Executive Committee Meeting Berlin

Administrative Session II

Wednesday, September 28, 2005
(09.00 – 12.30 and 14.00 – 17.00)

Ronald E. MYRICK, Vice President (United States), took the Chair and opened the meeting at 9.20am.

1. Quorum and approval of Agenda

Mr MYRICK declared that a Quorum had been reached.

Mr MYRICK invited discussion of the proposed agenda, and there being none, declared the agenda approved.

2. Withdrawal of recognition from National/Regional Groups

Mr MYRICK advised the meeting that there was nothing to be reported under this topic.

3. Approval of accounts for the year 2004 (AIPPI and AIPPI Foundation)

Jacques A. LÉGER QC, Treasurer General (Canada), addressed this topic, and noted that the accounts are available for inspection on the Association’s website. Mr LÉGER advised that the current year budget and accounts had been distributed to the members of the Finance Advisory Committee. The same information had additionally been distributed to the Treasurers of the National and Regional Groups present here in Berlin. Mr LÉGER particularly pointed out the costs associated with printing and mailing and felt that these needed to be addressed.

Mr LÉGER summarised the year 2004 accounts by indicating that a surplus was achieved. Mr LÉGER advised that, with the FAC’s co-operation, timely reporting of the Association's financial performance had been achieved. Mr LÉGER then invited the Chairman of the FAC to comment.

Eiji KATAYAMA, Chairman of the Finance Advisory Committee (Japan), then addressed the meeting and confirmed that indeed the FAC had reviewed the financial statements mentioned and agrees with the Treasurer General’s assessment.

Mr LÉGER proposed approval of the accounts of the Association for the year 2004, which motion was passed unanimously by the delegates.

Mr LÉGER further proposed approval of the accounts of the AIPPI Foundation for the year 2004, and this motion was passed unanimously by the delegates.
4. Approval of the Auditors

Mr LÉGER moved that the present Auditors be approved for continuing appointment, which motion was passed unanimously by the delegates.

5. Approval of Budget 2006

Mr LÉGER noted that he had already reported on the year 2006 budget at the earlier Council of Presidents’ and Treasurers’ meetings. He advised that there is no line item in the budget dealing with printing and publication costs since that matter is contingent upon item 8 of the present agenda. Mr LÉGER turned then to discuss the proposed Executive Director in terms of the financial impact of employing such a person. As the role of the Executive Director will involve greater responsibility than originally contemplated, this would require a greater financial compensation which would mean that the budget may need to be adjusted.

Mr KATAYAMA pointed out that a deficit of CHF 91,000 is contemplated in the budget and would be greater – around CHF 170,000 – if the costs associated with the hiring of the Executive Director are incurred in this financial year. He pointed out that the Association has reserves of approximately CHF 1.5 million.

Mr KATAYAMA indicated that running a deficit budget is an important policy matter. A budget deficit can be sustained for a few years, but not indefinitely. Mr KATAYAMA pointed out that the Association’s fixed costs are approximately 70% of its income, and believes the Association may wish to reduce this percentage.

Mr KATAYAMA indicated that the FAC members believe that the ‘investment’ in drawing on reserves in terms of the Executive Director position is justified but needs to be reviewed in 2 – 3 years.

There being no further discussion, Mr LÉGER moved adoption of the year 2006 budget, which motion was passed unanimously by the delegates.

6. Approval by the Work of Officers

Mr MYRICK noted the provision of Article 6.10f), to the effect that the Executive Committee shall approve the work of the Bureau and the COP. Mr MYRICK moved that the work of the Bureau and the COP in the period since the last Executive Committee meeting be so approved, which motion was passed unanimously.

7. Amendment of Statutes and Regulations

Michael BRUNNER, Deputy Secretary General (United Kingdom), spoke to this item, noting that he is the Bureau link with Statutes Committee Q172. The Statutes Committee is in the course of finalising its ‘tidying up’ exercise and will report in a month or two.

One immediate item relates to Rule 26.3. Mr BRUNNER moved that Rule 26.3 be amended to read:

“New members joining the Association shall pay a full year’s subscription for the year in which they join if they join before the date of the annual Executive Committee Meeting or Congress of that year. No subscription shall be due from a member joining after that date”.

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The motion was passed unanimously by the delegates.

8. **AIPPI printed publications – Membership List**

Mr BRUNNER informed the delegates of Rule 22.2 which requires a list of members to be published. Such a list is currently published by traditional in the year of a Congress. Mr BRUNNER noted that the Bureau wishes now to publish the membership list electronically. He further noted that a study is being conducted within the General Secretariat to see how the mode of communications can be changed.

Hoda A. SERAGELDINE (Egypt) observed that electronic mail does not function properly in some countries.

Mr BRUNNER replied that a paper form of membership list will still be available those who require it.

LU Pushun (China) recalled that he had previously suggested distribution by CD-Rom.

Yoon Bae KIM (Korea) speaking on behalf of the Korean National Group, advised that some members of the Korean National Group clearly wish to receive a paper copy of a membership list and that such members should be prepared to pay for such a list otherwise take advantage of a free electronic form of the membership list.

Stephan FREISCHEM (Germany) strongly recommends continued printing of the membership list for legal reasons. Furthermore, in his experience, at least 90% of members of the German National Group prefer to received such a document in paper form he therefore urges that the membership list should be available in both forms.

Vincenzo PEDRAZZINI, Secretary General (Switzerland), observed that a balance must be struck. It is of course possible to print everything, but it is a question of cost. There is subscription of only CHF 130 per member, which means a low income, and if income is to be expended on publication then nothing else can be done. Mr PEDRAZZINI cited the anticipated cost of the Executive Director as an example of this.

Denis MONÉGIER DU SORBIER (France) speaking on behalf of the French National Group, said that it was a matter of priorities and that it was important to move towards electronic publication of the membership list but also the newsletter.

Mr PEDRAZZINI replied that certainly this is an option, but presently only 5000 email addresses of members are known, in which case not every member would receive the newsletter. Only ¼ of members request the membership list.

Renata RIGHETTI (Italy) pointed out that the membership list can be printed from the Association’s website, for example by a National Group Secretary, then distributed to those members of the group who wanted one. She recalls that few members of the Italian Group who were surveyed wanted to receive the membership list in paper form.

Lorenza FERRARI HOFER (Switzerland) speaking on behalf of the Swiss National Group, indicated that the Swiss Group is in favour of an electronic form of the membership list.

Regina QUEK (Singapore) indicated that the Singaporean National Group supports electronic communications and publications in their entirety. She asked why around 3000 members were without email addresses.
Mr BRUNNER replied that it was hard to know, but that efforts were being made in the General Secretariat to improve the situation.

João PEREIRA DA CRUZ (Portugal) commented that the Portuguese National Group similarly supports electronic publication.

Bo DAVIDSSON (Sweden) expressed the view that the Swedish National Group supports the Bureau’s proposal in this case.

Mr BRUNNER moved that the membership list be published in electronic form in 2006, which motion was carried by a majority.

9. Confirmation of Resolutions from Working or Special Committees (if necessary)

Mr MYRICK calls on Mr Luis-Alfonso DURAN (Spain), Reporter General, to speak. Mr DURAN noted that the Resolutions of the three Working Committees and the Resolutions of Special Committees Q109 and Q114 had to be confirmed. Mr DURAN called on Mr Heinz BARDEHLE (Germany), Chairman of Special Committee Q109, to present the Resolution regarding the restitution of right of priority for PCT patent applications.

Mr BARDEHLE informed the delegates that the PCT assembly would meet in Geneva the following day to discuss the question of restitution of the right of priority and that the issue was, therefore, very topical. Mr BARDEHLE and Mr DURAN stated that the Resolution deliberately addressed the restitution of the right of priority only.

Mr Konrad BECKER (Switzerland) noted that he would not support the Resolution because it only addressed one out of a number of questions relevant to the PCT. Mr BECKER also rejected the proposal to eliminate the “due care” requirement. Resolving that only the “unintentional” criterion should be required, would be overly demanding. The users should be pleased that the restitution of the right of priority will be introduced in the first place, Mr BECKER noted.

Mr BARDEHLE stated that he did not think that the “unintentional” criterion served any purpose and that he believed in saying what he thought was best.

Mr Ivan HJERTMANN (Sweden) supported Mr BECKER’s statement.

Mr DURAN put the resolution of Special Committee Q109 to a vote.

On a vote, the Resolution was approved.

Mr DURAN called on Mr Charles GIELEN (Netherlands), Chair of Special Committee Q114 to speak. Mr GIELEN presented the amendments which had been introduced into the Resolution.

Mr DURAN then put the Resolution of Special Committee Q114 to a vote.

On a vote, the Resolution was approved.

Mr DURAN called on Mr Ian KARET (UK), Deputy Reporter General, to speak. Mr KARET presented the amendments which had been introduced into Resolution Q186.

Mr DURAN then put the Resolution to a vote.
On a vote, the Resolution was approved.

Mr DURAN called on Mr Dariusz SZLEPER (France), Assistant Reporter General, to speak. Mr SZLEPER presented the amendments which had been introduced into Resolution Q187.

Mr Bruno PHELIP (France) noted that the French translation of the Resolution also needed to be amended.

Mr Richard ABNETT (UK) congratulated the Working Committee for achieving an excellent Resolution.

Mr DURAN put the Resolution to a vote.

On a vote, the Resolution was approved.

Mr DURAN called on Mr Thierry CALAME (Switzerland), Assistant Reporter General, to speak. Mr CALAME presented the amendments which had been introduced into Resolution Q188.

Mr Wouter PORS (Netherlands) suggested that in para. 3 of the Resolution the words “as a positive factor,” be introduced before “the reputation of the trademark” to make clear that the defence should be less available to the defendant.

Mr Alain GALLOCHAT (France) noted that the circumstances were exceptional and not the defence. He suggested to introduce the term “exceptional” before “trademark cases” instead of before “defence” in paragraph I.

Mr CALAME stated that there had been clear consensus in the Working Committee that the defence should be exceptional. Mr Shane SMYTH (Ireland) confirmed that “exceptional” related to the defence.

Ms Esme DU PLESSIS (South Africa) speaking on behalf of the South African Group noted that “exceptional” should qualify the circumstances where the defence is available. She suggested to partly rephrase para. 1 of the Resolution to read “as a defence in trademark cases in exceptional circumstances.”

Mr GALLOCHAT accepted Ms DU PLESSIS’ proposal.

Mr DURAN put the new para. 1 to a vote.

On a vote, new para. 1 was carried.

Mr DURAN put not para. 3 as proposed by Mr PORS to a vote.

On a vote, the amendment to para. 3 was not carried.

Mr DURAN put the Resolution as a whole to a vote.

On a vote, the Resolution was approved.

10. WIPO proposal on 'enlarged novelty'. Special Committee Q170

Mr DURAN called on Mr GALLOCHAT, Chair of Special Committee Q170 to speak.
Mr GALLOCHAT explained the line of events leading to the current deadlock. More specifically, he reported on the informal consultations undertaken by WIPO and the meetings convened by WIPO in Alexandria (USA) and Casablanca (Morocco). Only a limited number of countries and no NGOs were invited to these meetings which caused a lot of frustrations. The Casablanca meeting agreed to address a number of issues, including novelty and inventive step, among others, in an accelerated manner. Mr GALLOCHAT noted that AIPPI, although not invited to the Casablanca meeting, supported the Casablanca decision. As to novelty, WIPO International Bureau proposed to adopt the concept of “enlarged novelty” as currently practiced in countries such as Germany, the Netherlands and Italy, among others thereby rejecting a mere photographic approach as practised under the EPC. Mr GALLOCHAT added that the WIPO International Bureau was hopeful that the problem of secret prior art (arising from unpublished applications which were filed prior, but published after the filing date) could also be solved by adopting the “enlarged novelty” concept. Mr GALLOCHAT noted that Special Committee Q170 considered WIPO’s proposal, but did not support it due to a lack of legal certainty. Would the “enlarged novelty” only apply in relation to secret prior art or in relation to all prior art?

Mr DURAN thanked Mr GALLOCHAT for the introduction and opened the debate.

Mr BARDEHLE agreed that WIPO’s proposal could not be supported mainly due to the fact that the United States would not be prepared to give up their novelty and obviousness concepts, in particular in relation to secret prior art. He did not think that this issue was sufficiently important to risk failing the SPLIT project as a whole. Mr BARDEHLE proposed to leave it to the contracting state’s discretion whether they wanted to adopt such novelty concept.

Mr Mike KIRK (USA) agreed that the proposed compromise was not acceptable. He stated that the United States firmly believed that the whole contents of earlier applications had to be taken into account both for novelty and obviousness purposes.

Mr DURAN suggested that Special Committee Q170 look into this question in more detail. Specifically, Mr DURAN proposed that Special Committee Q170 prepare a questionnaire and ask the NRG’s for their opinion in relation to WIPO’s proposal regarding “enlarged novelty”.

On a vote, the proposal was carried.

11. The protection of software through patents in the European Union after the rejection of the Draft Harmonization Directive. A comparison with the protection afforded in the US and Japan. Special Committee Q132

Mr DURAN calls on Mr Stephan FREISCHEM (Germany) to speak on behalf of Special Committee Q132.

Mr FREISCHEM explained the line of events leading to the rejection of the amended draft directive on software-related inventions. He noted that the situation in Europe would continue to be determined by the case law of the EPO. Mr FREISCHEM briefly reported about software patentability in the United States, Japan and under the EPC and announced that a summary paper explaining the differences in legal approaches was being prepared by Special Committee Q132 and would be distributed to the members after Berlin. He noted that the members of Special Committee Q132 were convinced that AIPPI had to continue to monitor the developments, in particular in relation to the open source movement, and to inform the public.

Mr DURAN thanked Mr FREISCHEM for his presentation. He confirmed that informing the public was important and fully in line with AIPPI’s objectives.
Mr Giovanni GOZZO (Sweden) noted that the debate was driven by politics and that AIPPI had to be very conscious and careful about the developments. He said that his experience had been that even people otherwise supporting intellectual property protection would be affected by the debate and reject software patents.

12. **Impact of the convention on Choice of Court Agreements on IP issues. Special Committee Q153**

Mr DURAN called on Mr Ferdinand DE VISSCHER (Belgium) to speak on behalf of Special Committee Q153.

Mr DE VISSCHER explained that the Hague Conference on Private International Law had abandoned the ambitious plan to provide a general convention on jurisdiction, recognition and enforcement of foreign judgements in civil and commercial matters. The convention’s objective was now limited to disputes arising from business-to-business (B2B) contracts with exclusive choice of court provisions. Mr DE VISSCHER noted that Intellectual Property matters were specifically excluded from the scope of the convention, but that the convention would still apply to choice of court provisions in licence agreements and the like, in copyright matters and in cases where a matter otherwise excluded only arises as a preliminary question. Mr DE VISSCHER gave as an example the invalidity of a patent in a case where Plaintiff would seek payment of royalties.

Mr DE VISSCHER mentioned some other aspects of the convention, including the process of recognition and the enforceability of interim decisions on preliminary questions such as the invalidity of a patent. Specifically, he noted that such interim decisions would not be enforceable thereby substantially limiting the practical effect of the convention in this regard.

Mr DURAN thanked Mr DE VISSCHER for his presentation.

_The session was adjourned at 12.30 hrs and Mr Örjan GRUNDE N (Sweden), President, assumed the chair for the afternoon session._

13. **Latest developments of the Subgroup of the EPLA Working Party. Special Committee Q165**

Mr GRUNDEN called on Mr Jochen PAGENBERG (Germany), chair of Special Committee Q165 to speak.

Mr PAGENBERG reported on the most recent developments in relation to the EPLA. He stated that the EU commission was blocking the work of the EPLA working party claiming that the negotiation on behalf of the EU needed unanimity of all countries. Mr PAGENBERG noted that Mr Jan Willems, among others, had proposed to proceed under the “enhanced cooperation rule” of the Nice treaty for which only 8 countries are necessary.

Mr PAGENBERG also noted that the commission believed the EPLA was in breach of EU law. He did not agree with the commission’s view in this regard, as the EPLA specifically provided that EU law had priority. Mr PAGENBERG invited AIPPI members to write to the commission to urge the commission to reconsider its position on the EPLA.

Mr GRUNDEN thanked Mr PAGENBERG for his report. He noted that this was not very promising news.
Mr Bertrand HUBER (Germany) supported Mr PAGENBERG’s position. He noted that the EPLA is of great importance to industry and invited everyone to voice his or her concerns and apply pressure on the commission.

14. Content and relevance of industrial applicability and/or utility as requirements for patentability. Special Committee Q180

Mr GRUNDEN and Mr DURAN called on Mr Jochen BÜHLING (Germany), Deputy Reporter General, to speak.

Mr BÜHLING stated that the starting point of the work of Special Committee Q180 was Article 12 (4) SPLT (“the claimed invention shall be industrially applicable (useful)”). The Geneva Resolution of June 2004 confirmed the need for a “third harmonised criterion” in replacement of industrial applicability and utility. Mr BÜHLING explained that Special Committee Q180 discussed the possible content and title of the third harmonised criterion and came to the conclusion that the criterion should distinguish patentable from non-patentable subject matter and should not address any requirement of technical content. Special Committee Q180 suggested the title “practical applicability”. Mr BÜHLING noted that it had initially been planned to propose a resolution in Berlin, but this venture proved to be overly ambitious. The intention was, therefore, to prepare a questionnaire on the basis of the Committee’s work and to send it to the NRGs. On this basis, a Resolution would be prepared for Gothenburg.

Mr BÜHLING then called on Ms Isabelle ROMET (France), Chair of Special Committee Q180, to present the Committee’s Report.

Ms ROMET first mentioned the members of the Committee. The members had been chosen to ensure variety both as to technical fields and legal systems. Ms ROMET explained that they had first identified examples where applying the criteria of industrial applicability and utility would reach different results.

For instance, under the EPC chemical compounds would be considered industrially applicable and, therefore, patentable even in the absence of any use. However, they would likely lack inventive step. In the United States chemical compounds would be considered unpatentable due to lack of utility in the absence of any use.

Ms ROMET further noted that in the ICOS case the opposition division of the EPO had found that a DNA sequence encoding a protein without a credible function would not be patentable. The committee felt that this decision was more in the direction of the US concept of utility.

Ms ROMET also mentioned that example of the perpetuum mobile which was held unpatentable by the EPO on the grounds of insufficiency of disclosure whereas in the United States a patent was refused for lack of utility.

Ms ROMET concluded that both legal concepts seem to have reached the same results, but by different routes. Ms ROMET then explained how the Committee had defined the third criterion: “the subject matter of a claim is applicable in practice if it can be used in practice at least in one economic sector for producing the specific effects which the skilled person can reasonably expect in light of the patent specification”. She noted that the term “economic sector” would have to be construed in the broad meaning of industry according to the Paris convention.

Mr DURAN thanked Ms ROMET for her presentation and opened the debate.
Mr Michel DE BEAUMONT (France) noted that if one applied the two criteria to software inventions he or she would arrive at the same conclusion except for business methods. He, therefore, requested that Special Committee Q180 also look into that area.

Ms ROMET noted that the requirement of a technical content was a separate issue which was beyond the scope of Q180.

Mr Ed BASINSKI (USA) warned that the use of the term “economic sector” could lead to confusion because it could mean that it would be considered a business method. He said that this term carried unnecessary baggage.

Mr Kamen TROLLER (Switzerland) thanked the Committee for the excellent work, but thought that the Committee should directly address the users to find out which term they would prefer as third criterion. Mr DURAN stated that the Committee would take this into account.

Mr Ralph NACK (Germany) asked whether promising chemical compounds for which no uses were known would be considered applicable in one economic sector.

Ms ROMET noted that she had not been talking about the economic value of an invention, but that she thought the criterion “one economic sector” would be fulfilled and the compounds therefore patentable regardless of whether any use was known.

Mr Richard BEEM (USA) agreed that the requirement “technical content” should be left out of the scope of the Committee’s work and that the term “economic sector” carried some freight. He supported, however, the term “practical applicability”. Mr BEEM said that he also supported Mr TROLLER’s intervention. He suggested that the following questions be submitted to users:

1. What inventions are not patentable in your country based on utility/industrial applicability?
2. How would that change under the proposed third criterion?
3. Would the proposed criterion be acceptable?
4. If not, how would you change the criterion for your country?

Mr DURAN again thanked Ms ROMET and Mr BÜHLING.

15. Submission to WIPO on the need for a global treaty on privilege for IP advisers

Mr GRUNDEN called on Mr Michael DOWLING (Australia) to speak on the proposed IP adviser privilege.

Mr DOWLING explained that the Resolution Q163 adopted in Lucerne had been the starting point for the proposed treaty on privilege for IP advisers. He then went through the proposal in more detail.

Mr DURAN thanked Mr DOWLING for his work. He noted that the submission to WIPO was a very good example of what could be done on the basis of an AIPPI resolution and that the Bureau had very much welcomed this initiative.

Mr BEEM noted that he was a strong believer and supporter of a privilege, but thought that the definition of the IP adviser was too broad. Does it include accountants? He suggested that the definition be narrowed.
Mr BEEM further noted that a carve out should be foreseen for prior art documents and invention records. These documents should not be privileged.

Mr DOWLING said that the definition was in his view sufficiently narrow. He also pointed out that the draft treaty had already been submitted to WIPO and that further input had to be given at a later stage. Mr DOWLING did not agree with carving out too much.

Mr De VISSCHER noted that the treaty did not contain directly applicable provisions. He suggested that it be rephrased to give it immediate and direct effect. Mr DOWLING agreed that the process should go fast, but noted that the countries had different legal systems.

Mr Daniel FETTERLEY (USA) noted that the title of the treaty only related to privilege and not to confidentiality. This should be clarified.

Mr DOWLING stated that there was no gap between privilege and confidentiality. He said that confidentiality was the foundation upon which to build the privilege.

16. Development of Working Programme
- Report Programme Committee by the Chairman Programme Committee
- Questions and discussion

17. FORUM/Executive Committee Meeting 2009 – Presentations and vote:
- Argentina
- China
- United Kingdom

Presentations from the Argentinean, Chinese and United Kingdom National Groups were made respectively by Jorge OTAMENDI (President); LU Pushun (Secretary General); and Nicola DAGG (Secretary).

Following the presentations, a secret ballot was convened by the Deputy Secretary General, and the result was that the Executive Committee awarded the Forum and Executive Committee meeting of 2009 to the Argentinean National Group, to be held in Buenos Aires.

18. Miscellaneous

19. Closing Speeches

Mr GRUNDÉN closed the meeting 17.30 hrs

Minutes: Robert MILLER, Assistant Secretary General (Australia).
         Thierry CALAME, Deputy Reporter General (Switzerland)