

Newsletter
October 2002

Intellectual property

In this issue

Major items of interest

- 1 Clarification on unpublished applications as novelty attacks
- 1 When is an import not an import?
- 2 Court of appeal rules on Amgen's Erythropoietin Patent
- 6 Implementation of copyright directive in the UK
- 7 Design right infringement test differs from copyright test
- 8 Levi Strauss v Tesco - the final chapter?

Special Focus

- 14 An update on patent amendment during litigation

Lovells' intellectual property practice advises, in the context of European Union, English, German, French, Italian, Dutch, Polish, Czech, Slovak, Croatian, Russian, Chinese (PRC mainland and Hong Kong), Singaporean, Vietnamese and international law (including WTO issues), in relation to all areas of intellectual property: trade marks, patents, design rights, copyright, and rights arising from IT, new technologies and the media such as the press and Internet. We also advise our clients in the fields of entertainment and the arts. Many of our lawyers have a scientific background, enhancing their understanding of the technical and commercial issues involved.

We can help with litigation and alternative dispute resolution and with the negotiation and formation of commercial agreements. We carry out audits of technology and intellectual property rights for the purposes of investment and company flotations.

In protecting the intellectual property rights of our clients we act at all levels, from advising on, applying for, registering and enforcing rights through to devising strategies and the investigation of infringement and counterfeiting activities. In addition, we act in structuring, negotiating and drafting licences and technology transfer transactions and have considerable experience in IP disputes before the Industrial Property Offices and in IP litigation before the courts, especially in cross-border or multi-jurisdictional disputes.

Applications and registrations are not currently handled in all legal systems listed above. However, we offer a complete trade mark filing and prosecution service at the Community Trade Mark Office as well as trade mark, industrial design, appellations of origin and domain names searches, clearances, filing and prosecution services before the national Industrial Property Offices in France, Germany, Czech Republic, Slovakia, Russia (together with all other CIS member states), Croatia,

Poland, Hungary, China, Hong Kong, Singapore, Indo-China (Vietnam, Cambodia and Laos) and elsewhere in South-East Asia.

We also offer a complete global domain name protection service including clearance searches, registration, watch and investigation covering all generic TLDs (top level domains) but also, importantly, most country TLDs in some 200 jurisdictions.

This newsletter is written in general terms and its application in specific circumstances will depend on the particular facts.

For advice or information on our Intellectual Property practice, please contact:

Robert Anderson (London)
Henning Harte-Bavendamm (Hamburg)
Winfried Tilmann (Dusseldorf)
Milan Chromecek (Paris)
Francesca Rolla (Milan)
Bert Oosting (Amsterdam)
Verena Von Bomhard (Alicante)
Olga Bezroukova (Moscow)
Henry Wheare (Hong Kong)
Douglas Clark (Beijing)

With internationalisation of the world's market place, intellectual property proprietors increasingly require advice on legal matters that involve many jurisdictions. With our global spread and close relationships with law firms and intellectual specialist in all jurisdictions Lovells provides a fully integrated and seamless service on questions affecting intellectual property in a cost effective and efficient manner.

Please refer to the back of this newsletter for office details.

Lovells © 2002

Patents

Clarification on unpublished applications as novelty attacks

We reported on the decision of Jacob J in *Synthon BV v SmithKline Beecham PLC*¹ in our August newsletter. The judge's decision has now been upheld by the Court of Appeal.²

SmithKline Beecham ("SKB") is patentee of a UK patent which relates to an invention for a paroxetine salt which is useful as an anti-depressant and has anti-Parkinson properties. Synthon started proceedings to revoke the patent, alleging lack of novelty and obviousness. The novelty attack is based on a Synthon application, which was filed but not published until after the priority date of the SKB patent. The effect of s 2 (3) Patents Act 1977 is to deem an unpublished patent application (which satisfies certain conditions) part of the state of the art.

The Synthon application discloses a method of making paroxetine methanesulfonate. Synthon contends that, if the process disclosed in its application is carried out, it is inevitable that the crystalline form claimed in SKB's patent will result. Synthon applied to adduce evidence of an experiment to establish its case and Jacob J allowed this application.

If by carrying out the teaching in a published document one is inevitably led to the invention being claimed in the subsequent patent, then that patent will lack novelty. The issue at the heart of this appeal was whether, when considering prior art which is an unpublished application (which forms part of the state of the art under s 2(3)), the

assessment should be limited to an analysis of the text of that patent application and no more. SKB argued that the court should only look at the text of the prior application.

Aldous LJ held that the test for novelty was apparently the same whether the prior art being considered was a prior published document or an unpublished patent application under s 2(3).

The clear message from this case is that in relation to novelty all prior art documents are to be approached in the same way. Of course, prior art admitted pursuant to s 2(3) must be disregarded for the purposes of an obviousness attack (s 3). If it is thought necessary to produce evidence of experiments carried out based on the teaching in such a patent application, then the court will apply the usual test as to the relevancy of those experiments.

Nicola Dagg, London

When is an import not an import?

The Court of Appeal's decision in *Sabaf SpA v MFI Furniture Centres Ltd*³, clarifies the law in two important areas: (i) can a combination of two known features result in a patentable invention and (ii) when is someone an importer?

The claimant had sued two companies for infringing its patent for burners for gas hobs. One, Meneghetti, manufactured in Italy burners, which it sold to the other, MFI, for sale in its UK retail stores. Meneghetti arranged the carriage of the products from Italy to the UK. The action against

¹ unreported, 19 June 2002
² unreported, 9 August 2002

³ unreported, 11 July 2002

MFI settled but continued against Meneghetti, on the basis that it had committed infringing acts within the jurisdiction as a joint tortfeasor with MFI.

At first instance, Laddie J held⁴ that Meneghetti had imported infringing gas burners into the UK. However, he ruled the patent invalid. He identified two of its main integers, which were, he decided, both known and obvious. Under the "law of collocation", there was no invention in putting together two known and obvious integers where there was no interaction between the two. Both parties appealed.

The Court of Appeal held that there was no such thing as a law of collocation. On this basis, it went on to assess inventiveness afresh and held that the invention had not been obvious. The court therefore allowed the patentees' appeal. However, it then ruled that Meneghetti had not imported the gas burners. It sold the goods on an ex works basis, so risk and title in the goods passed to MFI as soon as they left the factory gate. Carriage of the goods to the UK had been on MFI's behalf. In these circumstances, it was an odd use of words to say that Meneghetti "imported" the goods. Meneghetti itself had no ultimate interest in the goods. It was more usual to describe as an importer the party who had the legal and beneficial interest in the goods, ie MFI.

Where, as in this case, there was no joint infringement because the seller had not made the acts of the primary tortfeasor his own, there was no moral imperative to find an importation. The statutory word was "imports", not "causes to import".

The Court also rejected the idea that Meneghetti had acted with MFI under a common design and was therefore equally liable. Meneghetti was merely a supplier of goods to a purchaser which was free to do what it wanted with those goods and to sell them anywhere.

The conclusion for this for exporters to the UK is that their legal position under the UK Patents Act will be better protected if they always sell their goods on an ex works basis, even if they subsequently arrange for the importation of the goods to the UK on behalf of the purchaser.

Court of Appeal rules on Amgen's erythropoietin patent

At the end of July the Court of Appeal delivered judgment in *Kirin-Amgen v. Hoechst Marion Roussel and Transkaryotic Therapies*⁵. The case concerned Kirin-Amgen's ("Amgen") patent for the production of the hormone erythropoietin using recombinant DNA techniques. Erythropoietin is a protein which functions in the blood to regulate the production of red blood cells. The trial judge (Neuberger J) had previously decided that the main claims of the patent were valid but other claims were invalid for insufficiency. He found that the defendants infringed one claim (claim 26) on a purposive (or non-literal) interpretation of that claim.

The Court of Appeal's judgment deals with a number of important issues, in particular how UK Courts should interpret what are known as "product-by-process" claims and whether a Court can revoke a claim on the basis that it is too broad and goes beyond the scope of the invention described in the patent.

Product-by-process claims

Patent claims can generally be divided into two broad classes: claims to things, eg substances, products, apparatus or devices; and claims to actions, such as processes, methods or uses. There can also be hybrid claims, eg claims to a product defined or described by the process by which the product is made, which are commonly referred to as "product-by-process" claims.

A number of differences exist concerning the way in which product-by-process claims are treated in the UK and elsewhere in Europe, particularly at the European Patent Office ("EPO"). As a rule of practice, product-by-process claims are not generally allowed by the EPO, except where the product cannot be satisfactorily defined by reference to its composition, structure or some other testable parameter. Such claims are permitted in the UK.

Graham Burnett-Hall, London

⁴ unreported, 31 July 2001

⁵ unreported, 31 July 2002

Another difference concerns precisely what products are covered by product-by-process claims, particularly whether only those products actually made by the process are covered or whether any product with those features falls within the claim, independently of the process by which it is made. The latter view is the established law of the Boards of Appeal of the EPO, so that the EPO will only allow product-by-process claims if the product per se fulfils the requirements of novelty and inventiveness, regardless of whether the process by which it is made is new and inventive. However, in the *Amgen* case, Neuberger J took the contrary view and decided that claim 26, which covered "A polypeptide product of the expression in a eukaryotic host cell of a DNA sequence according to any of Claims 1, 2, 3, 5, 6 and 7", was limited to products actually made by the process involving what he called a process of expression of a Claim 1 sequence.

The defendants appealed against this part of the judge's decision, arguing that the UK Court of Appeal should follow the EPO's approach to product-by-process claims. The Court of Appeal rejected this argument, saying that "products which do not come from a process of [expression of a Claim 1 sequence] are not as a matter of language within the claim. Anyone can make them". The Court added "that this preferred construction leads to greater certainty as to the width of the monopoly, whereas the contrary construction requires a comparison of the products of the particular process with any process used by the potential infringer". It followed from this that there was no reason why the limitation of a claim to known products produced by a new and inventive process could not impart novelty. The Court of Appeal illustrated this by saying that, if a person invents a new method of extracting gold from rock, he can obtain a claim to the process and he can also monopolise the gold when produced directly by that process.

Insufficiency and claims which are too broad

A frequent issue which arises in patent cases, particularly those involving biotechnology, is whether the claims are too wide in that they cover matters which owe nothing to the technical contribution or invention of the patentee disclosed in the patent.

Patent law in the UK changed significantly when the Patents Act 1977 came into force. Under the previous law, the Patents Act 1949, one ground of invalidity was that a claim was not "fairly based" on the matter disclosed in the patent, in the sense that the claim was wide enough to cover matters which did not use the patentee's inventive step. Lack of fair basis was abolished as a ground for revoking a patent in the UK under the 1977 Act, which limits the grounds to those set out in the European Patent Convention ("EPC").

Article 100 EPC sets out the grounds under which a patent may be opposed or revoked. One such ground is that the patent "does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art" (commonly referred to as "insufficiency"). However, these grounds do not encompass all the grounds under which a patent application may be refused before grant. So, for example, the Patent Office must consider whether the claims are clear, concise and supported by the description. However, none of these is specified as a ground for opposing or revoking a patent, once the patent is granted. A number of patent practitioners thought this was an anomaly. In particular, they questioned why lack of support was not included as a ground for revoking a patent.

Then, in 1997 the House of Lords ruled in *Biogen v Medeva*⁶ that the requirement of "support" was part of insufficiency, and therefore could be relied on to revoke a patent. Although "lack of fair basis" had been removed as an express ground by the 1977 Act, this did not mean that the general principle which it expressed had been abandoned. Since then, lack of support as a ground for revocation has been generally referred to as "*Biogen* insufficiency". The other type of insufficiency (ie that the patent does not disclose sufficient information to enable the invention to be performed by the ordinary skilled man across the scope of the claims) has been referred to as "classical insufficiency".

In *Amgen* case, the Court of Appeal was asked to consider again whether lack of support was part of insufficiency. In doing this it appears to have taken a different view to the House of Lords. It stated that there were not two types of insufficiency, rather there was a single ground. Moreover, it pointed to

⁶ [1997] RPC 1

the fact that lack of support is not one of the grounds available for revoking patents and stated "the fact that a claim is not clear or is not supported by the specification is likely to be irrelevant". It is difficult to reconcile this decision with the House of Lords' decision in *Biogen*.

One difficulty with the *Amgen* decision may arise in cases involving patents with claims covering a product, where the patent discloses a single, inventive process to make the product. Should someone who comes along later and makes the same product but using a different process, which owes nothing to the patentee's technical contribution, be prevented from making the product? It will be interesting to see whether such claims are allowed.

Andrew Cobden, London

Where now on the Community Patent?

In previous issues, we have reported on progress, or more accurately lack of progress, towards the creation of a "Community Patent". The idea of a single patent, valid throughout the European Union, was first proposed in 1975, although it was not until August 2000 that the European Commission finally adopted a proposed Regulation on the subject. Since then, progress has been hampered by arguments between EU Member States over two main issues: the appropriate language of applications and the court(s) which would have jurisdiction to deal with infringement and validity of Community Patents. On 30 August, the European Commission published a working document setting out its proposals on jurisdiction.

It is important to note that this proposal is distinct from the EPLP (European Patent Litigation Proposal). The EPLP relates to the litigation of patents stemming from the central grant by the EPO (European Patent Office) of a "bundle of national patents" pursuant to the European Patent Convention (EPC). Traditionally, those national patents have been litigated in their respective national Courts. The idea behind the EPLP is to set up an optional protocol to the EPC which provides

for a central Court to deal with infringement and validity (and perhaps also regional Courts in Member States) with the aim of harmonisation of substantive and procedural rules. The Community Patent and the system proposed by the EPLP could exist side by side.

Jurisdiction

In its proposal of 30 August relating to the Community Patent, the Commission takes the view that a centralised Community court, specialised in patent matters, would best ensure legal consistency and business certainty. It recommends that the Community court should have exclusive jurisdiction over both the infringement and validity of Community Patents. Certain issues including decisions of the European Patent Office which are subject to a specific review mechanism within the European Patent Convention would remain outside the competency of the Community Court. Decisions by the Commission on compulsory licences under the proposed Community Patent Regulation would remain outside the competence of the Community court and be decided by the Court of First Instance (the lower tier of the ECJ).

The Community Patents Court would be attached to the Court of First Instance which would hear appeals from it.

Composition of the Judicial Panel

The Commission recommends that there should initially be seven judges made up of four legal members and three "technical" members. The technical judges would not be legally qualified but would have expertise in one or more of the major technical fields (physics, chemistry and mechanics) and would be able to understand more fully expert opinion given in Court. Technical advisors, "Assistant Rapporteurs", would also be available to advise the judges in their deliberations. The Commission foresees that judicial panels would be made up of three judges being either two legal judges and a technical judge or three legal judges advised by an Assistant Rapporteur. This would, at least in England, be a radical step - at present non-lawyer experts only judge cases in employment tribunals and none pass judgment at High Court level.

Geographical location

The Commission recommends that initially there should be only one Community Patent Court so that a body of jurisprudence could be built up more coherently. The Court could however decide to hold hearings in specific Member States. Once the system is up and running, the Commission envisages establishing regional chambers of the Court in Member States where the chamber can be expected to have a significant caseload. Regional chambers will not be set up until the central chamber is sufficiently well established. The Commission envisages a mechanism whereby creation of regional chambers will be triggered by the number of cases pending before the central chamber. (Germany and the UK with their busy national patent courts would appear to be obvious potential locations for regional chambers.)

To counter argument that litigants should not have to incur the expense and inconvenience of travelling to Luxembourg, the Commission advocates use of electronic communication between the Court and the parties together with video conferencing where appropriate.

The working paper has been forwarded to the ECJ and the European Parliament for consideration.

Nicola Dagg, London

Copyright and designs

Consultation on implementation of Copyright Directive

We reported in our June 2001 issue that the European Council had approved the Directive establishing EU-wide rules on copyright and related rights in the information society (the Copyright Directive). Member States are now required to implement the Copyright Directive into national law by 22 December 2002. In August 2002 the UK Government published a consultation paper on the way in which it plans to implement the Copyright Directive into UK law.

The Copyright Directive is intended to harmonise the copyright laws of Member States of the European Community, to ensure that copyright owners are adequately protected in an age in which technological advances enable infringers to make perfect copies of copyright-protected works.

Under the Directive, Member States are to ensure that three core rights are available to authors: the right to reproduce the work, the right to communicate the work to the public and the right to distribute the work. The Directive also requires Member States to exempt certain temporary acts of copying from the reproduction right.

In addition, the Directive specifies some 20 "optional" defences to copyright infringement. These defences are optional in the sense that Member States can choose which, if any, to incorporate into national law. They are exhaustive in the sense that national laws must not contain any defence which is not included in this list.

Other measures introduced by the Directive relate to anti-copying devices and to electronic rights management information (for example, software

that detects the number of copies taken). The Directive also seeks to harmonise the remedies available to copyright owners and the sanctions imposed on infringers.

The UK Government has stated that it intends amending current copyright law (embodied in the Copyright, Designs and Patents Act 1988 ("the Copyright Act")) only where required in order to comply with the Copyright Directive. It does not intend to introduce any new defences permitted by the Copyright Directive which are not already present in UK law and aims to maintain existing defences as far as possible. In some cases, this may require limiting existing defences to copyright infringement.

In the UK, therefore, the implementation of the Directive will amount to evolution of copyright protection, not revolution. Many of the measures contained in the Directive, including the rights granted to copyright owners and a number of the optional defences, are already present to a large extent in UK law.

Nevertheless, it is likely that, when the Copyright Directive is implemented in the UK, it will affect to some degree the level of protection currently enjoyed by copyright owners and/or the defences available to copyright infringement. Amongst those likely to be affected are ISPs, film and record producers, the print media, computer and video games producers, performers and the broadcasting industry.

The UK Government's consultation will close on 31 October 2002. We will shortly be publishing a client note on the Copyright Directive and its likely impact. Please let us know if you would like to receive a copy. In the meantime, please contact either of the authors for further information about the Copyright Directive.

Lindy Golding, Diane Hamer, London

Design right infringement test differs from copyright test

In *L Woolley Jewellers Ltd v A & A Jewellery Ltd*, the Court of Appeal held that the test for infringement for (unregistered) design right is not the same as the infringement test that applies in copyright cases.

Both parties in this action were jewellery manufacturers. The infringement allegations concerned a pendant, which was made using obsolete and imitation coins called "inserts". The inserts were retained in place by lugs within the mount of the pendant. The lugs could also be formed within a bezel. The design alleged to be infringed was a combination of "all the visible features of the bail, the bezel, mounting and decorative edge". The decorative edge included a motif, consisting of the outline of three hearts, into which a bail had been inserted.

At first instance, his Honour Judge Fysh QC ruled that the bail had been copied but that the heart motif had not. He therefore had to consider whether copying the bail alone was sufficient to result in infringement of the design right in the pendant. The judge approached this by considering whether the ornamented bail was a substantial part of the design as a whole. This reflected the approach taken in cases of copyright infringement.

The Court of Appeal disagreed with this approach. The test for infringement of design right was different. Under s 226 Copyright Designs and Patents Act 1988, there would only be infringement if the design was copied so as to produce articles exactly or substantially to the design. The test to apply was therefore not whether the item copied formed a substantial part of the original design but whether the whole design containing the copied element was substantially the same design as the design which enjoyed the design right protection. The Court of Appeal therefore allowed the appeal. However, it did not decide whether or not the design had been infringed. That question was remitted back to the first instance judge.

Graham Burnett-Hall, London

Trade marks and passing off

Levi Strauss v Tesco - the final chapter?

In November 2001, the ECJ ruled in the joined cases of *Davidoff v A&G Imports*, *Levi Strauss v Tesco* and *Levi Strauss v Costco* that brand owners could use their trade mark rights to prevent the parallel importation of branded goods into the EEA, unless they could be shown to have unequivocally expressly or impliedly consented to their importation. On this basis, Levi Strauss now sought summary judgment against Tesco and others in the UK High Court in its original trade mark infringement action.

The defendants resisted summary judgment on the basis that the EC Trade Mark harmonisation Directive⁸ (the "Directive") and the Community Trade Mark Regulation ("CTMR") were invalid, to the extent that they entitled a trade mark proprietor to prevent the importation of goods bearing its trade mark into the EEA without its consent, since they infringed basic principles of Community and human rights law. Pumfrey J commented that this was a "startling" contention.

The ECJ had held that only the trade mark proprietor's unequivocal consent to the subsequent marketing of each consignment of goods bearing the trade mark, which were first placed on the market outside the EEA, would be sufficient to allow parallel importation.

The defendants contended that this created (in the Directive, the CTMR and the UK Trade Marks Act 1994 (the "Act")) a presumption of infringement which could only be rebutted by evidence of unambiguous consent, which the defendant would

be unlikely to be able to provide. Secondly, the presumption meant that genuine goods would be treated as though they were counterfeit. This was contrary to the defendant's rights under the Human Rights Act 1998 (the "HRA") and the European Convention of Human Rights ("ECHR") to own and dispose of property. Furthermore, if Article 7 of the Directive (prohibition against marketing goods bearing a trade mark without the consent of the proprietor) was interpreted to allow the trade mark proprietor to prohibit importation of goods bearing the trade mark into the EEA, then this was inconsistent with the free movement of goods principles set out in Articles 28-30 of the EC Treaty.

Pumfrey J noted that the Act was enacted to implement the Directive into UK law. The ECJ had held in *Silhouette v Hartlauer*⁹ that Articles 5 to 7 of the Directive purported to harmonise the rights of a trade mark proprietor so, to the extent that anything in the Act was inconsistent or derogated from those principles, it would be unlawful in Community law. Accordingly the "home-grown" provision in s 10(6) of the Act which, previously it had been suggested, should be interpreted, in its widest sense, as permitting parallel importation without the trade mark proprietor's consent, should instead be construed narrowly so that it only applied to comparative advertising.

The defendants had argued the implementation of the HRA meant that s 10(6) of the Act should be read so as to protect the defendants' rights under the ECHR to own and dispose of property freely and to trade freely (freedom of "commercial speech"). This took precedence over the need to construe the Act in accordance with the harmonising principles of the Directive. The judge rejected these arguments and affirmed that the legislature had some discretion in

⁸ First Council Directive (89/104/EEC) to approximate laws of Member States relating to trade marks (OJ L40, 11.2.89 p 1)

⁹ [1998] ECR I-4799

formulating laws and in ensuring that such laws did not breach ECHR rights. Pumfrey J did not think that, in this instance, either the Directive or the Act fell outside the exercise of that discretion.

The judge also rejected the defendants' submission that Article 7 of the Directive was inconsistent with the free movement of goods principle. The court was invited to make a further reference to the ECJ but declined to do so. It is likely that this will be the final instalment of the *Levi Strauss v Tesco* saga.

Sahira Khwaja, London

CFI confirms opinion of the Boards of Appeal on registrability of colour marks

*Viking-Umwelttechnik GmbH v OHIM*¹⁰ involves an application for a Community Trade Mark composed of two colours, green and grey, for mainly gardening products in Class 7. The examiner refused the application on the ground that the colour combination was devoid of any distinctive character within art 7(1)(b). The applicant appealed unsuccessfully to the Boards of Appeal and then applied to the Court of First Instance ("CFI"), arguing that the use of colours as a means of identification rather than decoration made it possible for the public to single out one undertaking's products from others at a distance. The CFI, however, agreed with the First Board of Appeal and the application was dismissed.

The CFI said that, in principle, colours and colour combinations were capable of constituting Community Trade Marks provided they were capable of distinguishing the goods or services of one undertaking from those of another.

However, the CFI considered that the colour green was in common use for similar goods and therefore not likely to be noticed and remembered as a commercial origin. And that grey would be seen as the natural colour of the material, or simply a colouration used on that material or a finish. And further that the two colours were commonly used

together for gardening products and the colour combination was not arranged in any particular format. Displaying the colours on the products in a non-ordered way would not enable consumers to remember a particular combination by which they could make repeat purchases with certainty.

Consequently, the proposed mark would not be noticed and recognised. The consumer would not see the proposed mark as an indication of origin but merely an aspect of the finish of the goods.

The judgment confirms the opinion of OHIM that one or two colour marks are usually not eligible for registration, especially when the colours concerned are primary colours or other basic colours. The OHIM has allowed some one or two colour marks when the colours were uncommon in relation to the goods, for example the *Milka* 'lilac' was registered as a Community Trade Mark for chocolate products on the basis of its established use in the trade. (And the First Board of Appeal has given the example of the colour black for detergent (Case R136/1999-1)).

In the first days of the Community Trade Mark, the OHIM said that colour marks could be registered easily but later appeared to have changed its opinion. While the present judgment may not be something completely new, it confirms what OHIM (and probably some national offices) now believe to be correct.

The judgment in its main part is a copy of the 'wash tablet' judgments of 19 September 2001, where the Court of First Instance said that word and figurative marks might be perceived as trade marks but not shapes of products. The same is repeated here with regard to colours. Therefore, one can expect that the CFI will take the same view with regard to all other "new" types of trade marks (e.g. smell marks, sound marks, etc.). Whilst this may be correct, the CFI, however, distinguishes between different kinds of trade marks where the law in fact does not.

The judgment makes clear that it only applies to colour marks where the colour combination is claimed per se and not in a certain depiction, for example, the colour combination of BLACK and GREEN in three horizontal stripes was considered by the First Board of Appeal¹¹ to be capable of being perceived by consumers of insurance and financial services as an indication of origin.

¹⁰ (Case T-316/00), unreported, 25 September 2002

¹¹ (Decision of 25 January 2000 R136/1999-1)

The consensus view seems to be that all undertakings should be free to use colours to mark their goods and services. With regard to the primary and basic colours, the monopolisation of the colours may seriously disadvantage those undertakings which had not been able to secure the colours for themselves. Although the Boards have repeatedly said that unusual shades of colours may be capable of acting as an indication of origin, they have warned that monopolisation of certain shades may prevent traders from using similar shades because consumers do not perceive exact shades of colour.

It remains to be seen whether all conclusions drawn from this judgment will be borne out` by future decisions of the CFI and ECJ. In the meantime, the rainbow appears to be fairly safe.

Angela Ryan/Andreas Renck, Alicante

Miscellaneous

New report on integrating IP rights and development policy

On 12 September the Commission on Intellectual Property Rights published a report entitled "Integrating Intellectual Property Rights and Development Policy". The Commission, chaired by Stanford Law School Professor John H Barton, is an independent task force which was established in May 2001 by the Secretary of State for International Development, Clare Short, with the fundamental task of considering:

- how national IPR regimes could best be designed to benefit developing countries within the context of international agreements;
- how the international legal framework might be improved and developed; and
- the broader policy framework needed to complement intellectual property regimes.

The Report (available at www.iprcommission.org) suggests that developing countries are often inadequately advised, basing their national IP systems on inappropriate models taken from developed countries, and fail to take advantage of the flexibility which already exists under international agreements currently in place (such as the Uruguay Agreement on Trade Related Aspects of Intellectual Property Rights, or TRIPS).

The Report makes a number of recommendations for change, related to the fields of health, agriculture and genetic resources, traditional knowledge, access and benefit sharing, copyright, software and the internet. It suggests, for example, that developing countries should make greater use of compulsory licensing when dealing with a health crisis.

Astrid Arnold, London

How much can a parallel importer repackage goods?

Council Regulation 2309/93 stipulates that a marketing authorisation for a medical product is valid throughout the European Community. This authorisation is obtained by submitting a specimen and mock up of the sales presentation of the medicinal product to the European Agency for the Evaluation of Medical Products. On approval, the authorised medical product is entered in the Community Register of Medicinal Products and given a number to appear on its packaging.

In *Aventis Pharma Deutschland GmbH v Kohlfarma GmbH*¹², the applicant company held two separate marketing authorisations for a drug, one for a package containing 5 capsules, and one for a package containing 10 capsules. Parallel importers sought to repackage the 5 capsule packages into a 10 capsule bundle and sell it in Germany.

The ECJ ruled that particulars and information printed on products' packaging were specific to each package as marketing authorisations were granted based on the specimen applications. This was done in the interests of consumer protection, the ultimate goal being protection of public health by preventing consumers from being misled in relation to medicinal products. Therefore the Regulation in question precluded medical products which had separate marketing authorisations from being marketed 'as one' by being joined together and relabelled.

Simon Harper, London

¹² Case C - 433 / 00, unreported, 19 September 2002

SEAWORLD decision

A recent decision in the UK Trade Marks Registry, whilst not particularly important in terms of the law, shows how far the goodwill in trade marks can travel. It involved a clash between an Australian and a US marine amusement park operator; they were both promoting their parks in the UK, trying to attract UK customers to visit their parks.

National Australia Trustees Ltd applied to register SEAWORLD plus a dolphin device as a UK trade mark in respect of "travel services in the nature of providing information to travellers and vouchers for tours, all to Australia, and inclusive of entry into amusement parks in Australia."

The application was opposed by a US company under (inter alia) s 5(2)(b) Trade Marks Act 1994. Sea World Inc has a CTM registration for the word SEAWORLD covering "marine amusement park services". Section 5(2)(b) precludes registration where there are similarities in the marks and in the goods or services for which registration is sought, which would combine to create a likelihood of confusion.

The hearing officer, Mr Salthouse, ruled that the marks in question were aurally identical and visually virtually identical. In terms of confusion, he said:

"Simply promoting in the UK an entertainment service being provided in Australia or the USA may not be use of the mark in the UK. However, where the services are specifically directed at customers and promoted/sold in the UK directly under the mark, the use does constitute use in the UK. The applicant's specification covers the promotion and ticketing aspects of such a service. This is plainly very similar to the opponent's 'Marine park amusement services'".

He found that the average consumer would believe that the services offered by the applicant were those of the opponent or that the undertakings were economically linked. He therefore upheld the opposition.

Caroline Clarke-Jervoise, London

Overseas Developments

Italian proposal for the institution of CTM Courts

As we explained in our previous issue, the Community Trade Mark ("CTM") Regulation¹³ requires EU Member States to designate a limited number of national courts with exclusive jurisdiction to hear CTM cases. No EU Member State complied with this obligation by the stipulated date (17 March 1997), although all but Spain and Italy have now done so. Given the long period of inactivity, the Commission decided to initiate infringement proceedings against both countries.

This prompted the Italian Government to submit to the Parliament an additional clause (article 15) for inclusion in a bill which has already been through the Lower House of the Legislature, to deal with the institution of the CTM Courts in Italy. If this proposal becomes law, the government, within six months of enactment, will set up a maximum of eight divisions in lower and higher courts, which will have jurisdiction over claims relating to trade marks (including CTMs), patents and IP matters in general. The venue of the divisions has not been decided yet, although it is rumoured that they will be chosen from the courts of Milan, Turin, Genoa, Trieste, Bologna, Venice, Rome, Florence, Naples, Bari, Palermo, and Catania.

Article 15 also provides for adequate measures to be adopted during the transitional period so as to ensure that the new divisions are not overloaded with work.

It is anticipated that the Higher House of Parliament might introduce amendments to allow for a future

increase in the number of divisions and to extend their jurisdiction to unfair competition and passing off matters.

Francesca Rolla, Milan

¹³ Council Regulation 40/94 on the Community Trade Mark, OJ L11, 14.1.94 p 1

Special Focus

An update on Patent amendment during litigation

This article updates and develops further the issues covered in our article entitled "Patent Amendment during Litigation" in the March 2001 edition of this newsletter. The purpose of this article is to focus on the practical approach to dealing with amendments to a patent during litigation and the latest guidance on the relief available for partially valid patents. The article also looks at whether amendments made during prosecution may affect UK patent litigation.

The basics

The basic rules regarding patent amendment were set out in the March 2001 article. It is worth noting a few points again here.

Patents can be amended at any time after grant. In the UK, amendment is discretionary and depends on a number of factors. The onus to establish that amendment should be allowed is on the patentee. Full disclosure must be made of all relevant matters although this no longer seems to act as a hidden obligation to waive privilege.

Often the most difficult question is as regards the allowability of the amendments themselves. They must not result in any added matter over and above the application as filed.

If allowed, the effect of amendment is backdated to the original date of grant.

What kind of amendments are they?

An important distinction is made between mere deletion of invalid claims and redrafting to cure otherwise invalid claims.

Historically, it was permissible to delete invalid claims. However, following the judgment in *Kimberly-Clark v Procter & Gamble*¹⁴, the Court was seen to have a wide discretion as to whether or not to allow any amendments.

In the recent *Hoechst Marion Roussel and others v Kirin-Amgen Inc and others*¹⁵ (see item above), after the trial judge (Neuberger J) had held certain claims of the patent invalid and on an application by the patentee ("Amgen") for leave to amend the patent to delete those claims the judge dealt with the question of whether the court's discretion also applied to deleting amendments. The opponents, (Hoechst), argued that the Court had a discretion as to whether to allow deleting amendments and that, on the facts, the amendment should be refused.

The Court held that recent cases on discretion related only to validating amendments, and were *obiter* in relation to deleting amendments. Where an amendment is solely a deleting amendment, leave to amend would normally be granted, except in exceptional circumstances. For a validating amendment it appears that the Court is more reluctant to grant the patentee a second chance but will often do so unless the patentee is guilty of covetousness (as explained in our March 2001 article).

Relief for partially valid patents

One related issue in the context of amendment proceedings is the availability of relief for infringement of a partially valid patent.

Section 63(2) Patents Act 1977 provides that, where a patent is found to be only partially valid, relief for infringement of the valid part of the patent will only

¹⁴ [2000] RPC 422

¹⁵ unreported, 18 April 2002

be available if the patentee can show that the original specification was framed in good faith and with reasonable skill and knowledge.

In the *Hoechst Marion Roussel* case Hoechst had argued that there were three errors in Amgen's patent, which showed there had been a lack of reasonable skill and knowledge in the drafting and that there was a lack of good faith in relation to two of the errors. Amgen accepted the presence of the errors but denied that they were as a result of a lack of skill or want of good faith.

Reasonable skill and knowledge: The court noted that a whole specification does not necessarily fall below the required standard for reasonable skill and knowledge simply because one part of it does. The correct approach was to focus initially on the inaccurate passages in question, and then to focus on the drafting of the specification as a whole. There was a distinction to be made between major and minor passages in the specification. However, where the drafting in a particular area of a specification was of unsatisfactory quality this could impose an onus on the patentee to establish that the specification as a whole had been drafted with reasonable skill and knowledge. The skill and knowledge at issue was that of the patent agent, who would be assumed to have read all the relevant files.

Good faith: The court noted that the mere presence of an error did not necessarily imply that the information had been made up by the patent agent or drafted in bad faith. It would not be in a patent agent's professional interest to create an error that would be likely to be found out. Flagrant dishonesty or maintaining an error with an obvious motive to do so would constitute a lack of good faith.

Timing

In terms of litigation strategy and costs it may be worth awaiting the outcome of any appeal on validity before making any application to amend a patent to, for example, delete claims held to be invalid at trial. In the *Hoechst Marion Roussel* case the parties spent eight days arguing whether leave to amend and relief for infringement on the partially valid patent should be granted.

However, on the subsequent appeal Aldous LJ held that the complete patent was valid and the direction to amend should be set aside. The Court of Appeal commented that the eight days spent on the amendment issue was "an unwarranted expenditure of costs and unnecessary use of judicial time" and recommended that such disputes be limited to two to three days. These costs could, however, be avoided altogether, if no application to implement the first instance judge's decision was made until the outcome of the appeal was known.

How do amendments made during prosecution affect UK litigation?

On 29 October 2001, the Court of Appeal gave judgment in *Rohm and Haas and another v Collag Ltd and another*¹⁶. One of the issues in this case was the extent to which extraneous material could be used to shed light on the meaning of a technical term in a claim. The Court of Appeal decided that it could be appropriate to use information in a prosecution file to resolve a puzzle in the specification. This decision is limited in two ways: first, the patent was unusual in that it made express reference on its face to technical information submitted after the filing of the application; and secondly, the Court of Appeal limited the circumstances when it would be appropriate to draw assistance from extraneous material. Nevertheless, for the first time in the UK, it seems that the Court of Appeal was prepared to look at extraneous material to construe a patent. In general it seems there remains no doctrine of file history estoppel in the UK but patentees must be mindful that amendments made during prosecution may prevent them asserting a wide construction against a third party in subsequent litigation.

How will the US Festo judgment affect what amendments patentees will seek in Europe?

On 28 May 2002 the US Supreme Court held in *Festo Corp v Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd* that:

- A narrowing amendment made for any reason related to patentability can create an estoppel limiting what a patentee can assert within the scope of equivalents; and

¹⁶ unreported

- That an estoppel, however, does not absolutely bar all equivalents for the narrowed limitation unless the patentee fails to overcome a rebuttable presumption of surrender.

Put simply, a rebuttable presumption exists that by narrowing the claim, the patentee disclaims the territory between the original claim and the amended claim. It is not clear whether amendments made (during prosecution or after grant) of European patents may give rise to that rebuttable presumption in the US. Any amendments to UK or European patents should be carefully analysed (in light of the US rebuttable presumption) and the reasons for the amendment and the intentions underlying it should be fully explained (and perhaps documented).

Nicola Dagg, London

October 2002