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HOT TOPICS

1. THE COMMUNITY PATENT

Many businesses familiar with the European patent system will be aware of the expense (relative to the USA and Japan) of obtaining patent protection in a number of European countries. Many will also be familiar with the fragmented nature of a "European Patent", which in reality consists of a basket of national patents each of which must be enforced separately in the European states which have been designated by the patentee for protection.

Following the success and popularity amongst businesses of the Community Trade Mark, it was announced earlier this year that a new, unitary patent, legally valid throughout the whole of the European Union, is to be created, known as the Community Patent. After the European Union has expanded (to include a number of the former Eastern bloc countries, such as Poland) in May 2004, and the Community Patent has come into being, businesses will be able to obtain a patent which can be enforced on a pan-European basis in 25 countries.

The cost of obtaining a Community Patent is likely to be approximately €25,000. Although the cost will still be higher than in the USA and Japan, the Community Patent will offer potentially significant costs savings for those businesses interested in seeking pan-European patent protection under the umbrella of the Community Patent.

Businesses are expected to be able to apply for a Community Patent within five years. The European Patent Office in Munich will administer the grant procedure. It is well known that the cost of filing translations can significantly add to the expense of obtaining European patent protection. An application for a Community Patent must be prosecuted in one of the three official languages of the European Patent Office: English, German or French. At the time of grant, the applicant will have to file translations of the patent claims into the other two official languages. After a Community Patent has been granted, the patentee will have to file translations of the claims into all of the official languages of the European Union. This is likely to be a significant cost burden, although the European Commission is analysing whether savings in the process can be made, to keep the cost of a Community Patent competitive.

When it comes to enforcing rights under the Community Patent, this will be done through a new Community Patent Court, which is to be set up by 2010. This Court will have exclusive jurisdiction in claims for infringement of Community Patents. It will be able to award pan-European injunctions and to award damages. The Community Patent Court will consist of three judges, all of whom will have experience of patent law. The Court will also have technical experts, to assist the judges.

Detractors of the Community Patent have said that businesses may not necessarily want to stake all on one unitary right since if the validity of a

Community Patent is successfully challenged in infringement proceedings patent protection throughout the whole of Europe will be lost. However, the system as presently operated by the European Patent Office will continue to be available if a patentee prefers instead to designate individual European Member States for protection. It will also continue to be possible to file national patent applications in individual countries on a country by country basis. Businesses will be able to select the type of patent protection which is most suited to their needs and to their budgets.

2. SECOND MEDICAL USE CLAIMS & THE HARMONISATION OF PATENT LAW IN EUROPE

In the 1970s, the European Patent Convention established a new system of patent law and a new patent granting authority for all Contracting States, the European Patent Office. The European Patent Office was to be responsible for the granting of patents under the new system of law set out in the Convention. A European patent granted by the EPO would take effect as a collection of national patents and be subject to the same conditions in national courts as national patents granted by the Contracting States.

In accordance with the EPC, the Contracting States were to harmonise their national laws as to patentability so that as far as possible the national courts of each State would approach the issue of validity of patents in the same was as the EPO. In order to assimilate the national patent law in the UK to the system of law of the EPC, the UK Patents Act 1977 included many changes in the law of patents. Similar steps were taken in all the other Contracting States and presently it can be said that the substantive law of patents is for the most part harmonised across Europe.

This is not to say that the current EPC system is perfect. Apart from decisions by the EPO on oppositions filed within 9 months after grant of a European patent, the EPO has no further role in examining issues of infringement and validity. There is no central court of appeal on issues of validity and no central court of appeal on issues of infringement. Instead, subject to the EPC, patent disputes (including those concerning European Patents) are referred to national courts. The result of this is that there is room for slightly differing interpretations of the validity of patents to be found across Europe. Indeed the current situation is that although the substantive law as laid down in the EPC might be harmonised, it has received differing interpretations by the different national courts of the Contracting States.

Despite acknowledging that there may be different standards of interpretation of patentability across Europe, it cannot be said that in practice the UK courts have taken a unique approach to validity. The UK courts need not pay any heed at all to the EPO as a non-judicial authority. Nonetheless in the first English case (*Wyeth and Schering*) to address the patentability of second medical use claims the court specifically recognised that it was necessary to have regard to the decisions of the EPO, particularly the decisions of the Enlarged Board, in order to achieve conformity.

John Wyeth and Brothers Ltd's Application and Schering AG's Application (1985) RPC 545 was decided in the aftermath of the landmark European *EISAI* case in 1985 (*EPO Decision G 5/83, EISAI/Second Medical Indication* OJEPO 1985, 64). Historically in Europe, patents for methods of treatment had been regarded as not being capable of industrial application and consequently not patentable. Only the first inventor of a new product suitable for use in medical treatment was entitled to a claim to the product. Difficulties had arisen where the product and the use of the product for medical use was known, and the invention resided in the discovery of a novel second medical use. The EPO tackled this problem in *EISAI*. The Enlarged Board of Appeal of the EPO held that, whilst a claim to the method of use could not be permitted, a claim for the use of a product for the manufacture of a medicament for a specified new and inventive medical use (the Swiss-type claim) could be permitted on the basis that the novelty of the claim resided in the new therapeutic use and not the method of manufacture. This decision became the authority for the second medical use claims granted by the EPO. Although the English judges voiced a preference for excluding such claims in *Wyeth and Schering's Application* they followed the EPO decision and held that the novelty of a use claim directed to a second, or subsequent, therapeutic use was possible under the corresponding provisions of the 1977 Act.

It can thus be seen that to this point the interpretation of patentability standards by the English courts accorded with that of the EPO. Second medical use claims could be obtained. A divergence occurs however with the later decision of *Bristol-Myers Squibb Company v Baker Norton Pharmaceuticals Inc and Napro Biotherapeutics Inc* ((2000) EWCA Civ 169) which was followed by *Teva Pharmaceutical Industries Ltd v Merck and Others* ((2003) EWHC 5). In *Bristol-Myers Squibb v Baker Norton* the English court qualified the patentability of patents claiming second medical uses in the situations of patents claiming dosage regimes. Opting for a similar approach to the Dutch Court of Appeal in *Bristol-Myers Squibb v Yew Tree Pharmaceuticals [Netherlands]* (2000) ENPR 26, and distinguishing *EISAI*, Aldous J held that a claim must be for an application of a substance for a different therapeutic purpose and not for a mere discovery about an old use. Where the medicaments and their therapeutic purpose were known and the only novel feature related to the way that such a medicament was used it was not be sufficient for a valid second medical use claim. The more recent case of *Teva v Merck* adopted the same position. Again the claim related to a new use for an old compound. The courts maintained their position that claims to new dosage regimes are seen as claims to methods of treatment and therefore unpatentable.

Though this is a relatively minor qualification of the law as provided by the EPO, for pharmaceutical companies that rely on patents claiming dosage regimes it is a large barrier. A claim for a dosing regime may well be granted by the EPO but will be found to be invalid in the UK courts. Unfortunate for the pharmaceutical industry as this situation may be, it can only be remedied by a decision of the English higher courts. The reluctance of Jacob J in *Teva* to follow *Bristol-Myers Squibb v Baker Norton* might be interpreted as a change in direction by the courts.

However, until this problem next arises before the Court, the UK line remains that patents claiming dosage regimens where the dosage regimen is the only novel feature will not be patentable as second use medical claims.

This varied approach to second medical use claims also can be seen to occur across the other European jurisdictions. For example, the EPO decision in *EISAI* has been followed in Sweden (*Hydropyridine [Sweden]* (1988) 19 IIC 815) and Germany (*Hydropyridine [Germany]* OJEPO 1984, 26) , however, as seen above, in the Netherlands the Dutch Court of Appeal has held that such a claim in a Dutch national patent does not meet the requirements of patentability. Meanwhile the EPO continues to grant patents adopting a very wide view of patentability. More recently claims have been allowed when the sole point of novelty was the mode of drug administration (*EPO Decision T 51/93, unreported*) and also where novelty resided only in the frequency of drug administration (*EPO Decision T 570/92, unreported*).

Excluding the importance of the matter for pharmaceutical companies, in the grand scheme of the harmonisation of European Patent law this is a relatively minor point. It must be remembered that the European patent system as it now stands, unlike other Patent systems, did not come into existence in order to fill a patent law vacuum nor did it replace any existing patent laws thus the level of harmonisation is commendable considering the number of Contracting States each with their own patent system and especially in the absence of a Community patent court.

The continuing advance towards harmonisation most notably in the plans to establish a Community patent court could provide a more favourable position in relation to dosing regimens in the future. In its ultimate aim to create a Community patent system for the EC, the Community Patent Convention has as the key feature a patents court and judicial system for Europe. The jurisdictional system will be based on a unitary system for the community patent, the aim being to secure uniformity of jurisprudence. Litigation of a community patent shall at first instance be before a judicial panel. This judicial panel, called the Community Patent Court (CPC), shall be attached to the Court of First Instance (CFI) of the European Union. Its seat shall be at the CFI. An appeal against a decision of the CPC may be brought at the CFI. The CPC is to have exclusive jurisdiction, inter alia relating to invalidity, infringement proceedings, declaration of non-infringement, and counter claims for invalidity. The system will operate similarly to the ECJ and the national courts will be bound by the decisions of the European patent court. It is hoped that this will definitively ensure harmonisation of patent law in Europe with one European standard for patent validity being applicable in all Contracting States.

Although the general view is that the Community patent Court would improve the Community Patent system it is difficult to foresee the consequences. The creation of the Community Patent Court undoubtedly has the potential to harmonise patent harmonisation across Europe and ensure legal certainty. Further, as a European institution one might expect the EPO jurisprudence to be favoured.. However, the plans for the CPC are still very much in their infancy and until it is established it

would be almost impossible to predict which direction will be taken on the matter of the patentability of dosing regimens.

3. OHIM Publishes Details Of Its New E-Filing Service For Design Protection

The Office for Harmonisation in the Internal Market (Community Trade Marks and Designs Registry) (OHIM) has published, on its website, details of how to file for design protection electronically. The website gives full instructions on what can be supplied electronically, the advantages to electronic filing, and links to the form that can be completed and filed with the design in electronic format.

The electronic filing circumvents the need to use email to supply OHIM with the design. The system allows for all the details of filing being included, with the design itself attached electronically and details of additional relevant designs, such as those from which priority is being claimed can also be attached. The requirements for obtaining a filing date as set out in Article 1 of The Community Designs implementing Regulation (EC)6/2002 will include the electronic signature of the applicant.

OHIM identifies the ability to obtain real-time confirmation of receipt of the application and the resulting online verification of an error free communication as the key benefits of the new system. The applicant will have the certainty of knowing what has been delivered to OHIM and when. To those familiar with the filing of applications by fax, this system is to be welcomed, as the use of faxes can result in delays due to blocked or slow fax machines or the part receipt of forms, and human error, such as mis-dialling.

The introduction of electronic filing raises the question of whether in the future communications with OHIM can all be conducted online. This would lower costs for applicants. Clearly if the system of electronic filing is successful then further integration of technology can be expected. A broad range of designs can benefit from protection by the Community design. This system should also be welcomed by the owners of two-dimensional device trade marks as these can be easily scanned in and attached, broadening the market entry protection from an early stage of test marketing.

4. Moscow Arbitration Court to Rule Over Sale of Soviet-Era Films

A Russian studio, Soyuzmultfilm, has applied to the Moscow Arbitration Court to obtain a ruling annulling the sale of 1,200 classic Soviet-era cartoons to a US film company.

In 1992, a Californian-based company called Films by Jove purchased the international rights to 1,200 classic Soviet-era animated motion pictures from the state-run studio Soyuzmultfilm. Films by Jove paid $500,000 for the rights to the cartoons for a 30-year period and also agreed to give Soyuzmultfilm 39.5 percent of future profits.

Films by Jove invested $3 million restoring the films which were often "scratched, bleached, ripped down the middle and held together with Scotch tape" and through a digital process re-dubbed the cartoons, commissioning stars such as Sarah Jessica Parker, Charlton Heston and Julio Iglesias to do voice-overs.

"When the cartoons became popular around the world, the Russian Government realised how much they were worth" said Mrs Borsten, the director of Films by Jove, "the government set out to get them back with no compensation for the time and money spent on restoration".

The Russian studio's director, Ernst Rakhimov, said the animations that were produced by the studio between 1936 and 1992 belong to Russia's national heritage. He said that the Soyuzmultfilm studio of 1992, which was reconstituted in 1999, was not the legal owner of the rights to the studio's productions and had no right to sell them. He added that the old Soyuzmultfilm "simply had the use of the buildings and studio facilities", and that the new company was the legal owner of the rights to the films.

For four years the catalogue of Soviet cartoons has been at the centre of a legal battle which shows few signs of ending. In August 2001, the US Federal Court found that Films by Jove had legally purchased rights from the entity authorised to grant the lease. Four months later, the Russian High Court decided in favour of Soyuzmultfilm. In April 2003, the Federal Court the upheld its original decision, but Soyuzmultfilm which had initially agreed to abide by the US judge's decision brought the case back to the Moscow Court of Arbitration.

Film by Jove's bill for the restoration of the cartoons and its legal fees now runs to $4 million. "We would all be in profit by now if we had not been sandbagged by legal fees" said Mrs Borsten.

COPYRIGHT

5. LICENSING DIGITAL INFORMATION

The Copyright Licensing Authority (CLA) and the United Kingdom Media Monitoring Association (UKMMA) (a trade body representing the interests of press cuttings agencies) have developed terms of a generic licence that will facilitate the delivery of press cuttings by cutting agencies to their clients, while respecting the interests of copyright owners.

The Press Cutting Agencies Licence allows such agencies to digitise copyright material or to use specific technology to search for keywords that can be used to create cuttings. These products can then be distributed to clients in a number of ways; by password-protected web services, e-mail, fax, or hard copy.

The generic licence will act in tandem with the new CLA business licence. The new business licence provides for internal electronic distribution rights for scanned material received from a cutting agency with a CLA Licence. While the work to date only concerns UK publications, it is expected that material from other territories will soon

be available to use and licence in this manner.

This development can be viewed as an interesting response to the difficulties inherent in the commercial activities of information providers when undertaken on-line.

The collaboration between the CLA and the UKMMA ensures that the chain of individuals involved in the press cutting industry will be acting in a manner that respects copyright owners at every level. The cutting agencies themselves will be fully licensed and able to benefit from the increased efficiency available with on-line content delivery. Similarly, the agencies' clients will benefit from the service as their use of material covered by the generic licence will also be compliant in their internal dealings, due to the CLA Business Licence. Finally, the copyright owner will be assured of the proper payments flowing from use of the copyrighted work.

6. UNAUTHORISED USE OF ELVIS COSTELLO PHOTOGRAPH

Gabrin v Universal Music Operations and another [2003] EWHC 1335 (Ch)

This dispute concerned the use of a silk-screen print that contained a separately owned photographic image. Universal Music used the print within an album booklet, without authorisation from the copyright owner of the photograph. Defences of acquiescence and estoppel were raised. The Court held that while separate copyrights existed for the photograph and the print, there was no licence to justify the use by Universal Music of the photograph as part of the print; nor was there any agreement to use the print for anything other than advertising or promotion.

The claimant had taken the photograph in 1977, as part of a photo shoot for Stiff Records. The photograph was of Elvis Costello. Arrangements between Stiff Records and photographers at that time were that Stiff Records paid photographers a basic fee of up to £50 to cover their expenses and pay for their time during a shoot. If any photographs were used on a record sleeve, the photographer was paid an additional fee and copyright vested in Stiff Records. The photograph in question was not used on a record sleeve at the time or selected for promotional publicity.

Subsequently, a silk screen print based on the photograph in question was designed and produced by the late Colin Fulcher. The second defendant in this case was the sister and sole beneficiary of his estate.

In August 1999, Universal Music released an album entitled the Best of Elvis Costello. On the front page of the booklet accompanying the album was part of the image of the artist shown in the silk-screen print. This was effectively a reproduction of the photograph. The screen print and, therefore, the photograph were also reproduced on billboard advertising.

Prior to the infringement action, the beneficiary of Colin Fulcher's estate entered into an agreement with the claimant purporting to assign to the

claimant and herself all rights and interests, including the copyright, relating to the silk-screen. Universal Music, however, argued that the photographs in question were commissioned, as defined under s.4(3) of the Copyright Act 1956 with no agreement countering the effect of that provision. Universal Music further claimed that the late Colin Fulcher was the recipient of a licence from the claimant, to use the photograph for the purposes of the silk screen and to licence its use as part of the print for all purposes. In addition, Universal Music suggested that since the photograph in question was used to promote record sales and concerts of Elvis Costello on several occasions without the claimants consent, the claimant had no copyright in the photograph. These circumstances supported Universal Music's alternative defence of acquiescence and of estoppel.

The Court held that the claimant had been the owner of the copyright in the photograph at all material times, and that the photo shoot did not amount to a commission. Regarding the print, the Court held that Colin Fulcher had acquired copyright in the print as author. However, there was neither any agreement regarding joint ownership of copyright in the print, nor was there any licence granted by the claimant to any of the parties that could justify the use of the photograph as part of the print by Universal Music.

The Court concluded that while separate copyrights existed for the photograph and the print, there was no licence to justify the use by Universal of the photograph as part of the print. In addition there was no agreement within the licence granted to Stiff Record to use the print for anything other than advertising or promotion. Applying *Taylors Fashions Ltd v Liverpool Victoria Trustees Co Ltd (1982) 1 QB 133* the Court considered that the defence of estoppel and that of acquiescence failed. Most of the incidents of alleged acquiescence relied on by Universal Music were incidents where publicity shots were used in advertisements. The Court considered that it could not be considered unconscionable for the claimant in this instance to assert his rights against Universal Music as he had not known that the print had been used on the compact disc. He was therefore entitled to a remedy in relation to the unauthorised use of his photograph.

7. MASTHEAD COPYRIGHT INFRINGEMENT

Scottish Universal Newspaper v Mack [2003] ScotCS 167

The Scottish Outer House Court of Session has confirmed the well established principle that, if a substantial part of a copyright work is copied, it is irrelevant whether a new work in which copyright subsists has been created.

The Respondent, Paul Mack, was the subject of an interdict granted on 19 March 1999 restraining him from infringing the copyright in the masthead of the Paisley Daily Express published by the petitioner. The masthead is represented as follows:

Mack had, while the injunction was in force, produced and distributed two publications, the first a single news-sheet and the second on the internet. The contents were political and, as alleged by the petitioner, scurrilous. The publications bore the Paisley Daily Express logo in substantially the same fashion as the original. However, superimposed on the logo the words "Absolutely" and "Not" appeared in bold black script inspired by a satirical television programme popular in the 1970s.

The principal argument advanced by the Respondent was that the inclusion of the additional elements made the representation an original copyright work which could not therefore infringe copyright in the original. The creation or otherwise of a new copyright work was held to be irrelevant to the issue of infringement, which is dependent on the copying of a substantial part of the original.

Lord Eassie noted that no defence of fair dealing on the basis of parody or satire was made by the Respondent, despite the fact that it was raised at the hearing. In the circumstances, it was held that the interdict had been breached.

PATENTS

8. CELLTECH APPEAL ALLOWED

Celltech Chiroscience v Medimmune Inc [2003] EWCA Civ 1008

The Court of Appeal, on appeal from the first instance decision of Mr Justice Jacob, were required to assess the doctrine of equivalents and file wrapper estoppel under post-Festo II US law. In doing so the Court of Appeal partially overturned first instance decision, finding both amendment-based estoppel and argument-based estoppel, albeit with one of the three judges dissenting.

The dispute centred around the alleged infringement of a British patent. However, because the Defendant was a licensee of the Claimant, and the licence was subject to US law, the relevant law to be applied was therefore US law. Consequently, the UK courts assessed the issue of patent infringement in line with US legal concepts, in particular the doctrine of equivalents and file wrapper estoppel.

There are two types of file wrapper estoppel, each of which aims to prevent a patent proprietor disclaiming an aspect of his monopoly in order to get a patent granted, but then reclaiming it during infringement proceedings via the doctrine of equivalents.

The first type is amendment estoppel, which prevents a proprietor who has narrowed his claims during prosecution in order to meet requirements of patentability from then asserting the patent against any equivalent technologies falling within the scope of a surrendered territory.

The second type is argument estoppel, which is similar, in that where a proprietor has made statements to the Patent Office during prosecution with regard to the scope of a claim, he cannot then assert the patent against equivalent technology in contradiction of that assertion.

The patent in question involved the synthesis of an antibody combining both human and mouse elements. This patent had initially claimed that there must be a mouse amino acid in at least one of three positions within the antibody, including possibly position 23. However, the claims were amended during prosecution to require mouse amino acids at each of four positions, including position 23.

The Defendant had also produced an antibody, which was identical to the Claimant's antibody, except that it had a human amino acid at position 23, rather than a murine one. This difference meant that the Claimant could not rely on literal infringement of its patent. Although expert evidence had stated that this difference was very slight, the Defendant argued that the Claimant could also not rely on any equivalents to the claim due to both the amendments made during prosecution and the supporting arguments giving rise to file wrapper estoppel.

At first instance, the judge held there was no amendment estoppel, because although the claim amendments had cut down the number of possibilities claimed, they did not exclude the possibility of equivalents to murine amino acids. However, the Court of Appeal judges disagreed, stating that by amending the claim so that the listed positions, including position 23, had to be murine amino acids, the claimants had denied the possibility of equivalents in which the amino acids were anything other than murine amino acids.

Additionally, during prosecution, the Claimant had argued that all successful antibodies had murine amino acids at position 23. At first instance, this was held to be an argument estoppel preventing equivalents, and the Court of Appeal agreed, upholding the judge's ruling.

Nevertheless, the position was not clear-cut, with Arden LJ dissenting. Arden LJ instead agreed with Jacob J's analysis of the amendment estoppel, and disagreed with both Jacob J and the other Court of Appeal judges with regard to argument estoppel, believing that there was not an unmistakable or unequivocal assertion by the Claimant that position 23 could never be anything other than a murine amino acid. He therefore believed that the patent was infringed. Nevertheless the majority opinion carried, and Celltech's assertion of patent infringement was dismissed.

9. BASF AND SMITHKLINE APPEALS DISMISSED

BASF AG v SmithKline Beecham [2003] EWCA Civ 872

This case concerned an appeal by SmithKline Beecham Plc against a judgment of Pumfrey J of 12 July 2002 and a cross appeal by BASF AG. Both appeals were dismissed on 25 June 2003.

In his judgment of 12 July 2002 ([2002] EWCH 1373 (CH)), Pumfrey J held that claims 1, 2, 3, 7, 10(ii), 12 and 13 of UK Patent GB 2,297,550 (the "Patent") were invalid and claims 10(i) and 11 of the Patent were valid. SmithKline Beecham appealed against this order and BASF cross appealed, contending that the judge should also have held claims 10(i) and 11 of the Patent were valid.

SmithKline Beecham's appeal essentially turned on a question of construction, in particular the meaning of the phrase "substantially free of bound propan-2-ol" which appears in claim 3 of the Patent. If that phrase had the meaning for which SmithKline Beecham contended then, upon the findings of the judge, claim 3 and its dependent claims would be valid.

BASF supported Pumfrey J's conclusion on construction and also contended that claims 10(i) and 11 should have been held to be anticipated by the disclosure in UK patent application no. 8526407, referred to as 407, or was obvious in the light of that disclosure.

SmithKline Beecham's Appeal

The importance of the phrase "substantially free of bound propan-2-ol" arises out of an allegation that claim 3 of the Patent and its dependent claims lacked novelty. BASF relied on an experiment in 407 in which the anhydrate Form A, was produced using acetone as the solvent. Propan-2-ol was never used. As that experiment did not use propan-2-ol, claim 3 was anticipated.

Pumfrey J's judgment held that the phrase "substantially free of bound propan-2-ol" as used in claim 3 meant what it said. It followed that claim 3 of the Patent was anticipated by paroxetine hydrochloride anhydrate ("PHA") even though it was not substantially free of the solvent used in preparation, provided it was free of bound propan-2-ol which was not and could not have been present.

SB contended that in context "propan-2-ol" is a synecdoche (i.e. a figure of speech in which a more inclusive term is used for a less inclusive one or vice versa, as a whole for a part or a part for a whole). SmithKline Beecham argued that it is an example standing for whichever member of the class of solvents that was used in the process of production. Any other construction rendered the specification inconsistent.

CA held that section 125 Patents Act 1977 made it clear that the invention of a patent is to be taken to be that specified in the claims. The claims have to be interpreted with the aid of the description. However the Protocol on the Interpretation of Article 69 of the European Patent Convention also applies. CA held that, for the purposes of this case, it was sufficient to record that the proper approach is to seek the middle ground between literal construction and treating the claims as guidelines. The quest has to achieve reasonable certainty for the public and fair protection for the patentee.

CA held that the skilled addressee would interpret the specification

taking into account the nature of the technical contribution, but would also realise that the patentee claimed his monopoly in words of his own choosing. To disregard the apparent intention of the patentee could lead to an unfair result. CA held in this case that the suggestion that the words "propan-2-ol" should not be given their ordinary meaning, but should be read as "organic solvent" would be a deviation from ordinary rules of construction and would do violence to the language which should be avoided unless no other reasonable construction is possible. CA could find nothing in the specification which would lead it to give the words "substantially free of bound propan-2-ol" used in claim 3 of the Patent a meaning different to their ordinary meaning and SmithKline Beecham's appeal was dismissed.

BASF's cross appeal

BASF cross appealed, contending that claims 10(i) and 11 of the Patent had been anticipated and were obvious. The CA discussed the concepts of both novelty and obviousness in respect of the Patent.

The issue at trial was whether the skilled addressee would, when performing example 1 of 407, produce the anhydrate or the hemihydrate form of PHA. Both parties conducted various experiments to aid their respective cases in this regard. The same arguments were held to apply to both claim 110(i) and 11.

CA held that example 1 did not render claim 11 invalid as being obvious. The CA also held that even if claim 11 was obvious, the BASF experiments and the SmithKline Beecham experiment show that the process conditions of example 1 would still have to be altered. Therefore example 1 of 407 did not make the process of claim 11 available to the public. The alterations went further than replication by a skilled addressee of the disclosure in example 1 using his ordinary skills. CA stated that there must be clear and unmistakable directions to do something which will infringe a patent claim and that example 1 did not reach that standard in a number of ways. The specific details of claim 11 of the Patent cannot be read out of example 1 of 407 and to get claim 11 further information is needed. BASF's experiments did not seek to apply the directions in example 1, but demonstrated how Form A could be produced with alterations which did not prove anticipation. The CA also held that the same reasoning applied to experiment 3 of BASF.

The CA rejected the arguments of BASF's expert that the steps taken in the BASF experiments were those that would be carried out using the teaching of example 1 of 407, as the expert read 407 at the same time as the Patent and knew the answer to the difficulties of example 1 of 407. The expert then witnessed the repeat of the experiments and so his views were expressed after he know what to do. It was held that his evidence would have been more convincing if, before seeing the Patent, he had been given example 1 of 407 and been asked to carry it out.

The CA held that those that devised the BASF experiments must have known that they alone did not prove that example 1 made the claim 11 process available and that further evidence was needed. The best evidence would be that of a skilled addressee who, without knowledge

of the Patent, carried out example 1 and produced Form A. BASF could not call evidence along those lines and relied on the opinion evidence of their expert which could have been coloured by hindsight.

CA, relying on the approach to deciding obviousness in *Windsurfing International Inc. v Tabur Marine (Great Britain) Ltd*, [1985] RPC 59, preferred the evidence of SmithKline Beecham's expert rather than BASF's in relation to the issue of obviousness. SmithKline Beecham's expert was of the view that the procedure carried out by SmithKline Beecham in their experiment was a realistic performance of example 1 of 407 and that the BASF experiments were not obvious ways of carrying out the example. In the SmithKline Beecham expert's view, it is only when you had read the patent that you would take the steps taken by BASF in the relevant experiments. CA held that Pumfrey J was entitled to come to the conclusion he did on obviousness and dismissed BASF's cross appeal.

10. ADD A HINT OF PAROXETINE SALT

The 25 June 2003 decision handed down by the Court of Appeal emboldens the position of patentees facing revocation orders for want of novelty. *Synthon BV v. SmithKline Beecham* [2003] EWCA Civ 861 provides the clarion statement of law with respect to when a prior unpublished application is novelty destroying: under *General Tire* and *Asahi*, it is not sufficient for the general information in applications to enable the product to be made, but in order to anticipate there must be clear and unmistakable directions, which if carried out would lead to the product in question.

SmithKline Beecham Plc were the proprietors of a patent in respect to an invention entitled "Paroxetine salt" which had a priority date of 6 October 1998. Synthon BV were the applicants for a patent dealing with 4-phenylpiperidine compounds. Jacobs J., in deciding whether the Synthon patent was anticipatory, dissected from *General Tire* that there were two ways of proving anticipation: the enabling disclosure and the inevitable result routes. He then reckoned that the more central concept was the enabling disclosure. He ultimately concluded that there is not a rule about inevitable result. It is about whether the two inventors in substance reached the same invention.

This type of reasoning formed the basis for Jacobs J.'s order for revocation. He held that both SmithKline Beecham & Synthon disclosed wide varieties of making the paroxetine salt (crystalline paroxetine mesylate), but Synthon got there first and all that could be said for SmithKline Beecham is that their disclosure is a readier way of making the crystals. In so doing, Jacobs J. was attempting to avoid the prospect of double patenting.

In the Court of Appeal Aldous LJ. held that such an approach was inconsistent with s.2(3) of the Patents Act 1977 and that while the purpose of s.2 (3) is to avoid double patenting, a different approach to novelty should not taken in s.2(3) cases when compared to s.2(1) cases.

While it would seem that the Synthon patent came so close to providing

instructions to enable the person skilled in the art to make the said salt, it fell short of providing the clear and unmistakable directions required for the "inevitable result" test. As such, SmithKline Beecham's patent was held to be valid. Interestingly, given the general nature of the two disclosures, it would seem that there would be some cause for considering SmithKline Beecham's patent "obvious" in the light of the Synthon application. It is likely that the legislation foresaw such a result and as such, Aldous LJ reminds that "an application, deemed to form part of the state of the art under section 2(3), cannot be relied on to attack a patent on the ground of obviousness."

11. AJINOMOTO SWEETENER PATENT UPHELD

Daesang Corporation v Ajinomoto Co Inc [2003] EWHC 973 (Ch)

The Patents Court upheld the validity of a patent under attack of the respondent whose revocation was sought by the claimants on grounds of obviousness, insufficiency and anticipation.

The trial related to the validity of Ajinomoto's European Patent (UK) for producing, on an industrial scale, a low calorie sweetener called Aspartame. Daesang sought revocation of the patent, on grounds of anticipation and obviousness over a published Japanese Patent specification, and insufficiency for ambiguity due to the terms used in the claims. Ajinomoto did not make any claim for infringement since this was pending before the Dutch court for the same Dutch patent.

The patent related to an invention of cooling a supersaturated solution of aspartame without stirring or any other movement so that a certain weight percentage of crystals formed, leaving a solution of water but in a pseudo-solid state. Then, this would be converted into slurry by stirring, from which crystals were extracted. The fact that the crystals could be extracted easily was the invention in the patent.

Daesang argued that the claims contained ambiguous terms such as 'sherbet-like pseudo-solid phase' and 'without effecting forced flow' and thus were insufficient. The Court however held that ambiguity in a claim is not a ground for invalidity.

Relating to prior art, the Court examined the Japanese patent, which described a method of removing impurities from aspartame by a combination of anion-exchange and an unspecified crystallisation step in an industrial method. The patent specification did not discuss the crystallisation technique in detail and did not specify the actual technique used by the patentee but mentioned two working examples on a laboratory scale. Expert witnesses disagreed whether this patent specification covered the patent in dispute or not. The Court held that since no particular method of crystallisation is mentioned, the described methods in the Japanese patent did not encompass the patent in dispute. Secondly, even assuming that the Japanese patent did teach the use of static crystallisation, it did so in the laboratory, which could not be equated to its application on an industrial scale. The Court stated that there were no clear and unmistakable directions in the Japanese patents to carry out the process taught by the respondent's patent and thus it was

not anticipated.

As regards obviousness, the Court acknowledged the fact that the term 'industrial scale' and its boundaries are ambiguous but held them to suffice a skilled man to distinguish between processes carried out in the laboratory and commercial production. The Court held that the term included at least bulk production, speed, reduced cost and uniform and predictable quality. Furthermore, Daesang contended that a laboratory chemist was likely to make up an aspartame solution as part of his experiments and would find as a matter of course that without stirring, it settled into a pseudo-solid phase that would break down without leaving the residue, which he would then apply to industrial process. The Court disagreed with this contention for a number of reasons: the fact that too much 'hindsight' was used to arrive at such a conclusion; the fact that no one else had discovered this fact as there was common general knowledge that this would lead to a solid or pseudo-solid mass in the bottom of the crystalliser; and there was no reason to suspect that this mass could actually be removed more easily than the residue left by the conventional agitated crystallisation. Hence, the Patent Court upheld the validity of the patent.

TRADE MARKS

12. THREE'S COMPANY, TWO'S A CROWD

In *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, Case C-408/01, Advocate General Jacobs considered whether Article 5(2) of the Trade Mark Directive applies to use by a defendant of his sign on similar or identical goods. He also turned his attention to the precise meaning of the types of harms identified in Article 5(2) and whether trade mark use is necessary for infringement under that article.

Adidas is the proprietor of the Benelux registrations of the well-known three stripes mark, consisting of three parallel strips of equal width, for clothing. Adidas objected to Fitnessworld's marketing and importation of a range of fitness clothing bearing two parallel stripes of equal width, arguing that Fitnessworld's activities: (1) created a likelihood of confusion with its mark; (2) took advantage of the recognition and popularity of Adidas' mark; and (3) would harm the exclusivity of Adidas' mark. The Arnhem Court of Appeal found that there was no confusion and that there was no dilution because Fitnessworld used the two stripes merely to embellish its sports-clothing and many other undertakings had used similar stripe motifs for the same purpose. Adidas appealed to the Hoge Raad der Nederlanden, which referred various questions of the interpretation of Article 5(2) of Directive 89/104/EEC (the "dilution" provision) to the ECJ and in July Advocate General Jacobs delivered his opinion.

Does Article 5(2) apply to use by a defendant of a sign on identical or similar goods?

Article 5(2) only expressly mentions use by a defendant on dissimilar goods. However, in *Davidoff and Zino Davidoff (Davidoff II)* Case C-292/00, the ECJ said that Article 5(2) also applies to use on identical or similar goods. Since then, certain commentators have argued that the ECJ meant this permissively and that the effect of the ECJ's judgement

was that countries that had incorporated Article 5(2) into their trade mark legislation had the choice of whether or not to offer Article 5(2) protection against the use of marks on identical or similar goods. The Advocate General opined that *Davidoff II* is *not* permissive and consequently every Member State that has incorporated Article 5(2) *must* extend its protection to use on identical or similar goods. This ensures that well-known marks have as much protection against use on identical or similar goods as they do on dissimilar goods and is consistent with the intention for the Directive to provide a complete harmonisation of the trade mark rights of mark proprietors.

The scope of protection under Article 5(2)

The Advocate General took the opportunity to provide the first comprehensive ECJ-level analysis of the types of injuries enjoined by Article 5(2). Detriment to distinctive character can be equated with the US concept of blurring while detriment to repute is akin to tarnishment, as epitomised by the Benelux *Claeryn/Klarein* case (Case A 74/1, 1 March 1975, Benelux Court of Justice). Unfair advantage of distinctive character and repute were said to "encompass instances where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation." However, the Advocate General felt unable to say what the real difference was between the two types of unfair advantage.

What are the criteria for the analysis of similarity of signs under Article 5(2)?

For the defendant's sign to be detrimental to or take advantage of the plaintiff's mark, it must in some way bring the plaintiff's mark to the mind of the relevant public. To determine whether this is the case, national courts should, according to the Advocate General, determine the degree of sensory (visual, aural or olfactory) and conceptual similarity between the two marks as they would under Article 5(1)(b). However, unlike under Article 5(1)(b), it is not necessary to show that this similarity gives rise to a likelihood of confusion. Beyond that, it is for national courts to determine whether the degree of similarity is sufficient to cause the type of harm specified in Article 5(2).

Is use purely as decoration or embellishment caught within Article 5(2)?

Purely decorative use, or use solely to embellish is not caught within Article 5(2) because only use by the defendant of his sign as a trade mark to distinguish his goods from the goods of other undertakings counts as infringement under this article. This is consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the trademarked product to the consumer or ultimate user by enabling him without any possibility of confusion to distinguish that product from products which have another origin – if the sign is perceived as merely decorative it cannot be identifying the origin of the product. According to Advocate General Jacobs, this did not conflict with the ECJ's decision in *Arsenal v Reed*, Case C-206/01 as there was "plainly trade mark use" in that case, even though the defendant's sign was perceived there as a badge of loyalty or affiliation. Furthermore, it

would be against the public interest to extend trade mark rights in a way that would preclude the use of common decorations and motifs such as stripes which should be available, as a matter of principle, for other traders to use.

13. INTERACTION BETWEEN THE ELEMENTS OF A MARK: CFI UPHOLDS OHIM ON ITS EXAMINATION METHODOLOGY

Best Buy Concepts v OHMI (BEST BUY) CFI T-122/01

The Court of First Instance has upheld the decision of the OHIM Third Board of Appeal in rejecting the application for a figurative trade mark incorporating the word element BEST BUY. In doing so the CFI approved the method of first examining the separate elements of the mark applied for.

The applicant, Best Buy Concepts, applied for a mark made up of the words BEST BUY and a circular device incorporating the colours yellow and black. The application was made in respect of services in classes 35 and 37, directed both to management consultancy professionals and installation services to the general public. The applicant asked that the specification be interpreted narrowly by the court, but this was rejected as this amounted to a restriction of the application which could only be made in accordance with the rules of and to OHIM.

OHIM rejected the mark on the basis that it was devoid of distinctive character and descriptive. The court decided the issue on the basis only of the distinctive character of the mark. It took as the benchmark for distinctive character the capacity of a mark to allow customers to make repeat purchases or avoid such purchases after a first experience of the product/service sold under the mark. In common with previous case law and practise the court considered that the average well-informed customer would not see as decisive the purely promotional characteristics of a mark.

OHIM had considered the word element then the figurative and colour elements, finally to conclude that the mark as a whole was devoid of distinctive character. The court approved this method of approaching analysis of a combination mark and used such an analysis itself.

Just because the word element did not describe the nature of the products/service was not sufficient to make the mark distinctive especially when the first and foremost effect of the word element is to promote or advertise rather than as an indication of origin. The only additional elements of the mark were the colour and shape of the price tag. Since coloured price tags are widely used to sell products/services the mere fact that this would attract the customer's attention did not add to the distinctiveness of the mark.

In finally considering the mark as a whole the court looked for "interaction" between the otherwise non-distinctive elements. This interaction considered factors such as the effect of the shape of the figurative element of the mark on the word element. Here a price tag

would not add to the word element but indeed it emphasised the mere promotional character of the mark as a whole.

The court did not state that the "interaction" test was the only basis for testing distinctive character; however, it is a very useful benchmark to use for borderline combination marks. Crucially it focuses on the internal structure of the mark rather than the mark's relationship with its products/services. In the case of such marks the reality is that the products/services to which they relate often will not affect the conclusion on distinctive character. Rather distinctiveness is a question of human perception not whether the mark is linked to particular characteristics of products/services.

14. ANSUL TO THE QUESTION OF GENUINE USE

Laboratories Goemar SA & La Mer Technology Inc [2003] EWHC 1382 (Ch) concerns an appeal to the English High Court of a decision made by the UK Trade Mark Registry to revoke, under ss.46 and 48 of the Trade Marks Act 1994 (equivalent to Articles 10 and 12 Council Directive 89/104/EEC) (the "Directive"), two trade marks registered by Laboratories Goemar SA in the UK in respect of class 3 and 5 goods.

Goemar, a French company specializing in seaweed products, appointed an agent to sell its products in the UK under it's marks. Combined sales of class 3 and 5 goods sold under the mark by Goemar in the UK up to December 2001 amounted to £1,400 and £6,000 for goods outside the specification. La Mer Technology Inc. applied for the marks to be revoked on the ground that the sales of products bearing the registered marks in the UK during the relevant five year period did not constitute "genuine use" within the meaning of s.46(1).

The Trade Marks Act 1994 s.46(1) provides a mechanism by which the registration of a trade mark can be revoked if the trade mark has not been put to genuine use in respect of the registered goods or services for a continuous period of five years from the date of registration. Although the jurisdiction to remove for non-use is seen to be important to deal with covetous specifications the UK courts are uncertain how to formulate a *de minimis* test with which to assess proof of use in situations where the use is on a very small scale i.e. whether such use is merely token to validate registration of the trade marks or is bona fide. The Directive does not impose upon the Act a lower limit below which the use of the trade mark should be disregarded as negligible. Jacob, J. rightly declined to give a final judgment on this appeal. Instead he made a reference to the ECJ for guidance on how the national courts should formulate and apply a test to distinguish the genuineness of use of a registered trade mark.

The reference took the following form:

i) What factors should be taken into account when deciding whether a mark has been 'put to genuine use' in a Member state within the meaning of Articles 10(1) and 12(1) of the Directive?

ii) Should the extent of use of the mark, in relation to the goods or

services for which the mark is registered in the Member state, be taken into account?

iii) Is any amount of use, however small, sufficient if it was made with no purpose other than commercially dealing in goods or providing the service concerned?

iv) If the answer to the foregoing questions is 'no' what is the test for determining how much use is sufficient, and in particular does that test include consideration of nature and size of the business of the registered proprietor?

v) Is token or sham use to be disregarded, and in particular, is use the sole or predominant purpose of which is to defeat a potential claim for revocation, to be disregarded?

The jurisprudence of trade mark law in the UK and Benelux countries is sympathetic to realities beset by undertakings wishing to establish a new brand in a foreign economic territory. Genuine use of a trade mark must, as noted by Jacob, J. in his judgment in *Euromarket Designs Inc v. Peters and Crate & Barrel* [2000] ETMR 1025 (at 304), "…involve that which a trader or consumer would regard as real of genuine trade in this country in the UK" and such use be… judged by commercial standards. The UK courts (see the decision in *FLORIS Trade Mark* [2001] R.P.C. 19) are willing to find genuine use in circumstances where no actual sales of goods had taken place but the mark had been used to promote the existence of the registered products, but only if the proprietor can show the advertising is specifically directed at customers in the UK. Under the Trade Marks Act 1938 s.26(1) cases in which small scale use (e.g. *BON MATIN Trade Mark* [1989] RPC 537) were deemed bona fide where it was shown that the proprietor intended to build up a business in the products under the mark. On the facts of the present case, Jacob, J., sympathetic to this line of decisions, appeared willing to project such pragmatism to find genuineness of use within the meaning of the Directive, by considering factors such as the £6,000 worth of sales in relation to goods outside the specification of the registration and Goemar's endeavours to boost sales in their business by finding a more effective agent. Jacob J. when attempting to distil what is genuineness in respect to how "little is too little" (at para 31) indicated that a qualitative rather than a quantitative test incorporating the commercial context of the trade mark owner should form the basis to any test.

The ECJ, wishing to be expeditious in disposing of matters, considered that their ruling in *Ansul* provided adequate guidance to national courts when assessing the genuineness of use of a trade mark. The ECJ also deemed their ruling in *Ansul* to address the reference of Jacob, J and was appropriate to the factual circumstances in the present case and was willing to invoke Article 104(3) of its Rules of procedure. The ECJ in the *Ansul* case held that 'put to genuine use' within the meaning of Article 12(1) of the Directive meant actual use of the mark and that a trade mark must operate to guarantee the identity of origin of the goods or services and the use made of a mark should not be merely token. Unfortunately, the *Ansul* case considered 'genuine use' from the perspective of the contentious matter of bad faith registrations and not,

as referred in this case, as a matter of how much **use** of a mark can be considered to support the existence of a small but genuine commercially motivated registration or whether there was a minimum level of use within the meaning of the Directive. Interestingly, the test propounded by the Hoge Raad der Nederlanden on this issue goes some way to addressing the reference in this case but only comprehensively dispelled question 5 of the reference.

Jacob, J., in agreement with both parties to the case, requested that the reference should not be withdrawn save in relation to question 5 and commented that each side would no doubt interpret Ansul differently, requiring the UK court to engage in a difficult exercise in trying to divine the nuances of the views of the ECJ.

15. RUSSIA CLAIMS GEOGRAPHICAL PROTECTION FOR RUSSIAN VODKA

In June Russia's Patent Office ruled that "Russian Vodka" can only be labelled as such if it is distilled in the country itself and if it tastes like the genuine article.

The ruling was handed down by the Patent Office in response to a plea by state-owned Soyuzplodoimport Corporation which owns, on the state's behalf, the trademarks to popular vodka brands such as Stolichnaya, Moskovskaya, Russkaya and others.

The Russian decision, which aims at prohibiting foreign producers to use the term "Russian Vodka" for a product made outside the country, is in line with international practice protecting such terms as Scotch whisky, Champagne and Parma ham.

According to Vladimir Uvatenko, Soyuzplodoimport's spokesman, the ruling applies to exported vodka as well, irrespective of what language the label is written in.

"Now, distillers have to be located in Russia to be entitled to label their products "Russian Vodka" or "Genuine Russian Vodka"", Uvatenko said. "In addition, the distiller has to obtain confirmation from the Agriculture Ministry that his vodka meets the necessary criteria, then permission from the patent office to label the vodka as having been produced in Russia".

The Russian authorities are now facing a long legal process if they want to protect their trade mark worldwide. They will have to file detailed applications to patent offices in every country where they believe the non-genuine article might be produced.

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