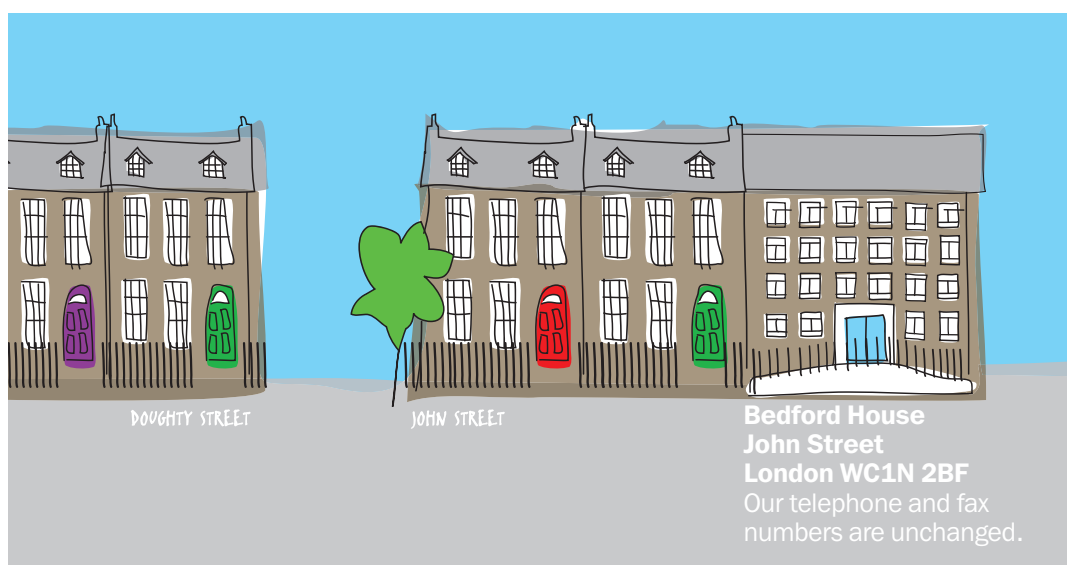


# page white and farrer european IP

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Page White and Farrer is a leading European Intellectual Property firm, based in London.

## We have moved just down the road



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## UK court decision on computer programs and business methods

The UK Court of Appeal issued a landmark decision at the end of October 2006. *Aerotel/Macrossan* is a single judgement covering two cases in respect of what constitutes patentable subject matter, particularly in relation to software and business methods.

### Background

The case law regarding the patentability of business methods and software is evolving in Europe, so the position regarding such inventions may be quite different in several years' time without there necessarily having been a change in the law. Already, there seems to be a divergence between the way that the European Patent Office on the one hand, and the UK Patent Office and UK Courts on the other hand, interpret similar provisions.

### The law

The European Patent Convention and the UK Patents Act both exclude protection for computer programs and business methods as such, or per se.

### The cases

In the first case, *Aerotel Ltd v. Telco Holdings Ltd*, a patent had already been granted and its validity was questioned in infringement proceedings. The *Aerotel* patent related to a telephone system in which the caller made a call by dialling an exchange of a telephone company, inputting an account code relating to a prepaid account and then calling a third party. This patent was upheld by the Court of Appeal.

In the second case, *Macrossan* had a patent application refused by the UK Patent Office and the patent application was taken to the Court of Appeal to make an assessment as to its patentability. The patent application related to an automated method for acquiring the documents necessary to incorporate a company. This case was rejected by the Court of Appeal.

In the judgement for these two cases, 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: ► [continued on back page](#)

## Current uncertainty for EP Divisional Applications

Peter Jenkins, Director, recently gave a series of successful talks in Japan. His talk on the topic of divisional application filing practice at the European Patent Office is summarised here.

### Practice summary – Plurality of independent claims

There is an increasing practice of including multiple independent claims in PCT (designating EP) and EP applications. This particularly applies to claims drafted in a US style, where at least three independent claims are usual. This also occurs when applicants try to reduce initial filing costs by including multiple inventions in a single PCT (designating EP) or EP.

However, Article 82 EPC requires unity of invention in an EP application. Further, Rule 29(2) and Article 84 EPC are generally applied to permit only one independent claim in any given category (apparatus, method/process, product or use) in an EP application. In view of these legal provisions, for complete protection, it is often necessary to file one or more EP divisional applications, sometimes even after the first EP patent has been granted (provided the parent application is pending).

### Practice summary - Amendment

The EP prosecution is sometimes later in time than US prosecution of the sister US case. This being the case, sometimes applicants want the EP claims to be the same as the sister US claims, which may have been amended during prosecution. Other times, the desired EP claims have been derived from one or more US continuation applications, often filed some time after the EP examination has started.

Article 123(2) EPC prohibits amendment of a European patent application in such a way that “it contains subject-matter which extends beyond the content of the application as originally filed”. Article 76(1) EPC provides a similar restriction on a divisional application as compared to its parent. Article 76(1) EPC states that a divisional application “may be filed only in respect of subject-matter which does not extend beyond the content of the earlier application as filed”. **There is a current uncertainty as to the legal meaning, extent and effect of Article 76(1) EPC.**

### EPO Legal structure

Decisions of EPO Examining Divisions and Opposition Divisions can be appealed to the EPO Boards of Appeal. No further appeal is possible. A Decision of one EPO Board of Appeal is not legally binding on any other EPO Board of Appeal. As such, it is possible to have conflicting Board of Appeal Decisions, leading to an unclear legal position. To clarify the law, in particular the meaning of the EPC or its implementation, questions of law can be referred to an Enlarged Board of Appeal. A Decision of an Enlarged Board of Appeal is legally binding on all Examining and Opposition Divisions and all Boards of Appeal.

### Current problems with EP divisional applications

Five fundamental questions of law are currently before the Enlarged Board of Appeal concerning divisional applications and Article 76(1) EPC. The first two questions concern the validity of the filing date of a divisional application, or of a

patent granted on a divisional application. The last three questions concern the validity of a sequence of cascading divisional applications. We do not yet know the answer to the questions currently before the Enlarged Board of Appeal. This creates legal uncertainty. Until a decision is handed down by the Enlarged Board of Appeal, applicants should adopt a safe practice. This safe practice should carefully consider:

- The **timing** of the filing of any divisional applications.
- The **content** of any divisional applications.

### Validity of divisional filing date

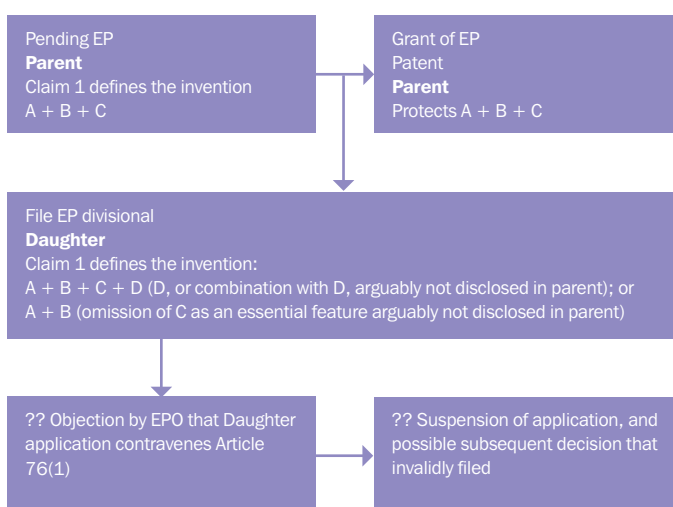
The questions of law are:

- If a divisional application is filed that contains added subject-matter (Article 76(1)), is it possible to amend the divisional application later to remove the added subject-matter, or is the divisional application invalidly filed? (T0039/03, now called G1/05).
- Correspondingly, if a patent has been granted on a divisional application that when it was filed contained added subject-matter (Article 76(1)), is it possible to amend the patent during opposition proceedings to remove the added subject-matter? (T1040/04 dated 23 March 2006, now called G3/06).

For many years, the EPO permitted a divisional application to be amended later if it was found that subject-matter had been added to the divisional as compared to the parent. This practice has now been put into question by G1/05. Board of Appeal Decision T1040/04 dated 23 March 2006 (Unilin Beheer B.V.), now G3/06, referred a similar question concerning a granted EP patent derived from such a divisional application. The EPO has currently suspended divisional applications where their validity may depend on the outcome of the decision on G1/05.

*Practice Guidance* – Make sure any divisional application as far as possible contains claims that were disclosed in its parent (as independent claims, possibly combined with dependent claims). The divisional claims can be amended later, if necessary, after receipt of the EP search report.

Typical flow chart for divisional (first or subsequent):



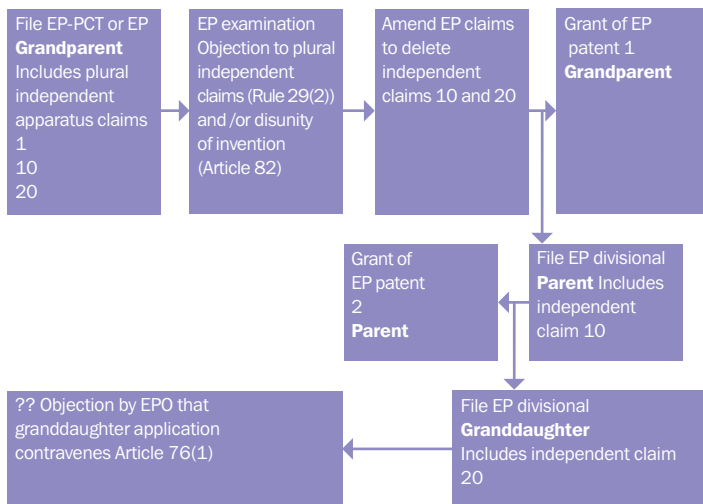
### Sequence of divisional applications

The questions of law are:

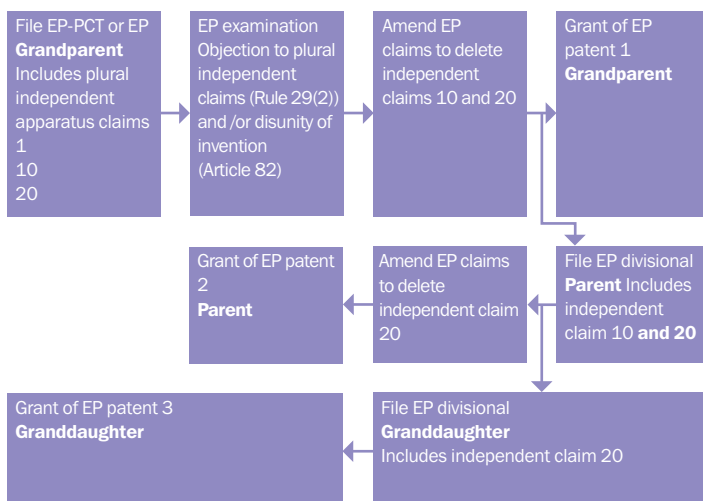
- For a sequence of cascading divisionals, i.e. grandparent, parent and granddaughter, is it a necessary and sufficient condition for each divisional application in the sequence that anything disclosed in the divisional must be directly, unambiguously and separately derivable from each preceding application as filed? (T1409/05 dated 30 March 2006, now called G1/06).
- For such a sequence, if the condition is not sufficient, is there an additional requirement that the subject-matter of the claims of each divisional be nested within the claims of each of its divisional predecessors? (T1409/05).
- For such a sequence, if the condition is not sufficient, is there an additional requirement that all of the divisional predecessors comply with Article 76(1)? (T1409/05).

**Practice Guidance** – (1) consider avoiding cascading divisional applications and (2) ensure any divisional application as filed includes all potential claims that the applicant may want to protect in the future, either in that divisional or in a further divisional.

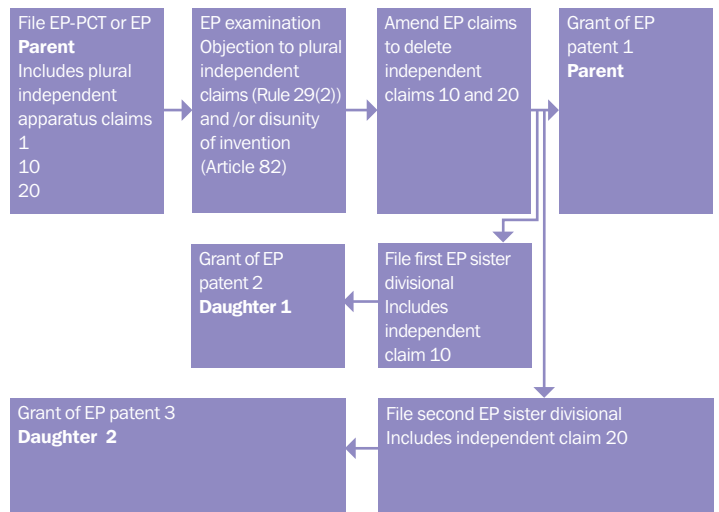
Typical flow chart for sequence of divisionals:



Safer practice 1:



Safer practice II:



### Summary

Care must be taken with EP divisional applications. An EP divisional application could be suspended. Further, if the Enlarged Board of Appeal makes a decision restricting the previous practice to file divisional applications, a divisional application, or patent granted thereon, could be fatally invalid. Ask for advice from an EP patent attorney before filing a divisional application and for further comment, please contact peter.jenkins@pagewhite.com ■

## Stem Cell decision under consideration

Questions on the patenting of claims relating to stem cells have been referred to the EPO Enlarged Board of Appeal under G2/06. The referral follows an appeal from a decision of the Examining Division to reject an application in which cell cultures comprising primate embryonic stem cells were claimed, but the only disclosed starting materials for obtaining the cells were embryos.

The Enlarged Board is expected to take 18 months to 2 years to issue their decision. In the meantime, examination and opposition proceedings will be stayed when it is explicitly requested by at least one party to the proceedings and it is considered that the outcome of the proceedings depends entirely on the decision of the Enlarged Board.

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- (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 already been adopted by the UK Patent Office and will be used in relation to the examination of all pending applications. The test reintroduces an old favourite, which is whether the contribution is "technical" in nature. The intention is to pull the UK Patent Office back, closer into line with the test used at the European Patent Office. However, it would seem that the effect will be to make it even more difficult to get applications through at the UK Patent Office.

One other noteworthy aspect of the Court of Appeal judgement is that the Court suggested that a question be put before the Enlarged Board of Appeal at the European Patent Office. At the moment there is no indication as to whether or not the European Patent Office will take the suggestion of the UK Court and consider this question.

The UK Courts have decided a number of cases over the past year relating to patentable subject matter. Most have resulted in the rejection of the patent or application. It is now a widely held view that software patents are going to be hard to obtain and enforce in the UK, with business method cases being even harder.

It is not yet known if the above matter will be referred to the House of Lords (the highest Court).

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## Major change to UK Trade Mark Registry Practice is announced

The UK Trade Marks Registry has announced that it will revise its examination practice in October 2007, moving from a citation system to a notification system. This is intended to harmonise UK Registry practice with Community Trade Marks Registry (OHIM) practice. The details and transitional provisions will be announced shortly.

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## New UK legislation on registered designs

The system for the registration of designs in the UK has been modernised and made less bureaucratic and more attractive to users, especially in terms of cost. Examination for novelty and individual character has been abolished, and multiple designs for different types of product can now be included in the same application. The rules on restoration of lapsed designs have been improved, and new Statutory forms have also been issued.

Design protection should particularly be borne in mind for logos, which may also be protectable as trade marks.

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