPO. For a very simple reason – the EPO is not an EU agency but an independent international organisation, of which the UK is a founding member."

On 25 January, the CIPA team met President Batistelli and senior officers of the EPO. They discussed progress made by the UK on the ratification of the Unified Patent Court Agreement and the likelihood of ratification in the coming months. [See the EPO's report at *http://www.epo.org/news-issues/news/2018/20180125.html*]

CIPA delegation at the EPO in Munich on 24 January 2018

EPO patent practice update

Report of the EPO-CIPA patent practice meeting, 8 December 2017

On 8 December 2017, CIPA hosted a meeting with EPO Directors Alfred Spigarelli (Director Quality Management), John Beatty (Director Patent Procedures Management) and Niclas Morey (Principal Director User Support & Quality Management) to discuss a range of topics related to current practices and proposed developments at the EPO. The meeting was chaired by CIPA's Patent Committee Chair, Tim Jackson.

Quality control framework

The talk started with a discussion on quality management at the EPO. As stated by Mr Morey, quality is the EPO President's number one priority. An open and transparent quality report reviewing performance in 2017 will become available in the first half of 2018. However, Mr Spigarelli was happy to explain a number of the different metrics used to assess quality and meet ISO 9001 certification, including quality audits and user satisfaction surveys as well as unofficial metrics such as the ongoing discussions with CIPA and other user bodies.

Mr Beatty then went on to explain how the internal arrangement of the organisation produced the checks that are used to ensure quality at grass-roots level. These include the introduction of team managers, examiners who spend a portion of their time coordinating a team of between 8 and 16 other examiners and check each communication the team issues before it goes out of the door to ensure a consistent and high standard of work from the team. These checks exist at all different stages of the application process.

It was suggested that the EPO could keep track of different types of objections across divisions during examination, for example if an overly-strict added matter objection caused an applicant to abandon a case, this would not be caught by a check at refusal. Whilst there were concerns that examiners may have become overly cautious, looking for literal basis instead of applying the "Gold standard" for added matter, in case of impact on their individual performance assessment, the EPO directors provided assurances that the quality management system was completely dissociated from examiners' performance review.

The EPO also encouraged users to raise formal complaints when justified to help the EPO identify the cause of any inconsistencies.

Early certainty

The next topic discussed was the early certainty schemes including the proposed "user driven" early certainty – i.e., deferred examination. The EPO acknowledged that for many years it has been struggling with a backlog of applications and pointed out that the examination process is loss-making with well below 50% of costs covered by the relevant fees received (also depending on the procedure, EP or PCT). However, new measures have allowed the EPO to finally master and begin reducing this backlog.

Having started with a six-month target for issuing the search report and opinion, the EPO is now averaging 4.8 months and will have cleared the backlog for search by the end of 2018. There are also targets of 12 months for examination (median time from request for examination to grant) and 15 months for oppositions (time to decision for standard cases).

The 12-month median time from valid request for examination to issuance of 71(3) communication target is to be achieved in all technical areas by 2020. Currently, there is variation across technical areas as stocks are being brought down. However, some areas, such as within the 'Handling and Processing' sector, are already achieving the target. Good progress is being made towards the 15-month target for opposition.

Postponed examination

The discussion then turned to the effects of the early certainty schemes. Having been very slow in many cases of examination, there are now concerns being voiced that the process will become too fast in some areas. Given the desire for a balanced system, the EPO is therefore considering introducing user-driven deferred examination.

Under the proposed system, as of mid-2018 applicants would be able to request the postponement of the start of examination for up to three years. The three years would start from expiry of the period for requesting examination for EP-Direct, or from entry into EP-phase for Euro-PCT.

Postponed examination would be requested together with examination request/confirmation or on entry into the European phase for PCT applications. After the postponement period, during which renewal fees would be paid as normal, examination would start with the 12-month completion target.

Under the proposals, applicants would still have to respond to any objections in the extended European search report or international search report (if the EPO was the ISA), thereby reducing the degree of uncertainty surrounding the case for third parties. Furthermore, if substantiated, non-anonymous third-party observations were filed against

such an application, examination would start before the end of the postponement period, providing some third-party certainty. There would be no fee to file third-party observations.

It was agreed that naturally there will be conflicting opinions surrounding this proposal, and these will vary by technical area. For example, where clinical trials are required deferral is needed to protect the invention. On the other hand, there are concerns about the unfairness delay can cause to third parties, against which the third-party observation mechanism may not be a sufficient safeguard. Additionally, it was noted that *epi* Council has already voted against the proposals.

Annex to summons for opposition oral proceedings

Another topic that stemmed from the discussion of early certainty in opposition was the impact that this scheme may be having on the level of detail provided in some annex to summons to oral proceedings. In particular, in oppositions members of CIPA have increasingly been receiving no more than an agenda for discussion without any preliminary opinion. The EPO Directors conceded that they had seen examples of this but stressed that this was not what they wanted to see either and are working on improving this.

Furthermore, the EPO is in the final stages of a process to focus more on opposition by reducing the total number of examiners working on oppositions, in an effort to harmonise the process. This will be implemented on a rotational basis with examiners spending 20-30% of their time in oppositions. There will also be a one-year transitional period for those examiners already involved in opposition cases. The EPO aims to avoid having the first examiner from the Examination Division present in the Opposition Division unless the Opposition Division would otherwise lack the necessary technical expertise.

Examiner proposed amendments in Druckexemplars

Members of CIPA next raised concerns with examiner proposed amendments at the r.71(3) stage. In particular, members highlighted that they had been increasingly receiving Druckexemplars with extensive and/or undesirable amendments to the claims. Whilst

the aim of these examiner proposed amendments were to reduce time to grant, as applicants have largely been rejecting examiner proposals, it actually increases pendency time.

Mr Beatty confirmed that this was a real focus for 2018 and asked that attorneys speak up if they are encountering these problems, thus providing feedback for instances where

UK firm tops filing list at the EPO

UK patent attorney firms are continuing to prove popular to businesses around the world when it comes to filing European patent applications, with the latest figures showing that one UK firm in particular is now Europe's No 1.

The European Patent Office (EPO) – via which patent rights across Europe can be obtained – is not an EU institution. This means that the UK's 2,300 European qualified patent attorneys will continue to represent domestic and overseas clients there after Brexit.

The most recent filing statistics from the EPO indicate that this message is understood by businesses around the world seeking to protect their innovations in Europe.

In the latest set of available full-year filing figures the UK firm Dehns is the number one for European patent application filings. The firm – with offices in London, Brighton, Oxford, Manchester and Munich – filed more than 3,000 European patent applications in 2016, placing them at the top of the filing list of European firms for the first time. This is also the first time for a number of years that a UK firm had topped the EPO filing list, as there is stiff competition from large German firms. Alex Piésold, Senior Partner at Dehns, said:

> "This figure was not only a significant increase from the previous year, but also included a five-month period after the UK vote to leave the European Union. The strength of our EP order book continued through 2017. It is therefore evident that UK and international clients have complete confidence in us, as a firm of UK Patent and Trade Mark Attorneys, to file their patent applications in Europe."

CIPA has produced an animated video to further explain why European patent work will be unaffected by Brexit. The video can be viewed on the CIPA website and on the CIPA YouTube channel.

CIPA press release, 8 January 2018

mistakes have been made. It was also agreed by both sides that a telephone conversation between the examiner and the attorney would be most effective before preparing the text intended for grant. The EPO confirmed that they are currently in the process of encouraging phone calls through training and clarifying procedures. It was also suggested that if examiners wanted to call an attorney, that it would be beneficial for all to arrange a time in advance via email.

Fee changes

The discussion next turned to the proposed changes to official fees. It was confirmed that there would not be any inflationary-linked fee rises in 2018 (subject to council meeting the following week). The EPO has not increased PCT fees since 2010. The aim of the EPO is to level out their fees with those applications that take the PCT route. To fund this, the rebate will be removed for all the countries that are not using the EPO for search (currently not all countries have this rebate). With this measure, all ISAs (there are 23 in total) will be treated equally. The EPO stressed that this was intentional and that it was ready for any increased workload.

Further fee changes include a reduction in fees resulting from the proposed docx/xml filing routes. This is still not functioning perfectly, but the aim is to have this system in place by 30 June 2018. The fee reduction is achievable by saving between €10 and €12 million that is currently being spent per year on outsourced scanning. As a result, there will be a reduction of the filing fee from €120 to €90, as well as the elimination of handling fees (currently €130). The paper filing fee will increase to €250 as of June 2019.

Summons to oral proceedings as first examination action

Finally, the new practice of issuing oral proceedings summons as first action in examination was discussed. The EPO stressed that this would only be used for exceptional cases in which there is no change in the substance of the claims compared to the searched claims. It was suggested that if this change in the guidelines led to an increase in summons, that this might be inadvertently discriminatory to UK-based European patent attorneys.

It also greatly increases the pressure to make claim amendments in the first response to demonstrate that there has been a "genuine effort" made to overcome the examiner's objections, even if it the applicant would first prefer to explain in argumentation the patentability of the claims as searched. It was again agreed with CIPA that it would be very helpful if the examiner would phone the representative before issuing a summons.

Theo Carter (Student)

Sam Gyimah announced as UK Minister for IP

CIPA press release, 25 January 2018

New UK Minister for Intellectual Property, Sam Gyimah

CIPA has welcomed the announcement that Sam Gyimah MP, Minister of State for Universities, Science, Research and Innovation, has been confirmed as the new Minister with responsibility for intellectual property working within the Department for Education and the Department for Business, Energy and Industrial Strategy.

Mr Gyimah, who has been MP for East Surrey since 2010, was previously Minister for Prisons and Probation in the Ministry of Justice. CIPA President Stephen Jones said:

> "We were pleased to see Mr Gyimah confirmed as Minister with responsibility for Intellectual Property in addition to his other ministerial duties and have written to congratulate him. CIPA welcomes Mr Gyimah to his new role and looks forward to working with him. He joins the IP community at an interesting time, with the UK at the forefront of many key developments. IP is essential to a thriving innovation-driven economy and we must all strive to deliver the best results for users."

Manual of Patent Practice updates

The 2 January 2018 changes that have been incorporated into the latest version of the Manual of Patent Practice are listed below. The updated table of changes can be viewed on the gov.uk website, see *www.gov.uk/guidance/manual-of-patent-practice-mopp*.

Paragraphs	Update
2.03, 125.17.7	Updated in light of *Generics (U.K.) Limited and others v Yeda Research and Development Company Ltd and others* [2017] EWHC 2629 (Pat).
2.29.1	Updated to note *Memcor Australia Pty Ltd v Norit Membraan Technologie BV* [2003] FSR 43.
3.87.2, 125.17.7	Updated in light of *Actavis Group PTC EHF v ICOS Corporation & Ors* [2017] EWCA Civ 1671
14.139.3, 125.18.6	Updated to note that the test set out in *Actavis v Eli Lilly* [2017] UKSC 48 is for determining whether certain equivalents fall within the scope of protection of the claims. This test does not mean that all equivalents are protected by the claims. Therefore, any general statement within the description stating that the scope of protection of the claims includes all equivalents is not allowable.
89B.08	Updated to note that the only situations in which rule 106(2)(a) is used to provide a refund of the excess search fee are when an international search report becomes available before the examiner starts the search and if the larger search fee has been paid unnecessarily. Under no circumstances can rule 106(2)(a) be used to refund the reduced search fee.

Overseas report

International treaties

Hague Agreement (International Registration of Industrial Designs)

On 30 November 2017, the Government of the Russian Federation deposited its instrument of ratification of the Geneva Act of the Hague Agreement. The said Act will enter into force, in respect of the Russian Federation, on 28 February 2018.

Patents and trade marks

On 5 December 2017, new patent term extension (PTE) regulations came into force in Israel. The regulations introduce a number of changes for both new and pending PTE applications in Israel including:

- Changes in the details that should be specified in the PTE application and its supporting affidavit.
- Rules concerning medical devices, as well as a 90-day grace period for filing PTE applications in respect of medical devices, expiring on 5 March 2018.
- Procedures for updating the details of a PTE application.
- Duties to notify the ILPTO about a variety of changes, including the grant of PTE/SPC in other countries.
- Regulations for opposing not only the grant of an extension order, but also its term of effect.

On 15 January 2018, new provisions come into force in Vietnam that overhaul the trade mark, patent and design provisions. Significant changes include the recognition of well-known marks and cancellation of the six-month grace period for PCT national phase entry so there is now a hard deadline of 31 months.

Dr Amanda R. Gladwin (Fellow), GSK

Warner-Lambert – CIPA's Supreme Court submission

Warner-Lambert Company LLC v (1) Generics (UK) Limited (trading as Mylan); (2) Actavis Group TTC ERF: CIPA's statement of grounds filed at the Supreme Court, 19 December 2017.

CIPA applies for permission to intervene under Rule 26 of the Supreme Court Rules 2009 in the above case (UKSC 2016/0197). Permission is sought for written intervention. CIPA should be granted permission to intervene because the points of law at issue are of considerable importance to its clients who rely on the benefit of patent protection to allow them to recover the costs of investment and CIPA's members who must advise them. CIPA does not intend to support the position of either the appellant or the respondents in the case. Drawing upon its collective wealth of experience in drafting, prosecuting and litigating patents, CIPA wishes to assist the Court in highlighting ways in which the outcome of the appeal will affect its clients and its members.

Of the four issues of law to be considered by the Supreme Court, CIPA intends to comment on the first. Namely, whether (and what role) plausibility should play in the statutory test for sufficiency, and whether a patent should be held insufficient for lack of plausibility even though it is in fact enabled across the full scope of the claim.

Whether (and what role) plausibility should play in the statutory test for sufficiency

CIPA agrees with the fundamental premise that patent applicants should not be unjustly enriched through the grant of a patent to a purported invention based on broad and wholly speculative assertions. The policy issues presented by such patent applications were set out succinctly by Neuberger J in *Prendergast's Applications* [2000] RPC 446, p450 as follows (emphasis added):

> "On the other hand, if the Comptroller is wrong, it would be possible to make valid Swiss-type applications in relation to **all sorts of speculative uses** for established drugs and other chemicals **without a shred of evidence as to whether they would work, let alone as to whether they do work**. That seems to me to be potentially embarrassing in terms of overwork for the Patents Office. It appears to me to be potentially stifling so far as research and development are concerned. It appears to me to **risk giving an uncovenanted benefit** to a substantial or rich organisation which might seek to register a remarkable number of **wholly speculative patents** which, on Dr Prendergast's argument, would be valid."

CIPA accepts that it is important to find an effective way to tackle the issue of wholly speculative claiming. In determining how this should be achieved, and whether it should be by an assessment of plausibility in the context of sufficiency, CIPA urges the Supreme Court to take account of the following considerations:

(a) A patentee is always faced with the challenge of deciding when to file. Too early, without sufficient data, and he risks a finding of invalidity. Too late and he risks competitors having got there first and potentially jeopardises the investment made in the project (be that internal company investment or external funding). The question as to how much information is needed at the time of filing to satisfy the patentability criteria is critical. CIPA submits that there should certainly be no requirement for data, let alone clinical data, to be disclosed in the application as filed, consistent with the current approach to plausibility of the EPO and English courts. While a patent may disclose clinical data to prove that a specified compound is effective in the treatment of a specified disease, it is not currently required to do so under patent law[1]. A patentee must be able to apply for a patent before starting any clinical trial, not least because of the risk of disclosure of the invention in the course of the trial.

(b) Further, a patentee is always faced with the challenge of how broadly to claim. How far can the invention reasonably and credibly be extrapolated to give just protection for disclosing the invention to the public? It should be sufficient when drafting a patent application for patentees and/or their patent attorneys to define the scope of the invention based on (a) a reasonable summary of the key elements of the common general knowledge and known art and (b) a reasonable extrapolation as to the suitability of the use of a product based on e.g. a disclosed general principle or reasoned scientific rationale.

(c) Under the European Patent Convention (EPC) and applicable international treaties, a patent shall be granted for any invention that satisfies three core criteria of patentability: it must be new, involve an inventive step and be susceptible of industrial application[2]. Further, the application must disclose the invention "in a manner sufficiently clear and complete for it to be carried out by the person skilled in the art"[3]. Whilst the issue of plausibility has been the subject of

a number of decisions of both the English courts and the Technical Boards of Appeal at the EPO, there is no statutory requirement that a patent should be plausible. In CIPA's view, a finding of lack of plausibility should not render subservient the clear legal criteria underpinning patentability of an invention which, if met, should result in the grant of a patent. To achieve this, CIPA invites the Supreme Court to consider whether or not the assessment of plausibility can, in some way, be used as an evidential tool rather than as a threshold test, in the assessment of sufficiency.

(d) If the Supreme Court is minded to adopt a threshold test, i.e a standard of plausibility which must be satisfied before any substantive consideration of sufficiency, it is imperative that the threshold is low. A low threshold would be consistent with the guidance that the Supreme Court has previously set out in *Human Genome Sciences v Lilly* [2011] UKSC 51 (in the context of industrial applicability). In that case, the Supreme Court considered the approach and principles of the EPO and as Lord Hope succinctly said (para 149), in agreement with a comment of Jacob LJ,

> "the sense that [the word 'plausibly'] conveys is that there must be some real reason for supposing that the statement is true: para 111. The important point, however, is that the standard is not any higher than that. Further experiments are not needed if sufficient information is provided in the description, when common general knowledge is taken into account, to show that a positive answer can be given to the question whether a profitable use can readily be identified: *ZymoGenetics*, para 20."

(e) It is important to have as clear and predictable an approach as is possible. If it becomes challenging for CIPA's clients to know what protection they may get and for CIPA members to advise their clients in the provision of protective global IP strategies with any certainty, this could undermine the financial investments required to continue to innovate new therapeutic uses of known compounds.

Conclusion

For the reasons set out above, CIPA respectfully requests that it be granted permission to intervene in this appeal.

Life Sciences Committee, 19 December 2017. See the CIPA website the full submission.

Notes and references

1. It is well-established law under the EPC, EPO practice and governing treaties, such as the Patent Cooperation Treaty, that proof is not required.
2. Article 52(1) EPC. Notably, TRIPS provides almost identical language.
3. Article 83 EPC. Again TRIPS provides nearly identical language.

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Jerry Bridge Butler, Chairman of CIPA's Media and PR Committee, has assisted the IPO in creating and refining the IP Tutor Plus materials. Jerry said:

"For too many years the UK's businesses have lagged behind those in other countries when it comes to protecting and fully commercialising intellectual property.

It is hoped with things like IP Tutor Plus in place that in the future Chartered Patent Attorneys and Chartered Trade Mark Attorneys will spend less time trying to explain to businesses why they should be protecting their IP, and instead spend more time helping knowledgeable business people achieve their commercial objectives.

CIPA members have been delivering IP teaching to their local universities on an ad-hoc basis for decades. One of the main aims of IP Tutor Plus is to standardize this teaching by providing CIPA members with the same teaching materials, and hopefully to expand upon this engagement with higher education by getting more attorneys into more universities.

It has been a pleasure to represent CIPA in assisting the IPO in creating IP Tutor Plus, and I am looking forward to delivering it to students in the future."

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CIPA press release, 9 January 2018.

Athena v Mayo

The scope of patent-eligible subject-matter in the United States and its consistency with international treaties and practice is of fundamental concern to CIPA members and their clients. Set out below is CIPA's *amicus curiae* brief in support of the appellants[1] in *Athena Diagnostics, Inc., et al. v Mayo Collaborative Services, LLC, et al*, United States Court of Appeals for the Federal Circuit, drafted by **Paul Cole** (Fellow) on behalf of the Life Sciences Committee, submitted 13 November 2017.

1. The district court decision conflicts with international treaties to which the United States is a party, as well as international practice

The district court decision disqualifies as ineligible under §101 patent claims "directed to" or "focused on" a laboratory procedure that (a) is based on a newly selected starting material, and (b) involves two newly created chemical entities. In its focus on the newly discovered physiological facts of which the claimed diagnostic method represents an application, the reasoning underlying the district court decision, if approved by this Court, would render ineligible many diagnostic method inventions considered eligible under the Patent Cooperation Treaty (PCT) and the European Patent Convention (EPC). Hence, the scope of patent-eligible subject-matter would be inconsistent with the obligations of the United States under article 27 and note 5 of the Agreement on Trade-Related Aspects of Intellectual Property Rights administered by the World Trade Organization (WTO).

Article 27.1 of TRIPS, entitled "Patentable Subject-Matter," provides a complete code for patent-eligibility that WTO member countries, including the United States, have agreed to respect. It requires patents to be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step, and are capable of industrial application. It further provides that patent rights should be enjoyed without discrimination as to the field of technology. In negotiating TRIPS, care was taken to ensure consistency with United States domestic law. Thus, article 27 is to be read with note 5, which provides that the term "capable of industrial application" may be deemed to be synonymous with the term "useful".

Exclusions from patentability are covered by articles 27.2 and 27.3. They include the protection of *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment. Other exclusions also exist, but there is no provision for the exclusion of natural products or processes involving natural products.

PCT-eligible treatment and diagnostic methods are discussed in the PCT International Search and Preliminary Examination Guidelines published by the World Intellectual Property Organization and last revised in June 2017. The Guidelines, Chapter 9, paragraph 9.10, cites PCT rules 39.1(iv) and 67.1(iv), which provide that international search and international preliminary examination are excluded for diagnostic methods but only when practised on the human or animal body. The Guidelines explain that the treatment of blood for storage in a blood bank or diagnostic testing of blood samples is not excluded. The patent at issue in the present case resulted from an application whose eligibility for international search and examination was never disputed, published as WO 01/96601, subsequently granted in Europe as EP-B-1327147, and granted in Canada as Patent No. 2455271.

The Case Law of the Boards of Appeal of the European Patent Office, 7th Ed. 2013, explains at page 15 that discoveries, scientific theories and mathematical methods excluded under article 52(2)(a)-(d) EPC share the common feature that they do not aim at any direct technical result but are rather of an abstract and intellectual character, and that:

> "[i]f a new property of a known material or article is found out, that is mere discovery and unpatentable because discovery as such has no technical effect and is therefore not an invention within the meaning of Art. 52(1) EPC. If, however, that property is put to practical use, then this constitutes an invention which may be patentable. To find a previously unrecognised substance occurring in nature is also mere discovery and therefore unpatentable. However, if a substance found in nature can be shown to produce a technical effect, it may be patentable."

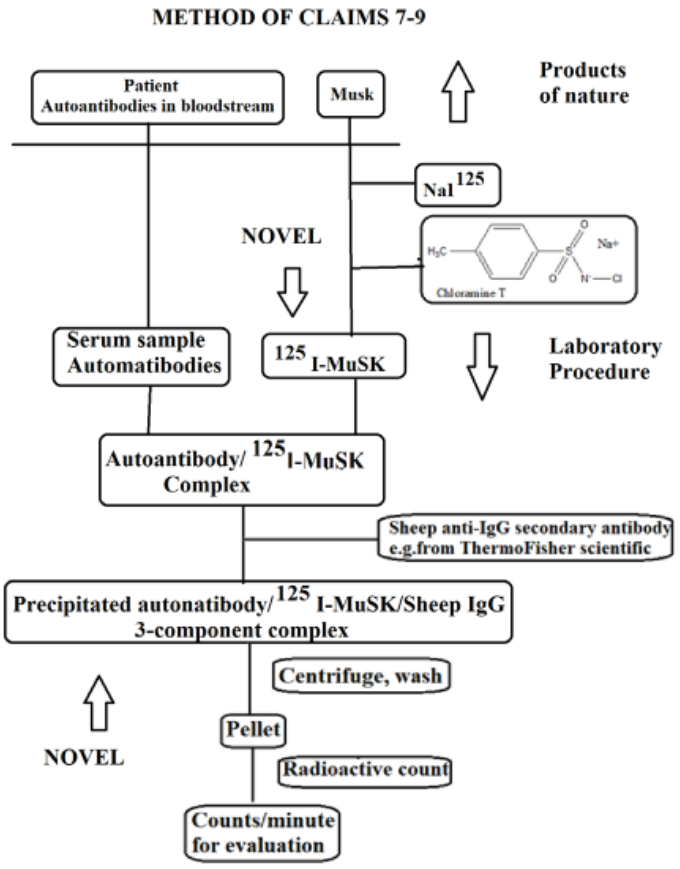
This statement encapsulates the proper bounds of the exclusion under TRIPS article 27 and any difference in United States law arises from over-expansive interpretation of *Mayo*, *Myriad*, and *Alice*. Outcomes in cases which have reached the EPO Appeal Board are illustrated by T 385/86 *BRUKER/Non-invasive measurement*, where it was observed that the exclusion of article 52(4) EPC should be narrowly construed, and T 310/99 *MACRI/Down Syndrome*.

2. The district court decision misinterprets the "focus" of the claims and the subject-matter that the claims are "directed to"

The method of claim 9, which depends from and thereby incorporates the limitations of claims 1, 7, and 8, is reproduced below with functional elements emphasized in bold type:

> "A method for diagnosing neurotransmission or developmental disorders related to muscle specific tyrosine kinase (MuSK) in a mammal
>
> comprising the step of **detecting** in a **bodily fluid** of said mammal **autoantibodies** to an epitope of muscle specific tyrosine kinase (MuSK), comprising
>
> **contacting MuSK** or an epitope or antigenic determinant thereof **having a suitable label thereon**, with said bodily fluid, wherein said label is a **radioactive** label and is ^{125}**I**,
>
> **immunoprecipitating** any antibody/MuSK complex or antibody/MuSK epitope or antigenic determinant complex from said bodily fluid and
>
> **monitoring** for said label on any of said antibody/MuSK complex or antibody/MuSK epitope or antigen determinant complex, wherein
>
> the presence of said label is indicative of said mammal is suffering from said neurotransmission or developmental disorder related to muscle specific tyrosine kinase (MuSK)."

The method of claim 9 is depicted in the diagram, with products of nature shown above the horizontal line and products created by human intervention shown below the horizontal line.



The district court decision fails to evaluate the claims in accordance with established canons of patent claim construction, wrongly confusing non-structural language that merely explains purpose or result with the operative combination of structural steps. For example, the preamble reciting diagnosis of disorders gives structure and life to the claim but does not recite any technical step limiting the claim. *See Bell Commc'ns Research, Inc. v Vitalink Commc'ns Corp.*, 55 F.3d 615, 620 (Fed. Cir. 1995); MPEP, 2111.02 (Effect of Preamble)[2]. Similarly, the final "whereby" clause should not be given weight because it simply expresses the intended result of the process steps without importing any technical feature, and is simply explanatory or laudatory. See *Minton v Nat'l Ass'n of Securities Dealers, Inc.*, 336 F.3d 1373, 1381 (Fed. Cir. 2003).

The district court's attention was misdirected to these statements of purpose or result and away from the recited combination of structural steps on which the method is truly directed or focused. Thus, at page 7 of its decision, the district court misapplied *Electric Power Group., LLC v Alstom S.A.*, 830 F.3d. 1350 (Fed. Cir. 2016) and *Enfish, LLC v Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). The true focus of claims 7-9 is not on any natural occurrence but rather on the recited non-naturally occurring materials and the recited sequence of process steps.

The district court's contrary view does not focus on the claim but instead inadmissibly blurs it. It confuses natural occurrence with laboratory procedure. The only elements recited in the pertinent claims that occur naturally are bodily fluid *in vivo* in the patient's bloodstream, MuSK *in vivo* in the patient's bloodstream, and IgG autoantibodies circulating undetected *in vivo* in the patient's bloodstream. Every other element recited in the claims is brought to a laboratory by the hand of man and used transformatively in that laboratory in a reaction tube or other laboratory equipment.

Further, the district court misinterprets column 4, lines 9-12 of the patent-in-suit in relation to iodination of MuSK with ^{125}I.

^{125}I is a non-naturally occurring material made by irradiation of xenon in a nuclear reactor. See '820 patent, col. 10, l. 55. The passage correctly explains that standard techniques existed for iodination of proteins in general. It does not imply that iodination of MuSK or deletion fragments thereof was well-understood, routine, conventional activity already engaged in by the scientific community. Indeed, there was no identified motivation to do so before the present invention. References 4 and 6 mentioned at page 10 of the district court decision refer not to anti-MuSK antibodies but to antibodies against the acetylcholine receptor (AChR), which has an entirely different molecular structure. There is no evidence that ^{125}I-MuSK had previously been produced. For that reason, the dictum in *Rapid Litig. Mgmt., Ltd. v CellzDirect, Inc.*, has no relevance to the claimed method. See 827 F.3d 1042, 1047 (Fed. Cir. 2016).

The district court decision correctly acknowledges that the claimed method starts with a sample of bodily fluid, implicitly in a laboratory reaction tube. The ^{125}I-MuSK is added to the sample in the reaction tube. The reaction forming a labelled complex is not a natural event occurring *in vivo* (district court decision, page 9) but is brought about by the hand of man within the reaction tube.

Although immunoprecipitation was known, for example, in relation to AChR, it had not been reported in relation to MuSK. The resulting material consisting of IgG autoantibody/ ^{125}I-MuSK/sheep IgG secondary antibody, which is recovered as a pellet by centrifugation and washing, is *prima facie* a novel and non-naturally occurring material because its three chemically linked constituents had not been reported as having been brought together prior to the invention. Further, it is useful by virtue of its labelled state and is a matter of substance (and not merely a product of skilled claim drafting) within the eligible "composition of matter" category of §101.

Any contrary holding would conflict with Supreme Court authority. See *Hartranft v Wiegmann*, 121 U.S. 609, 615 (1887) (quoted in *Diamond v Chakrabarty*, 447 U.S. 303, 309 (1980) and *Ass'n for Molecular Pathology v Myriad Genetics, Inc.*, 689 F.3d 1303 (2013)). If ^{125}I-MuSK and the triple antibody are qualifying chemical entities, a method that employs them as part of an ordered combination of steps cannot logically be treated as ineligible subject-matter. Moreover, radioactive counting of the pellet is a laboratory procedure involving sophisticated electronic apparatus.

Athena's method differs fundamentally from that in *Mayo* because in that case the claim was directed to analyzed levels of a metabolite formed *in vivo* and defining upper and lower levels of a therapeutic window for thiopurine drugs, whereas the present case concerns new materials formed *in vitro* as part of a multi-step laboratory test procedure providing new benefits for an identifiable group of Myasthenia Gravis patients. The claimed method in *Mayo* could be alleged to be novel neither in its starting material nor in the chemical entities involved, but only in ineligible information about upper and lower limits of the therapeutic window.

Athena's method also differs fundamentally from that in *Ariosa Diagnostics, Inc. v Sequenom, Inc.*, 788 F.3d 1372 (Fed. Cir. 2015), because the representative claims do not seek to monopolize all methods of detecting relevant IgG autoantibodies but only those embodiments which are easier to standardize as a result of radio-labelling, and not, for example, alternative ELISA assay embodiments. It also differs fundamentally from *Ariosa* in that the starting material there was paternally inherited nucleic acid, which was a product of nature, and the representative claims identified no novel chemical entity in either the amplification step or the subsequent detecting or testing steps. In contrast, the laboratory procedures recited here are transformative in the sense that the starting materials ^{125}I-MuSK and autoantibodies are "transformed and reduced to a different state or thing," and not so sweeping as to cover all possible uses of the newly discovered MuSK autoantibodies. See *Gottschalk v Benson*, 409 U.S. 63, 70 (1972) (quoting *Cochrane v Deener*, 94 U.S. 780, 788 (1876)).

Reversal of the district court decision is therefore necessary both for international harmonization of patent law and under United States domestic law.

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Alice Corp. v CLS Bank Int'l., 134 S. Ct. 2347
Ariosa Diagnostics, Inc. v Sequenom, Inc, 788 F.3d 1372 (Fed. Cir. 2015)
Ass'n for Molecular Pathology v Myriad Genetics, Inc., 689 F.3d 1303 (2013)
Bell Commc'ns Research, Inc. v Vitalink Commc'ns Corp., 55 F.3d 615 (Fed. Cir. 1995)
BRUKER/Non-invasive measurement EPO Appeal Board Case T 385/86
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EU's approach to SEPs

The state of play in competition law and FRAND following the Commission's Standard Essential Patents Communication. By **Sophie Lawrance** and **Matthew Hunt**, Bristows LLP

On 29 November 2017 the European Commission released a highly anticipated Communication: '*Setting out the EU approach to Standard Essential Patents*' (the "Communication")[1]. Taking into account the views not only of the Commission's Directorate General ("DG") for Competition, but also of other DGs such as the DG for the Internal Market, Industry, Entrepreneurship and SMEs ("DG GROW"), it was hoped that this document would answer some of the many uncertainties in the field of standard essential patent ("SEP") licensing. Although the Communication is not binding on the Commission (or any court) when applying articles 101 and 102 TFEU, it is a useful indication of the current position of the Commission as a whole on SEP licensing.

Background

SEP licensing is a complex field. Holders of SEPs covering standards such as UMTS, LTE or Wi-Fi are required to license them on fair, reasonable and non-discriminatory ("FRAND") terms. There is considerable dissent over whether this obligation is:

i. intended primarily to protect implementers from the risk of exploitation by SEP holders, who are in a position to 'hold up' innovation by refusing to licence or by seeking unduly high royalties; or
ii. designed simply to prevent absolute refusals to license while ensuring that implementers are not able to 'hold out' from taking a licence.

However, many (including the English High Court in the recent judgment in *Unwired Planet v Huawei*[2]) believe that the obligation is designed to strike a balance between rewarding SEP holders for their innovation and allowing implementers to access standards by implementing the relevant technology.

The Commission has sought to shape interactions in this sector before. It has previously investigated Motorola[3] and Samsung[4], making an infringement finding against the former and agreeing commitments from the latter. These decisions confirmed that it may be an abuse of dominance for a company to seek injunctions based on SEPs against a company that is willing to take a FRAND licence.

The Court of Justice of the European Union ("CJEU") offered further guidance in *Huawei v ZTE*[5]. It set out a framework for SEP licensing negotiations, which included practical steps to be followed by SEP holders and implementers wishing to ensure that their conduct was compliant with their FRAND obligations. SEP holders that followed these steps would not be at risk of abusing a dominant position under article 102 TFEU.

However, while the CJEU went into some of the practicalities of licensing interactions, the judgment was not a comprehensive guide to SEP negotiations. Considerable lack of clarity remained over matters such as how the steps mentioned in the judgment should be applied in a portfolio cross-licensing context, or on factual matters such as when a delay would be too great. In addition, while the CJEU requires SEP owners to specify how they have calculated a FRAND royalty, it does not explain what kind of methodologies are acceptable, beyond noting that patent holders are best placed to assess non-discrimination. It does not comment on the appropriate royalty base, i.e. whether a royalty rate should be based on the selling price of the handset, or on the cost of a component. (Some licensees have called for a method that measures royalties based on the 'smallest saleable patent practising unit' (or 'SSPPU'), which might be a chipset in a mobile phone, for example.) Nor does it offer any guidance on whether royalty rates should be expressed as a percentage of the royalty base or whether a flat rate is preferable (or indeed whether both approaches are acceptable). Other practical issues were not covered, such as what the geographic scope of a licence should be, whether different rates could or should apply in different territories, or what the consequences are if neither party makes an offer that is later determined to be FRAND (or alternatively if both parties have made a FRAND offer).

A number of courts around Europe have subsequently grappled with some of these issues. However, they have reached quite different outcomes on sometimes similar facts, creating a divergence in decisions across Europe. For example, in *Archos v Philips*[6], the Hague District Court interpreted *Huawei v ZTE* as indicating that a FRAND licence would have a 'specific bandwidth', i.e. a range of rates could be FRAND. In *Unwired Planet v Huawei*, the English High Court held that there could only be one true FRAND rate in any given set of circumstances[7]. In *Pioneer v Acer*[8], the Karlsruhe Higher District Court indicated that an SEP holder could fulfil its

obligations under the *Huawei v ZTE* criteria even after initiating litigation without having made a FRAND offer (a view shared by the English High Court in *Unwired Planet v Huawei*), despite the CJEU indicating that an SEP holder must at least alert an alleged infringer of a potential infringement before bringing proceedings[9]. By contrast, in *NTT DoCoMo v HTC*, the Mannheim Court held that a counter-offer made several months after the start of proceedings was too late[10].

This level of debate over what a FRAND rate really is, and how *Huawei v ZTE* should be interpreted, can create considerable uncertainty for businesses involved in implementing SEPs. With 5G due to be rolled out in the next few years, and with the advent of the Internet of Things ("IoT"), SEP licensing is likely to become increasingly complex, and even more high value. Many new companies producing IoT enabled products will have to begin in engaging in SEP licensing for the first time, making it even more important that there is clear, consistent guidance as to the rules under which SEP licences must be negotiated. In that environment, the Commission's Communication has the potential to be a welcome resource.

What does the new Communication cover?

Additional guidance on how the CJEU decision in *Huawei v ZTE* should be applied.

Huawei v ZTE of course concerned the particular situation where an injunction is sought. However, the Commission's proposals for how SEP licensing negotiations should be conducted are put forward as having a more general application.

In that context, the Commission confirms that in order for an implementer to assess a FRAND offer and make an appropriate counter-offer, it must be provided with a clear explanation of: the essentiality of the SEPs, the implementer's allegedly infringing products, the proposed royalty calculation, and the non-discrimination element of FRAND (for which some measure of transparency about the SEP holder's other licences is likely to be important).

On the counter-offer side, the Commission notes that an implementer's counter-offer should contain information on the exact use of the standard in the relevant products. The Commission is not prescriptive on timing, stating that 'no general benchmark can be established', although it is suggested that if better information is provided by the SEP holder, the implementer should be in a position to respond more quickly. There is a recognition that the lack of transparency over which patents are truly essential leads to delays in the licensing process.

The Commission also states that security being provided by an implementer in accordance with the *Huawei v ZTE criteria* to protect itself from being subject to an injunction should be fixed at a level that discourages patent hold-out strategies. It is unclear if this is intended to suggest merely that security payments should be more than nominal, or whether they should be pegged to the licensor's offer and the potential geographic scope of any licence. In the authors' view, excessive security requirements could risk having damaging effects on implementers, in particular where they face multiple claims by non-practising licensors.

The Commission outlines a series of general FRAND licensing principles

a. A FRAND declaration by an SEP holder gives rise to a legitimate expectation that it will grant licences on FRAND terms.
b. There is 'no one-size-fits-all solution' to FRAND: what can be considered fair and reasonable differs from sector to sector and over time.
c. The FRAND value of an SEP should reflect its present value, and should not include any element resulting from the decision to include the technology in the standard. The endorsement of *ex ante* assessment of rates is in line with the previous position of the Commission as set out in guidance dating from 2011[11], as well as the approach recently taken by the US District Court in *TCL v. Ericsson*[12].
d. In defining a FRAND value, parties must take into account a reasonable aggregate rate for a standard: this suggests that

a 'top-down' calculation should be used at least as a cross-check (as in the *UK Unwired Planet* judgment), although it does not address the difficult question of the level of the total aggregate royalty.

e. SEP holders cannot discriminate between implementers that are 'similarly situated'.
f. For products with a global circulation, a worldwide licence can be FRAND. By contrast, a country-by-country licensing approach may not be efficient, and may not be in line with recognised commercial practice (although the paper recognises that there may be exceptions for regional-specific products).

The Commission confirms that patent assertion entities (PAEs) should be subject to the same rules as any other SEP holder

This includes where SEPS have been transferred from SEP holders to PAEs. The Commission notes that it intends to monitor the impact of PAEs on SEP licensing in Europe closely.

The Commission confirms that there is no obligation for parties to use ADR

However, the Commission notes that the willingness of a party to submit to binding third-party FRAND determination, should its offer be found not to be FRAND, was an indication of FRAND behaviour. It also seeks to encourage arbitration or mediation and suggests that the outcomes of disputes should be recorded in SEP databases, even where these follow arbitration. (This contrasts with *Unwired Planet*, where the Court rejected the relevance of licences concluded after arbitration, at least where the arbitral award is not available[13].)

The Commission believes better processes for declaring and identifying SEPs are required

It is calling for standard developing organisations ("SDOs") to turn their declaration databases into tools providing more up-to-date and precise information on SEPs that are more easily accessible to all. This should include information about patent transfers. It may also set up a new European body to carry out SEP assessment (likely only for future standards, if at all). The Commission also intends to set up an expert group to bring together industry practice and expertise on FRAND licensing.

The Commission states that the creation of patent pools or other licensing platforms should be encouraged

The Commissions suggests that this can address many of the SEP licensing challenges by offering better scrutiny on essentiality, clarity on licensing fees and a one-stop-shop solution. It notes that this will be particularly valuable for IoT industries and SMEs, but warns that such patent pools need to be compatible with EU competition law.

The FRAND licensing principles espoused by the Commission are generally sensible. They seem intended to strike a fair balance between the differing interests of SEP holders and implementers, and go some way towards filling in the gaps left by *Huawei v ZTE*. However, though the Communication explains that the parties must take the aggregate royalty rate for a standard into account when defining a FRAND value, there is little other detail on how FRAND royalty rate calculations should be done. The Commission has also avoided dealing with some of the more controversial current and future issues in SEP licensing.

What does the Communication miss out?

Two of the most controversial current debates about SEP licensing relate to 'chipset' and 'use-based' licensing. Early drafts of the Communication indicated that the Commission intended to weigh in on these issues.

The drafts seemed to favour SEP holders by providing for the adoption of use-based licensing. This refers to the idea that SEP holders should be able to charge different royalty rates depending on the nature of the final product implementing the relevant standardised technology. This is a controversial concept, particularly in the light of the IoT. For example, IoT connected products that use 4G may not necessarily make much use of that connectivity, and may have a significantly higher sale price than that of a smart phone. Implementers were concerned that under this model, SEP holders would be charging for the value created by the implementers' innovative new IoT products, even where that value does not relate to the product's use of a standard like 4G[14].

As a concession to implementers, the earlier drafts showed that the Commission also intended to adopt a 'license-to-all' approach. Whereas, typically SEP holders only grant licences to the manufacturers of end-user devices (e.g. a mobile phone), under this approach companies manufacturing components of those end user products (e.g. the chipsets within a mobile phone) which would have been able to seek and be granted licences from the SEP holders. These manufacturers could then have sold pre-licensed chips on to the end-device manufacturers.

This was an equally controversial idea. It would be difficult for an SEP holder to secure a royalty rate that it felt reflected the value of its invention when granting a licence to a manufacturer of chipsets costing a fraction of the price of a smart phone[15]. In addition, although patents relating to connectivity standards like UMTS or LTE predominantly read on chipsets, some contain much broader claims (whilst still being essential to the connectivity standards). This means it could be impossible for an SEP holder to achieve complete patent licensing exhaustion (where all of their patents essential to a particular standard are licensed) at the chipset stage: even if they licensed chipset manufacturers, they would still have to agree separate licences with handset manufacturers for the other broader SEPs within their portfolios. This would be complicated (in terms of attributing value between the different parts of the 'ecosystem'), and expensive. In contrast, solely licensing the end handset manufacturer means only one licence is required – this covers all of the relevant patents that are essential and used by the handset.

And arguably, if truly FRAND licence rates are being agreed, the total remuneration obtained by the SEP holder should be the same regardless of which level of the production chain the licences are agreed at.

Press reports suggest that there was fierce debate between the Commission DGs in the weeks leading up to publication of the Communication, and significant lobbying efforts from bodies representing SEP holders and implementers[16]. Ultimately, the Commission dropped the contentious wording, and the Communication has no mention of chipset or use-based licensing. Instead, it simply notes that what is fair and reasonable differs from sector to sector, and that it encourages businesses to try and establish common licensing practices in different sectors based on the principles set out in the Communication. Detailed guidance on this issue may therefore have to wait for litigation to work its way through the courts. Cases in the pipeline such as *Apple v Qualcomm*, in which Apple alleges before the English High Court (as well as in other fora) that Qualcomm is abusing a dominant position by refusing to licence its LTE, CDMA and UMTS SEPs to competing chipmakers, may provide some answers[17].

The future of competition law in FRAND

Following the findings in *Unwired Planet v Huawei* that: (i) Unwired Planet did not breach EU competition law despite failing to comply with the *Huawei v ZTE* criteria by initiating litigation and seeking an injunction before having a made a FRAND offer (or any offer), and (ii) a FRAND undertaking could be enforced on a contractual basis without recourse to competition law, it was arguable that competition law had only a limited role to play in future FRAND disputes (at least in England and Wales).

However, the *Unwired Planet* decision was reached based on the specific facts and circumstances before the Court in that case. It is not an indication that competition law concerns will never be relevant in FRAND disputes before the English courts. It is also worth noting that other competition law defences had originally been raised in the *Unwired Planet* proceedings by Samsung[18]. Though these were not heard at trial as neither Samsung nor Ericsson were still involved in the proceedings at that point, these kinds of competition law defences remain a potential option for defendants.

The Communication now specifically recognises the continuing relevance of competition law in FRAND: when encouraging the creation of patent pools or other licensing platforms, it notes that this must be done in accordance with EU competition law. It also recognises the importance of safeguards (such as the CJEU's *Huawei v ZTE* decision) against the risk that implementers acting in good faith are forced to accept non-FRAND licensing terms when threatened with an injunction, or otherwise risk being unable to market their product[19].

Competition law may be particularly relevant to the non-discrimination aspect of FRAND in the future. The Higher Regional Court of Düsseldorf has noted that an offer may be fair and reasonable but still be discriminatory[20]. In that case, the offers made to the defendant by the claimant were found to be discriminatory when compared to the claimant's agreements with other licensees. FRAND would not mean that each offer has to be similar, but the difference has to be justified in an objective way[21].

> "It may be an abuse of dominance for a company to seek injunctions based on SEPs against a company that is willing to take a FRAND licence."

In *Unwired Planet*, the English court also examined the importance of non-discrimination. The judge noted that it was common ground between the parties that competition law (article 102(c) TFEU) only prohibits discriminatory behaviour to the extent that behaviour is capable of distorting competition, and considered whether such a condition should also be applicable to FRAND.

The judge's conclusion was that FRAND implied a general obligation of non-discrimination: a benchmark FRAND rate should be derived which is applicable to all licensees seeking the same kind of licence. However, he went on to find that even if the FRAND undertaking also includes a specific non-discrimination obligation, where a licensee has the right to demand the same (lower than benchmark) rate granted to another 'similarly situated' licensee, then this obligation only applies if the difference between the benchmark and lower rate would distort competition between the two licensees.

The Communication appears to endorse a specific non-discrimination obligation. It states that "the non-discrimination element of FRAND indicates that rightholders cannot discriminate between implementers that are 'similarly situated'"[22], referencing *Unwired Planet*. However, it does not explicitly say that there is a requirement for distortion of competition between those similarly situated licensees. This issue has arisen again since the date of the Communication in the decision of the US

District Court for the Central District of California in *TCL v Ericsson*[23]. The Court in that case held that discrimination in violation of a FRAND commitment can be found so long as an individual firm is harmed – harm to competition itself is not required[24]. This appears to be an easier condition to satisfy than the distortion of competition requirement suggested by the English court. Interestingly, the US court also analysed which firms were similarly situated to TCL. Whereas *Unwired Planet* only considered the position as between Samsung and Huawei, *TCL* found that Apple, Samsung, Huawei, LG, HTC and ZTE were all similarly situated to TCL. This is important – it is often the case that the largest implementers, particularly those that focus on high-end devices such as Apple and Samsung, are able to negotiate more favourable licence rates, partly based on the higher selling price of their products. Following the *TCL* decision, companies like TCL that typically sell lower-price devices may be able to benefit when negotiating with particular SEP holders from licence rates already secured with that SEP holder by implementers like Apple.

Final considerations

Neither the Communication nor these recent cases provide answers to all of the questions left unanswered following *Huawei v ZTE*. In some cases, new issues arise. For example, if *Unwired Planet*, the Communication and *TCL* do result in greater focus on the non-discrimination elements of FRAND, how will potential licensees establish what rates have previously been granted to other licensees? How would licensors reveal those rates without breaching the confidentiality provisions of their existing licences? Although the licences could be disclosed in litigation under suitable confidentiality protections, that would be a costly way of negotiating. Implementers in future licensing negotiations might instead seek to take advantage of the sort of pre-action disclosure given in *Big Bus Co Ltd v Ticketogo Ltd*[25] (not a FRAND case), although this would be likely to be resisted both by licensors and their other licensees.

Although the Communication says that a worldwide licence can be FRAND, what will the English court of Appeal say about the jurisdiction of the English Courts to set a global FRAND rate when the *Unwired Planet* appeal is heard later this year?

The Communication offers useful guidance in an uncertain area of law that is still developing. However, it is by no means a panacea. If anything, the volume of litigation over FRAND rates is likely to increase in the future as 5G and the IoT come to the fore.

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Notes and references

1. Available at *https://ec.europa.eu/docsroom/documents/26583* (accessed 10 January 2018).
2. [2017] EWHC 2988 (Pat).
3. Case AT.39985, decision of 29 April 2014.
4. Case AT.39939, decision of 29 April 2014.
5. Case C-170/13.
6. ECLI:NL:RBDHA:2017:1025.
7. [2017] EWHC 2988 (Pat).
8. Case No. 6 U 55/16.
9. *Huawei v ZTE*, paragraph 60.
10. Case No. 7 O 66/15.
11. Guidelines on the applicability of article 101 TFEU to horizontal Cooperation Agreements, para. 289: "it may be possible to compare the licensing fees charged by the company in question for the relevant patents in a competitive environment before the industry has been locked into the standard (*ex ante*) with those charged after the industry has been locked in (*ex post*)."
12. *TCL Communications v. Ericsson* (SACV 14-341 JVS(DFMx) and CV 15-2370 JVS (DFMx)).
13. *Unwired Planet v Huawei*, paragraph 171.
14. Note that in the Communication, the Commission indicates that in valuing patented technology, the focus should be on the value of the technology itself, and not value arising from the decision to include the technology in the standard.
15. Although a flat royalty rate could be adopted rather than a percentage of product price royalty to address the low price of a chipset, it would be conceptually difficult for an SEP holder to charge a royalty rate that could exceed the cost of the chipset. But without doing that, SEP holders would not be able to maintain their current revenue levels under this model.
16. See for example the following reports by MLex and PaRR (subscriptions required): *www.mlex.com/GlobalAntitrust/DetailView.aspx?cid=940221&siteid=190&rdir=1; http://www.mlex.com/GlobalAntitrust/DetailView.aspx?cid=926469&siteid=190&rdir=1* and *goo.gl/cFgwBn*.
17. *Apple v Qualcomm*, Case HP-2017-000015.
18. See *Samsung Electronics Co Ltd & Anor v Telefonaktiebolaget LM Ericsson & Ors* [2016] EWCA Civ 489.
19. An interesting comparison can be drawn between the Commission's recognition of the need to protect implementers against these kinds of 'hold-up' strategies, and the comments of Assistant Attorney General Makan Delrahim in a November 2017 speech in which he claimed that 'hold-out' (implementers refusing to take a licence until their royalty demands are met) is a more serious problem than hold-up. See here: *https://www.justice.gov/opa/speech/assistant-attorney-general-makan-delrahim-delivers-remarks-usc-gould-school-laws-center* (accessed 10 January 2018).
20. *Sisvel v Haier* (docket no. I-15 U 66/15).
21. See *http://ipkitten.blogspot.co.uk/2017/11/dusseldorf-court-of-appeal-in-sisvel-v.html* (accessed 10 January 2018).
22. Communication, page 7.
23. See note 12 above.
24. See *https://patentlyo.com/patent/2017/12/contreras-ericsson-decision.html* (accessed 10 January 2018).

Patent infringement claims with equivalence in China

China has a doctrine of "equivalence" – it may be the patentee's last hope. While the statistics for decisions in Europe, the US, and Japan show that it is not easy to sue successfully for patent infringement with equivalence, the numbers in China show that there is a much higher chance of success. **Toby Mak** compares the statistics on patent infringement in China with equivalence in other major jurisdictions and discusses differences on how Chinese businesses approach and understand patents, which may lead to these differences: ranging from the use of vague terminology, including unnecessary detail in claims. Understanding these differences may help foreign businesses better understand the patent and infringement landscape in China.

The starting point for our discussion are some interesting statistics[1] on the success rate of patent infringement claims with equivalence in various jurisdictions in the last five years (2012 to 2017): You can see from Table 1 (opposite) that:

- The success rate is around 20% in the US and Europe, and even lower in Japan (11%). In the UK, very few people even bothered to try[3]. Relying on equivalence for patent infringement allegation in the US, Europe, and Japan is statistically not advisable.
- By contrast, the success rate in China is much higher, double that in the US and Europe, and four times of Japan's. The success rate was even higher in 2007 to 2012.
- The number of attempts to rely on equivalence in China increased significantly from 2012 to 2017 compared to 2007 to 2012, but the success rate drops.
- It is surprising that France has a similar success rate as in China.

There could be many reasons for the figures in China:

a. Many Chinese infringers are not sophisticated – so often infringing products are almost a copy of the original product covered by a patent, with minimal alteration.

Table 1: Success rate of patent infringement claims with equivalence (2012 to 2017):

Country / Region	Success rate
Europe†	21% (out of 325 decisions)
UK	0% (out of 2 decisions)[2]
Germany	8% (out of 116 decisions)
France	36% (out of 47 decision)
The Netherlands	0% (out of 25 decisions)
Japan	11% (out of 97 decisions)
US	18% (out of 335 decisions)
China	39% (out of 721 decisions)
China (2007 to 2012)	47% (out of 400 decisions)

†European numbers include those from the UK, Germany, France, Italy, Spain, Belgium, Denmark, Finland, Norway, Portugal, Sweden, Switzerland, Poland, Turkey, Hungary, and Slovenia.

b. Chinese infringers are not advised properly (or at all), that a minor alteration could get around a patent (probably due to lack of a budget or willingness to take advice).
c. When drafting patent claims, many Chinese companies do not provide sufficient time and money, resulting in claims with narrow scope and including insignificant features. Modifying around these insignificant features may avoid literal infringement; but, ironically, as these features are insignificant, the infringing act may still be caught by equivalence.

Equivalence under Chinese law

To invoke infringement by equivalence, there must be a difference between the infringing product and the claim(s) of the patent, the difference uses basically the same means to realize basically the same function and achieve basically the same effect, and a person skilled in the art could reach the difference without inventive efforts. Readers will note that this Chinese approach is closer to that of the US "Doctrine of Equivalence": neither needs to consider what the person skilled in the art would have understood what the patentee is claiming, i.e. whether the patentee intended to limit the scope of the claim. The same approach is used in respect of both invention patents and utility models.

Successful patent infringement claims with equivalence

To understand the situation in China better, this is an example of a successful patent infringement claim based on equivalence. This was an appeal to the Beijing High Court, which upheld the decision from the Beijing IP Court. The patentee was ConST[4], while the infringer was Spake[5]. In this case the right was a utility model ('141)[6]:

1. The utility model '141 concerns a hand-held positive and negative fluid pressure calibrator with the main claim as below:

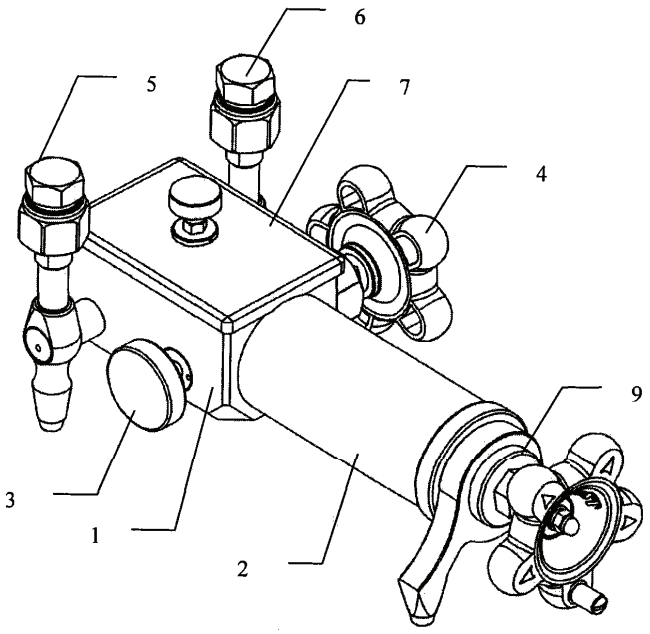
A handheld positive and negative fluid pressure calibrator, comprising a spiral fluid pre-pressured pump (9), a connecting base for a standardised meter (5) and a connecting base for a meter to be tested (6), characterized in further comprising:

a fluid reservoir (2) in the form of a sleeve outside the pre-pressured pump (9);

a pump base (1), wherein a fluid reservoir cavity is provided to communicate with the fluid reservoir (2), and a passage is further provided to communicate with the pre-pressured pump (9), the passage communicating with the connecting base for the standardised meter (5) and the connecting base for the meter to be tested (6), and a pressure shutoff valve (3) and a fine adjustment device (4) are provided on the passage;

a pump base upper cover (7) fixedly seal mounted on an opening of the fluid reservoir cavity of the pump base (1).

A figure from '141, showing the fluid pressure calibrator is reproduced below:



2. According to the specification of '141

- This calibrator was an improvement over the same patentee's previous pressure calibrator described in an earlier Chinese utility model for improved portability while preventing liquid waste from blocking the controlling unidirectional valve, while at the same time providing for negative pressure calibratiown.
- The following components are all installed on the pump base for device miniaturization: the fine adjustment device 4, the connecting bases 5 and 6, the pressure shutoff valve 3, and the fluid reservoir 2.
- The spiral fluid pre-pressured pump is used for better durability and sealing ability.
- The removable pump base upper cover is provided on the fluid reservoir to ease cleaning liquid waste or replacing oil liquid.

The infringing product is shown below:

In the first instance decision at the Beijing IP Court, the Spake argued that:

- Its product did *not* provide passages communicating with the connecting bases for the meters.
- The connecting bases of '141 were located at the two sides of the pump base body, and their connecting passages pass through the inside of the pump body base.
- Spake's product did not have these technical features. It had an isolated rectangular manifold block outside, and connecting to, a front end of the pump body, connecting bases for a standardised meter and a meter to be tested respectively located at the left and right sides of this manifold block, and the connecting passages for each connecting base on the manifold block. The connecting bases and their connecting passages in the manifold block formed an independent structure portion connecting to a pump base.
- The connection design of Spake's product is convenient for maintenance, reduces the possibility of leakage with multiple seals of passages in the pump base, and ensures improved stability of test results.
- Spake asserted that its product implemented its own utility model. [**Comment:** As mentioned in my previous articles "Recorded high compensation rewarded by Beijing IP court in patent infringement case, with compensation of attorney fees", this is yet another demonstration of a typical misunderstanding by many Chinese companies that having their own patent gives them rights to work the invention.]

Other than "a pump base (1), wherein… a passage is further provided to communicate with the pre-pressured pump (9), the passage communicating with the connecting base for the standardised meter (5) and the connecting base for the meter to be tested (6)", Spake admitted that its product has all the other features of claim 1 of '141.

Even though SIPO[7] issued a positive patentability evaluation report before the first instance, Spake still tried to invalidate '141, but failed. Specifically, Spake relied on an advertisement as a secondary reference to combine with the main reference, ConST's own Chinese utility model for a previous product. However, the Chinese Patent Re-examination Board[8] opined that this advertisement failed to clearly disclose the relevant features that Spake relied on to attack the inventiveness of '141.

At first instance, the Beijing IP Court decided that Spake infringed, awarding RMB500,000 (£56,200) statutory damages and RMB57,000 (£6,400) legal fees in the first instance. The reasoning, affirmed by the Beijing High Court (second instance), was:

- Spake's product had connecting bases for a standardised meter and meter to be tested connected to the manifold block, and the manifold block and the pump body were two physically separable objects. On comparing the positions of the connecting bases and their connecting passages, it was found that Spake's product and claim 1 of '141 are different.
- However, Spake's product only arranged the pump body and connecting bases and their connecting passages separately on the manifold block. There was no difference in working principles of Spake's infringing product compared to '141: both used basically the same means to realize basically the same functions, achieved basically the same effects, and features with which a person skilled in the art can reach at without inventive efforts.

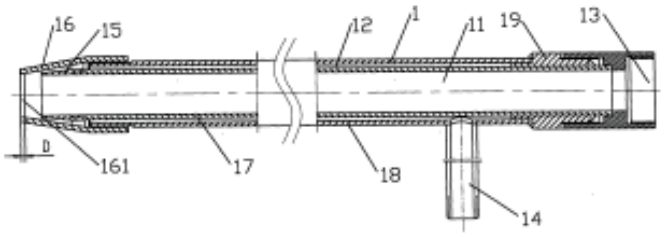
As can be seen from the above, it should not be a surprise that an infringing product with such a slight modification is found infringing in China by equivalence, resulting in the relatively high success rate.

Unsuccessful patent infringement claims with equivalence

As can be seen from the statistics, even though there were significantly more attempts to argue for patent infringement with equivalence from 2012 to 2017 compared to from 2007 to 2012, the success rate in fact dropped from 47% (2007 to 2012) to 39% (2012 to 2017). Are Chinese courts now stricter in relation to equivalence? Are Chinese companies better at getting around patent claims? I have searched for recent decisions of unsuccessful patent infringement claims with equivalence to try to shed some light. Some examples are set out below.

Yu Shanghai & Zhongshan KSUN Hardware Production Co Ltd v Yingde Hongtai Glass Co Ltd

This was a first instance decision from the Guangzhou IP Court in 2016 (one of the three IP courts in China). Yu Shanghai (Yu), a Chinese individual, was the patentee of Chinese invention patent no. 200910258787.0, and KSUN[9] was the exclusive licensee. The product involved a burner for petroleum coke powder, shown in the figure below. The claim specified that "a cylindrical platform (161) [sic[10]] is provided at a front end of the barrel cap (16)."



The description in the patent recited that a cylindrical platform at depth of about 3mm is provided at the front end of the barrel cap, such that the fluidized gas sprayed from the burner has the best burning effect.

In this case, the plaintiffs and the defendant, Hongtai[11] agreed that the accused product had all of the technical features of claim 1 except the cylindrical platform. Hongtai argued that the corresponding part in the alleged infringing product was a blunt body, but not a cylindrical platform, with which the court agreed. The court further noted that the cylindrical platform at the depth of 3mm is arranged at the front end of the barrel cap of the granted patent, such that the fluidized gas sprayed from the burner has the optimal burning effect. Therefore, providing a cylindrical platform at the depth of 3mm is an essential and an important feature of the burner of Yu's patent. As Hongtai's product did not have a cylindrical platform at the depth of 3mm, therefore Hongtai did not infringe.

It should be noted that the feature "at the depth of 3mm" was not in claim 1 of Yu's patent, but in dependent claim 2. So, the court further narrowed the protection scope of Yu's patent to claim 2 due to the recitation of the best burning effect. While this may be the reason why the court did not accept that a blunt body was equivalent to a cylindrical platform, it is intriguing that the Guangzhou IP Court also considered "at the depth of 3mm" in claim 2 to be essential.

[**Comment:** This emphasises the need in China to be extremely careful when drafting a patent specification in using words such as best, optimal, absolute, extreme, significant. In China, this may even cause a court to automatically incorporate a dependent claim into your independent claim when determining infringement. The main lesson to be learnt from this case is that the use of the above extreme words should be avoided as much as possible.]

Suzhou Hailu Biotech Co Ltd v Zhuhai Keyu Biological Engineering Co Ltd, Guangzhou Work Trading Co Ltd and Qingyuan Maternity and Child Health Care Hospital

A 2017 first instance decision from the Guangzhou IP Court. The plaintiff Hailu[12] was the patentee of a Chinese invention patent ('365)[13]. Claim 1 read:

1. An automatic detection instrument for stool specimen, characterized in comprising the following parts:
   an automatic controller;
   a specimen box used for holding stool specimen;
   a dilution device used for adding a quantity of diluent to the stool specimen;
   a stirring and blending device for stirring and blending the diluted stool specimen[14];
   a detecting unit used for detecting the stool specimen, including a unit for detecting physical properties and a unit for detecting chemical properties, the physical detecting unit comprises a counting chamber, the chemical detecting unit comprises a chemical detecting chamber;
   a sample suction and cleaning device connected with the detecting unit through pipelines, the sample suction and cleaning device comprising an elevatable sample suction needle, a diluent intake, and a sample suction peristaltic pump[15] connected between the sample suction needle and the diluent intake, the counting chamber and the chemical detecting unit being connected in series between the sample suction needle and the sample suction peristaltic pump,
   when the sample suction needle is put into the specimen box and the sample suction peristaltic pump rotates positively, the stool specimen is sucked out from the specimen box by the sample suction needle and sent to the detecting unit for detection;
   after the detection is finished, the sample suction peristaltic pump operates in reverse and sucks the diluent from the diluent intake to clean the detecting unit and the connecting pipelines, and discharges waste liquid into the specimen box.

[**Comment:** Long claims with unnecessary detail are common in China. See point (c) above.]

According to the specification [paragraph, 0063], each of the two ends of the counting chamber has an electromagnetic valve, so that the sample fluid in the counting chamber will be quickly stabilized for observation and counting when the electromagnetic valve shuts. Further, when the counting chamber is cleaned, the electromagnetic valves open and shut repeatedly to increase the pressure within the pipelines such that the cleaning effect is enhanced. A one-way valve, prevents flow of waste liquid into the diluent pipeline, avoiding contamination. [**Comment:** Naturally, many of the above features are not recited in claim 1.]

The alleged infringing product was sold by Keyu[16], the defendants. They argued that the alleged infringing product had the five differences from claim 1 (see Table 2 on the following page).

Table 2: Differences in claim 1 claimed by Keyu

Difference	The alleged infringing product	Claim 1 of '365
A	Did *not* have a pipeline connecting to a chemical detecting unit	A sample suction device and a cleaning device both connect to a chemical detecting unit through pipelines
B	Only had a chemical detecting unit but no detecting chamber	Recites a detecting chamber.
C	Only had a one-piece pump having high accuracy, and did not have sample suction peristaltic pump	A sample suction peristaltic pump having low accuracy
D	The counting chamber and the chemical detecting chamber were separated from each other, but *not* in series connection	The counting chamber and the chemical detecting chamber were connected in series
E	Waste liquid was discharged into a waste liquid barrel after cleaning	Waste liquid was directly discharged into the specimen box

Interestingly, yet again, the defendant presented its own utility model and invention patent to defend against the infringement claim. [**Comment:** Readers should now be used to such "peculiar" Chinese defences. No wonder Chinese companies file and obtain so many patents.]

The plaintiff admitted that differences A and D existed between the alleged infringing product and claim 1, but they served the same function and provided the same effect. Regarding difference C, the sample suction peristaltic pump and the one-piece pump only differed by names, but served the same function and provided the same effect.

The defendant further explained that waste liquid should not be discharged into the specimen box, otherwise the sample suction needle had to be inserted into the specimen box. In such a case, the outer wall of the sample suction needle could not be cleaned, and the specimen liquid would be polluted[17].

The plaintiff Hailu confirmed in court that:

- Waste liquid should not be discharged into the specimen box, as mentioned by the defendant Keyu.
- Discharging waste liquid into the waste liquid barrel now recited in claim 1 was inappropriate.
- The product practically produced by the Hailu and supposedly covered by '365 also discharged waste liquid into a waste liquid barrel as in the alleged infringing product. That is, the plaintiff also admitted difference E existed.

The Guangzhou IP court noted that the defendants outlined five differences, and the plaintiff confirmed differences A, D, and E existed. With regard to difference E, the plaintiff confirmed that discharging waste liquid into the specimen box could not clean the outer wall of the sample suction needle, and also polluted the specimen liquid. Moreover, that the Hailu's actual product also discharged waste liquid, not into the specimen box, but into the waste liquid barrel. Therefore, this difference obviously did not use basically the same methods, and therefore did not fall into the scope of claim 1.

[**Comment:** With the above admissions from Hailu, it should not be a surprise that they lost this case. The court did not comment on differences A and D, which is typical in China. Once a court or an authority found a point that they can decide on, the remaining points are left unanswered. Several lessons should be learned from this case:

- When a claim is too long, consider removing or simplifying features that do not confer inventiveness to the invention[18].
- Make sure the intended product has the same features as those in at least one claim[19]. If there were change(s) introduced to the product after the application was filed and not covered by any claim, consider filing a subsequent application covering the changed feature, if possible.
- Consider the case thoroughly before suing. In this case, it might have been better for Hailu not to sue with such a significant difference between their own product and the claim.]

Unsuccessful patent infringement claims with equivalence, and then reversed

Ma Li v Zouping Chuangxing Environmental Protection Equipment Co Ltd

This is a Chinese Supreme Court decision (2017), on appeal against a decision from Shandong High Court (second instance) The patentee Ma Li (Ma) owned a Chinese patent ('701)[20] for "An automated assisted blowing device for pneumatic conveying pipe". Ma and the defendant Zouping[21] argued over four technical features in '701 and the alleged infringing product, and one of those was:

"one end of [an] inlet pipe of the piston communicates with a valve cavity in front of the valve spool… [and] the other end goes through a valve cover of the valve body to communicate with a cavity…".

The Shandong High Court ruled that the "piston inlet pipe" in these features was outside the valve body, and was not identical or equivalent to the "through hole (that is, inlet hole)" arranged inside the valve body of Zouping's alleged infringing product; and more specifically, that the "through hole (inlet hole)" was mechanically more compact, simple, and convenient than the "piston inlet pipe" in '701 because of its arrangement inside the valve, and thus ruled the two were not equivalent, and Zouping not infringing. Further, the Court stated that it would not provide comments on whether the other three contested technical features were the same, or equivalent to those in '701. [**Comment**: See my comments above, once a deciding point is found, a Chinese court or authority will not comment on the remaining points.]

The Supreme Court reversed the second instance decision saying:

- The invention of '701 avoided using any electrical component in the pneumatic stop valve, or electric valve, while electrical component was used in prior art devices, such that cost was reduced, and reliability was improved.
- The "piston inlet pipe" in '701 and the "through hole (inlet hole)" in the alleged infringing product served the same basic function, as they were both used to convey air pressure, which was caused by blockage of the conveying pipe, to the piston through pipelines, so as to realize automatic open and closure. Although "pipe" and "hole" were different, the "piston inlet pipe" and the "through hole (inlet hole)" both achieve substantially the same effect by substantially the same means when conveying air pressure through the pipelines.
- In relation to the second instance court's ruling that the "through hole (inlet hole)" in Zouping's alleged infringing product was mechanically more compact, simple, and convenient than the "piston inlet pipe", because of its arrangement inside the valve, this took excessive account on the technical effects beyond the inventive points of '701, which was inappropriate. [**Comment:** It appears that the Shandong High Court decided as the replacement of "piston inlet pipe" in '701 by the "through hole (inlet hole)" in Zouping's alleged infringing product resulted in the above-mentioned advantages (more compact, simple, and convenient), and therefore such replacement would not be obvious to a person skilled in the art (one of the conditions to avoid infringement by equivalence), while the Supreme Court disagreed. However, it is unclear what is the meaning of "excessive account on the technical effects beyond the inventive points of the subject patent". This will be one my questions to the Supreme Court when visiting the judges with the AIPLA 2017 delegation.]

The Supreme Court ordered the case to the Shandong High Court (there is no decision yet).

Observations

The determination of patent infringement by equivalence in China follows similar practice as in the US and Germany, that is, the difference between a claim and an alleged infringing product uses basically the same means to realize basically the same function and achieve basically the same effect, and a person skilled in the art can reach at the difference without inventive efforts.

As already stressed, Chinese companies believe that holding patents gives them the right to practise their inventions, leading them to put this as a defense in allegations of infringement.

The good news is, a slight modification would not avoid

Notes and references

1. These have been compiled from information obtained from Darts-IP
2. The statistics were collected too early to capture the decision in *Actavis v Eli Lilly*
3. At CIPA Congress 2017, I was told at the that prior to *Actavis v Eli Lilly*, based on the *Catnic/Improver* tests, arguing patent infringement with equivalence in the UK is unlikely to go anywhere, and many such cases were settled before full trial.
4. Beijing ConST Instruments Technology Inc
5. Beijing Spake Technology Co Ltd
6. No. ZL200820123141.2
7. The State Intellectual Property Office of China (SIPO)
8. The Board within SIPO handling all invalidation petitions as the first instance
9. Zhongshan KSUN Hardware Production Co Ltd
10. This is how the Chinese translates
11. Yingde Hongtai Glass Co Ltd
12. Suzhou Hailu Biotech Co Ltd
13. no. ZL200910046365.7
14. Editor|: It is not clear where this occurs – in the specimen box or elsewhere
15. a mechanical pump in which pressure is provided by the movement of a constriction along a tube, similar to biological peristalsis (Wikipedia)
16. Zhuhai Keyu Biological Engineering Co Ltd
17. This is a little unclear, but the gist is there
18. Editor: Something that UK practitioners are of course trained to do – but not necessarily when they are drafting for the US.
19. Editor: This is an interesting issue – logically the claimant's product would be irrelevant, unless they assert it embodies the patented invention, but probably a good lesson. Protect even an obvious equivalent if you are using it yourself.
20. no. ZL200720017701.1
21. Zouping Chuangxing Environmental Protection Equipment Co Ltd

infringement in China. On the other hand, this may have the unintended consequence of undermining motivation of Chinese companies to have their patent specification better drafted due to the notion of infringement may still be caught by equivalence.

It appears that the reduction in success rate from 47% (2007 to 2012) to 39% (2012 to 2017) is not because the Chinese courts are stricter on equivalents, nor Chinese companies are better at getting around patent claims. It seems that the reason is a drop in the quality of patent specification drafting.

The main lessons that could be learnt from the above cases are as summarized as follows:

- In a patent specification, avoid using words such as best, optimal, absolute, extreme, significant. These words can narrow the scope of a claim. In extreme cases, Chinese courts may automatically incorporate a dependent claim into an independent claim when determining infringement.
- Be cautious of differences between the eventual product of the patentee and the filed claims.

Toby Mak, Tee & Howe Intellectual Property Attorneys. Special thanks to Darts-IP for providing the data and decisions for this article, and CIPA Congress 2017, for the inspiration for this article.

Patent decisions

Appeal | Summary judgment | Settlement agreement | General release clause | Generics

Teva Pharma-Produtos Farmaceuticos Lda & Anor v AstraZeneca-Produtos Farmaceuticos Lad & Anr
[2017] EWCA Civ 2135
14 December 2017
Flaux LJ, Jackson LJ, Sales LJ

This decision relates to an appeal from the judgment of Leggatt J, [2017] EWHC 1852 (Comm). The lead judgment was given by Flaux LJ with Jackson LJ and Sales LJ agreeing. The case concerns a settlement agreement between the appellants, Teva Pharma-Produtos Farmaceuticos Lda ("Teva") and the respondents, AstraZeneca-Produtos Farmaceuticos Lad ("AstraZeneca").

The settlement agreement concerns European Patent No. 0521471 ("the Patent") for rosuvastatin, the active ingredient in certain statin drugs. AstraZeneca held an exclusive sub-license to exploit the patent in Portugal and was the marketing authorisation holder for drugs containing rosuvastatin as an active compound, sold on the Portuguese market. The Patent had expired on 30 June 2012. However, AstraZeneca had been granted a supplementary protection certificate ("SPC") to last until 3 July 2017.

In January 2012, Teva had obtained marketing authorisations from the relevant Portuguese authority, Infarmed, for their generic rosuvastatin product. In response, AstraZeneca brought proceedings against Infarmed as well as arbitration proceeding against Teva.

In January 2013, AstraZeneca sought a preliminary injunction against Teva in Portugal to protect their rights under the SPC. Teva launched their product in Portugal on 3 February 2013, following which the Settlement Agreement was entered into to settle disputes relating to the sale of the generic product.

At the time the settlement agreement was entered into, the expiry date of the SPC was 3 July 2017. However, a paediatric extension ("PE") which extended the term of the SPC until 29 December 2017 was granted on 30 August 2015.

Under the SPC as extended by the PE, AstraZeneca brought arbitration proceedings against Teva in Portugal on 28 April 2017 in which they sought to prevent Teva from selling their generic product before 29 December 2017. In response, Teva commenced proceedings against AstraZeneca and sought relief on an expedited basis.

During the first instance proceedings, Teva argued that the general release clause in the settlement agreement allowed it to market and sell their generic product in Portugal after 3 July 2017, on the basis that the general release clause extended to the PE. AstraZeneca argued that Teva's construction of the settlement agreement was incorrect and that the general release clause was restricted to the basic Patent and the SPC, and did not cover the PE.

At the first instance, the judge accepted AstraZeneca's construction of the agreement and concluded that the subject-matter of the settlement agreement concerned claims and disputes relating only to the basic Patent and the SPC, and not the rights under the PE ([2017] EWHC 1852 (Comm)). Teva appealed this decision.

During the Appeal, Teva argued that the judge's analysis at first instance involved three errors of law:

1. Leggatt J had lost sight of the principle of Lord Neuberger in *Arnold v Britton* [2015] UKSC 36; [2015] AC 1619, that commercial common sense is not to be invoked retrospectively. His construction of the meaning of the settlement agreement at the time it was entered into was driven by the facts as they had turned out.

2. He had also lost sight of the principle that the purpose of interpretation is to identify what the parties have agreed, not what the court thinks that they should have agreed. He was wrong to allow considerations of what he had seen as commercial common sense to lead him to reject the natural meaning of certain provisions in the Settlement agreement.

3. Leggatt J had misapplied the "cautionary principle" derived from *BCCI v Ali* when he had referred to the types of claims "which the parties may reasonably be taken to have had in contemplation". Teva argued that the PE was clearly in the contemplation of the parties at time and he had been wrong to conclude that any dispute arising under the PE fell outside the scope of what was settled by the settlement agreement.

AstraZeneca argued that the judge had been correct in his construction of the settlement agreement.

Flaux LJ disagreed with Leggatt J's construction of the settlement agreement and held that his application of the principle of "commercial common sense" was flawed. He also referred to Lord Neuberger's judgment in *BCCI v Ali* [2002] 1 AC 251, in which it was stated that:

> "the mere fact that a party was not actually aware of the possibility of a claim of the kind in issue is not enough to escape from the terms of a general release".

He concluded that it is clear that a claim in relation to the SPC as extended by the PE related to the particular subject-matter under consideration in the settlement agreement and therefore that the general release clause covered the claim brought by AstraZeneca in Portugal.

Flaux LJ concluded that the appeal should be allowed and that Teva were entitled to a declaration that, pursuant to the

terms of the settlement agreement, they would be allowed to import, store, offer for sale, sell, market and distribute their generic product in Portugal from 3 July 2017 onwards.

Construction | Validity | Obviousness

Saab Seaeye Limited v
(1) Atlas Elektronik GmbH (2) ECS Special Projects Limited
[2017] EWCA Civ 2175
19 December 2017
Kitchin and **Floyd LLJ**

This decision relates to an appeal and cross-appeal from the judgment of Mann J ([2015] EWHC 3163 (Pat), reported January [2016] *CIPA* 36). The lead judgment was given by Kitchin LJ with Floyd LJ agreeing.

The patents in issue were UK Patent No. 2482576 ("the 576 patent"), owned by Atlas Elektronik GmbH ("Atlas"), and UK Patent No. 2483861 ("the 861 patent"), jointly owned by Atlas and ECS Special Projects Limited ("ECS"). Both patents related to the field of underwater mine clearance.

At first instance, Saab had alleged that the patents were invalid and the defendants (Atlas and ECS) had alleged that Saab had infringed the patents. The judge had found that claims 1 and 2 of the 576 patent were invalid for obviousness and that the 861 patent was valid. It was common ground that Saab infringed both patents. In these proceedings, Saab appealed against the findings on the 861 patent and the defendants appealed against the findings on the 576 patent.

In connection with the 861 patent, the judge had concluded that the term "trigger mechanism" was limited to a mechanical trigger mechanism based on dictionary definitions of the words and a passage of the description that claimed the arrangement was less susceptible to stray electromagnetic fields. However, agreeing with the arguments advanced by Saab on appeal, Kitchin LJ found that the judge had overlooked other passages of the description, which the skilled person would understand as non-mechanical examples of a trigger mechanism. In particular, Kitchin LJ referred to an example in which water forming an incompressible column was used in place of a shaft and noted that:

> "This is not a purely mechanical arrangement, but includes a hydraulic link. Although the water forms an incompressible column, that is a feature of hydraulic systems generally. Reading the description fairly, it is plain that the patentee regards the hydraulic link as within the claim, although not purely mechanical. It is also tolerably clear that the hydraulic link is an example of 'other means', i.e. means which are indirect. "

In connection with the 576 Patent, the judge had found that although the "means for detachable connection" in claim 1 required a degree of fixing or interlinking, it was obvious in view of the "grippers" of a cited prior art ("BAe"). On appeal, the defendants argued that the judge had not given any indication as to what modifications of the prior art he had in mind in coming to the obviousness conclusion. Saab argued that the judge erred in his analysis and the term should in fact be construed more broadly. Agreeing with Saab, and finding the same obviousness conclusion on the basis of a broader construction, Kitchin LJ noted that:

> "The language of the claim is in terms of function. Whilst it requires the means for detachable connection to be on the appliance, it is neutral as to the construction of the means by which detachable connection is achieved, or from where the detachment is controlled."

In summary, Saab's appeal against the finding of validity of the 861 patent was allowed. The defendants' appeal against the finding of obviousness of claims 1 and 2 of the 576 patent was dismissed.

Exclusive licence

(1) Oxford Nanopore Technologies Limited
(2) President and Fellows of Harvard College v
(1) Pacific Biosciences of California, Inc.
(2) Pacific Biosciences UK, Ltd
[2017] EWHC 3190 (Pat)
14 December 2017
David Stone (sitting as Deputy High Court Judge)

This judgment relates to an application notice filed by Pacific Biosciences to strike out Oxford Nanopore's claim. The claim related to an infringement action concerning European Patent (UK) No. 1192463 of Harvard College.

Oxford Nanopore was a licensee of the Patent. The issue to be resolved was whether Oxford Nanopore was an exclusive licensee and therefore entitled to commence proceedings under section 67(1) of the Patents Act 1977. The judge was requested to decide the point at this stage ahead of any full trial.

Pacific Biosciences argued that the licence on which Oxford Nanopore relied was not an exclusive licence because a third party had an option to take out a further licence on the patent. Oxford Nanopore argued that the licence was exclusive because that option to take out the licence had not been exercised.

The UK patent court case reports are prepared by John Hull, Anna Hatt, Jonathan Markham, Matthew Ng and Sarah-Jane Poingdestre of Beck Greener.

All the court decisions listed in this section are available on the free-to-use website *www.bailii.org*.

It was agreed by both sides that the Patent in issue fell within the licence to Oxford Nanopore, which was identified as an exclusive licence, and also in the agreement to the third party which would allow the third party to request a non-exclusive licence. Therefore, there was overlap between the rights granted.

This particular issue had not previously been decided. However, the judge was referred to a number of cases in which similar issues relating to exclusive licenses. He summarised the relevant information from these cases as follows:

i. Whether or not a licence is an exclusive licence for the purposes of section 67(1) of the Patents Act is a matter for English law: *Dendron*, paragraph 9.
ii. A licence which purports to be an exclusive licence may not necessarily be so. Identifying an exclusive licence depends on a proper construction of the document or documents: *Dendron*, paragraph 9. An exclusive licence will be expressly so: circumstances in which an exclusive licence will be implied will be rare, if they exist at all.
iii. It is for the party asserting that it is an exclusive licensee to demonstrate that it is: Dendron, paragraph 9.
iv. The assessment of whether or not a licence is exclusive is not a "once and for all assessment": Dendron, paragraph 11. An exclusive licence may confer upon the patentee a power to convert the licence into a non-exclusive licence: Dendron, paragraph 11.
v. The "essential element" of an exclusive licence is that is it a licence to the exclusion of all other persons, including the patentee or applicant: Dendron, paragraph 11.
vi. It is possible to have a plurality of exclusive licences in respect of any one patent: Courtauld's, page 210; Illumina, paragraph 475.
vii. But each exclusive licence may only be granted to one person – a licence will not be exclusive if granted to a number of entities, even if they are under the same control: Illumina, paragraph 254.
viii. An exclusive licensee may grant sub-licences to "persons authorised by him": Dendron, paragraph 11; Illumina, paragraph 254.
ix. There is a distinction to be drawn between a licence and an equitable right to call for a licence: Courtauld's, page 210.
x. Where an equitable right to call for a licence is conditional (as it was in Illumina – the Hong Kong Government had to satisfy itself that the public mission of the Commissioner needs to be fulfilled, or that it is in the public interest to request the licence), the otherwise exclusive licence will remain exclusive unless and until the contractual conditions are fulfilled that enable the grant of the licence: Illumina, paragraph 476.

As a result, the judge concluded that the assessment was to be made now, not "once and for all". Whilst the third party had a right to call for a licence, it was currently excluded from working the invention. Therefore, he decided that the licence was an exclusive licence within the meaning of section 67(1) of the Patents Act.

IPO decisions

Entitlement: section 37

Dr Geoffrey Diamond v The University of Warwick
BL O/629/17
7 December 2017

A reference under section 37 was filed by Dr Diamond, seeking an order to transfer a European patent granted to the University of Warwick, on which he was a named inventor. The reference was made after the second anniversary of the date of grant and so, by virtue of section 37(5), the order sought could only be made if he were able to show that the University knew that it was not entitled to the patent. Entitlement proceedings relating to a corresponding US application had previously been considered (BL O/518/15), which resulted in the University being unable to show that it was entitled to the US application.

The hearing officer considered that enough of the background was known such that a fair determination could be made of what the University knew about its entitlement at the time of grant. Dr Diamond argued that the meaning of "knew" in section 37(5) should include constructive knowledge on the part of the University, i.e. that the test should be whether the University knew or should have known that they were not entitled. The hearing officer rejected this argument, as the act would have stated this if the wider meaning was intended, referring to the conclusion reached in *Lockheed Martin v Hybrid Air Vehicles*, BL O/235/08. The evidence provided by Dr Diamond did not, in the hearing officer's view, show or otherwise suggest that the University knew it was not entitled to the patent at the time it was granted. At best, the University was put on alert that its entitlement might be challenged, but this was not enough,

Patent decisions of the comptroller can be found on the IPO website via *http://bit.ly/ipodecisions*, and opinions issued under section 74A via *http://bit.ly/opinion-requests*.

David Pearce (Barker Brettell LLP).

as Dr Diamond needed to show that it knew it was not entitled to the patent. The sole remedy of transfer of the patent was therefore not available and the claim to entitlement failed. The reference was dismissed.

Extensions of time: rule 108

Munchkin Inc.
BL O/623/17
6 December 2017

A parent and a divisional application were objected to by the examiner and, following multiple rounds of examination and amendment, agreement was still not reached by the end of the as-of-right extended compliance period. The applicant filed further amendments with requests for discretionary extensions and a request for a hearing. The hearing officer first considered whether the requests for further extension of the compliance period were allowable, as this would determine which set of amendments should be considered. The examiner had refused the requests on the ground that the reasons for the requests were not sufficient. The applicant's reasons related to the need for more time due to unusual workloads imposed on their legal staff by the proceedings, and they argued that they had been led to believe that they could deal with the outstanding issues by a deadline stated by the examiner. The hearing officer, however, considered that the applicant's belief was based on a misunderstanding, as the stated deadline related to the latest date for requesting a further extension. Any further amendments could only be considered if the request was allowed. On whether the reasons provided were sufficient, the hearing officer considered that it would be unusual for workloads to be accepted as a reason for allowing a discretionary extension except in exceptional circumstances. Without further evidence, the hearing officer was not persuaded that the circumstances in this case should be any different. The requests for discretionary extensions were therefore refused. As a result, the hearing officer considered whether the applications as amended by the end of the as-of-right extended compliance period were allowable. Although the applications as amended were considered to be novel and inventive, the amendments made were found not to comply with section 14(5) as they were not supported by the application. Since no further amendments could be made, the applications were refused for failure to comply with the act by the end of the compliance period.

Cummins-Allison Corp.
BL O/660/17
21 December 2017

Following examination, involving amendment and several rounds of correspondence, a notification of intention to grant was issued, just one month before the end of the compliance period. One month later the applicant's attorneys filed a new patent application, requesting that it have status as a divisional application, and also requesting an as-of-right two-month extension together with a one-month discretionary extension to the compliance period. The examiner responded by indicating that he was not inclined to allow the discretionary extension because the circumstances were not exceptional and the applicant had not been properly diligent, as required by paragraph 15.21 of the Manual of Patent Practice. The applicant then requested a hearing to decide the matter.

In their submissions, the applicant's attorneys and counsel argued that the circumstances were exceptional in light of the history of the application. Following the initial examination report, which raised an objection of lack of unity, the attorneys had informed their US client of the proper due date for filing any divisional application, and had been instructed to hold off from paying for an additional search until a decision was made on a divisional. The US instructing client subsequently changed, responsibility for the application was transferred from the original attorney, who had retired, and the attorneys had changed over to an electronic case file system. The newly responsible attorney, in his witness statement, stated that the original handwritten note on the paper file regarding the eventual need for a divisional had not been noticed as a result of the change to the electronic system, following which the recorded due date reminder for filing a divisional had been closed down. On reporting the notification of intention to grant, the attorney had incorrectly informed the US client that the time limit for filing any divisional application was the end of the compliance period. The US client then instructed the attorney to file a divisional application by the stated time limit.

The attorneys' counsel submitted that the changeover in US attorneys and personnel in the UK, the move from paper to electronic files, and the subsequent decision by the responsible attorney to clear the reminder, constituted an exceptional course of events, and that it would be unfair to prejudice the applicant as a result. The hearing officer considered that there was no reason to conclude that the attorneys had been anything other than properly diligent. The applicant and their US attorneys had responded to correspondence in a timely manner, and it was reasonable to defer consideration of a divisional application. The fact that the UK attorney had discretion over whether to contact the client over the upcoming divisional filing deadline, and had not sought instructions, did not in the hearing officer's view show a lack of diligence. It was unfortunate that the paper record had not been incorporated into the electronic case file system and, had the attorney seen the note, it was likely that further instructions would have been sought, but an administrative error had occurred that may not have led to a failing in more usual circumstances.

On balance, the hearing officer considered that those involved had acted diligently overall and it seemed right that discretion should be exercised in the applicant's favour. A discretionary extension was therefore allowed and the application was permitted to be afforded divisional status.

EPO decisions

Fundamental violation of the right to be heard (Articles 112a(2)(c) and 113 EPC)

R 0003/15: Telescope with wide field of view and variable magnification / Swarovski-Optik KG
LBA decision of 3 August 2017
Chairwoman: **W. van der Eijk**
Members: **G. Weiss, G. Pricolo, F. Blumer, R. Moufang**

This was a petition lodged by the patentee for review by the Enlarged Board of Appeal (EBA) of the Technical Board of Appeal's decision to revoke a patent relating to a telescope with a wide field of view and variable magnification. The patentee raised three procedural defects in its grounds for review which it argued resulted in a fundamental violation of article 113 EPC under article 112a(2)(c). The case is notable for the review petition succeeding – a rare event.

The first alleged procedural defect raised by the patentee, that the TBA had allowed new prior art objections to be raised in the oral hearing before it, was dismissed by the EBA on the basis that this objection should have been raised during the appeal proceedings in accordance with rule 106 EPC.

The second alleged procedural defect raised by the patentee was that the TBA had adopted a new and surprising claim interpretation and inventive step argument in its written decision that had been neither raised nor anticipated by any of the parties. During the opposition stage, the Opposition Division held that one of the features of the patent that distinguished it from the prior art was that the patent claimed a subjective field of vision of at least 22° at all levels of zoom of the telescope. In contrast, the TBA construed the patent such that the subjective field of vision of at least 22° was only required at zoom levels above 4. The latter interpretation was disclosed by the prior art. The TBA therefore reformulated the technical problem to be solved and in so doing, held that the patent only provided an alternative embodiment, which was obvious. The EBA held that the TBA's reasoning was a serious violation of the patentee's rights because it resulted in a negative result for the patentee without an opportunity for it to make representations. The application in respect of this ground of appeal was therefore permitted under rule 106. As a result of this finding, the TBA's decision was annulled and the case has been sent back to the TBA to be reheard.

The final alleged procedural defect raised by the patentee, that the TBA's written decision contained discrepancies, was not addressed in light of the fact that the decision was annulled and the case remitted as a result of the second procedural defect set out above.

Added matter (Article 123(2) EPC)

G 0001/16: Complexes of form L2IrX/The Trustees of Princeton University and the University of Southern California
EBA decision of 18 December 2017
Chairman: **C. Josefsson**
Members: **I. Beckedorf, R. van Peursem, M.-B. Tardo-Dino, C. Vallet, G. Eliasson** and **A. Lindner**

This was a referral of three questions from the Technical Board of Appeal to the EBA seeking clarity as to whether the so-called "gold standard" referred to in G 2/10 concerning the allowability of disclosed disclaimers under article 123(2) EPC also applied to claims containing undisclosed disclaimers.

By way of background, G 1/03 established a narrow set of exceptions to the requirements of article 123(2) for undisclosed disclaimers that did not contribute to the technical teaching of the claimed subject-matter. Undisclosed disclaimers were deemed allowable in order to: (i) restore novelty by delimiting a claim against the state of the art under article 54(3) and (4) EPC; (ii) restore novelty by delimiting a claim against an accidental anticipation under article 54(2) EPC; and (iii) disclaim subject-matter which is excluded from patentability for non-technical reasons by virtue of articles 52-57 EPC.

Legal Board of Appeal (LBA) and Technical Board of Appeal (TBA) decisions are available on the EPO website at *https://www.epo.org/law-practice/case-law-appeals/recent.html* and similarly decisions of the Enlarged Board of Appeal (EBA) can be downloaded from *https://www.epo.org/law-practice/case-law-appeals/eba/number.html*. A list of the matters pending before the Enlarged Board is included at *https://www.epo.org/law-practice/case-law-appeals/eba/pending.html*.

Recent notices and press releases of the EPO are published at *http://www.epo.org/service-support/updates.html* and *http://www.epo.org/news-issues/press/releases.html* respectively, and recent issues of the Official Journal can be downloaded from *https://www.epo.org/law-practice/legal-texts/official-journal.html*.

This issue's contributors from Bristows are Constance Crawford and Craig Lumb.

Subsequently, G 2/10 confirmed the application of the gold standard when assessing the allowability of disclosed disclaimers under article 123(2) EPC so the correct test in this case is whether the skilled person would, using common general knowledge, regard the subject-matter remaining in the claim after the introduction of the disclaimer as explicitly or implicitly, but directly and unambiguously, disclosed in the application as filed. No mention was made of undisclosed disclaimers and whether the gold standard also applied to these but the decision did not explicitly overrule or set aside G 1/03.

Since these decisions there had been a divergence of opinion within the jurisprudence of the Boards of Appeal as to which was the correct standard to be applied to undisclosed disclaimers; the G 1/03 criteria, the gold standard of G 2/10, or some combination of the two.

In the present case, in reaching its decision the EBA considered previous decisions of the EBA, decisions of the Boards of Appeal, and of national courts. The EBA then reaffirmed the conclusion of G 2/10 that the gold standard disclosure test should be used for evaluating the allowability of disclosed disclaimers. However, the EBA observed that applying the gold standard to undisclosed disclaimers would leave almost no possibility that undisclosed disclaimers would ever be allowable. The EBA reasoned that because by definition an undisclosed disclaimer (or the subject-matter excluded by it) is not disclosed in the application as filed, it is thus virtually impossible for such an undisclosed disclaimer to meet the gold standard disclosure test set out above.

The EBA therefore drew a fundamental legal distinction between disclosed disclaimers on the one hand and undisclosed disclaimers on the other, concluding that in the case of the former the proper test to be applied is the gold standard disclosure test of G 2/10 whereas for the latter the correct assessment is whether or not the G 1/03 criteria are fulfilled.

To meet the criteria in G1/03 the EBA clarified that the undisclosed disclaimer must fulfil one of the three criteria set out in that case (see above), but must also not provide a technical contribution to the claimed subject-matter of the application as filed. In relation to the latter, the EBA cautioned that when drafting an undisclosed disclaimer, although it is inevitable it will quantitatively reduce the original technical teaching (in that less is claimed), it is important that the qualitative technical teaching of the remaining subject-matter is not changed in that the disclaimer's inclusion should not improve the position of the patentee with regard to the other requirements for patentability. This applies in an absolute way to the entire prior art and so, for example, the evaluation of inventive step should be carried out disregarding the undisclosed disclaimer. Finally, the disclaimer must not remove more than is necessary either to restore novelty or to disclaim subject-matter excluded from patentability for non-technical reasons.

Trade marks

Decisions of the GC

Ref no.	Application (and where applicable, earlier mark)	Comment
GC **T-815/16** *For Tune sp. z o.o. v EUIPO; Simplicity trade GmbH* 12 December 2017 Reg 207/2009	– paper, cardboard and goods made from these materials, not included in other classes, printed matter; book-binding material, photographs, plastic materials for packaging (16) – advertising; business management; business administration; office functions (35) – education; providing of training; entertainment; sporting and cultural activities (41) OPUS – goods made from paper and cardboard (16) – advertising; business management services; business administration; office functions; organization of fairs and exhibitions for commercial or advertising purposes; business management and organisation consultancy… (35) – providing of training, entertainment; presentation of live performances, arranging and conducting of seminars, arranging and conducting of workshops (training)…(41)	The GC upheld the BoA's finding of a likelihood of confusion between the marks pursuant to article 8(1)(b). The BoA had been correct to find that the level of attention of the relevant consumer varied across the goods and services at issue. There was no requirement for them to assess likelihood of confusion in relation to each specific class in light of the particular characteristics of the relevant consumer for that range of goods or services; it was sufficient to conclude that the level of attention could vary from average to high and that the relevant public consisted of general public and consumers with specific knowledge. The identity and similarity of the goods and services was not disputed. The BoA was correct to find that the marks were visually, phonetically and conceptually similar. The word 'opus' was the dominant element in the mark applied for; the existence of both the graphic element and the additional word 'aeternatum' played a subordinate role, due to their position and size and, in relation to the word 'aeternatum', its difficult pronunciation.

Ref no.	Application (and where applicable, earlier mark)	Comment
GC **T-700/16** *Laboratorios Ern, SA v EUIPO; Ascendo Medienagentur AG* 13 December 2017 Reg 207/2009	SLIMDYNAMICS – dietary supplements and dietetic preparations; hygienic preparations and articles; medical and veterinary preparations and articles' (5) DYNAMIN – dietetic foods adapted for medical use in any shape or form (5) (Spanish mark)	The GC upheld the BoA's finding that there was no likelihood of confusion between the marks pursuant to article 8(1)(b). The BoA was correct to identify that the relevant Spanish professionals and general public had a high level of attention in relation to the goods for medical use which directly affected the health of the user, and as average or normal in relation to goods which did not have the same immediate impact on health. The GC endorsed the BoA's conclusion that 'dietetic foods adapted for medical use in any shape or form' were different from 'hygienic preparations and articles' – similarity could not be established merely because both were sold in pharmacies and may be used to have an impact on health. However, 'dietetic foods adapted for medical use in any shape or form' were similar to 'dietary supplements and medical and veterinary preparations and articles' covered by the mark applied for. 'DYNAMICS', the dominant element of the mark applied for, differed from the earlier mark in the final letters 'CS' which afforded the marks low visual similarity. The BoA had erred in finding that the signs were not conceptually similar, as the relevant Spanish-speaking public may understand both marks to evoke the idea of 'dynamism'. Nevertheless, the BoA had concluded that the similarity of the mark was no more than low to average. The decision that there was no likelihood of confusion was upheld.
GC **T-792/16** *N & C Franchise Ltd v EUIPO; Eschenbach Optik GmbH* 14 December 2017 Reg 207/2009	ojo sunglasses ASNA WINGS – sunglasses; sunglasses frames; clip-on sunglasses; frames for sunglasses; lenses for sunglasses; straps for sunglasses; cases for sunglasses; chains for sunglasses; frames for spectacles and sunglasses; optical lenses for use with sunglasses; eye glasses; spectacles [glasses]; children's eye glasses (9) – cloths for eye-glasses; wiping cloth for wiping eye glasses (21) – repair of sunglasses (37) OIO – spectacles, spectacle frames, optical apparatus and instruments (9) (International registration designating the EU)	The GC upheld the BoA's finding of a likelihood of confusion between the marks pursuant to article 8(1)(b). The BoA was correct to find that there was a higher than average degree of visual similarity given both marks contained almost identical word elements. The figurative element of the mark applied for was not more distinctive or dominant than the word element, which had a greater impact on the consumer. The marks were also phonetically similar as the words 'ojo' and 'oio' would be pronounced the same in Slovenian. Therefore, given the identity or similarity of the goods covered by the marks and the higher than average level of attention of the relevant public, there was a likelihood of confusion between the marks.

Ref no.	Application (and where applicable, earlier mark)	Comment
GC **T-912/16** *RRTec sp. z o.o. v EUIPO; Mobotec AB* 14 December 2017 Reg 207/2009	RROFA – various goods and services in classes 4, 7, 9, 11, 37, 39, 40 and 42 ROFA – various goods and services in classes 11, 37 and 42	The GC upheld the BoA's finding of a likelihood of confusion between the marks pursuant to article 8(1)(b). The BoA was correct to find a high degree of visual similarity between the marks. The differences between the marks (being an extra 'r', the blue colour and the 'rr' in bold in the mark applied for) were insufficient to eliminate the strong visual similarity. The BoA was also correct to hold that the marks were phonetically identical for at least a significant part of the relevant public who were unlikely to pronounce the marks differently due to the additional 'r' in the mark applied for. A conceptual comparison was irrelevant given the words 'rrofa' and 'rofa' were devoid of any meaning. Therefore, given the identity or high similarity of the goods and services covered by the marks and the average distinctive character of the earlier mark, the BoA was entitled to find a likelihood of confusion between the marks.
GC **T-304/16** *Bet365 Group v EUIPO; Robert Hansen* 14 December 2017 Reg 207/2009	BET 365 – various goods and services in classes 9, 28, 35, 36, 38, 41 and 42	The GC partially annulled the BoA's decision that the mark was descriptive under article 7(1)(c) and had not acquired distinctiveness through use. In its assessment of acquisition of distinctive character, the BoA erred in law by not taking into account evidence showing use of the mark including in combination with several word elements, as part of figurative marks, as a domain name, as the name of a website and as a company name. The BoA also wrongly disregarded certain evidence including press articles, turnovers, stake figures and advertising investment. Therefore, the BoA had not sufficiently substantiated its decision which the GC annulled in relation to gambling and betting services in class 41 but dismissed the action in relation the remaining goods and services.

The reported cases marked * can be found at *http://www.bailii.org/databases.html#ew* and the CJ and GC decisions can be found at *http://curia.europa.eu/jcms/jcms/j_6/home*

Abbreviations used: A-G=Advocate General; BoA=Board of Appeal; GC=General Court; CJ=Court of Justice of the EU; CTM=Community Trade Mark; EUIPO=European Union Intellectual Property Office; EUTM=European Union trade mark; IPEC=Intellectual Property Enterprise Court

This month's contributors are Katharine Stephens, Emma Green and Hilary Atherton at Bird & Bird LLP.
Reporters' note: We are grateful to our colleagues at Bird & Bird LLP for their assistance with the preparation of this report: Rebekah Sellars.

High Court determines appropriate specification following finding of non-use in the context of financial services

Abanka D.D. ("Abanka") v
*Abanca Corporación Bancaria S.A. ("Abanca")**
Mr Daniel Alexander QC;
[2017] EWHC 3242 (Ch); 14 December 2017

Mr Daniel Alexander QC (sitting as a Deputy Judge) determined the allowable specification of Abanka's ABANKA trade marks following his judgment in October 2017 (reported in December [2017] *CIPA* 33) in which he held that Abanka had only proved use of its marks in relation to euro denominated bonds of a minimum value of €50,000 issued through the London Stock Exchange.

Abanka was a Slovenian bank whose activities were focused in Slovenia. It did not have a UK banking licence and carried out only minor activities in the UK. It owned two international trade marks of which the key element was the word ABANKA, which were registered in respect of the UK in 2006. The registrations covered a wide range of financial services in classes 35, 36 and 38. The hearing officer found that no use of the marks had been proved in the relevant periods with the consequence that they were revoked in their entirety and could not be relied on as a basis for opposing registration of the mark ABANCA in stylized form by Abanca. Accordingly, the hearing officer also dismissed the opposition. Abanka appealed, its Grounds of Appeal focusing solely on the issue of proof of use, which the Deputy Judge thought appropriate given that separate argument would be required on the appropriate specification and effect on the opposition depending on the court's view on proof of use. He went on to find that Abanka had only proved use of its marks in relation to euro denominated bonds of a minimum value of €50,000 issued through the London Stock Exchange. He otherwise dismissed Abanka's appeal, agreeing with the hearing officer that Abanka had failed to prove use in respect of other financial services for which its ABANKA marks were registered.

Identification of goods or services in respect of which there has been use

The Deputy Judge rejected Abanka's submission that a fair description of the primary services offered was "issuing securities". He likewise rejected Abanca's contention that the specification should be restricted to "issuing Eurobonds". He went on to say that the fact that Abanka had provided an Information Memorandum about the bonds it issued did not constitute separate use of the mark in relation to advertising and providing information in relation to issuing such bonds. It was, he said, artificial to say that every time a trader in goods or services provided information about those goods in the course of attempting to sell them it was thereby providing a separate service of advertising or providing information about those goods or services.

Category or sub-category

It was clear to the Deputy Judge that there was no unique description of the bonds in question, but an important feature was that they were issued to finance a private or listed company rather than being, for example, government bonds. That was, in the Judge's view, the appropriate sub-category and he was not satisfied that there was a sensible sub-category of bonds which was limited by reference to the issue currency. He therefore held that the appropriate specification for Abanka's registrations was "Class 36: Issuing corporate bonds". Taking into account the guidance given in *Merck v Merck Sharp & Dohme* [2017] EWCA Civ 1834, *West v Fuller Smith & Turner* [2003] EWCA Civ 48 and *ANIMAL Trade Mark* [2003] EWHC 1589 (Ch), the Deputy Judge thought this was a fair specification, i.e. it was at the right level of generality of description of the kind of services in respect of which Abanka had proven use, it was not arbitrarily restrictive and it was not unfair to third parties.

Opposition

The Deputy Judge rejected Abanca's submission that the Court should go on to decide the opposition. This was not least because it would deprive the parties of a tier of appeal. The case was therefore remitted to the Registrar to determine the outstanding opposition on the basis of the amended specification.

Costs

The Deputy Judge described the appeal as akin to a preliminary issue and awarded Abanca £30,000 as a reasonable and proportionate amount taking into account its substantial success and its claimed costs of just over £69,000.

Passing off

Survey evidence

*Glaxo Wellcome UK Ltd & Anr v Sandoz Ltd & Ots**
Birss J; [2017] EWHC 3196 (Ch); 15 December 2017

Birss J granted Glaxo permission to adduce survey evidence in passing off proceedings arising out of the colour and get-up of its "Seretide" combination inhalers.

Glaxo claimed that its Seretide inhalers were sold in a get-up and packaging distinctive of Glaxo and that it was the owner of significant goodwill associated not only with the name SERETIDE but also with its get-ups and packaging. One of the indicia relied upon was the purple colour used

on the products themselves on their packaging. Members of Sandoz' group had launched a generic version of Seretide in various EU Member States called AirFluSal which was sold in a purple inhaler and by reference to a purple colour in the packaging. Glaxo applied for permission to adduce survey evidence to support its case on acquired distinctiveness which had already been carried out for the purpose of UKIPO opposition proceedings between the parties which were currently stayed.

The Accuhaler inhaler and packaging

The AirFluSal inhaler and packaging

Birss J allowed Glaxo to adduce the survey evidence which it said supported its claim to acquired distinctiveness of the main purple shade on its Seretide inhalers. Although the Judge said that there would be substantial further costs associated with the evidence, he was of the view that it would not be a disproportionate share of the overall resources to be devoted to the resolution of this high-value commercial dispute. While there were some potential difficulties with the surveys, they were not so significant as to establish at this stage that the evidence as a whole would not be of real value to the court or that the cost was likely not to be justified by the value. The Judge added that the case would benefit from a detailed discussion between the parties and a further CMC if necessary to address exactly what evidence was to be called, how many witnesses and other issues. He also said that the survey experts should meet to draw up a statement of what was agreed and not agreed, and thought should be given to conducting a concurrent evidence session with some or all of the survey experts.

IPEC rejects concept of transfer of liability from one party to another by a joint tortfeasor

*The National Guild of Removers and Storers Ltd ("NGRS") v Central Moves Ltd & Anr**
Judge Hacon;
[2017] EWHC 3175 (IPEC); 7 December 2017

Judge Hacon dismissed NGRS's appeal from a decision of Deputy District Judge Vary in the IPEC Small Claims Track. Judge Hacon agreed that Central Moves was not liable for passing off, and that the Deputy District Judge had not erred in his assessment of damages payable by the second defendant.

NGRS is a trade body which promotes the interests of those trading in the removal and storage industry. Such traders may obtain membership of NGRS for a fee and among the other benefits of membership is the entitlement to advertise that the trader is a member of NGRS.

The second defendant, Mr Rust, ran Central Moves. Previously, his corporate vehicle for his business was Central Moves UK Ltd ("CMUK"). CMUK had been a member of NGRS until 2005, and was wound up in 2008. Its business was acquired and continued by Central Moves in 2009. CMUK was dissolved in 2011. After CMUK ceased trading in 2008, its entry on an online trade directory called LoadUp was not removed. The entry referred to "Central Moves UK Ltd" as being a "GUILD MEMBER" and included the email address "www.centralmovesuk.com" which Central Moves had acquired in 2009 and which served as a link to Central Moves' website.

Judge Hacon agreed with the Deputy District Judge that Central Moves was not liable for passing off. A joint torfeasor (Mr Rust) could not transfer primary liability for a tort from a first party (CMUK) to a second party (Central Moves) just by ending his joint design with the first and taking up activity with the second. The only relevant question was whether any act done by the second party satisfied the requirements of the relevant tort, and NGRS had not put forward any evidence that Central Moves had committed any acts of passing off.

The Deputy District Judge had assessed damages payable by Mr Rust on the basis of the user principle, referring to and following Judge Hacon's judgment in *NGRS v Statham* [2014] EWHC 3572 (IPEC) from which the Court of Appeal had refused NGRS permission to appeal. Judge Hacon held that the Deputy District Judge had therefore been entitled to award damages on the basis that a freely negotiated licence between NGRS and Mr Rust in relation to the use of 'Guild' on the LoadUp website would have had the fixed royalty rate of £900 per year.

No joint liability without knowledge of relevant act

*The National Guild of Removers and Storers Ltd ("NGRS") v Alexander Justin Lukes & Ots**

Judge Hacon; [2017] EWHC 3176 (IPEC); 7 December 2017

In an appeal heard shortly after NGRS's appeal in *NGRS v Central Moves Ltd* (reported above), Judge Hacon dismissed NGRS's appeal, finding that District Judge Hart was right to conclude that none of the defendants were directly liable for passing off in relation to an online trade directory called the Reallymoving website.

The third defendant ("ALS") conducted a removals business of which the first and second defendants (Mr and Mrs Luckes) were director shareholders. ALS's membership of NGRS ended in 2009 and reference to its NGRS membership on the Reallymoving website was deleted in January 2010. However, it reappeared in April that year and remained until 2013. The defendants were not aware that it had been reinstated and consequently were found at first instance not to be liable for passing off as primary or joint tortfeasors.

Judge Hacon rejected NGRS's analogy with trade mark cases such as *L'Oréal v eBay* (Case C-324/09) and *Google France v Louis Vuitton* (Cases C-236/08, C-237/08 and C-238/08) where the CJEU found that use of a sign in offers for sale on an online marketplace was use by the seller and not by the operator of the website itself. He said that the law of trade mark infringement was a creature of EU law which had developed doctrines that were not necessary or applicable in the context of the national common law tort of passing off. While an argument that the Reallymoving website had acted as the agent of the defendants as principle might have had some basis, it had not been pleaded and none of the defendants had given the Reallymoving website any authority to make the misrepresentation relied upon.

Judge Hacon rejected ALS's cross-appeal to the effect it was not liable for a reference to NGRS which reappeared inadvertently on the ALS website, possibly due to a server error. Innocent misrepresentation had not been pleaded and the District Judge was justified in holding that ALS was liable for passing off by means of the ALS website. Judge Hacon rejected NGRS's argument that the District Judge had wrongly applied the user principle when assessing damages payable by ALS in respect this act of passing off. This was for the same reasons as those given in *NGRS V Central Moves*. Mr and Mrs Luckes' cross appeal succeeded to the extent that they were found not jointly liable with ALS in relation to this act of passing off on the ALS website. As they had had no knowledge of the relevant act, they could not be liable as joint tortfeasors (*Fish & Fish Ltd v Sea Shepherd UK* [2015] UKSC 10 applied).

Announcements

Patent drawings soon to grace lobby wall at CIPA HQ

Thank you to all who have submitted patent drawings to decorate the entrance lobby of our new offices in Halton House, Holborn. The decoration work will begin soon.

We would also like to thank **Keith Gymer**, consultant at Stratagem and formerly of Page Hargrave, who has kindly donated framed prints of early patents to decorate the President's Suite at Halton House. Mr Gymer has donated the prints in his personal capacity.

The IPO's Deputy Chief Executive **Sean Dennehey** was awarded a CBE in the New Year's Honours list. Sean has been recognised for services to intellectual property. He joined the IPO as a patent examiner in 1978. In his current role of Deputy Chief Executive he is responsible for the UK's national patent, trade mark and registered design systems. Sean has acted as Chief Executive at various times, most recently in 2016/17.

In January, **Sam Gyimah MP** was confirmed at the Minister with responsibility for IP. See the press release on page 14.

Letters for the Editor and announcements should be e-mailed to: *editor@cipa.org.uk*

Non-institute events

Introduction to Intellectual Property
Provider: Assimilate IP **Date:** 19 February

Building, Managing and Monetizing your IP Portfolio
Provider: Assimilate IP **Date:** 19 February

Indirect Infringement, *Munich*
Provider: UNION-IP Roundtable Event **Date:** 23 February

IP & ME celebrate Chinese New Year
Provider: IP Inclusive **Date:** 26 February (see page 48)

Basic Litigation Skills Course
Provider: CPD Training **Date:** 12-16 March

Freedom to Operate for the Life Sciences and Pharmaceutical Industries
Provider: Assimilate IP **Date:** 19 March

Spring Conference: IP in a global economy
Provider: CITMA **Date:** 21-23 March

Basic Litigation Skills Course
Provider: CPD Training **Date:** 14-18 May

Introduction to FD4 course
Provider: JDD Consultants **Date:** 24 May (see page 49)

Certificate in IP Basic Litigation Skills – Patent Attorney
Provider: Nottingham Law School **Date:** June

See *www.cipa.org.uk/whats-on/non-institute-events*.
To list an event please email *sales@cipa.org.uk*

The not-so-secret 2016 diary of a CIPA President

By Andrea Brewster

02 MAR This March Council meeting is my last-but-two time in the chair. The chances of a vote of no confidence are now diminishing, because it would take at least a month for Council to reach a conclusion on something that momentous, and another month to work out how to implement it. So I can be even fiercer than normal if I want to.

I am particularly fierce about our discussions on Brexit, because Mr Lampert says we have to have an Official CIPA Position, but he has also told me that an Official Position is not supposed to detail all the pros and cons and be prefaced with two pages of caveats.

03 MAR We are holding a meeting of Past Presidents, to talk about what Future Presidents should do. It is a bit like an end-of-series episode of Doctor Who.

Mr Davies says part of the Pee's job is to be the Chief Eggsek's friend. I say nobody ever told me that. He says yes, that's evident.

I say: whose job is it to be the Pee's friend? But nobody can answer that one.

Half-way through the meeting, the VeePee remembers to arrive. He is a touch forgetful, the VeePee. I realise I shall have to ring him every week from now on, to check he still plans to be the Pee. Clearly it will be very bad news for me – and indeed for most of CIPA – if he forgets that.

The VeePee says that where I have gone wrong as Pee is that I have done things in too much detail. He says that is why I am so busy all the time, and that is why everyone else is so busy dealing with my emails.

05 MAR Here's how to write a document:

- First, hold a meeting. Get everyone at the meeting to decide what the document is going to say. (This is the easy bit.)
- Appoint someone with SUCKER written on their forehead to write the document that the meeting has decided should be written. (This is also not too difficult.)
- Circulate the document for sign-off. (LOL.)
- Spend the next two weeks accepting input from people who want to change the document, add stuff to it, or query why it is being written at all.
- Also accept input from people who were not at the meeting but are convinced that if they had been, it would not have made such rubbish decisions.
- Revise and recirculate the document.
- Repeat the previous three steps. During this process, make sure that everyone tracks changes on a different version, and also that someone (the Onssek, for instance) sees to the commas. This will produce just the right amount of confusion to allow you to fudge the important stuff later if you need to.
- By now it will be time for your next meeting. Put the latest version of the document (LOL) on the agenda and discuss it all over again. You may find that the discussions at this meeting bear absolutely no resemblance to those at the first meeting. This is normal.
- Continue repeating this process until either (a) the document is no longer needed anyway or (b) someone else publishes something better. Do not be disheartened by this: to be honest, your document is now such a random collection of amendments that it has become the literary equivalent of a paintballing party. It will be less embarrassing just to tell people you preferred to keep your powder dry. (Except, of course, if the document is your Annual Report, in which case the auditors may not be satisfied with dry powder.)
- Drink gin instead. Really, lots of gin. There is not enough gin in the whole of Zummerzet to compensate for having to go through this process.

07 MAR I am in a meeting at the IPO. It is the "Four Presidents" meeting that they hold twice a year for the Pees of CIPA, ITMA, FICPI-UK and the IP Federation. And they have to hold it even if the CIPA Pee is not really up to the job.

One of the agenda items is the EU referendum. We ask the IPO what they think about Brexit. They say Mr Cameron recommends that we stay in the EU. We say yes but what if The People vote to leave? They say Mr Cameron recommends that we stay in the EU. But what if we have to leave, we ask: what will become of the CTM,

and the UPC, and all the other acronyms that depend on the UK being linked to Brussels? They say Mr Cameron recommends that we stay in the EU.

The IPO have a script and are not allowed to deviate from it, and no amount of cajoling by patent and trade mark attorneys is going to change their minds.

So we talk instead about the EPO and WIPO and about the UPC (which will be fine, obviously, because Mr Cameron recommends that we stay in the EU), and also about all the things which the IPO and BIS are doing to raise awareness of IP among UK businesses, and about the IPO's five-year strategy and the various consultations it is involved with.

And then we talk about their plan to encourage trading in IP assets. I wish I knew enough about economics to understand why this makes me nervous. Possibly I am uneasy because I remember about futures and derivatives and the real estate bubble. Call me paranoid, but I have this vague notion that when traders get involved in things, the things themselves cease to be important and all that matters is that the names of the things get moved a lot from one person's list to another person's list so that a third person can make commission. And that if someone else can pretend there has been a change in the value of the things when they moved, or that there might be a change in value of the things at some unspecified time in the future, the traders can make a lot of money without the owners of the things benefitting at all; in fact at some point the owners of the things may well find they can no longer afford to own the things they thought they owned because of what the traders said about their value.

And I think (because I am paranoid): if traders can do all that with bricks and mortar – if they can bring down global economies by persuading people that the walls they can actually physically bang their heads against can be represented by whatever random number a well-suited office clerk decides on – just think what they could do with intellectual property assets, which are not tangible at all, and for which not even the experts can provide a non-random value.

10 MAR

10am: I meet the new CIPA coffee machine. There are some other people at the meeting, too, for instance from the IPO and UKTI and the Ministry of Justice. But I am not really interested in them; it is the coffee machine I wanted to meet.

It is shiny and sleek and, well, stately. And it is all lit up like it's happy to see you, which is unusual in CIPA meetings.

The people from the EyeEllSee, who have been campaigning for a new friend like this for years, coo delightedly. They are no longer the least bit concerned about the meeting agenda. One of them says he knows all about coffee machines because he is a mechanical engineer. I say this is not a power tool. The steam that comes out of it is for the cappuccino froth, not to drive pistons. But he is not listening. He is cooing.

Ten minutes in, the coffee machine suddenly issues some gurgling noises and starts making drinks of its own accord. And hey presto there's a cup of coffee, only without the cup. One of the EyeEllSee members immediately jumps up to tend to it. Solicitous cooing ensues.

I do like a coffee machine which shows a bit of initiative. This is also unusual in CIPA meetings.

Our agenda, which neither the EyeEllSee nor anyone else is the least bit concerned about now that there's a coffee machine to play with, is to do with promoting the UK's IP professions abroad. We are going to write a brochure saying how good we are, much better than the Germans, and Mr Lampert is going to make a cartoon video showing us being better than the Germans, and the IPO and their friends will travel around the world spreading these messages for us, except not in Germany, obviously.

We cannot, however, finalise our messages until after the EU referendum. Only then will we know whether our brochure is to say: "The UK – A Most Exclusive IP Forum" or "The UK – A Most Excluded IP Forum" or simply "The UK – We're Still Here, By the Way."

It is my job to write up the notes and action points from the meeting. I suspect they will be mainly about the coffee machine.

10pm: I am at a Gala Dinner, at The Savoy. I am Poshness Personified. I am wearing just the right amount of unfeasible frivolity, and I have a carefully tuned blood alcohol level, designed to allow me to converse effortlessly with people I don't know but to prevent me from helping myself to their bread rolls.

I have been seated at Top Table, with many eminent people. There is Professor Sir Robin Jacob QC, who is still practising being a Grumpy Old Man because he has not yet achieved the levels of perfection he was aspiring to in this regard, but who finds I am the ideal person to practise on. There is Mr Justice Arnold, renowned for his weighty judgments (often several kilograms when printed). There are the people from Managing IP magazine, who have organised this dinner and who are my New Bestest Friends for inviting me here. And there are also several people who have actually won awards, for doing something positive with their lives instead of just getting drunk at gala dinners in honour of other people's achievements.

My job is to provide the entertainment, by asking the questions no one dared to ask but actually everyone wanted to know the answer to. People ask me questions too, such as: "When do you stop being President?" and: "What will you do next?" To which I answer: "Not soon enough for Council" and: "Sleep".

I get an email from IPReg telling me it is my turn to pay the practice fees this week. I had not realised you needed to be regulated in order to be the CIPA Pee. I don't think they're doing a very good job at regulating me. Look at all the trouble I've caused. I want my money back.

The full version of the Not-so-Secret Diary is available in blog form, with additional material and more up-to-date news – *http://thenotsosecretdiary.weebly.com/*

Institute Events

For a complete list of CIPA events please see the website – *www.cipa.org.uk/whats-on/events*

Tuesday, 13 February 2018
Webinar

Bolar and related exemptions in Europe. What do they protect?

Time: 12.30–13.30

Speaker: Dr Paul England.
See full details online.

CPD: 1; **Prices:** £72 (members £57.60)

Tuesday, 20 February 2018
Webinar

Better Letters – students webinar

Time: 12.30–13.30

A chance to learn more about written communication skills, and to acquire techniques for getting the responses you need to your letters and emails. It will look at some general communication techniques, consider the challenges that face patent attorneys particularly, and provide practical tips for writing clear, effective and impactful documents.

CPD: 1.; **Prices:** £72 (members £48)

Monday, 5 March 2018
Seminar

JPAA seminar

Time: 14.30–18.00
Location: Barnard's Inn Hall, Holborn, London, EC1N2HH

Join CIPA and Japan Patent Attorneys Association (JPAA) for an afternoon seminar that focuses on the patentability of computer-implemented inventions in Japan; the allowability of amendments in Japanese patent prosecution; and Japanese IP litigation and the protection of famous trade marks in Japan. The seminar will be from 14:30-17:30 with a networking reception to follow. Students can attend free!
To book, email *cpd@cipa.org.uk*

Prices: £126 (members £84, students £0)

Tuesday, 6 March 2018
Webinar

Changes to UK patents fees in April 2018

Time: 12.30–13.30

Changes to UK patents fees will come into force on 6 April 2018. The changes include the introduction of some new fees as well as increases to existing patents fees. This one-hour CPD webinar will provide participants with an overview of the changes being made and how the new fees will operate in practice.

Speakers: Sarah Barker (Patents Legal Section, IPO) and Andrew Bushell (Patents Legal Section, IPO)
CPD: 1; **Prices:** £72 (members £48.00)

Wednesday, 7 March 2018
Social

Manchester Happy Hour

Time: 18.00–17.00
Location: The Fitzgerald, 11 Stevenson Square, M11DB

Join us at the Fitzgerald bar where you can enjoy the 1920s speakeasy theme, have a drink or two and the chance to chat with fellow members from the area. Please note, this is for members only and to gain entry you must book your place prior to the event.

Prices: £0

Thursday, 15 March 2018
Seminar

East of England Meeting 2018

Location: Tamburlaine Hotel, 27-29 Station Rd,, Cambridge, CB1 2FB

Please see the CIPA website for the seminar programme and updates.

CPD: 3.5; **Prices:** £234 (members £156)

Thursday, 22 March 2018
Seminar

The Yorkshire Meeting 2018

Location: Park Plaza, Leeds, Boar Lane, Leeds LS1 5NS, LS1 5NS

Please see the CIPA website for the seminar programme and updates.

CPD: 3.5; **Prices:** £234 (members £156)

Thursday, April 19 2018
Seminar

The Scotland Meeting 2018

Location: DoubleTree By Hilton, 34 Bread Street, Edinburgh, EH3 9AF

Programme to be confirmed.

CPD: 3; **Prices:** £234 (members £156)

Thursday, April 19 2018
Social

The Scotland Dinner

Location: DoubleTree By Hilton, 34 Bread Street, Edinburgh, EH3 9AF

A follow on from 'The Scotland Meeting 2018' held in the popular 'DoubleTree by Hilton Hotel'. There are limited places available so booking in advance is required.

Prices: members £60.00

Wednesday, 11 April 2018
Non-residential course

IPEC – 2018

Location: CIPA Offices, 2nd Floor Halton House, 20-23 Holborn, London, EC1N 2JD

Introductory day: Reading into the case study. Plenary sessions on getting started. Preparation of initial statements of case. For full details go to *http://www.cipa.org.uk/whats-on/events/ipec-2018/*

CPD: 16; **Prices:** £1,450 (members £1,334) This day is also part of a residential course. See below.

Wednesday, 10 May 2018 – Thursday, 12 May 2018
Residential Course

IPEC – 2018

Location: Denham Grove, Tilehouse Lane, Denham, Bucks, UB9 5DG

For full details go to *http://www.cipa.org.uk/whats-on/events/ipec-2018/*

CPD: 16; **Prices:** £1,450 (members £1,334)

Monday, 21 May 2018 and Monday, 18 June 2018
Seminar

EPO Oral Proceedings Course

Location: Hallam Conference Centre, 44 Hallam Street, London W1W 6JJ

Our course is in two parts. The first is a remote learning module, in the form of pre-recorded webinars and an accompanying printed training manual. This part can be completed any time within a two-month window, at the student's convenience. The second part is a one-day workshop in London. The workshop includes two mock hearings, one before an "examining division" and one before an "opposition division". All delegates will have the chance to participate actively in these hearings, and will receive coaching in case preparation and presentation. See page 38.

Price: £390+ VAT

Wednesday, 26 September 2018
Conference

Administrators Conference 2018

Location: Jumeirah Carlton Hotel, 1 Cadogan Place, London SW1X 9PY

Following the success of last years conference, the CIPA Administrators Conference will be on a separate date from Congress. We are now working closely with the CIPA Administrators Committee on the 2018 programme - watch this space for more information.

Thursday, 27 September 2018
Conference

CIPA Congress 2018

Location: Jumeirah Carlton Hotel, 1 Cadogan Place, London SW1X 9PY

We are now working closely with the Congress Steering Committee on the 2018 programme – watch this space for more information shortly.

IP & ME celebrate Chinese New Year

The IP & ME committee invite you to their inaugural event – a post-work celebration of Chinese New Year on **Monday, 26 February 2018**.

Baker McKenzie, one of the IP Inclusive Charter signatories, is kindly supporting IP & ME and hosting the event at its London office.

The event will be informal, with a focus on having fun! There will be some short, educational talks from guest speakers on the traditions/cultural significance of Chinese New Year, as well as tips on business/cultural awareness. Following that, there will be refreshments and a chance to network.

Further details about the event, and how to register, please visit *http://www.ipinclusive.org.uk/blog/ip-me-celebrate-chinese-new-year.*

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