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A word from the editor

Our cover article this issue is about the huge year on year increase in the number of granted patents at the EPO. As Siân Gill discusses on pages 1 and 2, the EPO has made a large effort to increase efficiency in an aim to clear its backlog and this has translated to a 40% rise in the number of grants for 2016. The EPO has historically had a poor reputation in terms of prosecution speed and it certainly seems to be changing for the better. As a prosecuting patent attorney in the electronics field, I have certainly seen a marked change in the approach of the EPO, with examiners in the last year or so being markedly more pragmatic than they have been in the past.

Siân also notes that Cambodia has joined the growing list of non-European countries into which you can extend a European patent. Also related to the EPO, Tim Russell gives an update on pages 3 and 4 on the EPO’s new opposition procedures.

CRISPR is a rare example of a new technology that has gone from the science lab to commercial reality in a very short space of time. Perhaps unsurprisingly, there are a number of patent issues related to this technology and Matthew Handley and Anton Hutter give a review of the current state of various CRISPR disputes on pages 5 and 6.

In the patent prosecution world (to me at least!), the issues of “poisonous priority” and “toxic divisionals” have confused and concerned practitioners in equal measure. Thankfully, the EPO has settled the issue, and Ruth Shelton provides some clarity on pages 15 and 16.

James Tumbridge provides a Brexit update on pages 19, 20 and 21 with up to date information following the recent call for a snap general election in the UK, particularly in regard to IP matters including the UPC. On page 14, Richard Kennedy discusses the UPC “opt out” procedure.

We have two articles this issue on potential pitfalls with trade marks. On pages 9 and 10, David Yeomans discusses various issues surrounding “own name” trade mark registrations, and on pages 27 and 28 Yoann Fouquet highlights Disney’s recent problems showing that they actually use a number of trade marks relating to some of their best known characters.

In legal news, Kate Woolhouse discusses on pages 17 and 18 the first “Arrow Declarations” granted by the High Court, allowing a product to go on the market despite facing patent applications that the product manufacturer cannot challenge. On pages 11 and 12, Robert Peake and James Tumbridge discuss a recent CJEU decision related to streaming films and the sale of devices that enable users to do so. In addition, there have been important developments in the UK concerning FRAND licencing, and Ashley Roughton discusses these issues on pages 25 and 26.

In other articles, Catrin Petty and Anton Hutter discuss IP Audits on pages 7 and 8 and Siân Gill provides an update on plant patents at the EPO on page 13. Also, on pages 23 and 24, James Plunkett discusses the rise in patent filings for driverless cars.
40% increase in the number of European patents granted

A recent report has revealed that the European Patent Office (EPO) granted a record number of European patents in 2016. 96,000 European patent grants represented a staggering 40% increase on the number granted in 2015.

This is a development that will be welcomed by many users of the European patent system after years of growing pendency periods and increasing backlogs at the EPO.

So, how has this spectacular increase been achieved? It is doubtless at least in part down to the measures that have been put in place over the last few years to improve the EPO’s efficiency and productivity.

In 2014 the “Early Certainty from Search” initiative was announced which sought to provide a high quality search report with a preliminary opinion on patentability within six months of filing. At the time, this seemed to be highly ambitious, but within 2 years of the scheme’s implementation, the six month target was being met, and this has been accompanied by a dramatic reduction of backlogs. As the name suggests, a further benefit of this scheme is that it has provided applicants with greater certainty regarding the patentability and potential value of their patent applications at an early stage in the prosecution process.

And since July 2016, the EPO has extended “Early Certainty” to examination and opposition (Tim Russell looks at this in more detail on page 3). The aim is for examination at the EPO to be concluded on average within 12 months after the start of the examination procedure.

For oppositions, the EPO is now committed to ensuring that the overall duration of the procedure is reduced, from the current average of 26 months for cases with no specific legal complications, down to just 15 months. The key delay seen in opposition proceedings has been in the Opposition Division commencing their review of the case and setting a date for oral proceedings. Significant progress has already been made with the backlog of opposition files awaiting review by the Opposition Division having fallen by nearly 75% over the last year. Further improvements are hoped to be achieved by the streamlined procedures announced last year which seek to ensure that all issues are raised as early as possible in the proceedings.

To accompany these initiatives, the EPO is looking to continue to simplify its procedures, optimise the use of examiner capacity and deliver gains in quality and timeliness. It is also investing in improving tools and competences. The EPO has also been increasing staff numbers and it now has about twice as many examiners per application as the US Patent and Trademark Office. It is hoped that the large number of highly qualified and trained examiners will enable the EPO to retain its reputation for high quality search and examination, recognised for high levels of consistency and predictability that are valued by users of the European patent system.

Such initiatives are also, no doubt, assisted by a period of stability in the patent law and practice in Europe. There have been no significant changes in the requirements for patentability, meaning that both the EPO and applicants have greater certainty about the issues surrounding each application which can greatly simplify prosecution.

2016 at the EPO in numbers

In the EPO’s annual report for 2016, it was reported that the office carried out 244,689 official searches (an increase of 2.8% on the figure in 2015 during which the focus on rapid issue of searches was already in effect), conducted 147,119 substantive examinations (an increase of 19.7% on 2015), and issued 4102 decisions relating to opposition (an increase of 10.5% on 2015).

Over the last two years, the EPO reduced by 25% its stock in terms of months of work (from 19.5 at the end of 2014 to 14.7 at the end of 2016) in patent searching and examination and also opposition.

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European patents extend far beyond the limits of the European Union

The EPO and the Royal Government of the Kingdom of Cambodia have signed an agreement to extend, upon the request of the applicant, the validity of European patent applications and patents to Cambodia, which will make Cambodia the first Asian country to recognise European patents. The agreement is expected to enter into force later this year.

Cambodia is one of the fastest growing economies in Southeast Asia and this agreement is a means of modernising its intellectual property system, with the aim of boosting the Cambodian economy and attracting investment into the country.

This is a development that further emphasises that the European patent is not a European Union patent. The European Union (EU) has 28 member states at present, whilst the agreement with Cambodia means that applicants will soon be able to obtain patent protection in up to 43 European and non-European countries with a single European patent application, and to protect their innovations in a market of more than 650 million people.

There are currently 38 Contracting states that are party to the European Patent Convention, including the 28 EU states. In addition, there are 2 Extension states, to which the effect of a European patent may be extended. Since 2015, there are also Validation agreements in place with Morocco and Moldova agreeing to recognise European patents. A Validation agreement also exists with Tunisia, but this has yet to enter into effect. Cambodia will soon be added to this list of Validation states.

It is important to note that the United Kingdom will continue to be one of the Contracting states even when it leaves the European Union. Therefore, European patents and applications will continue to cover the UK just as they do now, and European patent attorneys based in the UK will be able to continue to represent applicants before the EPO.

When the Unitary patent eventually becomes available, the potential geographical reach of a European patent application and patent will be undiminished. Rights in the 25 participating EU states will be bundled into a single Unitary patent if this option is selected by applicants. National rights in the remaining states will also be available, just as they are now.

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"Cambodia is one of the fastest growing economies in Southeast Asia and this agreement is a means of modernising its intellectual property system."
Nearly one year on – the new EPO opposition procedure

At the beginning of July 2016, the EPO introduced a new streamlined opposition procedure that is intended to simplify the opposition procedure and deliver decisions faster.

Under the streamlined procedure, the EPO hopes to cut the overall duration of “straightforward” opposition cases from up to 27 months (as is currently the case) to approximately 15 months. More complicated cases invariably take much longer.

The changes are part of the EPO's Early Certainty initiative.

It is too early to know how big an effect the new procedure will ultimately have on the EPO’s opposition process but the new procedure has now been in place for nearly a year and many oppositions are now directly affected by the new procedure. This seemed an
appropriate time to remind our readers of the most significant changes.

The emphasis of the new procedure is to accelerate oppositions. Under the new procedure, the time limit for the Proprietor to respond (4 months) to the opposition(s) is applied more strictly. Any requests for extension of time should only be granted by the EPO in exceptional circumstances and must be accompanied by a substantiated request, and the EPO does appear to be adopting a much stricter attitude to extensions of time.

Another change means that the EPO now allocates each file to the relevant Opposition Division on receipt of the opposition whereas in the past the file was allocated only after the Proprietor’s reply. This may seem an insignificant internal procedural matter. However, now when the Proprietor replies, the Opposition Division is already in place and assigned to the file and the next step can therefore be rapid. In fact, it is understood that the EPO sets an internal 3 month time limit for the Opposition Division to initiate the next step. This next step can be revocation of the patent or maintenance of the patent (if oral proceedings have not been requested by the adversely affected party) or summons to oral proceedings. Therefore, in straightforward cases, after only 7-8 months from the expiry of the opposition procedure, the parties should not be surprised if they receive a summons to attend oral proceedings.

At the same time as shortening the overall length of time, the new procedure also allows the parties more time from being summoned to oral proceedings to the actual date of the oral proceedings itself. The summons should now provide at least 4 months for filing final submissions in advance of the oral proceedings and a further 2 months until the oral proceedings, i.e. a minimum of 6 months from date of summons to the date of oral proceedings. In addition, the annex to the EPO’s summons to oral proceedings should now be comprehensive in setting out the position of the Opposition Division. It should not merely summarise the issues for discussion.

The new procedure also changes

the emphasis of when and how new requests and evidence/prior art can be submitted. Technically, anything filed by the opponent after the 9 month opposition period is late filed. Likewise, anything filed by the Proprietor after the 4 month period provided for reply is late. Late submissions of this kind may be admitted into the proceedings but must now generally fall under one of the following categories:

1. It is a reaction to something unforeseen;
2. It is evidently highly relevant.

Under the new procedure, Proprietors and Opponents must be prepared to answer why something was not filed earlier. Unless a reasonable explanation can be provided, there is a risk that the Opposition Division will refuse to consider it or postpone the oral proceedings and award costs to the other parties.

"we have already noticed that the EPO is processing the early stages of oppositions at a faster rate than before"

This appears to make the opposition procedure more like the EPO Board of Appeal’s Rules of Procedure. The intention is that parties submit their complete case at the beginning of the procedure. That case should contain all facts and evidence that each party intends to rely on throughout the opposition proceedings. Inevitably, the opposition procedure cannot be as strict as the appeal procedure but it highlights the intention of this new procedure to streamline opposition proceedings and in theory provides the Opposition Division with tools to enforce this streamlining.

The new procedure was introduced in light of complaints made by users of the system concerning timeliness and some extreme levels of delay in oppositions. The new procedure is intended to address this and enhance legal certainty for straightforward cases as well as de-clutter the system to allow more EPO resources to be assigned to more complicated cases and hopefully speed these up too. A noble aim but is this achievable?

To give the EPO credit the new procedure does attempt to deliver this by addressing efficiency on both sides, i.e. the parties and the EPO itself. However, an accelerated procedure does come with potential risks. Rapid developments could result in missed arguments and complications for the parties at later stages, e.g. when parties wish to introduce new requests or new prior art/evidence late.

So, what has changed? The honest answer is perhaps very little. As one attorney commented, the new procedure applies only to “straightforward” cases, and the EPO does not intend to identify formally those that are straightforward and those that are not. Hence, the extent to which the new rules apply will remain a mystery for some time to come.

Nevertheless, we have already noticed that the EPO is processing the early stages of oppositions at a faster rate than before – something the new procedure was intended to change. For example, it is not uncommon now to receive a summons to attend oral proceedings shortly after the Proprietor has responded to the original opposition(s). However, in many instances the length of time between the summons and the oral proceedings is much longer than before, e.g. 9-12 months. That is much longer than the minimum 6 month period set out in the new procedure.

It will take longer to see if the new procedure has an effect on the behaviour of the parties. To a certain extent, this will largely depend on how rigidly the EPO applies the new procedure. We will watch and wait and keep our readers updated.

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CRISPR – the IP battle

Recent monumental advances in gene-editing technology are rapidly turning what was once science fiction into science fact. In March 2017, the first report of gene-edited viable human embryos was published, and genome-edited human babies could soon be a realistic possibility. While this brings obvious benefits, such as the elimination of inherited genetic diseases and significant advances in gene therapies, there are also important ethical issues that need to be considered.

The gene-editing technique causing all the excitement is called CRISPR, which is short for “Clustered Regularly Interspaced Short Palindromic Repeats”. As recently as 2013, CRISPR technology was named as one of Science magazine’s “Top 10 Breakthroughs” of the year and the amazing simplicity and efficiency of the technology has triggered an explosion of research.

The CRISPR system is derived from a simple immune/defence mechanism first discovered in prokaryotes. The system comprises an enzyme which can cut DNA at a specific predetermined location in the genome, together with an RNA molecule, which precisely guides the enzyme to the exact target DNA sequence. Different enzymes have been described for use in the system, including Cas9 and Cpf1, the latter being a more recent discovery that has the potential for even simpler and more precise gene editing than the former. Once the genome has been cut or “digested” at the target sequence, scientists can manipulate the cell’s DNA repair machinery to alter the genetic sequence at the cleavage site, resulting in a gene-edited cell.

Since the first publication of CRISPR in 2012, it is estimated that a billion dollars has been invested in the technology by venture capitalists, pharmaceutical companies, and public stock offerings. Numerous patent applications have been filed by various different academic institutions and corporations all trying to protect their innovations. Unsurprisingly, because of the obvious potential value of the technology, the first (of probably many) legal proceedings has recently been conducted at the U.S. Patent and Trademark Office (USPTO). The case was brought to determine the entitlement to patent, in the U.S., of the use of CRISPR in eukaryotic cells, including humans.

CRISPR was separately and concurrently developed by independent research groups based in the U.S. The first group led by Jennifer Doudna, of the University of California-Berkeley (UC), and Emmanuelle Charpentier, now at the Helmholtz Center for Infection Research in Germany, were the first to demonstrate the use of the CRISPR system to edit targeted DNA, in a cell-free system. However, the other participant in the race, Feng Zhang of the Broad Institute of MIT and Harvard, was the first to demonstrate that the CRISPR technology can be used to edit DNA in human cells.

Researchers from both groups have since set up various competing companies, and licensed their patent rights to numerous other companies, thereby creating a complex IP battleground. The fight over exactly who invented what, and when, is extremely valuable patent rights relating to CRISPR is intense and is likely to continue in various forms in the courts in different territories for many years. The situation is complicated because both groups sought patent protection and subsequently published data from their work, and the various patent filing and article publication dates are very closely interspersed, raising questions of exactly who invented what, and when. In addition, it is unclear whether all of the claimed advances are inventive and sufficiently supported in the patent filings by the experimental data.

The first patent application for targeted DNA modification using CRISPR was filed in May 2012, by UC, who were also the first to publish experimental results, in June 2012, demonstrating the use of CRISPR in a cell-free system.

The Broad subsequently filed a patent application, in December 2012, relating to the use of CRISPR in eukaryotic cells, and shortly afterwards, in February 2013, published experimental results demonstrating this. UC, and separately, several other research groups, subsequently also published evidence that CRISPR could be used in eukaryotic cells, and has significant advantages over other techniques for eukaryotic gene editing. Clearly, it is this application of the CRISPR technology, providing the ability to manipulate the genomes of higher organisms and especially plants and animals (including humans), which is potentially of the most significant value.

The first U.S. patent granted for CRISPR gene editing was awarded to the Broad in April 2014, because they accelerated prosecution of their U.S. patent applications and therefore, since had another dozen U.S. patents granted relating to the CRISPR system.

Significantly, the UC patent application claims an earlier priority date than the Broad’s patents, and the details of the CRISPR system were also published in a scientific journal by UC before the priority date of the Broad’s patents. For the Broad’s granted patents to be valid, they must define subject matter that is new and inventive over that UC publication, and in particular, it must not have been obvious in light of the UC journal article that the CRISPR system would work in eukaryotic cells, as claimed in the Broad’s patent.

The recent USPTO proceedings were brought by UC to determine whether the Broad were entitled to patent
the use of the CRISPR system in eukaryotic cells. An important point in this so-called “interference action”, however, is that, at the priority date of the Broad’s patent application, UC had not published any data on the use of CRISPR in eukaryotes, and UC argued that merely applying the CRISPR system that they had previously shown works in a cell-free system, to eukaryotic cells, would have been obvious to a person skilled in the art. The Broad, on the other hand, argued that extending the use of CRISPR to eukaryotic cells was a major feat. The USPTO ruled that there was no interference, meaning that the Broad’s patents will stand. UC have now filed an appeal, meaning that the heated battle will continue. Meanwhile, the UC patent application, which is still pending, will be referred back to an examiner.

Edistas Medicine, one of the Broad’s affiliated biotech partners, has seen a share price increase of nearly 30% since the USPTO decision. However, the decision has generally created uncertainty for third parties and the cost of commercializing CRISPR is likely to increase as a result. Because UC would nevertheless appear to be entitled to seek patent protection for the broader concept of the use of CRISPR in general, complicated licensing issues are likely to arise. The Broad has generously indicated, however, that they are prepared to make CRISPR tools and techniques freely available to the academic and non-profit communities.

In Europe the situation is unfortunately no clearer. There are at least 25 different applicants having European patents or patent applications relating to CRISPR gene editing and at least ten opposition proceedings are currently pending in relation to CRISPR patents granted by the EPO. In four of these oppositions, there are at least seven different opponents, clearly indicating the significant value and contentious nature of the inventions protected in these granted European patents.

In Europe, the relevant issues are different to those in the U.S. For example, due to a nuance in European patent law, the disclosure of the earlier UC patent application is relevant only to the assessment of the novelty, and not inventive step (or non-obviousness), of the Broad’s patents. UC scored a major success on 23 March 2017 when the European Patent Office announced its intention to allow UC’s patent application with a very broad claim scope encompassing the use of CRISPR in all prokaryotic and eukaryotic cells, and organisms. The news prompted a 12% jump in the share price of the affiliated company CRISPR Therapeutics. Oppositions to the grant of UC’s European patent are, however, expected to be filed by multiple parties, and the focus of these oppositions is likely to be UC’s entitlement to their earliest priority date in relation to the use of CRISPR in eukaryotes. It is likely to be several years before the matter is finally resolved. Meanwhile, also in March 2017, the Broad were granted the first European patent covering the use of the newer, more precise, CRISPR enzyme Cpf1.

The uncertainty surrounding the CRISPR IP landscape may be bad for patentees and investors in CRISPR technology, but it does not appear to be slowing the rate at which the technology is advancing, or the number of patent filings in this area. Experiments using CRISPR to edit the genome of viable human embryos have found that the technique works better than expected. Safety concerns about the possibility of CRISPR making unwanted changes elsewhere in the genome have also diminished because “off-target” changes have been found to be extremely rare and relatively straightforward to screen for and to avoid, particularly using new enzymes in the system such as Cpf1. Some have argued, however, that just because the genomes of future human beings can be safely edited, it doesn’t necessarily mean that they should be.

To quote Spiderman, a famously genome-edited fictional human being “With great power comes great responsibility”. While the argument in relation to inherited genetic diseases is valid, opponents of human gene editing point out that such disorders are ethically acceptable and which are not. It is true that patent law excludes certain subject matter from patentability, and the patenting of human beings would be contrary to most people’s views on fundamental human rights, but arguments persist and evolve on where to draw the line: organs, embryos, cells, genes, smaller DNA fragments? Different courts, even within the same country, have ruled very differently on the patentability of isolated DNA, highlighting the fact that technology relating to human genetic information is a highly ethically sensitive issue. Society at large must form a view on the use of these new technologies and legislate accordingly.

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IP audits: taking stock of your intellectual property

Most companies will be aware of, and appreciate the necessity and advantages of, an accounting audit. However, businesses may not have realised that it is also possible to carry out an Intellectual Property (IP) audit, and that there are certain benefits associated with this. This article explains what IP audits are, and how to qualify for a financial contribution for an IP audit from the UK Intellectual Property Office (UK-IPO).

Many SMEs are unaware of what IP they own. Even if they are aware, they may not know what IP is protectable, how to use it to generate an income. An IP audit will help a business to identify and protect its IP, and to leverage value in the IP for the generation of revenue. An IP audit will also help a business to become more aware of any risks it may be taking, for example if it is encroaching onto its competitor’s IP, and provide that business with the understanding it needs to circumvent those infringement risks.

If a company wishes to conduct an IP audit, it should consult a patent or trade mark attorney. IP audits review the business’s IP (i.e. patents, trade marks, designs, copyright, database rights and know-how), some of which the business may be unaware of. The audit will also highlight IP that is being underexploited, and focus on any areas of the business that may be completely unprotected, and therefore exposed to risk. The audit will also provide advice and guidance towards identifying and maximising the value of the IP, such that all potential IP assets are identified and appropriately managed.

A recent IP audit evaluation commissioned by the UK-IPO reported that companies who had conducted an IP audit identified a number of key commercial advantages pertaining to their business as a direct result of the IP identified by the audit. In particular, 17% of businesses reported that they were able to secure more business because of their IP assets, 20% reported greater access to grants, 23% gained greater access to equity funding due to the audit, and 28% reported financial gain which was as a direct result of the audit.

It is appreciated that some businesses may not be able to justify the
expense of an IP audit, as they have more pressing outgoings. However, businesses will be happy to learn that the UK-IPO is currently running a so-called IP Audit Plus Scheme for SMEs (i.e. businesses with less than 250 employees), in which SMEs can obtain an IP audit with the UK-IPO contributing to the majority of the cost. Companies that are accepted on the scheme will receive an IP audit that costs £3000 (inclusive of VAT) for which the UK-IPO pays £2600 of the cost and the business commits to paying only the remaining £400.

To be eligible for the IP Audit Plus Scheme, an SME must be a member of a business support scheme run by the UK-IPO’s recognised partner in their region. In England, the recognised partner is Enterprise Europe Network (EEN), in Scotland it is Scottish Enterprise, and in Wales it is the Welsh Government. Accordingly, if an English SME would like to take advantage of the IP Audit Plus Scheme, they should first apply to join EEN, for which there is no charge. Provided the SME meets certain criteria, summarised below, it will be included on the innovate2succeed (i2s) Programme, which is an intensive coaching programme specifically designed to support innovative high growth businesses to commercially exploit their innovation. To be eligible to participate in the i2s Programme, the SME must:

- have a sustainable business model and be looking to grow;
- want to create or enhance a culture of innovation in their business;
- recognise that there are barriers to growth in their organisation which can be overcome through innovation;
- already be planning innovation and commercial activity; and
- recognise that innovation and internationalisation need to form part of their growth plans.

An experienced i2s mentor works with the participating SME to help identify barriers to growth that could be overcome through innovation. After this assessment, the mentor maps out an Action Plan, which will either refer the business to support delivered by third parties (including a patent/trade mark attorney to assist with the IP Audit Plus Scheme), or identify and help the SME engage with alternative schemes delivered directly by EEN.

In light of this support, businesses of all sizes should see the benefits that an IP audit can offer.
Playing the name game

Personal brands, registered trade marks and an off-pitch contest between Manchester United and Chelsea.

It is not often that a story featuring trade marks makes the sport section of major news websites. However, one story that did was the apparent delaying of José Mourinho’s appointment as Manchester United manager last summer owing to a trade mark dispute between Manchester United and Chelsea.

During Mourinho’s tenure as manager of Chelsea, the football club registered JOSE MOURINHO as a trade mark in jurisdictions including the UK and EU. It was the fact that these trade marks stood in the name of Chelsea rather than Mourinho himself that caused the apparent dispute to arise. This story touches on an interesting area of trade mark law: that of “own name” trade marks.

Legal background

A trade mark operates as a badge of commercial origin enabling consumers, or end users, without the possibility of confusion, to distinguish the goods or services of one undertaking from those of another. Generally speaking, a trade mark registration provides the owner with the exclusive right to use the trade mark to identify goods or services or to authorize another to use it in return for payment. Owning a trade mark registration gives the owner the right to take legal action against others using the mark without its permission.

Personal names as trade marks

Personal names have functioned as trade marks since early civilization (think of the early craftspersons marking their name into their products). Nowadays, although the practice of registering personal names as trade marks is particularly prevalent in fashion (Calvin Klein, Giorgio Armani and the like), it also happens in many other industries including show-business (Paul Hollywood of Great British Bake-Off fame owns UK and EU trade mark registrations for his name), music (Kylie Minogue and Kylie Jenner clashed when the latter applied to register the trade mark KYLIE in the US, although it appears that a commercial settlement might now have been reached and sport – particularly football. Some of the world’s best footballers (including arguably the most famous exponent of the modern game, Lionel Messi) own registered trade marks consisting of their own names. Interestingly, although he owns a number of trade marks including the “CR7” abbreviation by which he is also known to some, Messi’s great rival, Cristiano Ronaldo, appears to have allowed third parties (presumably sponsors of his) to register his name in connection with various products. It is to be hoped that Ronaldo has robust contracts in place to avoid any potential issues arising regarding these trade marks in the future.

There is no reason why the biggest names in football management couldn’t follow in the footsteps of the players and seek to protect their names as trade marks, yet, with the notable exception of ex-Manchester United manager Sir Alex Ferguson (who has a UK trade mark registration that includes protection for a variety of merchandise related products), this does not appear to happen. Mourinho has managed to carve something of a niche for himself within football management as the self-professed “special one” and is undoubtedly a marketable character. However, by allowing Chelsea to register his name as a trade mark, Mourinho appears to have lost the ability to control the commercial exploitation of his name, which, it is reported, was the root cause of a dispute between the football clubs.

“Mourinho may well be the “special one” in football managerial terms ... however, there appears to have been nothing special or strategic about his approach to trade marks”

The potential impact of the dispute

Put simply, if Chelsea were to refuse to sell or license the trade mark registrations to United, the Manchester club would find it difficult to commercially exploit its high profile manager. According to Section 10 of the UK Trade Marks Act 1994, a person (or business) infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered. So, by way of example, if Manchester United were to use Mourinho’s name as a trade mark in relation to key rings without first having obtained a license from Chelsea, it would risk being on the receiving end of a trade mark infringement action. For the same reason, without the benefit of an agreement or license from Chelsea, Mourinho could find it difficult to use his name as a trade mark in the future, potentially restricting his ability to agree celebrity endorsements and/or pursue other business opportunities.
What next for Mourinho?

At the time of writing, according to the UK and EU trade mark registers, the JOSE MOURINHO marks remain the property of Chelsea. Accordingly, it appears that the dispute between the football clubs was resolved, at least temporarily, without the marks changing hands, probably by way of a trade mark licence or other contractual agreement. However, unless Mourinho takes action, the same issue is likely to arise again in the future.

Trade marks are articles of property that can be bought and sold and the best solution for Mourinho would be for him to take ownership of the marks himself by purchasing them from Chelsea (for whom you would assume that they now hold little commercial value - it is hard to imagine Chelsea selling many Mourinho branded products now that he is the manager of one of the club’s biggest rivals).

However, should Mourinho succeed in obtaining the trade marks, he would still need to exercise care because there are strategic considerations that ought to be borne in mind once you have obtained a trade mark registration for your name. By way of example, Elizabeth Emanuel the famous British fashion designer who designed for Diana, Princess of Wales, lost the ability to use her own name as a trade mark. Although Ms Emanuel initially registered a number of trade marks including the mark ELIZABETH EMANUEL, the marks went through a succession of assignments after registration, which ultimately left them in the hands of a third party with which she had no connection. By selling her trade marks, Ms Emanuel left herself open to the possibility of being sued for trade mark infringement for using her own name in connection with the very products that had made her famous. A similar fate seems to have befallen British fashion designer Karen Millen, following the signing of a Share Purchase Agreement, which amongst other things, apparently prohibits her from using the name "Karen Millen" or any other name confusingly similar thereto, in relation to fashion or similar businesses, not just in the UK, but anywhere in the world.

Accordingly, whilst purchasing the trade marks from Chelsea would be a good start, Mourinho post-purchase would still need to take considerable care when negotiating with Manchester United and indeed any other future employer regarding their use. It is perfectly understandable that the club paying his wages should wish to monetise Mourinho as a commercial asset, in the same way that it does its players, but rather than allowing the club to own the marks for the duration of his tenure, a better way to achieve this would be by agreeing trade mark licenses with explicit clauses addressing what is to happen to the trade marks if/when Mourinho’s employment is terminated (a consideration of particular importance in the context of football management where it is possible to go from a position of job security to facing the sack in a matter of months or even less); this would provide all parties with commercial certainty regarding the trade mark position.

Mourinho may well be the “special one” in football managerial terms, famed for his strategic approach to the game; however, there appears to have been nothing special or strategic about his approach to trade marks to date.

Lessons to be learned

Three key lessons from the above regarding “own name” trade mark registrations:

1. Generally speaking, it is not advisable to allow a third party to register your name as a trade mark. It would be better to register the name yourself and then grant the third party a licence to use the trade mark for a specified period of time in relation to specific goods and/or services. A well drafted trade mark licensing agreement is vital in these circumstances.

2. If you do obtain a trade mark registration for your name, be very careful should you subsequently decide to assign it to a third party (or allow a third party to control how the mark can and can’t be used) even if you have a stake or interest in that third party at the time. Unless you are comfortable washing your hands of the mark completely (in the knowledge that, going forward, you may well be prevented from using not only the exact mark but also a similar one), ensure that you have fully explored the possibility of licensing the mark before agreeing to sell it to a third party.

3. Some of the difficult situations described in this article could potentially have been avoided by obtaining professional advice beforehand.
In Filmspeler, the CJEU signals a pragmatic approach to combatting online infringement

Copyright holders are claiming a victory in the recent decision of the Court of Justice of the European Union (‘CJEU’) in Case C-527/15, Stitchting Brein v Jack Frederik Wullems (also t/a Filmspeler) (‘Filmspeler’) – the Court having adopted a more relaxed approach to determining which parties may be held liable for infringements, and some say a looser interpretation of infringement to include streaming. The Court concluded that a device specifically adapted to enable access to unauthorised content on a streamed basis is an enabling facility, and enables a communication to the public. Thereby, it is a breach of the law.

The case centred on a multimedia player device sold by a Defendant from the Netherlands (Wullems/Filmspeler) under the name ‘filmspeler.’ The device contained certain pre-installed open source streaming software, together with apps freely available on the Internet, some of which serve to link specifically to websites from which users can stream unauthorised copyright protected content (a feature highlighted by the Defendant in his advertising of the device).

The Plaintiff sued the Defendant in the Netherlands, seeking to prevent the Defendant from marketing or selling the device on the basis that the device was specifically adapted to infringe the Plaintiff’s exclusive right of ‘communication to the public’ of the Plaintiff’s copyright works, in accordance with Article 3 of the InfoSoc Directive. The Defendant denied that, and additionally submitted before the Court of the Netherlands that streaming unauthorised content was itself covered by an exception to copyright infringement under Article 5 of the InfoSoc Directive.

Accordingly, the Dutch Court referred two principal questions to the CJEU for interpretation:

1. Whether the selling of the filmspeler device constituted a ‘communication to the public’ of the copyright works which users could access, using the device, and without the authorisation of the copyright holders; and
2. Whether the temporary (screen) copy made by an end user when streaming a copyright-protected work copy from a third party website where the work has been offered without authorisation of the copyright owner, is a ‘lawful use’ of the work and therefore not an infringement of copyright.

In relation to the first question, the Court referred to a number of its previous decisions on the subject, including the recent case of GS Media, C-160/15, and reiterated that two cumulative elements must be present: (i) an ‘act of communication’ of a protected work, and (ii) communication of that work to ‘a public.’

In order to constitute an act of communication, the Court repeated that ‘mere provision of physical facilities’ for a user’s access to a work is not sufficient; what was required was an indispensable intervention on the part of the user, with full knowledge of the consequences of the user’s actions (see for example the Court’s decision in GS Media at paragraph 35). The Court here distinguished the Defendant’s activities on the basis that Mr. Wullems knowingly supplied the devices pre-installed with software which served to enable users to access websites which are ‘not readily identifiable by the public and change frequently’ and that ‘without [the device] purchasers would find it difficult to benefit from those protected works.’ As to whether the filmspeler device served to communicate unauthorised works to ‘a public,’ the Court recalled its previous guidance that the requisite ‘public’ exists where a de minimis threshold is exceeded; in the present case, it was noted that the device had been purchased by a fairly large number of people, easily meeting the requirement.

On the second question, as to whether the temporary copy of a protected work which is made when an Internet user streams content from a website (i.e. the temporary electronic file stored on a user’s machine), the Court recalled that such an unauthorised temporary reproduction constitutes an infringement of copyright unless it meets all of the criteria of Article 5(1)
content owners may in future seek to make an example of those who knowingly enable the streaming of unauthorised content from a website.

The Court noted that the exemptions are to be interpreted narrowly, and are to be applied only in special cases which do not conflict with a normal exploitation of the work or other subject matter and where that exception does not unreasonably prejudice the legitimate interests of the right holder. However, on the facts of the case, the Court had no hesitation in concluding that the temporary copying of works, when users accessed them via the filmspeler device, failed to meet the conditions for the temporary reproduction exemption and thus constituted an infringement of copyright. This was particularly so in light of the advertising by the Defendant, which specifically highlighted the filmspeler device's ability to enable the end user to locate and stream unauthorised content. Those activities were also clearly prejudicial to the copyright owner's legitimate interests, and to the normal exploitation of the copyright works. With the Court's finding, content owners may in future seek to make an example of those who knowingly enable the streaming of unauthorised content from a website, in similar fashion to previous cases brought against individual downloaders from file sharing websites.

Whilst it remains for the Court of the Netherlands to apply the national law in light of the CJEU guidance, the CJEU's decision should bring a certain amount of comfort to rights holders that those who deliberately seek to exploit unauthorised works online will not be permitted to escape liability by relying on exemptions intended to protect legitimate activities. Copyright holders should therefore also be watching how devices and services are advertised, as that will impact the outcome.
Update on plant patents at the EPO

In the last edition of Inside IP we reported that the Enlarged Board of Appeal of the European Patent Office (EPO) had confirmed that plants or plant material may be patentable per se, even if the only method available at the filing date of the patent application for generating the claimed subject matter was an essentially biological process (which would itself by excluded from patentability).

In December 2016, the EPO announced that it would stay all proceedings in examination and opposition cases if they depend entirely on the patentability of plants/animals, or plant/animal parts (e.g., seeds, fruit) obtained by “essentially biological processes”. This followed discussions with EPO member states in the Patent Law Committee of the Administrative Council. This decision to stay cases suggests that the EPO might be intending to be guided by its member states on how to interpret on patentability in this area.

Now the European Council has published its own conclusions that the EPO Enlarged Board of Appeal's decisions are in conflict with the legal provisions of certain EU member states. The Council has urged EU member states, in their capacity as EPO members, to advocate for the EPO’s practice to be aligned with the conclusions of the EU Commission. Whilst the European Council's conclusions are not legally binding on the Court of Justice of the EU and the EPO, the stay of EPO proceedings suggests that the EPO may be preparing to change its approach to patentability in light of these developments. We will keep you informed of any developments.

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“the EPO may be preparing to change its approach to patentability in light of these developments”
To opt out or not to opt out, that is the question

When the Unified Patent Court (UPC) opens its doors, it will have jurisdiction over all European patents which have not been opted out. The UPC brings benefits but also risks, and proprietors of European applications and patents need to weigh this balance and consider whether it is better to be in or out of the new system.

The EU is a market of more than half a billion people, with a GDP valued at more than $16 trillion dollars; one of the benefits of the UPC for patentees is that it enables enforcement over a substantial part of this market in a single action.

On the other hand embracing the UPC means exposure to the risk of an action for central revocation; a successful action will revoke the patent across all UPC countries in one sitting. And there is much that is still uncertain regarding the UPC. It is a brand-new court, and until it is tested it will lack predictability. In addition it is at present unclear whether the United Kingdom will be able to continue to participate in it after it formally leaves the European Union in March 2019.

Opting out a patent or application removes it entirely from the jurisdiction of the UPC for its whole lifetime, and so protects it from the risks associated with the new court. One option is therefore to opt out and wait to see how the court develops, and consider withdrawing the opt out later.

If a decision is taken to opt out, it is recommended to do so during the “sunrise period” before the court opens. The reason for this is that once UPC litigation starts (e.g. if a central revocation action is brought), opting out the patent concerned will no longer be possible. Similarly, if a national action has been brought in relation to an opted out patent, it will not be possible to withdraw the opt out.

The UPC preparatory committee has set an ambitious target date of December 2017 for the UPC to open, and September 2017 for the sunrise period to begin. At the time of writing, this timetable has once again been thrown into doubt because of the recent announcement of a general election in the UK; this seems likely to delay UK ratification and so delay the UPC timings. However in any case it is clear that proprietors of European applications and patents should decide soon whether and to what extent they wish to opt out their cases.

The UPC registry will not levy a charge for opt out requests, and an online system with the possibility of bulk opt out requests via an API is currently in development. Due diligence will be needed to ensure the details that are provided to the system are correct, because an incorrect or defective opt out will not be effective until it is corrected (i.e. the patent will not in fact be opted out). It is also important to be aware that an opt out must be filed in the name of the (legal) person(s) entitled to be registered as proprietor/applicant, and this might not be the same as the person(s) identified on the European Patent Register. Consequently proprietors who wish to opt out will need to check legal ownership to ensure that their opt out requests are validly filed and effective.

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G1/15: an antidote to poisonous priority and toxic divisionals

A decision has been issued by Enlarged Board of Appeal of the European Patent Office in case G1/15 clarifying the issue of how partial priority is to be assessed. This case concerned the related concepts of ‘poisonous priority’ and ‘toxic divisionals’ which have been the source of much debate over the last few years. In G1/15, the Enlarged Board held that a generic claim encompassing alternative subject matter may not be refused partial priority, provided the alternative subject matter has been directly, at least implicitly, and unambiguously disclosed in the priority document.

The new guidance clarifies the EPOs approach to the assessment of partial priority

Some decisions taking a generous approach to partial priority and others applying a much stricter approach. One illustrative example of the strict approach is case T 476/09 relating to a priority document disclosing a range of ‘0.94 to 0.99’ which had been broadened to ‘0.930 to 0.990’ in the claims of the application. In this case it was held that the claimed range represented a continuum of a numerical range of values which did not correspond to distinctive alternative embodiments. The board did not acknowledge the presence of partial priority.

It is the strict approach that has led to the problem of ‘poisonous priority’ and ‘toxic divisionals’. ‘Poisonous priority’ is a term used when a priority document can become novelty destroying for a subsequent priority claiming application and ‘toxic divisional’ is the term used when a divisional application becomes novelty destroying for its own parent (or vice-versa).

Poisonous priority could occur where the priority document is an earlier European application which has been allowed to publish and where the claims of the later European application use a generic term which has been broadened relative to the priority document. Under the strict approach the claims of the later application are not entitled to the priority date and instead have an effective date of the date of filing. The published priority document therefore represents novelty only prior art (Article 54(3) EPC) for the claim of the later application and can ‘poison’ that application by anticipating the broader generic claim.

Similarly in relation to toxic divisionals, a divisional application discloses subject matter entitled to priority. The parent application includes a broadened generic claim which encompasses the narrower subject matter disclosed in the divisional application, but which under the strict approach is not entitled to priority. As a result, the divisional application could be considered novelty destroying prior art against the parent application. In contrast a number of other
The referral has generated a lot of interest, with over 30 amicus curiae briefs received. In addition, the President of the EPO allowed proceedings before the examining and opposition divisions to be stayed in cases where the decision from these divisions depended entirely on the outcome of G 1/15.

The Enlarged Board was asked to answer the following question:

‘1. Where a claim of a European patent application or patent encompasses alternative subject matters by virtue of one or more generic expressions or otherwise (generic ‘OR’-claim), may entitlement to partial priority be refused under the EPC for that claim in respect of alternative subject matter disclosed (in an enabling manner) for the first time, directly, or at least implicitly, and unambiguously, in the priority document?’

The Enlarged Board answered this question in the negative, stating ‘Under the EPC, entitlement to partial priority may not be refused for a claim encompassing alternative subject matter by virtue of one or more generic expressions or otherwise (generic ‘OR’-claim) provided that said alternative subject matter has been disclosed for the first time, directly, or at least implicitly, unambiguously and in an enabling manner in the priority document. No other substantive conditions or limitations apply in this respect.’

In relation to the proviso set out in G 2/98, the Enlarged Board stated that it ‘cannot be construed as implying a further limitation of the right of priority’.

The decision also sets out a guide for assessing whether subject matter in a generic ‘OR’-claim may benefit from partial priority:

1. determine the subject matter disclosed in the priority document that is relevant, i.e. relevant in respect of the prior art disclosed in the priority interval; and

2. examine whether this subject matter is encompassed by the claim of the application or patent claiming said priority.

If the outcome of the second step is that the subject matter is encompassed, then the claim is conceptually divided into two parts. The first part corresponding to the invention disclosed directly and unambiguously in the priority document. The second part corresponding to the remaining part of the generic ‘OR’– claim not enjoying priority but itself giving rise to the right of priority.

In coming to this conclusion, the Enlarged Board dismissed arguments that such an analysis creates uncertainty for third parties, acknowledging that ‘although it can be a demanding intellectual exercise, the decisions reached in T 665/0, T 135/01, T 571/10 and T1222/11 all show that it can be carried out without the need for any additional tests or steps’.

The new guidance clarifies the EPOs approach to the assessment of partial priority. In favouring the more generous approach, G1/15 sweeps away the additional limitations introduced by G2/98 requiring that claims must relate to ‘a limited number of clearly defined alternative subject matters’. This should make it easier for applicants who top-up the disclosure made in the priority document based on developments made in the priority year to benefit from partial priority. While the issue of self-collision via so-called ‘poisonous priority’ and ‘toxic divisionals’ is not specifically discussed by the Enlarged Board, it seems that by endorsing the generous approach to partial priority the problem disappears.

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Arrow declarations

Fujifim Kyowa Kirin Biologics Company Limited v Samsung Bioepis UK Limited v AbbVie Biotechnology Limited

An “Arrow Declaration” has been granted for the first time by the High Court of England and Wales in London, allowing a product to go on the market despite facing patent applications which the product manufacturer cannot challenge. An Arrow Declaration is so named following the case of Arrow Generics Limited v Merck & Co. Inc. [2007] EWHC 1900 (Pat) (which had settled before trial). This is a novel remedy applied by the Court, giving the Claimants commercial certainty to launch having been confronted with the threat of infringement proceedings.

Background
The Defendant (AbbVie) is the proprietor of a large family of patents and patent applications covering dosing requirements for its Humira drug. Humira inhibits the inflammatory effects of certain diseases, including rheumatoid arthritis, psoriatic arthritis and psoriasis.

The product patent for Humira (EP 0,929,578 and SPC GB/04/002) is expiring in October 2018 and AbbVie has filed a number of divisional patent applications for the use of certain dosing regimens of Humira.

The Claimants (FKB and SB) sought declarations, (in separately issued actions), that AbbVie’s products, biosimilar drugs with certain dosing regimens, were obvious and/or anticipated at the relevant priority dates (8 June 2001 and 18 July 2003).

It is worth noting that Humira boasts the highest global turnover of any drug presently on the market. The Claimants alleged that, facing the expiry of the main product patent, AbbVie was employing a strategy of applying for and then abandoning divisional patents; in the meantime dragging out any proceedings to prevent opponents from clearing the way for their own products to go to market. Upon abandoning their divisional applications, AbbVie would file new ones for the same subject matter. This served to create uncertainty in the market while avoiding any findings of invalidity with respect to the patentability of the subject matter.

This case has a long procedural history and detailed factual matrix and it is sufficient to note here, as Carr J. stated in his judgment, that “AbbVie has abandoned all relevant UK patent protection in order to avoid scrutiny by the UK Court and to prolong commercial uncertainty as to the validity of those patents”.

The Declarations Sought
The Claimants’ position was that AbbVie had threatened infringement proceedings globally and had refused to offer relief in the terms of the declarations being sought.

The declarations were sought, under Rule 40.20 of the Civil Procedure Rules and/or the inherent jurisdiction of the Court, to confirm that the Claimants’ biosimilar products could not be threatened in the United Kingdom by any further divisional applications. The Claimants submitted the declarations would serve a useful purpose by establishing commercial certainty, including removing the risk of interference in their supply chain between the UK and Europe, as well as bearing influence on other European courts.

AbbVie argued that there would be no useful purpose in granting the declarations as it had taken steps to revoke any patents which were...
exceptionally troublesome patentee clearly influenced the Court in granting judgment for the Claimants; however this would make the Arrow declaration valuable ammunition for those faced with evasive and bullying tactics.

Ultimately, the availability of Arrow declarations is welcome news as it is aimed at providing commercial certainty to those who have invested substantial funds in developing products by removing the threat of patent infringement issuing from a patent applicant.

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or may have been in issue in the case (i.e. UK patents concerning dosing regimens) and had provided undertakings as a form of relief.

The Judgment
The Court considered whether the declarations would serve a useful purpose and whether there was a special reason or set of circumstances why the Court should not grant the declarations.

Carr J. granted judgment in favour of the Claimants, noting that the declarations would be more damaging to AbbVie than the undertakings AbbVie provided along with its abandonment of its UK patent portfolio.

However, the Judge issued a cautionary note that these were an unusual set of facts and that AbbVie’s conduct “in order to shield its patent portfolio from scrutiny” provided a special reason to the Court to grant the declarations. The other reasons in support of the decision were the need for commercial certainty; the sums at stake for the Claimants issuing from investment in clinical trials as well as potential damages if they had launched with the risk of infringement proceedings, which AbbVie had threatened worldwide.

Comment
The grant of an Arrow declaration demonstrates the flexibility of the UK court system in applying its powers to develop appropriate remedies. The Arrow declaration is obviously applicable to the pharmaceutical sector, clearing the path for generics to go to market, but could be used by other industries where a patent application is blocking a business from launching its product. The Court's comment that the particular facts of this case are unusual should be heeded – it remains to be seen how widely this remedy will be applied. An

“AbbVie has abandoned all relevant UK patent protection in order to avoid scrutiny by the UK Court and to prolong commercial uncertainty as to the validity of those patents”


Brexit update

Brexit continues to dominate the news, and so we provide our latest update. Following a pointless legal challenge, and a little parliamentary pin pong, the Act for notification of the UK leaving the EU was passed, and on March 29th the UK formally submitted its “Article 50” notice to leave the EU. We can therefore confirm our last update; the UK will leave the EU by the end of March 2019. The serious work of negotiation did briefly commence in April... but then the UK Prime Minister called a General Election... so we are once more in a holding pattern.

The Negotiations

Both the UK Government and the EU negotiation team have drawn up outline plans. The UK’s notice to leave sought to show a positive attitude to the EU. The UK has stressed we are leaving the European Union, but we are not leaving Europe – and we want to remain committed partners and allies to our friends across the continent. The UK wants the European Union to succeed and for the UK to enjoy a deep and special partnership with the European Union once we leave.

To minimise disruption to business and investors the UK has confirmed it will pass the politically named “Great Repeal Bill”, which as we explained in our last update actually means wholesale adoption of all EU law, so that nothing changes when the UK leaves. Thereafter the UK will gradually amend law to make the UK more attractive as a place to do business.

The UK also set forth 12 objectives, and those relevant to the IP and business community are:

1. Certainty: The Great Repeal Bill aims to provide legal certainty by converting the body of existing EU law into UK law.

2. Control of laws: An end to the jurisdiction of the Court of Justice of the EU in the UK.

3. Maintain the Common Travel Area with Ireland and not return to the borders of the past.

4. Control of immigration: This means the UK not the EU setting the rules, and the UK has confirmed a commitment to continue to attract the brightest and the best to work or study.

5. Rights for EU nationals in Britain, and British nationals in the EU: There are many citizens of the member states living in the UK and UK citizens living elsewhere in the EU – the UK aims to strike an early agreement about their rights.

6. Free trade with European markets: UK to pursue a bold and ambitious Free Trade Agreement with the European Union. This agreement should allow for the freest possible trade in goods and services between Britain and EU member states.

7. New trade agreements with other countries: Britain to be a global trading nation, striking trade agreements around the world.

8. Science and innovation: Continue to collaborate with European partners on major science, research and technology initiatives.

Against this the EU is also outlining its desire for the UK to make a “divorce payment” into the EU, and considering how they wish to approach citizen rights and trade. This will be led by the EU’s Chief Brexit Negotiator, Michel Barnier, with the EU parliament’s Brexit coordinator, Guy Verhofstadt, though he has apparently already had his wings clipped as being too aggressive toward the UK. According to reports from the Conference of Presidents (the committee of group leaders in the EU parliament) they decided Verhofstadt will now share power with an informal steering committee of other prominent parliamentarians. It is believed this comes from a desire of a more harmonious approach to negotiation favoured by the member states that ultimately hold the decision making power not the EU institutions.

The EU position in full covers 25 points, however, there are 6 key points we highlight:

1. The EU demands a payment by the UK when leaving. It is variously described as a divorce settlement, payment of pre-existing promised contributions, and a payment as part of the new market access. Whatever we wish to call it, and how it is viewed, there is a real question about how much the UK is willing to pay and what that will gain in terms of the new trade relationship.

2. Whatever deal is struck the EU says the UK must be seen to have a less advantageous position than a full member. However, the EU agrees to seek an ambitious free trade agreement. This on balance is good news, both sides accepting the same approach to maximum free trade short of full membership. The expectation is that there will be sectoral agreements and largely, given the UK is aligned with the EU regulatory system and will incorporate all EU law when leaving, there are none of the usual trade arguments to be had. It will come down to how the UK will maintain regulatory alignment sufficient for future changes, and
announcing huge investments in the UK following the referendum result, and the positive statements about future trade options. The UK Prime Minister claiming the UK will be able to inherit as many as 50 existing EU trade agreements with the rest of the world after Brexit. She claimed it “will be possible” to simply cut and paste deals with countries such as South Korea, Mexico and Jordan and expects them to conclude quickly.

Britain is said to be on the verge of an export and spending boom as economists rule out the likelihood of a slowdown this year. Strong global growth combined with the weak pound is expected to send overseas sales soaring, giving businesses the confidence to ramp up investment. Economists anticipate a surge in foreign demand combined with business investment, reinforcing growth even as inflation dents households’ spending power.

Companies were initially spooked by Brexit and feared that investment would plunge, but growth was supported by strong consumer spending last year. Economists at the EY Item Club believe the economy will grow by 1.8% this year, in line with 2016’s expansion. That is a big improvement from the 1.3% growth it previously forecast, with rising exports and a strong global economy driving the upgrade.

Attracting talent to the UK

“Best EU brains are still coming here despite Brexit,” says the head of University College London who in March hailed the recruitment of “high-profile Europeans” to fill some of its key posts as a sign that the Brexit vote is not deterring top EU academics from moving here. Professor Michael Arthur, provost of UCL, said the new appointees would fill “big jobs” and had been attracted by the capital’s outstanding reputation for science. He added that the appointments showed “people have not been put off by Brexit” and the “very best” talents were still

For both Trade Marks and Designs registered at the EU level we still await clarity on whether they will convert to UK rights, be recognised in some other fashion, or be lost.

from the EU side that means they want to limit the UK’s ability to make itself more attractive than the EU for investment.

3 Citizen rights are high on the priority list, agreeing the rights of those in the UK in 2019, and agreeing their future rights. The UK has been very positive about this, and no real issues are expected in terms of agreeing to grant long term resident rights. The future of movement is expected to involve a most favoured visa system whereby it is straight forward to obtain visas if you are European, but no longer will Europeans have an absolute automatic right to work in the UK or vice versa.

4 Transition agreements are acceptable. This means the sectoral approach is likely to have support from the EU. Different sectors will, at different times, transition from whatever position exists in 2019 to a future settlement.

5 EU-funded programmes will be negotiated to prevent a vacuum once the Treaties cease to apply to the United Kingdom and the EU wants to avoid uncertainties for those reliant on such funds.

6 The EU will make special allowance for Northern Ireland, the arrangements with the Republic of Ireland and the Good Friday Agreement. This is very positive in terms of Anglo-Irish trade; Ireland is the UK’s biggest European bilateral trade partner.

Post Brexit Economy

Happily the UK economy is enjoying good news. In the first week of April international car manufacturer Ford confirmed its commitment for post-Brexit Britain, announcing the company will be in the UK for “quite some time” with the CEO Mark Fields declaring that the brand is “very proud to be in the UK.” Ford joins Nissan, Toyota, Honda, Jaguar Land Rover and Peugeot in maintaining that the UK will remain a great place for car manufacturing.

New figures from the UK Office of National Statistics in April confirmed that the UK trade deficit has massively shrunk since last year’s vote to leave the EU. The main change came in the latest quarter, the three months to February 2017. In another positive sign the FTSE 100 shot up in April as traders expressed confidence in the British economy. This comes against a backdrop of major companies such as Google, and Facebook,
keen to take posts in London. He also disclosed that there had been no exodus of European staff since last June’s vote and that the university was optimistic it could retain significant numbers of EU students after Brexit.

**Intellectual Property**

After a reasonably upbeat opening, the position for IP is not so rosy. Sadly, the reason is entirely the making of the UK Government, and concerns the uncertainty they are creating in regards to the Unified Patent and its Court (UPC). In all other areas there has been no real change to our last update. The UK is now very close to final ratification of the UPC but has so far failed to set out its post 2019 plan.

At the end of March the UK IPO gave this statement: “There has been some speculation this week about the UK’s timetable for ratification of the Agreement. …[W]e are fully on track to commence the provisional application period and ratify the UP Agreement according to the Preparatory Committee’s timetable (i.e. provisional application in May and court operational in December 2017). We expect the legislation on privileges and immunities to be ready to lay after Easter.” (Clearly they did not expect an election!)

The problem if the UK ratifies without further agreement, is that the UK cannot tell the patent community whether the Unitary Patent will have jurisdiction in the UK post 2019, nor whether the UK will host any part of the Court. There is therefore debate about what happens if you allow your EP bundle to opt in when the UK leaves the EU, does it leave you without protection in the UK? As it stands; yes. It is therefore helpful that the General Election stopped the ratification process for the UK and it is hoped that in July, the UK will take time to think about its 2019 strategy before ratification is completed!

Businesses should however be thinking about the opt out - Pursuant to Article 83.3 of the UPC Agreement the possibility to opt out for a European patent granted or applied for before the end of the transitional period exists. The opt-out, once notified and registered takes effect for the entire European bundled patent for all Contracting Member States where the patent has been validated. The UPC website proclaims proudly that there is no need to notify the opt-out separately for the relevant Contracting Member States. This made sense before the threat of Brexit, but now it means you cannot opt out your GB patent alone it is the entire bundle or nothing at all. Patent holders should therefore be closely considering the importance of the UK to their patent programme and if of importance, opt out may be the only sensible course in the medium term.

In other UPC news on April 10th the latest version of the Rules of Procedure of the Unified Patent Court have been published on the UPC website and if you have any questions about how the court will operate do contact us.

For both Trade Marks and Designs registered at the EU level we still await clarity on whether they will convert to UK rights, be recognised in some other fashion, or be lost. Our comments in the last edition of Inside IP stand on this issue. The lists of issues to clarify are therefore well developed but as yet we have no confirmed answers. Most options and issues were covered in our last edition but here are some issues in designs that have been developing:

- **Unregistered Community Design Right – Subsistence:** As it stands the 3-year unregistered Community design right will cease to apply in the UK. Thereafter, designs disclosed for the first time in the UK can never be eligible for the EU-wide unregistered design protection, and the clock will start to run on the 12 month grace period prior to filing.

- **Unregistered Community Design Right – Transition:** Under EU law, the unregistered Community design only applies within the territory of the EU. Therefore, on one argument, once the UK ceases to be EU territory, the right will evaporate, even for designs disclosed the day before Brexit. Transitional provisions are therefore being considered.

- **Registered Community Designs – Deferral.** Publication may be deferred for up to 30 months, and that could start inside the time when the UK is an EU member and expire after the UK leaves. This is not only a point of uncertainty it apparently raises issues around access to data by the UKIPO from the EUIPO, and the fee for deferral. Questions are being raised at the EUIPO as to whether they may lawfully provide the images of the deferred designs to the UKIPO. It may only be able to do so on publication.

There is an additional issue of translations of design descriptions as they are not automatically required, nor provided to national offices. It may therefore be helpful if these can be obtained and provided to the UK authorities in English though how high on the negotiation list this is unclear.

The big list of IP issues therefore are now under 3 headings:

- **Patents** – Will the UK be a full participant in the Unified Patent and its Court, or compete with it?
- **Trade Marks** – Will EU marks be recognised in the UK, converted, or lost?
- **Designs** – Will EU marks be recognised in the UK, converted, or lost?

The UK Government is well aware of the issues for Trade Marks and Designs, but less so of Patents given the uncertainty is wholly of its own making, but check back with us in our next edition when we hope to have some of the answers.

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Since our last issue of Inside IP we have continued growth in our Electronics and Engineering team with the appointment of a new partner and three new associates.

**Robert Sayer, Partner**

Rob is a UK and European patent attorney with 20 years’ experience in patent law. Rob previously worked for another large patent firm and in-house for a leading telecoms provider. Prior to joining Venner Shipley’s Electronics and Engineering team, Rob co-founded and was a partner in a small patent firm in Surrey.

Rob specialises in inventions in the electrical and electronics fields, mainly in the areas of telecommunications, mobile telephones, software and business methods. Rob regularly drafts and prosecutes patent applications before the UK and European Patent Offices, and works with overseas attorneys to secure protection in numerous countries including the US, China, Japan, Australia and Brazil.

In addition to his patent work, Rob also advises on copyright and design matters.

**Joshua Mitchell, Associate**

Joshua is a part qualified patent attorney who joined Venner Shipley’s Electronics and Engineering team in January. He entered the profession in 2014 and gained patent drafting and prosecution experience in a wide range of technologies, including telecommunications systems, semiconductor devices and data security.

Joshua graduated from the University of Southampton with a degree in Electronic Engineering. His areas of study included photonics, telecommunications, bio-anotechnology and computer architecture. Whilst at university, he completed internships in the automotive sector based in Spain and Thailand.

**James Varley, Associate**

James is a part qualified patent attorney working in our Electronics and Engineering department. He joined Venner Shipley in 2017.

James joined the patent profession in 2014, and has experience in drafting and prosecuting patents across a range of subjects, including Machine Learning, Image Processing and Electronics. He also has experience in UK patent litigation and Due Diligence.

James studied Physics at the University of Oxford as an undergraduate, specialising in Condensed Matter and Theoretical Physics. During his final year, he worked on a project modelling the behaviour of Topological Insulators. James followed his undergraduate degree by undertaking a PhD in Condensed Matter Theory at Imperial College London. His research involved studying the properties of exotic superfluid states.

**James Morley, Associate**

James joined the Electronics and Engineering team at Venner Shipley in February 2017. Prior to joining Venner Shipley James worked as a Mechanical Engineer in the nuclear industry.

He studied at the University of Sussex for his undergraduate, where he received a first class in Mechanical Engineering. For the final year of his degree, James worked on a project entitled “A Near-Field Computational Aero-Acoustic Analysis of a Deep Cavity”, which involved simulating both two and three dimensional flow using Reynolds-Averaged Navier-Stokes and Large Eddy Simulation. For each scenario, the power spectral density was obtained from the pressure-time history for various points within the cavity. The results compared favourably with previous experimental data.

After completing his Bachelors, he attended Imperial College London for his Master’s in Advanced Mechanical Engineering. Here he worked on a project which involved detecting leaks in pipes using Time-Domain Reflectometry.
Henry Ford is quoted as having said ‘If I had asked people what they wanted, they would have said faster horses’. His words are probably as relevant today; for it seems that the direction in which the development of technology is driven is governed as much by the innovative ideas of industry as by the demands of the consumer.

To some extent, it is possible to predict industry trends of the future by examining the patent filings of today. A look at the key applicants in the field of autonomous vehicles tells us something about the changing nature of the car industry. The biggest applicant (by number of patent filings) in the field of autonomous vehicle technology is not a traditional car manufacturer, but Google (Fig. 1). In fact Ford, Toyota and Daimler are the only automotive OEM companies to make it into the top ten since the beginning of 2006.

The opportunity to develop autonomous vehicle technology has created an opening for tech companies to become major stakeholders in the automotive industry. Google and Apple have both committed to building their own cars, something that arguably would not have been foreseeable 10 years ago. Whilst the traditional manufacturers have long traded on their collectively acquired expertise to make cars that are nice to drive, this could become irrelevant if nobody is driving their own car in twenty years’ time.

This is not to say that building a quiet, comfortable and safe car is something that the tech companies will find easy, perhaps evidenced by the recent rumours of an Apple takeover of McLaren Automotive. But, as Tesla has proved, access to phenomenal resources can allow a committed novice to quickly catch up with the industry giants.

The drive by the tech industry to pioneer autonomous vehicle technology could also see them licencing their technology to the automotive OEMs for incorporation into a new model during its development. Although not an idea widely adopted yet, Otto, an American start up is developing a self-driving kit that can be retrofitted to a conventionally powered lorry; while in July, BMW, Mobileye (an Israeli supplier that specialises in driverless tech) and Intel, the world’s biggest chipmaker, said they were joining forces.

Whether the tech giants and automotive OEMs cooperate or compete in the future, there is no doubt that nature of the challenge of developing autonomous vehicle technology favours the former. Google, for example, is well placed to develop the necessary software that will process, in real time, the...
monumental quantities of data generated by autonomous hardware.

A company called Here Global, the fifth largest patent applicant in the autonomous field (Fig. 1), is an example of carmakers’ recent attempts to move the necessary expertise in house. Once a digital mapping company owned by Nokia, it is now co-owned by VW group, BMW and Daimler. Its role is to develop high definition maps of road networks which can be used to help an autonomous car position itself on the road. Autonomous vehicles primarily position themselves using a light detection and ranging system, commonly called LiDAR. The problem is that such systems have an effective range of about 50m. At motorway speeds a car relying on LiDAR can only ‘see’ about a second and a half ahead. HD maps give self-driving cars the ability to anticipate turns and junctions far beyond sensors’ horizons.

The advantages of autonomous vehicle technology are very apparent to inventors and legislators, while the average consumer, perhaps still dreaming of faster horses, might take a bit more persuading. The car industry approach to this problem has been to drip feed ever increasing levels of autonomy, allowing the user to adapt and experience the benefit it brings. A look at the total number of patent filings made in the field of autonomous vehicles between 2006 and 2016 shows exponential growth, with thirteen times the number of applications made in 2016 (Fig. 2). This mirrors a prediction made by the Institute of Mechanical Engineers which predicts SAE level 5 autonomy (no driver involvement) will be available by 2025.

Who will be the first to provide a fully autonomous vehicle is open to debate. Looking at the patterns of patent filings allows us to speculate, but for all the talk of the tech industry dominating the future of autonomous transport, it is Ford that has made the boldest commitment to date: to deliver a car without a steering wheel or pedals by 2021. I wonder what Henry Ford would have to say about that!

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References

Figures 1 and 2 were generated using Patbase.
Standards essential and mandatory licensing - on what terms?

At the beginning of April 2017 the High Court handed down judgment in a FRAND case concerning telecommunications standards (Unwired Planet International Ltd v. (1) Huawei Technologies Co. Ltd and (2) Huawei Technologies (UK) Co. Ltd (Unwired Planet LLC, Tenth Party) [2017] E.W.H.C, 711 (Pat), Birss J.). This is the first UK judgment to tackle the issue of how patent owners who have patents which are essential to a standard, which everyone must follow, are expected to behave.

The ethos, arising from the law of competition, that no person in a dominant position may abuse that position, is that since these patent owners have more market power (because they are essentially gatekeepers to a bottleneck) then that additional market power arising over and above the market power which all patent owners have is not one which the patent owner is allowed to take advantage of. In order to ensure this, the patent owner must allow access to his technology – he has no choice.

There are a multitude of cases which deal with the situation where a person derives power from being in charge of an essential facility which is difficult or impossible to replicate for any number of reasons such as barriers which are physical, legal, economic, financial, economic or regulatory. Indeed the earliest competition case in the world concerned tolls chargeable at railway bridges or other means of access by rail to St Louis in the US. The similarity to patent cases where standards are involved is not difficult to see. In such situations the law of competition says that access must be permitted but not so that the licensee free-rides; he must pay something. How is that fee to be calculated? The first set of general rules for calculating the fee derive from an assumption that the parties have equal bargaining power in a situation which would attain but for the bottleneck in question, that each term of the access licence must stand to reason and that all potential licensees of sufficient standing are entertained by the licensor. In other words the licence terms which must exist are those which would have been negotiated fairly, standing to (objectively justifiable) reason and that there has been no unjustified discrimination against any particular licensee. Of course these rules quickly fall into disarray when one considers reality. For instance no licence ought to be granted where there is clear evidence that the licensee is teetering on the verge of insolvency or where resources are scarce or limited (as one might find in a harbour for instance) and have already been allocated. Hence the acronym FRAND or fair, reasonable and non discriminatory.
The law of competition requires the patent owner in these circumstances to offer licences and indeed there are various formal mechanisms for doing so. If the patent owner either refuses to offer these licences or seeks injunctive relief from the court without giving the potential licensee a decent chance to consider his position then the very act of going to court may be considered to be a breach of competition law.

Although the judgment was lengthy and contained many interesting aspects not reported here it in fact principally covered two main issues being (1) whether it was FRAND on the part of the patent owner to insist on a global licence to use the technology in question and (2) if so, what was the FRAND rate?

On the first issue the court agreed with the Claimant (Unwired Planet, a bare patent owning entity) that insistence on a global licence scheme was FRAND. This was because the markets in question involved mobile telephony and related infrastructure and consequently it would make economic nonsense for different licences to have to be negotiated in each jurisdiction where a relevant, standards essential, patent existed. The whole purpose of the mobile telephone system was globalisation, interconnectivity and synergy. It was therefore found to be fair, reasonable and non-discriminatory to offer a global licence for a number of standards essential patents.

On the second issue the court was confronted with evidence of past licencing deals which had been done. The court had to take care not simply to adopt a licensing rate because it had been negotiated before. There were two factors of importance, to be considered being whether (1) the prior licences had been the subject of any competition enquiry or complaint by the competition authorities and (2) the profitability of the licensees (and hence the propensity to complain) continued; in other words their profit margins were not being completely leveraged in a way that made the licensees feel uncomfortable or, more importantly, that took any more advantage than would be taken in a normal non-standards related patent licence negotiation.

Further the court also stated that what was being compensated was the notional expropriation of the value of the patent in question. In this case the court decided that the value of the patent is to be determined by reference to its ability to generate income (often called the DCF or discounted cash flow model) as opposed to being by reference to what the patent cost, to get, which would include pre-application research and development costs (often called the RoR or rate of return model). The court gave no real reasons for preferring the former to the latter. In most cases where infrastructure access prices are being considered the preferred model is the RoR model since the infrastructure owner is in no position to complain that their contribution has been misappropriated if they are compensated for their effort as opposed to their expectations. If patents are to be regarded as similar to an infrastructure in economic terms then the same rule ought to apply.

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Disney’s fight to save registrations for its best-known characters

Hummel Holdings A/S (“Hummel”), a Danish footwear and sportswear brand, applied to cancel several EU registrations owned by Disney Enterprises, INC. (“Disney”). Hummel’s cancellation actions were filed on the basis that Disney’s trade mark registrations had not been used within the EU in five years immediately before the filing of the cancellation actions.

As shown below, the trade mark registrations that have been attacked are for some of Disney’s best-known characters. One would assume that Disney would have no difficulty proving use of these trade marks. However, surprisingly despite filing a significant amount of evidence, Disney has so far lost in almost all cases.

Cancellation for non-use

Once registered, a trade mark protects against use by others of an identical sign in relation to the goods and services covered. This protection extends to similar signs and similar goods or services if a risk of confusion exists. Provided that the registered trade mark is renewed (every ten years in most countries), the protection is indefinite.

However, rights in a registered trade mark can be cancelled if the mark is not put into genuine use during fixed periods (in the case of a UK or EU registration once every five years). If the mark is used for some goods or services but not others, the registration can be cancelled in relation to the goods or services for which use is not proven. Cancellation may be avoided if the non-use results from circumstances beyond the trade mark owner’s control. The Registry, however, very rarely accepts this defence.

In the case of an opposition or a trade mark infringement claim based on a trade mark that has been registered for more than five years, the defendant will often try to defend the claim by attacking the validity of trade mark registration. In the case of an opposition, the defendant can (and almost certainly will) request proof that the registration has been used in the previous five years. If the trade mark owner cannot prove use, the registration will be disregarded for the purpose of the opposition and, if it was the sole basis for the opposition, the opposition will fail.

It is therefore important for trade mark owners to be prepared to demonstrate genuine use of their registered trade marks. If not, they take the risk of their trade mark rights being attacked as soon as they try to enforce them against a third party.

Genuine use

Genuine use of a trade mark must be demonstrated by solid and objective evidence showing the place, time, extent and nature of the use. Examples of acceptable evidence include packaging, labels, price lists, catalogues, invoices, photographs and advertisements. Depending on the nature of the goods, the amount and frequency of the use will also be taken into account. For instance, inexpensive products will be expected to be sold in larger quantities than seasonal or expensive goods.

Importantly, the evidence must show use of the trade mark as registered. A registered trade mark can be used in a form that is slightly different from the one in which the mark was registered. However, only minimal variations which do not alter the distinctive character of the registered mark will be accepted. As we will see, this was a determining factor in the Disney cases.
The Disney cases
For the purpose of this article, I will concentrate on the cancellation action against Disney’s EU registration of the following character to show use:

Hummel argued that this trade mark should be cancelled because it had not been used in the EU during the previous five years. It is important to note that, in cancellation proceedings for non-use, the burden of proof lies with the trade mark proprietor, in this case Disney, to show use.

Disney submitted a significant amount of evidence, ranging from sales figures, photographs, shipment reports, screen shots from the “disneystore.com” website to declarations supporting its claim that the trade mark had been used in the EU. However, the EU Trade Mark Office (“EU IPO”) dismissed the evidence and upheld the request for cancellation.

While the EU IPO did discuss the validity of some of the evidence submitted, the key point was whether the evidence Disney submitted showed use of the trade mark as registered. The images below show examples of photographs submitted by Disney. The question was whether these photographs showed use of the registered trade mark.

A registered trade mark can be used in a form that is slightly different from the one in which the mark was registered, provided that the differences are minimal and do not affect distinctive character of the mark.

The EU IPO accepted that there were resemblances between the photographs and the registered trade mark but it noted that “the positions and postures of the animal differ, as do its expressions and the movement of its front legs/arms”. It also observed that, while the registered mark was in black and white, the photographs submitted showed the animal in colour. The EU IPO argued that these differences meant that distinctive character of the registered mark had been altered. As a result, the evidence submitted by Disney could not be accepted as evidence showing use of the registered mark.

Disney argued that the images referred to the same character and that, as a result, the distinctiveness of the mark could not have been altered. However, the EU IPO responded that “by registering a figurative trade mark representing an animal, the owner does not receive protection for all possible variations of representations of similar animals.” The evidence of use was therefore dismissed and, since no evidence of use of the mark as registered was submitted, the EU IPO held that the registration should be cancelled.

Conclusion
Disney appealed the decision but on 3 April 2017, the Board of Appeal dismissed this appeal. This case shows how crucial it is for trade mark owners to be prepared in the event that their registrations are attacked on the basis of non-use. In the case of a cancellation action, a trade mark owner may have to collect evidence of use dating back five years and this could prove extremely difficult. Evidence of use should be collected and kept on a regular basis.

Trade mark owners also need to monitor how their registered marks are actually used and if, for some reasons, the manner in which a registered mark is used steps away from the original, file a new trade mark. As shown in this case, the fact that a trade mark owner uses marks that resemble the registered mark may not be sufficient to successfully defend the registered mark.

The EU IPO also highlighted that Disney’s mark had been registered in black and white but that the photographs showed the animal in colour. This is also important. If a trade mark has been registered in black and white but has been used in colour (or in a colour combination) only, evidence of use in colour may not be sufficient to demonstrate genuine use of the black and white registration if the addition of colour has affected the distinctive character of the registration.

A final point to note is that in the UK an application can be filed as a series of up to six marks if the marks resemble each other as to their material particulars and differ only as a matter of non-distinctive character. This option was not available to Disney when it registered its EU marks because the EU IPO does not allow for the registration of marks as series. However, if a UK trade mark (a word mark or a mark that include a logo or a figurative character) is to be used in formats that are slightly different from one another, the marks could be filed as series of marks.

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