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Long awaited decision from EPO Enlarged Board of Appeal on divisional applications (G1/05 and G1/06)

The EPO, in a decision of the Enlarged Board of Appeal, has favourably clarified practice regarding divisional applications. More details will follow in our next newsletter. ■

UK Court decisive on damages while EPO Opposition proceedings pending

Unilin Beheer BV v Berry Floor NV, IMC and B&Q plc 25th April 2007

Once a European patent has reached the grant stage, there is an opportunity for a third party to initiate an Opposition procedure in front of the EPO. This procedure may take many years to resolve, during which time the patent proprietor must continue to make commercial decisions while taking into account the uncertainty surrounding the fate of the patent.

A recent UK Court of Appeal decision has gone some way towards addressing this problem for those who wish to utilise their EP patent rights to pursue infringers in the UK courts.

The Court of Appeal was considering a case in which it had found a claim of an EP(UK) patent to be both valid and infringed, and had awarded costs and damages or account of profits to the patent proprietor as a remedy. When the patent proprietor sought his remedy, the defendants appealed to the Court for a stay of proceedings pending the outcome of the ongoing Opposition proceedings on the patent at the EPO.

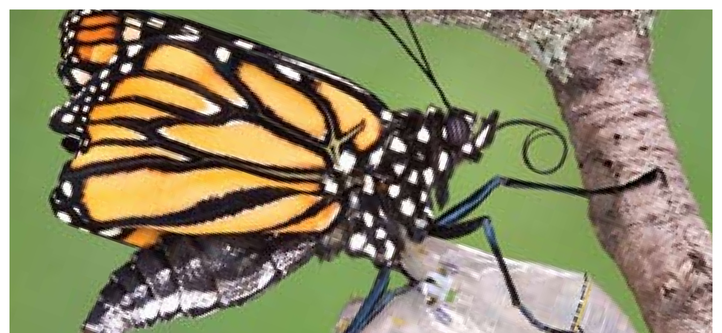
However, the Court of Appeal elected to dismiss the defendant's appeal, emphasising the need for a final conclusion to infringement and validity proceedings in order to create more commercial certainty. The result of this decision as summed up by the judge Jacob LJ:

"It means that businessmen in this country know that they can use the rather speedy system here to get a conclusion one way or the other. If the [EP(UK)] patent is revoked, the way is cleared [in the UK]; if it is upheld and held infringed then compensation will be payable for past acts. And an injunction will run unless there is a later revocation [of the EP patent] by the EPO." ■

UK-IPO

The Patent Office was founded in 1852 and, with its principal departments the Trade Marks Registry and the Designs Registry, it has established itself as a world leader in intellectual property.

On 2 April 2007, in order to reflect the growing diversity of IP, it changed its name to The United Kingdom Intellectual Property Office, or UK-IPO for short. ■



UK Court – Implied consent exhausts trade mark rights

Mastercigars Direct Ltd v Hunter & Frankau Ltd 8th March 2007

For the first time, the UK Court of Appeal has held that consent to European trade can be implied from actual circumstances of trade, without explicit consent to such trade. This recent decision overturns a previous decision of the High Court. This ruling will be of interest to European trade mark proprietors placing their trade marked goods on the market outside the European Community.

The principle of the exhaustion of trade mark rights is set out in Article 7 of the EC Trade Marks Directive, and indicates that a trade mark registration shall not entitle the proprietor to prohibit the use of that mark in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

Further, the European Court of Justice (ECJ) has established the legal principle that a trade mark proprietor's rights in the European Economic Area (EEA) are not exhausted by placing goods on the market outside the EEA, unless it is considered that the proprietor has also given consent for these products to be put on the market in the EEA.

In the case of Zino Davidoff v A & G Imports Ltd, the ECJ gave some guidance as to the manner in which the consent may be expressed. In particular, it indicated that the consent may be implied rather than explicitly given, but only where the facts and circumstances unequivocally demonstrate that the proprietor has renounced the right to oppose the placing of the goods on the market within the EEA.

The parties in the present case were Mastercigars Direct Limited, who had imported Cuban cigars into the UK, and Hunter & Frankau Ltd, who had an exclusive distribution agreement for the UK with the manufacturer of the Cuban cigars and owner of the relevant trademark, Corporacion Habanos SA.

The Cuban government had granted Corporacion Habanos SA the exclusive rights to buy, sell and market tobacco of Cuban origin nationally and internationally. They supplied the domestic market with the Cuban cigars via a number of approved but separately owned outlets. Mastercigars had purchased the Cuban cigars at one of these approved outlets and imported them into the UK.

Of particular interest to the Court in considering whether implied consent had been given was the control that the Corporacion retained over the domestic sales in Cuba. In particular, they had an "informal" arrangement with the outlets that allowed them to impose a restriction on the maximum value of a single purchase. For several outlets that sold principally to foreigners this limit was set at $25,000, which was considered by the Court to be a "commercial quantity".

Another point noted as relevant related to the standard form invoice, known as a factura. The factura had to be filled out for every sale, and was required to show that the purchase of the cigars was legal when a traveller was taking the cigars out of the country. Part of the factura supplied by the Corporacion to the domestic outlets was in Spanish, English, French and German. The judge indicated that, apart from the German-speaking cantons of Switzerland, he could not think of any country outside the EEA which is German-speaking.

Moreover, Mastercigars had placed their orders for the cigars by fax from the UK and indicated to the outlet that the cigars would be transported to Havana Airport Cargo. At no time were they told by the outlet that the cigars could not be bought for re-sale in the UK.

Lord Justice Jacob found that by its conduct the Corporacion "is shown to have consented unequivocally to the trickle of small but commercial consignments going on the market in Europe by way of local purchase in Cuba for export". Thus, they had exhausted their trade mark right and this could not be used to prevent Mastercigars' act of importation.

Notably, while assessing the law in this area, Jacob LJ made the point that he did not consider that the use of the word "unequivocal" in the Davidoff ruling meant that a parallel importer had to prove implied consent beyond reasonable doubt. Rather, it appears that the parallel importer will have the onus of proving implied consent on the balance of probabilities.

While the detailed circumstances which decided the present case are relatively unusual, the ruling does provide trade mark proprietors with a warning - implied consent may not be as difficult to prove in the UK courts as the wording of Davidoff might first suggest. Consequently, they may like to consider taking active steps to prevent parallel trade into the EEA so that a clear message of "no consent" is given.

Computer program / Business method patents

First application by UK High Court of Macrossan test
The UK Court of Appeal issued a landmark decision in Aerotel/Macrossan at the end of October 2006 covering, for example, computer programs and business methods. In the judgement, a new test was approved by the Court as to whether or not a claim should be rejected on the ground that it relates to excluded subject matter. This new test has the following steps:

1) properly construe the claim

2) identify the actual contribution

3) ask whether it falls solely within the excluded subject matter

4) check whether the actual or alleged contribution is actually technical in nature.

This test has now been applied by the UK High Court for the first time in the court's ruling in respect of Cappellini's application and Bloomberg's application (heard together).

Mr. Cappellini and Bloomberg LP both appealed against the refusal of their respective applications following hearings at the UK-IPO. As the Hearing Officer summarized, Cappellini's application related to an algorithm for planning a delivery route for a package, using a network of carriers. Bloomberg's application was concerned with distributing data in which the data transmitted to a user are mapped to a form suitable for the needs of the user.

Both appeals were rejected by the High Court by application of the new four-part test. In both cases, the judge said it was not possible to identify a technical effect and so part 4 of the test failed. ■

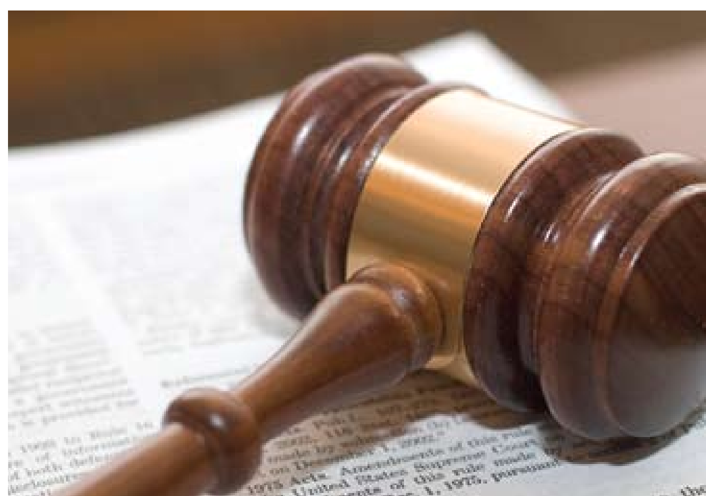
Computer program product claims
The UK-IPO is currently not permitting computer program product claims even if the corresponding system and method claims are allowable. This contrasts with EPO practice where computer program product claims can be patented. ■

UK Court of Appeal request declined by EPO
In relation to patent strategy for computer programs and business methods, in Newsletter 6 we reported that the UK Court of Appeal suggested to the President of the European Patent Office (EPO) that a question relating to the exclusions to patentability, under A52(2) EPC (exclusively relating to computer programs and business methods) should be referred to the Enlarged Board of Appeal at the EPO.

Professor Alain Pompidou, President of the EPO, has now sent a letter in reply. He has decided that there is an insufficient legal basis for a referral at the moment. This is because he believes that there are insufficient differences between current EPO Board of Appeal decisions dealing with Article 52 EPC exclusions on important points of law that would justify a referral at this stage.

This decision is disappointing since guidance from the EPO would be welcomed. The UK courts had indicated that guidance from an Enlarged Board of Appeal may be taken into account by the Courts. However, the EPO will continue to monitor case law closely. A new President of the EPO has just taken up office, and she may take a different view. ■

EPO criticises UK Macrossan test
In EPO Technical Board of Appeal decision T0154/04, the EPO has criticised the UK High Court Macrossan test saying the "technical effect approach" endorsed in the Aerotel/Macrossan judgement is irreconcilable with the European Patent Convention. ■



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EPO Decisions

EPO referal G1/07 - Methods of treatment by surgery
Further questions referred by the Appeal Board on case T0992/03 mean that the European Patent Office Enlarged Board will once again consider the scope of the exclusions from patentability set out in Article 52(4) EPC. Article 52(4) EPC prevents the patenting of methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body.

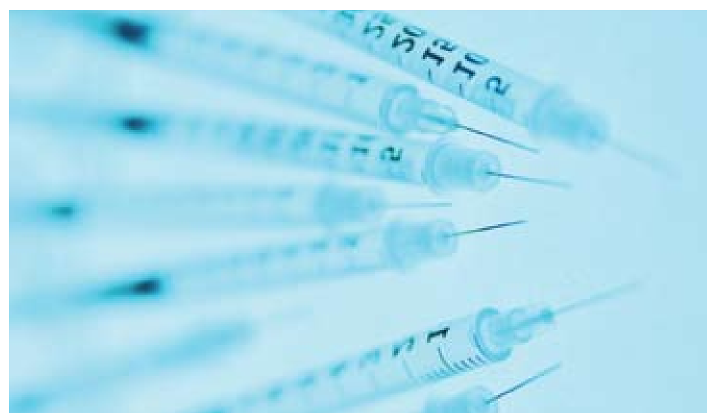
In December 2005 the Enlarged Board's narrow interpretation of excluded "diagnostic methods" (G1/04) was generally welcomed by patent applicants in this field of technology. The present referral will see the Enlarged Board considering the patentability of subject matter related to a diagnostic method but encompassing a surgical step practised on the human or animal body.

The application at issue claims a method for MRI imaging of the pulmonary and/or cardiac vasculature of a patient. The method includes a step of delivering an imaging agent to the patient which encompasses delivery by injection of the agent into the patient's heart.

Applying the principles set out in G1/04, the Appeal Board held that the claim was not excluded from patentability by Article 54(2) EPC as a diagnostic method, since it relates only to the "examination phase" and lacks the other required elements to make it a "diagnostic method" in the sense of the Article. However, they have referred to the Enlarged Board the issue of whether, by encompassing methods involving an injection, the claim is excluded as a method of treatment by surgery.

In considering the current questions the Enlarged Board is expected to look at whether it is the nature of the surgical step or its purpose which is relevant in assessing a method of treatment by surgery excluded under Article 54(2) EPC.

While the Enlarged Board is considering the questions, those with patent applications directed to similar subject matter may wish to request a stay of examination proceedings until further guidance is provided by the Board's Decision. ■



EPO Appeal Board gives guidance on Internet disclosure as prior art
In the recent EPO Technical Board of Appeal decision T1134/06, the Board considered the standard of proof required to establish that an Internet disclosure was within the state of the art for the purposes of novelty and inventive step, as defined by Article 54(2) EPC.

Following accepted practice before the Boards of Appeal, the standard of proof for facts on which a decision is to be based, in inter partes or ex parte proceedings, is that of "balance of probabilities". However a much stricter standard is applied for prior uses or prior oral disclosures. These have to be proved "beyond any reasonable doubt".

In T1134/06, the Board concluded that a disclosure on the Internet may be comprised within the state of the art as defined by Article 54(2) EPC and that if an Internet disclosure is to be used as prior art, the standard of proof should be "beyond any reasonable doubt".

The particular evidence required will depend on each individual case. Normally, such evidence has to meet the criteria established by the jurisprudence of the Boards of Appeal in respect of a prior use or a prior oral disclosure, i.e. answer the questions of when the Internet disclosure was made publicly available, what was made available and under which circumstances it was made publicly available. Concerning the last question, it will normally be necessary to address the main concern of reliability surrounding the Internet, to establish whether and how far a retrieved disclosure is true to the disclosure appearing at that date.

The Board indicated that in certain cases, where a web site belonging to a reputable publisher publishes online electronic versions of paper publications, its content and date can be taken at face value, without further supporting evidence. It was also envisaged that if a web site operates under recognized regulations and standards, allowing date and content of information retrieved therefrom to be established with a high degree of certainty, further evidence might not be required. ■

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