



e-News

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International Association for the Protection of Intellectual Property
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AIPPI Bureau

Independent Members in Taipei

On 5th May 2010, before flying on to Korea for the North-East Asian AIPPI Trilateral meeting and Asian IP Seminar, Stephan Freischem and I took the opportunity to meet with some of our members in Taipei with the organisational help of Thomas TSAI (Independent Member ExCo Delegate from Taiwan).

Our discussions with our independent members were very fruitful in giving us an insight into the issues facing members in Taipei. Many of these are, of course, the same as faced by independent members elsewhere, but some are specific to the region and we had a good exchange of ideas about how to help independent members play a full part in the work of the Association, including the scientific work involved in the Working Questions.

Following the fairly recent formation of the Turkish National Group of AIPPI, which subsequently resulted in a huge increase in members in Turkey from the time when Turkish members were independent members, the Bureau is considering, with the Membership Committee, how to help independent members form new National or Regional Groups and we received very useful input from our colleagues in Taipei, some of whom travelled on to the Asian IP Seminar in Busan, Korea following our discussions.

We also held informal discussions with the Director General of TIPO (the Taiwanese Intellectual Property Office), Ms Mei-Hua WANG and invited TIPO (as we do all national and regional patent offices) to join us in Paris for the Congress in October.

(Michael Brunner, Secretary General)

AIPPI Contributes to the Study on the Functioning of the Trade Mark System in Europe

On 22 July 2009 the European Commission published an Invitation to Tender for a Study on the Overall Functioning of the Trade Mark System in Europe. On 16 October 2009 the European Commission awarded the contract for the Study to the Max Planck Institute. The Study is being carried out by a team at the Max Planck Institute under the direction of Prof. Reto Hilty, Dr. Roland Knaak and Prof. Annette Kur. The Institute is now in the process of preparing their final report on the study.

AIPPI has consulted its various national groups on the questions posed by the Study. Based on the responses received, Nicola Dagg, Assistant Reporter General and Peter Widmer presented the key points emerging from the AIPPI consultation at workshop at the Institute on 8 June 2010 when trade mark user groups were asked to contribute their views.

The key points that emerged within AIPPI and which were presented on behalf of AIPPI at the workshop were as follows:

1. Harmonisation of Trade Mark Systems

AIPPI feels that the Trade Mark Directive (TMD) has provided for considerable harmonisation of the national trade mark systems by removing barriers, but there are still many differences and the TMD has not achieved its ultimate objective of creating a single market in respect of trade marks. AIPPI submits that possible reasons for this are because (i) some TMD provisions are optional; (ii) the TMD does not cover procedural issues; and (iii) considerable differences exist in the practice of the offices and the courts. However, given the significant economic and cultural differences between EU countries it is debatable if full harmonisation would provide real benefit to users or if it would even be possible.

Therefore, perhaps a more realistic overarching aim for the TMD would be to achieve better cooperation between OHIM and the National Offices. A goal of proper and consistent interpretation of relevant principles is preferable to excessive harmonisation. The legislation should result in a uniform substantive trade mark law across the EU with sufficient flexibility to allow local variations to accommodate specific national issues.

Nevertheless, AIPPI does feel that there is opportunity for further legislative harmonisation in certain, specific areas, both in respect of issues within the scope of the TMD (e.g. protection in respect of non-distinctive use and deceptive use) and beyond (e.g. assignment, licensing and substantive issues relating to trademarks as objects of property) in order to achieve a more effective trade mark system across the EU.

2. Relationship Between the CTM System and National Trade Mark Systems

AIPPI is of the view that the relationship between the CTM system and national trade mark systems is a complementary one with the two systems generally being used by different users with different requirements. The CTM system is generally used by larger companies which, given their size and/or business plans, feel they will benefit from the advantages of a Europe wide system. National registrations are generally filed by smaller companies, whose commercial activities are limited to a single or a limited number of countries, or by companies who wish to make "local" offers of their products.

However, it has been noted that some users are basing their choice of mark on unintended consequences of the CTM system. These include being able to protect a mark in other countries without use there, reducing the risk of opposition as such proceedings against CTMs are expensive and saving costs because a CTM is cheaper than a large number of individual registrations. It is suggested that these consequences threaten the principle of co-existence between the National Offices and OHIM and need to be addressed.

3. Requirement for a CTM to be Used "in the Community" (Art 15 CTMR)

There are mixed feelings among the AIPPI national groups on the territorial requirements for a CTM to be used "in the Community" and it is arguably one of the most crucial issues which needs addressing. Currently, OHIM accepts that use of a mark in only one country can be genuine and sufficient to allow the mark holder to maintain its rights in any Member State. However, this position was found to be particularly contentious, with some AIPPI national groups criticising it and others supporting it.

Some AIPPI national groups feel that the current position is excessive and it would better to consider the use of the mark in the relevant markets and the level of knowledge of the mark by the target audience, in addition to the relevant geographic region. This would allow the use of a trade mark to be restricted to the relevant Member State(s) where there is an actual and genuine use of the product/service.

However, other AIPPI national groups have argued that introducing stricter territoriality provisions would risk breaking up the single market and that use in one country should be all that is required to constitute genuine use in the Community. In addition, the uncertainty of what might constitute sufficient territorial usage could unnecessarily burden CTM owners.

4. Seniority Claims

Although the mechanism is less important than when the CTM was first established, AIPPI is of the view that the option of claiming seniority of a national trade mark right provides a method for national trade mark owners to achieve a proportionate status for their marks and that it should continue. However, some legal uncertainty was noted, for example in relation to the use of seniority rights in relation to lapsed national marks, and amendments to clarify this issue are desirable.

AIPPI also believes that the examination of a seniority claim should be mandatory. OHIM should carry out this process and verify the data concerning the relevant national rights, the relevant seniority date and the relevant goods/services for before recording the claim.

It has also been suggested by some national groups of AIPPI that a "seniority database" should be established among the Member States to make it easier for users and offices to determine the true position of a mark.

5. Classification of Goods/services

AIPPI feels that OHIM's practice of using class headings for lists of goods/services is problematic. This practice results in unnecessarily broad specifications and negatively affects all aspects of the CTM system, frequently leading to applications for registrations for goods/services which the applicant has no intention of using and also to unnecessary conflicts and opposition proceedings. AIPPI therefore feels that there is a strong need for corrective measures in this regard.

A possible solution to this would be to adopt the US practice of using more detailed and specific lists of the designated goods/services. OHIM would then only provide protection for the specific goods/services (which would be extended as necessary to cover similar good/services thereby) helping to avoid the problems above.

This change should be partnered with other reforms intended to narrow protection to only the truly relevant goods/services. For example, the current fee structure of having a flat fee for up to three classifications leads to the same problems as users tend to select three classifications, even if they do not intend to make use of them. Therefore, the fee structure should be changed so that the amount payable depends on the number of classifications requested.

6. Use Requirement – 5 Year Grace Period (Article 15 CTMR)

Although the 5 year grace period has previously proved to be effective for reducing the number of protected trade marks and consequential conflicts, given the accelerated economic cycle in the modern marketplace, AIPPI feels that this period may now be too long. In addition, it has been suggested that the wide territorial scope, the broad specifications and the 10 year protection period of CTMs provide excessively strong protection rights and a shorter grace period would temper this. Therefore, AIPPI supports a study to determine if a 3 year grace period (which is used successfully in some Member States) would be more suitable

Alternatively, the strength of the CTM protection could also be tempered by requiring users to file formal declarations of use shortly after the expiration of the grace period. In such a statement, the owner would specify for which goods/services the mark was actually used and in which markets of the EU it has been used. Such a reform would also complement the reforms suggested in section 5, above in that requesting declarations of use would help 'cleanse' the register of marks which had just been registered as a defensive tactic (with no intention of use) or marks with overly broad specifications. However, it has been noted that such a system could prove expensive to implement and onerous on users.

Given the debate at the Institute workshop and the tentative findings expressed by the representatives from the Institute it appears that their final report will include recommendations on:

- a. further harmonisation of trade mark law (amendments to include procedural aspects)
- b. amendments to the CTMR:
 - i. potentially adding a catalogue of sanctions analogous to those set out in Directive 48/2004/EC;
 - ii. regulating use of a sign other than for purposes of distinguishing goods/services (keeping in mind Art 5 (5) TMD)
- c. Limiting rights conferred, in particular, the genuine use criterion for a CTM (albeit that through the debate at the workshop on the day it did not seem that there was consensus as regards laying down a list of criteria or factors to be considered in this regard, rather a case by case approach seemed more practicable)
- d. the wording of the lists of goods/services and the issue of "class headings"; and
- e. the fee structure.

AIPPI will now submit a paper to the Institute to summarize AIPPI's views. We will continue to follow and to contribute to this study with interest. In the meantime, we welcome any further comments on questions raised in the study or on the themes set out above. Please send your contributions by email to n.dagg@aippi.org.
(Nicola Dagg, Assistant Reporter General)

AIPPI Committees

The opinion G3/08 of the Enlarged Board of Appeal of the European Patent Office in the field of Computer Implemented Inventions: the established case law is confirmed.

The Actual Problem of CII Patentability in Europe

The question of patent protection for Computer Implemented Inventions (CII) has been intensely debated in Europe for several decades.

The European Patent Convention (EPC) deals with patent eligibility in Article 52 (2) and (3) and establishes in particular that methods for doing business and programmes for computers are not patentable where the patent application relates to this subject matter as such.

Initially, the case law developed by the Boards of Appeal of the European Patent Office ruled that, if the contribution to the art of a CII was only in a field excluded from patentability, the application was to be refused under Article 52 (2) and (3).

Then, the Boards of Appeal found the recital of a technical feature (a computer, a transmission means...) in a claim sufficient to avoid exclusion Article 52 (2) and (3) EPC. And, to reject computer implemented business methods, the Boards of Appeal developed new case law according to which a computer implemented (business) method can qualify for patent protection, but lacks inventive step (Article 56 EPC) if the technical features (and non-technical features that contribute to the technical character) of the claim are not inventive. In other words, the claimed subject matter must be inventive, where only features contributing to the technical character of the claimed subject-matter are taken into account for the assessment of inventive step.

Many considered that it was not logical that the European Patent Convention contains an article addressing patent eligibility, but that CII are rejected for another reason (lack of inventive step). Confronted to CII European patents, some national Courts have followed the new approach based on inventive step while others (in particular the UK Courts) continued using the old approach. As the national jurisdictions have the last word for judging on the patentability of a European patent, this raises a problem.

The Referral

On October 22, 2008, the President of the EPO made a referral under Article 112 (1) (b) EPC concerning the application of the exclusion of computer programs as such to the Enlarged Board of Appeal (AIPPI e-news No. 5, December 2008).

It is to be noted that the President of the EPO cannot request from the EBA an explanation on the European law at discretion, but can only request a harmonising opinion from the EBA when two Boards of Appeal have taken diverging positions on the interpretation of a same article of the EPC. Furthermore, the President cannot ask the EBA to take a position on national decisions.

Thus, the intervention of the President of the EPO had to be limited to pointing out the existence of divergent decisions rendered by the Boards of Appeal and therefore could not directly address the above problem.

The Responses of the Enlarged Board of Appeal

1. Non-admissibility of the referral

The EBA first discusses the general question of the evolution of case law in the interpretation of the EPC.

For the EBA, decisions can be different due to a normal evolution of the case law without being divergent. The EBA presses this position several times in the opinion in different (but not diverging!) wording: "Legal development as such cannot on its own form the basis for a referral, only because case law in new legal territory does not always develop in linear fashion, and earlier approaches may be abandoned or modified" (point 7.3.1); "particularly in the field of new technologies, the Technical Boards often have to subject their established case law to critical review" (point 7.3.3); and "even a radical shift in jurisprudence need not necessarily be construed as a different decision [...] vis-à-vis earlier case law [...] provided that the Board [...] declares its earlier practice to be no longer relevant" (point 7.3.5).

The EBA concludes that "the President [of the EPO] has no right of referral [...] "if on an interpretation of the notion of different decisions [of Boards of Appeal of the EPO] in the sense of conflicting decisions there is no need for correction to establish legal certainty" (point 7.3.8).

Applying this principle to the case law concerning Computer Implemented Inventions, the EBA rules that the evolution between the decisions that the President of the EPO presents as being different in fact constitutes "a legitimate development of the case law [...]" (point 10.12).

2. Confirmation of the current case law of the EPO

The EBA also deals with the actual problem of CII patentability in Europe and summarizes the existing case law concerning Computer Implemented Inventions.

In particular it states the following: "While the Enlarged Board is aware that this rejection for lack of inventive step rather than exclusion under Article 52 (2) EPC [lack of eligibility] is in some way distasteful to many people, it is the approach which has been consistently developed [...] and we consider it not to be the function of the Enlarged Board in this Opinion to overturn it" (point 10.13).

The EBA further states (point 10.13) that "the position of the case law is [...] that a claim in the area of computer programs can avoid exclusion under Article 52 (2) (c) and (3) EPC [i.e. for ineligibility] merely by explicitly mentioning the use of computer or computer-readable storage medium".

The EBA recalls (point 12.2.1) that "all the features [should be considered] together to determine whether the claimed subject-matter has a technical character. Only once this determination has been made can [one] turn to

the question of which claimed features contribute to that technical character and therefore should be taken into account for the assessment of whether there is an inventive step". Further (point 12.2.2), "features which would, taken in isolation, belong to the matters excluded from patentability [...] may nonetheless contribute to the technical character of a claimed invention, and therefore cannot be discarded in the consideration of the inventive step".

Hence, while concluding that the referral made by the President of the EPO is inadmissible, the EBA confirms the existing case law of the Boards of Appeal concerning the patentability of Computer Implemented Inventions: Patent applications claiming computer implemented methods, computer programs and storage media storing a computer program are patentable provided that the claimed subject matter is inventive, where only features contributing to the technical character of the claimed subject-matter are taken into account for the assessment of inventive step.

One of the judges of the Enlarged Board of Appeal involved in the opinion G03/08 will participate in a Workshop during the AIPPI Congress in Paris in October 2010. Insider commentaries on this opinion promise to be very interesting.

The US Supreme Court Decision in re. Bilski vs. Kappos was published on 28. June 2010. This will permit a practical comparison of the two systems.

(José Antonio B.L. Faria Correa, Chair of Q132, Peter Finnie, Co-Chair of Q132 and Laurent Thibon, Secretary of Q132)

Forthcoming Events

III Work Sessions on Intellectual Property will take place on Monday, August 30, 2010, in Santiago, Chile.

Further information on this event will be found soon at ACHIP's website <http://www.achipi.cl/> (ACHIP)

AIPPI World Congress 2010 in Paris - 3 to 6 October 2010

Don't miss the opportunity to join the AIPPI community during its unforgettable international event in Paris.

More than 1,650 participants from 75 countries have already registered. Paris is expected to be one of AIPPI's best attended conferences to date.

Please check the updated programme under <http://www.aippi.net/>

À bientôt!

(AIPPI General Secretariat)

AIPPI World Congress 2010 – Preliminary Programme

Detailed information on the meeting as well as the preliminary programme in Spanish is available. <http://www.aippi.org/>. available.

(AIPPI General Secretariat)

AIPPI World Congress 2010 - List of workshop moderators and speakers.

"The Congress Organising Committee in co-operation with the Reporter General Team and the Programme committee has finalised the workshop programme for the AIPPI Congress in Paris this October"

- Pharma I
Supplementary Protection Certificates (SPCs) and other patent term extensions
Moderator: Elisabeth Thouret-Lemaître (Cabinet Lavoix - France)
- Pharma II
The protection of regulatory data containing IP information
Moderator: Trevor Cook (Bird & Bird - United Kingdom)
- Pharma III
Selected Trade mark Issues concerning the pharmaceutical industry
Moderator: Peter Widmer (Fuhrer, Marbach & Partner - Switzerland)
- Pharma IV
Selected patent issues regarding pharmaceutical inventions
Moderator: Lawrence T. Welsh (Eli, Lilly and Company - USA)

- Pharma V
The impact of the EU Commission pharmaceutical sector enquiry on the pharmaceutical industry
Moderator: Jean - Christophe Galloux (Université Panthéon - Assas Paris II - France)
- Workshop I
Recent developments regarding the patentability of business methods
Speakers: A. Klein (EPO - Germany)
- Workshop II
Non-traditional trademarks, in particular 3D trademarks
- Workshop III
Patents and green technologies
Moderator: Bertram Huber (IPSEVA - IP Services for Sustainable Energy Ventures - Germany)
Speakers: Jeannette Verbart (DSM - Netherlands)
- Workshop IV
The use of ADR in IP disputes
Moderator: Thierry Calame (Lenz & Staehelin Rechtsanwälte - Switzerland)
- Workshop V
International Judges Panel on selected patent law issues
Moderator: Thierry Mollet-Viéville (SCP Duclos, Thorne, Mollet- Viéville & Associés - France)
- Workshop VI
Licensing in and out: DOs and DONTs in the US and in Europe
Moderator: James Pooley (WIPO - Switzerland)
- Workshop VII
The conflict between keyword advertising and trade mark and unfair competition law
- Workshop VIII
Aspects of the relationship between employer and employee in copyright
- Workshop IX
IP tool box
Moderator: Francis Hagel (CGGVeritas Services SA - France)
Speakers: Cornelis Schueller (Nestec S.A. - Switzerland)
- Workshop X
Update on European Trademark case law at the OHIM and the Court of Justice of the European Union
Moderator: Charles Gielen (Nauta Dutilh - Netherlands)
- Workshop XI
Current IP issues at WTO
Moderator: Jacques de Werra (University of Geneva - Switzerland)
Speakers: Wolf Meier-Ewert (WTO - Switzerland)
Speakers: R.A. de Ouro Preto Santos (Siqueira Castro - Brazil)
- Workshop XII
IP litigation throughout Europe – a comparison of selected aspects

- Workshop XIII
E-books and authors' copyrights
(AIPPI General Secretariat)

Working Programme for Hyderabad adopted

The programme for Hyderabad comprises four questions covering all types of IP and a general issue. They are

Q216B – Exceptions to copyright protection and the permitted uses of copyright works in the hi-tech and digital sectors

Q217 – The patentability criterion of inventive step/non-obviousness

Q218 – The requirement of genuine use of trademarks for maintaining protection

Q219 – The availability of injunctions in cases of infringement of IPRs

For the first time in a long series of annual meetings the ExCo was offered an alternative choice for the patent law Question Q217 ("The use of the prosecution history in infringement and invalidation proceedings") which was apparently well received. The result came out closer than expected with 54%:43%. It shows that both alternatives were apparently of great interest to our membership and we shall investigate whether we can deal with the rejected proposal in some other way in Hyderabad, e.g. as a Forum Session.

In the next e-News we will published a short overview of these working Questions.
(Jochen Bühling, Reporter General of AIPPI)

Plan ahead your meetings and promote it in our E-News

By letting us have the date, topic and a short description of the seminar, we will make sure that about 9'000 members will get the information regularly and have your event marked in their calendar.
(AIPPI General Secretariat)

GOs & NGOs

ECTA 29th Annual Conference Barcelona June 15-19, 2010

Introduction

1. First, on June 15, 2010, ECTA hosted a seminar sponsored by ASIPI, which is presided by Mr. Fernando TRIANA.

In this context, the differences and similarities between the European and American trademark systems were presented and discussed, particularly thanks to the participation of Messrs. Jorge OTAMENDI and Santiago O'CONNOR.

Another issue that came up, introduced by Mr. Gregoire BISSON of WIPO, was the protection of products, particularly through the system of designs.

2. To celebrate ECTA's 30th anniversary, Mr. Simon REEVES, its President, welcomed over 1,000 participants from June 16 to 18, 2010, thanks to the excellent organization of Mrs. Mireia CURELL and Messrs. Luis (Alfonso) DURAN and Luis de LARRAMENDI.

Various authorities were also represented and took part in ECTA's Annual Conference: Mrs. Binying WANG, Deputy Director General of WIPO, Mr. Marcus HöPPERGER of WIPO, Messrs. Wubbo de BOER, current President of OHIM and Antonio CAMPINOS, future President of OHIM, Messrs. Oliver VARHELYI and Francis FAY of the European Commission, Mr. Alberto CASADO, Director General of the Spanish Patent and Trademark Office, and Mr. Mihaly FICSOR, Vice (President of the Hungarian Patent and Trademark Office.

On the system of the European trademark

The system of the European trademark is the subject matter of a study that is currently being carried out by the European Commission, with the assistance of the Max Planck Institute under the direction of Mrs. Annette KUR.

A first report of the Max Planck Institute should be available as of August 12, and its final version will be ready on November 12, 2010.

Overall, the participants recognized the success and efficiency of the Community trademark system. However, as ever, there is still room for improvement if one takes the trouble to examine the pros and cons - and these are always the subject of the most lengthy discussions.

Three series of issues were discussed in Barcelona on the acquisition and conservation of rights, on ownership and protection, and on the coexistence of the Community trademark system, on the one hand, with national trademarks systems, on the other.

1. a. To acquire a Community trademark right, some participants mentioned certain difficulties linked to the classification of goods and services, particularly due to the very general nature of the headings of each class.
 - i. Some also mentioned the classification used in the USA to demand more detailed information in terms of the goods covered by the trademark registration. Others even brought up the obligation to file samples and also a declaration of intent to use that would be genuine and consistent with the applicant's activities.
 - ii. Also discussed was the question of OHIM's mandatory examination of the prior rights, particularly with respect to national seniority claims.
- b. To maintain trademark rights, the terms of use were the subject of interesting discussions.
 - i. Perhaps the five-year time period set for the use of a trademark should be reduced to three years, given the advent of modern techniques that have increased the speed of production, communications and distribution of goods.

On the other hand, the notion of "proper reasons" provided in articles 15 and 50 of Regulation 40/94 could be assessed broadly to justify the non-use of the trademark during this shorter time period.

- ii. What is the territorial scope of the use of a Community trademark?

Some participants pointed out that as the territory of the Community trademark is larger than that of a national trademark, the exploitation of the Community Trademark should cross over at least one national border to allow trademark protection throughout the European Union territory. Indeed, there is no reason to favor the Community trademark, when the owner of several national trademarks is under the obligation to exploit its trademark in each of the countries. Finally, the Community trademark was instituted to smooth the progress of the single market in the European Union, and thus, exploitation on part of a national

market should never in itself allow to maintain trademark protection throughout the territory of the European Union.

Other participants stressed the obligation to exploit on the relevant market whose extent - it is true - can vary based on the goods covered by the registration.

It is also necessary to take account of the awareness of the trademark by potential clients, and this awareness can be more extensive than the trademark's actual span of use: this is what some people call the "audience" of the trademark in the European Union.

iii. Such a definition of the territory of use could also serve to assess the conditions in which a sign can become distinctive or, conversely, lose its distinctiveness.

iv. Lastly, some participants wondered whether non-use of the trademark in some parts of the European Union could not be punished under article 108 et seq. of Regulation 40 /94, by the forced conversion of the Community trademark into a national trademark application, in countries where this trademark has effectively been used.

c. Several participants remarked that, nowadays, the Community trademark registry is quite flooded, which makes it impossible to give a reasonable forecast of the availability of a sign that a company wishes to register and use as a trademark.

2. The matter of the system governing the ownership and scope of protection also gave rise to a very interesting discussion.

a. The tradition is that Intellectual Property rights are territorial rights coming under national laws that are not yet harmonized. However, in practice, Intellectual Property rights are negotiated in the context of contracts that are often subject to a single law, even though infringements are punished under the laws of the countries where they were committed.

In contrast, the Community trademark system offers the advantage that it is subject to a single law for the entire European Union, in compliance with articles 16 et seq. of Regulation 40/94. Apart from the rights and obligations imposed by articles 16 through 24 of this same Regulation, a single law should therefore apply as much to the conditions of substance as to the conditions of form. In this respect, it can be noted that the European Union imposes a national law throughout its territory, for instance Spanish law, if the Community trademark owner's registered office, domicile or place of business is not located in Europe (article 16).

b. i. The question of the likelihood of confusion was also debated, under the chairmanship of Mr. Wouter VERBURG of OHIM

Likelihood or risk of confusion should be assessed taking into account the way in which the trademarks at issue are perceived by the relevant public. However, who is this average consumer to whom we are supposed to refer in Europe? What is the territorial extent of such a likelihood or risk of confusion?

Still, it is important to keep in mind that the assessment of likelihood or risk of confusion must initially be made separately, first on the signs considered and second on the goods at issue.

Finally, the circumstances of the assessment of such a likelihood or risk of confusion are different depending on whether one is assessing two registrations in the context of an opposition procedure, or a registered trademark and its use by a third party on the market. Indeed, the use of a third-party trademark on the market is always carried out under specific circumstances while this is not the case in the context of an opposition procedure within a Trademark Office.

ii. Several participants mentioned the need to continue to harmonize the means of enforcement of the rights stemming from the Community trademark.

c. Lastly, several comments were made on the topics of coexistence, complementarities and competition between national systems and the Community trademark system.

It does seem that, nowadays, the European Union cannot be considered as still forming a single market in all areas, and that some companies and certain goods remain local in terms of their market, or that they are a response to regional or local needs, if only for reasons of cultural differences within the European Union.

Consequently, the Community trademark system should not dominate or prevail over national trademark systems. In this respect, various financial issues were discussed, particularly concerning the taxes for filing and registration per class, the use of OHIM's financial surplus, and the redistribution of renewal taxes.

Most participants also expressed a wish to see a greater cooperation between the national Offices and OHIM.

On geographical indications

The representatives of WIPO and of the European Commission represented the increasing importance of geographical indications in the world today.

Thus, a revision of the Lisbon Arrangement is in the works, and there will also be new developments in the three European Union directives in this area.

Conclusion

1. AIPPI must follow up on the work being done on the European trademark and on geographical indications, which WIPO considers important in the world today.
2. It was on the occasion of a gala dinner, from which rose many bubbles in a most poetic fashion, that the participants expressed their best wishes, through their warm applause, to the new President of ECTA, Mrs. Annick MOTTET-HAUGAARD.

(Thierry Mollet-Viéville, President of AIPPI)

Articles and notes

The Long-Awaited Bilski Decision

(Mark J. Deboy, Sughrue Mion PLLC)

On Monday, June 28, 2010, the U.S. Supreme Court rendered its decision in the case of *Bilski v. Kappos*, No. 08-964 (U.S. June 28, 2010).

The decision, with a 5-4 vote, affirmed the ruling of the Federal Circuit that Bilski's claims, which are directed to a method of hedging risk in commodities trading, were unpatentable because they claimed an abstract idea. Moreover, the majority opinion explained that business method patents are not categorically outside the realm of patentable subject matter, and that the Federal Circuit was incorrect in setting out the "machine-or-transformation" test as the sole test for determining whether a process claim encompasses patentable subject matter.

Bernard L. Bilski's patent application was initially rejected by the U.S. Patent and Trademark Office because the invention was "not implemented on a specific apparatus and merely manipulates an abstract idea." Bilski appealed the decision to the U.S. Court of Appeals for the Federal Circuit, which concluded that the "machine-or-transformation test" was "the sole test governing § 101 analysis." Under the "machine-or-transformation" test, a process is patentable if: "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." Applying the

machine-or-transformation test, the Federal Circuit affirmed the rejection, but the case produced five different opinions. The Supreme Court therefore granted review and many expected the Supreme Court to use this opportunity to clarify the law on patentable subject matter.

Unfortunately, the Supreme Court may have only muddied the waters. The majority opinion called the “machine-or-transformation” test “a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101,” but not the sole test in making the determination. The majority left the Federal Circuit free to develop other tests for the patentability of process and method claims, so long as the tests are consistent with the wording of the U.S. patent laws. Accordingly, within days of the *Bilski* decision, the Supreme Court remanded several other cases involving statutory subject matter issues back to the Federal Circuit for reconsideration.

In discussing the usefulness of the “machine-or-transformation” test, four justices noted that the opinion should not be read as commenting on the patentability of technologies other than those represented in the *Bilski* claims, such as emerging technologies. The opinion suggests that new inquiries may be required to evaluate the patentability of “Information Age” technologies, such as software, advanced diagnostic medicine techniques, and inventions based on linear programming, data compression, and the manipulation of digital signals. The majority further concluded that the “ordinary, contemporary, common meaning” of “process” does not exclude business methods as patentable subject matter.

Major changes to UAE IP laws announced

(Rob Deans, partner and André Human, patent attorney)

The UAE government has announced proposals to introduce major amendments to the IP regime in the UAE. These proposed changes will have an impact across three areas:

- Confidential information
Introducing, for the first time, a mechanism for protecting confidential information through the civil courts;
- Patent and design protection
Introducing numerous improvements to the current regime, including clarifying the test to be applied for assessing what constitutes a patentable invention and extending the term of protection for registered designs; and
- Integrated circuits
Introducing, for the first time, protection for layout designs for integrated circuits.

These changes have been proposed by way of amendments to the UAE’s existing Patents, Industrial Drawings and Designs Law (No. 31 of 2006) (the “Patent Law”).

Confidential information

The biggest impact of the amendments is likely to be in relation to the protection of confidential information. The proposed amendments will for the first time:

1. enable rights in confidential information to be enforced by way of an injunction;
2. allow parties to non-disclosure agreements to enforce their rights by way of an injunction;
3. provide a claim for damages in the event of unauthorised disclosure of confidential information;
4. clearly define what constitutes protectable confidential information (broadly defined as information which is confidential, has commercial value, and is subject to reasonable steps to maintain confidentiality); and
5. provide specific protection for test data required for regulatory approvals for pharmaceutical and agricultural chemical products.

Patents

The proposed amendments;

1. clarify the basic standards of patentability, which were not expressly stated in previous versions of the Patent Law. The Patent Law will apply the following tests for patentability of inventions in the UAE:
 - A. novelty is to be judged on an absolute, worldwide basis;
 - B. inventiveness is to be judged by reference to what is obvious to the ordinary person skilled in the art; and
 - C. the question of whether an invention is capable of industrial application is to be interpreted broadly, so as to include all types of industry, including handicrafts; and
2. remove the requirement that an Arabic translation of a patent application must be submitted at the time of filing. This is very positive news for patentees and practitioners alike because of the very real risks which arise when translations of highly technical patents are prepared at the last minute before the filing of priority applications. The deadline for filing Arabic translations has not yet been fixed but, if it matches the timetable for the submission of other supporting documents, then it is likely to be 90 days after filing.

These amendments are welcomed, although some clarification is required and further changes are desirable, such as:

1. allowing decisions of the Patent Office on the examination of patents to be appealed to the courts;
2. clarifying which of the two filing languages (Arabic and English) takes priority when it comes to enforcement;
3. clarifying how Gulf Cooperation Council (GCC) patents are to be enforced in the UAE;
4. clarifying the deadlines for the payment of annuities (the current Patent Law creates a good deal of confusion between the deadline for paying annuities for international filings and the deadline for paying annuities for national phase, priority filings);
5. providing a mechanism for lapsed patents to be restored, in certain limited circumstances where the patentee is not at fault; and
6. clarifying an existing provision which excludes infringement by manufacturers whose use of an invention predates the filing or priority date for the patent application. It is hard to make sense of this provision in its current form as the prior use of an invention would appear to destroy novelty, rendering the invention unpatentable.

Designs

The proposed amendments:

1. increase the term of protection for designs from 10 to 15 years; and
2. clarify the basic standards of registerability, which were not expressly stated in previous versions of the Patent Law. The Patent Law will require novelty to be judged on an absolute, worldwide basis.

As with the proposed changes for patents, these proposed amendments are welcomed (although some additional clarification and further changes would also be beneficial).

For example, the provision which excludes infringement by users of a design whose use predates the filing or priority date for the application should be removed. It is hard to make sense of this provision as such prior use would appear to destroy novelty, rendering the design unregistrable.

Integrated circuits

The proposed amendments will for the first time introduce protection in the UAE for the layout designs for integrated circuits. The amendments envisage:

1. a regime under which layout designs for integrated circuits can be registered with the Patent Office (although it is unclear as to whether there will be any examination process);
 2. a two year priority period (from the date of first commercial exploitation); and
 3. a two year priority period (from the date of first commercial exploitation); and 3. a 10 year term of protection.
- Comment

The introduction of these proposed amendments is positive news for rights owners. The UAE government has not announced a date upon which the amendments will be implemented, although it appears likely at this time that these changes will be introduced later this year.

The new provisions for layout designs and the protection of confidential information are both requirements in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which will bring the UAE a step closer to compliance with the agreement.

The UAE government is also engaging in a consultation process which is also very welcome news, and which may result in further positive amendments being made to the legislation. Much, however, will depend on the Implementing Regulations which have not yet been published and which will have a significant impact on how the amendments are to work in practice.

Equally interesting is the opinion of the minority, written by Justice Stevens, and joined by three other justices. While concurring with the judgment of the Court that the rejection of the *Bilski* application be affirmed, the minority was clearly dissatisfied with how the majority reached its conclusion, and noted, as have many that have read the majority opinion, that it fails to provide any test or direction for lower courts to follow.

In conclusion, the *Bilski* opinion clearly states that the “machine-or-transformation” test is not the sole test for determining whether a process claim encompasses patentable subject matter, but it has done seemingly little in the way of giving lower courts and practitioners further guidance. The USPTO reacted to the decision by immediately issuing instructions to Examiners to begin their analysis with the “machine or transformation” test and, if the test is not passed, to permit applicants to show that the invention is not simply an “abstract idea.” It seems, however, that this subject has not been definitively decided, but will remain a source of discussion for years to come.

**Expanding Standards of Inequitable Conduct:
Increased Burden of Disclosure on Patent Applicants**

(James W. Edmonson, partner, Finnegan LLP, Ming-Tao Yang, associate, Finnegan LLP and Raymond M. Gabriel, associate, Finnegan LLP)

Recent decisions from the Federal Circuit have left the impression that it is becoming easier to succeed on an inequitable conduct defense, which renders patents, not just certain claims, unenforceable. These decisions found inequitable conduct based on omission by a non-inventor corporate president (*Avid Identification Sys., Inc. v. Crystal Imp. Corp.*, 603 F.3d 967 (Fed. Cir. 2010)) and contradictory statements made in foreign prosecution (*Therasense, Inc. v. Becton, Dickinson & Co.*, 593 F.3d 1289 (Fed. Cir. 2010) (vacated by order to rehear en banc)). The Federal Circuit's recent order to rehear the *Therasense* case en banc, however, indicates that it could modify the current standard. Until that time, applicants operating under the current law and these decisions need to understand who is subject to the duty of disclosure and what needs to be disclosed.

Title 37 C.F.R. § 1.56 imposes a duty of candor and disclosure on patent applicants. The current standard for inequitable conduct requires proof that an individual with a duty of disclosure withheld or misrepresented material information with intent to deceive the USPTO. The Federal Circuit applies a materiality-intent "balancing" inquiry, under which a strong showing of materiality lowers the level of required intent. Section 1.56 extends the duty not only to each named inventor, attorney, or agent, but to "every other person who is substantively involved in prosecution and who is associated with an inventor or assignee."

In *Avid*, the Federal Circuit held that "substantively involved" means involvement "relat[ing] to the content of the application or decisions related thereto, and... not wholly administrative or secretarial in nature." Applying this definition, the Federal Circuit upheld a finding of inequitable conduct where a non-inventor corporate president failed to disclose a prototype demonstration. While the president did not participate in actual prosecution, the court found substantial involvement based on his suggestions for new products, his contact with the inventors regarding patent matters, his prototype demonstration, and his signing of a small-entity-status affidavit. *Avid* expands the range of actors who are subject to the duty of disclosure beyond the previously understood scope, and, as the dissenting opinion suggested, to those having a general or financial interest in the invention or awareness of the application.

The panel decision in *Therasense* expanded the scope of highly material information to contradictory statements made in prosecuting a foreign counterpart. The applicant's attorneys submitted contradictory characterizations of a prior art reference to the USPTO and the EPO in related applications. While the Court's precedent considers attorney argument not material, the panel held that contradictory statements made in another forum are highly material, resulting in a lower intent requirement under the balancing inquiry and finding inequitable conduct.

Although the outcome in these cases might not seem harsh when limited to their facts, they suggest an increased burden on applicants. Under *Avid*, applicants should take a broad view on who is substantively involved in prosecution and shield non-inventor corporate actors from prosecution. Under *Therasense*, applicants must facilitate communications between U.S. and non-U.S. prosecution counsel or bring foreign prosecution statements to the U.S. counsel's attention. In rehearing *Therasense* en banc, the Federal Circuit identified issues it may consider in November 2010, such as whether the materiality-intent balancing inquiry should be modified or abandoned, whether materiality requires that but for the conduct one or more claims would not have issued, and whether the standards of materiality and intent applied in other federal agencies or common law should be considered. Its decision could ease the burden on applicants. Until then, however, patent applicants need to document why certain information is not material or err on submitting related information.

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Does Your Family Heirloom Infringe?

(Patrick J. Coyne, Finnegan LLP)

You buy a genuine Omega watch at Costco. You treasure it and you don't even notice the little design on the back:



Yet, when you give this family heirloom to your son, or lend it to a friend for the evening, are you a copyright infringer?

Last year, in *Omega, S.A. v Costco Wholesale Corp.*, (9th Cir. 07-55368), the U.S. Court of Appeals for the Ninth Circuit held that Omega can continue to control the distribution of its watches even after they are sold. It can prohibit their importation and subsequent sale in the United States. Generally, once a manufacturer sells a product bearing a copyrighted image, the "first sale doctrine," 15 U.S.C. § 109(a), protects the purchaser: "Notwithstanding the provisions of section 106(3) (the exclusive right to distribute a copyrighted work by sale, transfer, rental, lease, or lending), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authorization of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord." 17 U.S.C. §109 (emphasis added). The Ninth Circuit, however, held that "lawfully made under this title" means made or sold by the copyright owner in the United States. Since the watches were made and sold by Omega overseas, the first sale doctrine is not a defense.

The Supreme Court considered the first sale defense in *Quality King Distributors, Inc. v L'Anza Research Int'l, Inc.*, 523 U.S. 135 (1998) and held that it applies to imported copies (17 U.S.C. §602(a)). The copies in *Quality King*, however, were "round-trip" imports, made here, exported, and re-imported. The Supreme Court left open the issue whether "one-way" imports, made overseas, would be subject to the first sale defense. The first sale doctrine is based on the Supreme Court's decision in *Bobbs-Merrill v Straus*, 210 U.S. 339 (1908). Congress codified the first sale doctrine in the 1909 Copyright Act. The 1909 and 1947 Copyright Acts would have protected a purchaser under the first sale doctrine. When Congress changed the wording of the first sale doctrine in the 1976 Act, adding the phrase "lawfully made under this title," was it requiring that the work be physically made in the United States or simply that it is a lawful (not a pirated) copy, regardless where it is made?

The Ninth Circuit's decision that it required the work to be made here is suspect for three reasons. First, for 93 years Congress maintained a "manufacturing" requirement that certain types of works be made in the United States. Congress was asked but declined to extend this requirement to all works subject to the first sale defense.

The Ninth Circuit declined to apply the first sale doctrine in *Omega*, reasoning that it would give U.S. copyright law "extraterritorial effect" by relying on events that occurred overseas. Yet, the manufacturing clause itself targets events occurring overseas-manufacturing. Thus, the Ninth Circuit's reasoning appears highly suspect.

Second, the first sale doctrine was expressly endorsed by Congress. There is no legislative history that would support that Congress was trying to limit the first sale doctrine, in any way. Instead, the legislative history shows that Congress unequivocally supported the first sale doctrine.

Section 109(a) does not depend on where the work is made. The copies made by Omega are not unlawful, either under either U.S. law or foreign countries'. Nor does giving effect to Section 109(a) require giving US law extraterritorial effect. Rather, it simply acknowledges that the legitimate copies are not unlawful under the Copyright Act, or otherwise.

In the Matter of Certain Coaxial Cable Connectors: the U.S. International Trade Commission clarifies the domestic industry requirement in patent infringement actions

(Kenneth R. Adamo, David M. Maiorana, and Jonathan A. Muenkel)

On April 14, 2010, the United States International Trade Commission ("ITC" or "Commission") , issued a decision in Certain Coaxial Cable Connectors and Components Thereof and Products Containing Same, holding that litigation activities (including patent infringement suits) related to licensing may qualify to meet the economic prong of the domestic industry requirement in patent-enforcement proceedings before the ITC.¹ The decision provides clarity into what is required to meet the domestic industry requirement in ITC proceedings insofar as licensing activities are concerned.

The Coaxial Cable decision

At issue in Coaxial Cable was whether U.S. district court patent litigation expenses, that resulted in the defendant taking a license, could be considered "exploitation" for the purpose of finding a domestic industry in an ITC proceeding involving the same patent. The ALJ determined that the domestic industry requirement was met based on evidence showing substantial investment made by the complainant, PPC, Inc. ("PPC"), by incurring patent litigation expenses in a U.S. district court proceeding that resulted in a license.

The Commission's Decision

The Commission agreed in principle, and ruled that "litigation activities (including patent infringement lawsuits) may satisfy [the domestic industry requirement] if a complainant can prove that these activities are related to licensing and pertain to the patent at issue, and can document the associated costs."² The Commission went on to state, however, that patent infringement litigation activities on their own do not meet the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(C). The fact that a license is obtained following litigation also does not mean that a patent owner has proven the economic prong of the domestic industry requirement. The costs associated with the litigation must also be "substantial." Whether an investment is "substantial" is a factual inquiry, and depends "on the industry in question and the complainant's relative size."

⁴Examining the factual record before it, the Commission could not determine whether PPC showed domestic industry through its patent infringement litigation activities and costs for the patent in question. Accordingly, the Commission remanded the matter to the ALJ for further consideration of this issue. As to whether PPC's investment in exploitation through licensing was "substantial," the Commission stated that it was appropriate for the ALJ to consider the number of licenses obtained by PPC for the patent in question, or other activities by PPC in attempting to solicit licenses for that patent.⁵

The ALJ's Remand Initial Determination

On remand, the ALJ determined that PPC did not show domestic industry.⁶ In reaching this conclusion, the ALJ examined the evidence presented by PPC, and determined that it would be inappropriate to apportion 100 percent of the litigation activities and expenses asserted by PPC as related to licensing of the patent in question. The ALJ further determined that the expenses it could consider (e.g., approximately 124 attorney hours and \$42,000) were not "substantial" as required to show domestic industry. In addition, while the ALJ considered the issue "a close

one,” he found that PPC did not establish a domestic industry with respect to the patent in question since PPC: (1) “received only one license for the [] patent, of which only a portion actually relates to the patent at issue”; (2) “has no established licensing program, let alone one that encompasses the [] patent”; (3) “has made no other efforts to send cease and desist letters with offers to license the [] patent”; and (4) “has not engaged in other licensing offers or talks with any persons or entities other than those involved with the single [patent] license.”⁷ On June 7, 2010, PPC petitioned the Commission to review the ALJ’s Remand Initial Determination.

Conclusion

While the ALJ’s remand determination reversed his previous finding of domestic industry, the Commission’s decision in Coaxial Cable has clearly expanded the types of activities available to a complainant to meet the domestic industry requirement when bringing a patent enforcement proceeding in the ITC.

References

- 1 Inv. No. 337 -TA-650, Comm’n Op. (Apr. 14, 2010) (Public Version).
- 2 Id at 44 (emphasis added). The Commission made clear that its decision here did not address litigation activities relating to engineering and research and development. Id. at 44, n.13.
- 3 Id. at 43-44.
- 4 Id. (quoting Certain Stringed Musical Instruments and Components Thereof, Inv. No. 337-TA-586, Comm’n Op. at 25 (May 2008)).
- 5 Id. at 55.
- 6 Certain Coaxial Cable Connectors, Inv. No. 337-TA-650, Remand Initial Determination (May 27, 2010) (Public Version at 25).
- 7 Id.